UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2005

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 005-79588

GTx, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**62-1715807**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3 N. Dunlap Street
Van Vleet Building
Memphis, Tennessee 38163
(Address of principal executive offices)

(901) 523-9700
(Registrant's telephone number, including area code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

Indicate the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date.

As of July 27, 2005, 24,664,716 shares of the Registrant's Common Stock were outstanding.

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PART I
FINANCIAL INFORMATION

GTx, Inc.

CONDENSED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2005 (unaudited)	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 48,082	$ 64,528
Inventory	241	448
Prepaid expenses and other current assets	1,577	1,176
Total current assets	49,900	66,152
Property and equipment, net	1,843	1,537
Purchased intangible assets, net	5,027	4,943
Other assets	956	450
Total assets	$ 57,726	$ 73,082
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,875	$ 900
Accrued expenses	4,595	2,617
Deferred revenue	1,337	1,337
Total current liabilities	8,807	4,854
Deferred revenue	3,626	4,295
Capital lease obligation	21	24
Stockholders' equity:		
Common stock, $0.001 par value: 60,000,000 shares authorized; 24,664,716 shares issued and outstanding at June 30, 2005 and December 31, 2004	25	25
Deferred stock compensation	(2,286)	(2,701)
Additional paid-in capital	224,063	224,015
Accumulated deficit	(176,530)	(157,430)
Total stockholders' equity	45,272	63,909
Total liabilities and stockholders' equity	$ 57,726	$ 73,082

The accompanying notes are an integral part of these financial statements.

GTx, Inc.

CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues:				
Product sales, net	$ 1,492	$ —	$ 1,845	$ —
Collaboration revenue	335	334	669	386
Reimbursement of development costs	—	760	—	760
Total revenue	1,827	1,094	2,514	1,146
Costs and expenses:				
Costs of goods sold	920	—	1,165	—
Research and development expenses	8,639	4,224	15,965	8,635
General and administrative expenses	2,642	1,601	5,162	3,213
Total costs and expenses	12,201	5,825	22,292	11,848
Loss from operations	(10,374)	(4,731)	(19,778)	(10,702)
Interest income	354	212	678	362
Net loss	(10,020)	(4,519)	(19,100)	(10,340)
Accrued preferred stock dividends	—	—	—	(455)
Adjustments to preferred stock redemption value	—	—	—	17,125
Net (loss) income attributable to common stockholders	$ (10,020)	$ (4,519)	$ (19,100)	$ 6,330
Net (loss) income per share attributable to common stockholders:				
Basic	$ (0.41)	$ (0.18)	$ (0.77)	$ 0.30
Diluted	$ (0.41)	$ (0.18)	$ (0.77)	$ (0.44)
Weighted average shares used in computing net (loss) income per share attributable to common stockholders:				
Basic	24,664,716	24,656,923	24,664,716	21,309,897
Diluted	24,664,716	24,656,923	24,664,716	23,524,621

The accompanying notes are an integral part of these financial statements.

GTx, Inc.

CONDENSED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2005	2004
Cash flows from operating activities:		
Net loss	$ (19,100)	$ (10,340)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	488	188
Stock-based compensation expense	408	434
Deferred revenue amortization	(669)	(386)
Changes in assets and liabilities:		
Inventory	207	88
Prepaid expenses and other current assets	(401)	(1,761)
Other assets	(506)	(231)
Accounts payable	1,975	717
Accrued expenses	2,033	688
Deferred revenue	—	6,687
Net cash used in operating activities	(15,565)	(3,916)
Cash flows from investing activities:		
Purchases of property and equipment	(643)	(812)
Purchases of intangible assets	(235)	—
Net cash used in investing activities	(878)	(812)
Cash flows from financing activities:		
Proceeds from initial public offering	—	71,403
Payments on capital lease obligation	(3)	—
Net cash (used in) provided by financing activities	(3)	71,403
Net (decrease) increase in cash and cash equivalents	(16,446)	66,675
Cash and cash equivalents, beginning of period	64,528	14,769
Cash and cash equivalents, end of period	$ 48,082	$ 81,444
Supplemental schedule of non-cash investing and financing activities:		
Preferred stock dividends	$ —	$ 455
Preferred stock adjustment to redemption value	$ —	$ 17,125
Deferred initial public offering costs reclassified to additional paid-in capital	$ —	$ 1,471

The accompanying notes are an integral part of these financial statements.

GTx, Inc.
(in thousands, except share and per share data)

Notes to Unaudited Condensed Financial Statements
June 30, 2005

1. BUSINESS AND BASIS OF PRESENTATION

Business – GTx, Inc. (the "Company" or "GTx") is a biopharmaceutical company dedicated to the discovery, development and commercialization of therapeutics for cancer and other serious men's health conditions. GTx's drug discovery and development programs are focused on small molecules that selectively modulate the effects of estrogens and androgens, two essential classes of hormones.

Basis of Presentation – The accompanying unaudited condensed financial statements reflect, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of GTx's financial position, results of operations and cash flows for each period presented in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted from the accompanying statements. These interim financial statements should be read in conjunction with the audited financial statements and related notes thereto, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2004. Operating results for the six months ended June 30, 2005 are not necessarily indicative of future results that may be expected for the year ending December 31, 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three to five years. Amortization of leasehold improvements is recognized over the shorter of the estimated useful life of the leasehold improvement or the lease term.

GTx, Inc.
(in thousands, except share and per share data)

Impairment of Long-Lived Assets

The Company accounts for long-lived assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets and for Long-Lived Assets to be Disposed of*, which requires that companies consider whether events or changes in facts and circumstances, both internally and externally, may indicate that an impairment of long-lived assets held for use are present. Management periodically evaluates the carrying value of long-lived assets and has determined that there was no impairment as of June 30, 2005. Should there be impairment in the future, the Company would recognize the amount of the impairment based on the expected future cash flows from the impaired assets. The cash flow estimates would be based on management's best estimates, using appropriate and customary assumptions and projections at the time.

Purchased Intangible Assets

The Company accounts for its purchased intangible assets in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*, which requires that purchased intangible assets with finite lives be amortized over their estimated economic lives. The Company's purchased intangible asset, a license fee, represents the value of a license and supply agreement purchased by the Company. The license fee is being amortized on a straight-line basis over the term of the agreement, which the Company estimates to be 16 years. Other purchased intangible assets represent the costs incurred to acquire software used by the Company. The Company amortizes the cost of purchased software on a straight-line basis over the estimated useful lives of the software, generally three years.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, accounts payable and capital lease obligation approximate their fair value.

Income Taxes

The Company accounts for deferred taxes by recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. At June 30, 2005 and December 31, 2004, net of the valuation allowance, the net deferred tax assets were reduced to zero.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. The Company has established guidelines relating to diversification and maturities that allow the Company to manage risk.

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Revenue Recognition

Revenues associated with the Company's collaboration and license agreement consist of non-refundable, up-front license fees and reimbursement of development expenses.

Revenues from collaboration and license agreements are recognized based on the performance requirements of the agreement. Non-refundable, up-front fees, where the Company has an ongoing involvement or performance obligation, are generally recorded as deferred revenue in the balance sheet and amortized into collaboration revenue in the statement of operations over the term of the performance obligation.

Revenues derived from reimbursements of costs associated with the development of andarine are recorded in compliance with Emerging Issues Task Force ("EITF") EITF Issue 99-19, *"Reporting Revenue Gross as a Principal Versus Net as an Agent"* ("EITF 99-19"). According to the criteria established by EITF 99-19, in transactions where the Company acts as a principal, has discretion to choose suppliers, bears credit risk and performs part of the services required in the transaction, the Company has met the criteria to record revenue for the gross amount of the reimbursements.

Net product sales revenue represents gross revenue from the sale of FARESTON® less deductions for estimated sales rebates, sales discounts and sales returns.

Research and Development Costs

The Company expenses research and development costs in the period in which they are incurred. These costs consist of direct and indirect costs associated with specific projects as well as fees paid to various entities that perform research and clinical trial studies on behalf of the Company.

Patent Costs

The Company expenses patent costs, including legal expenses, in the period in which they are incurred. Patent expenses are included in general and administrative expenses in the Company's condensed statements of operations.

Stock Compensation

Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB No. 25"), and its related interpretations are applied to measure compensation expense for stock-based compensation plans. The Company complies with the disclosure provisions of SFAS No. 123, *Accounting for Stock-Based Compensation (*"SFAS No. 123"), as amended by SFAS No. 148, *Accounting for Stock-Based Compensation, Transition and Disclosure*. Under APB No. 25, unearned stock compensation is based on the difference, if any, on the date of grant, between the fair value of the Company's common stock and the exercise price.

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SFAS No. 123 requires pro forma disclosure of net loss attributable to common stockholders, assuming all stock options were valued on the date of grant using the minimum value option pricing model for stock options granted prior to the Company's initial public offering (IPO) in February 2004 and using the Black-Scholes option-pricing model for stock options granted after the IPO. The following weighted average assumptions were used for 2005 and 2004, respectively: risk free interest rates of 3.8% and 4.0%, expected volatility of 56.3% and 60.6%, no expected dividend yield, and expected option life of 6 years. If compensation cost for stock-based compensation plans had been determined under SFAS No. 123, the Company's net (loss) income attributable to common stockholders would have been the pro forma amounts indicated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net (loss) income attributable to common stockholders, as reported	$ (10,020)	$ (4,519)	$ (19,100)	$ 6,330
Add: Deferred compensation amortization included in reported net (loss) income	159	184	344	434
Deduct: Stock-based employee compensation determined under fair value based method for all awards	(415)	(319)	(825)	(596)
Pro forma net (loss) income attributable to common stockholders	$ (10,276)	$ (4,654)	$ (19,581)	$ 6,168
Pro forma SFAS No. 123 disclosure:				
Net (loss) income per share attributable to common stockholders as reported:				
Basic	$ (0.41)	$ (0.18)	$ (0.77)	$ 0.30
Diluted	$ (0.41)	$ (0.18)	$ (0.77)	$ (0.44)
Net (loss) income per share attributable to common stockholders pro forma:				
Basic	$ (0.42)	$ (0.19)	$ (0.79)	$ 0.29
Diluted	$ (0.42)	$ (0.19)	$ (0.79)	$ (0.45)

Deferred Stock Compensation

In anticipation of the Company's IPO on February 6, 2004, the Company determined that, for financial reporting purposes, the estimated value of its common stock was in excess of the exercise price for stock options issued to employees from June 30, 2003 to December 31, 2003. Accordingly, the Company recorded non-cash deferred stock-based compensation expense of $4,055 in 2003, and is amortizing the related expense over the service period, which is generally five years. Deferred stock compensation for options granted to employees has been determined as the difference between the deemed fair value of the Company's common stock for financial reporting purposes on the date such options were granted and the applicable exercise price. Such amount is included as a reduction of stockholders' equity and is being amortized on the straight-line basis. The Company recorded amortization of deferred stock compensation of approximately $159 and $184 for the three months ended June 30, 2005 and 2004, respectively. Of

these amounts, $107 and $133 for the respective periods were included in research and development expenses and $52 and $51, respectively, were included in general and administrative expenses in the condensed statements of operations. The Company recorded amortization of deferred stock compensation of approximately $344 and $434 for the six months ended June 30, 2005 and 2004, respectively. Of these amounts, $239 and $266 were included in research and development expenses and $105 and $168 were included in general and administrative expenses in the condensed statements of operations.

Comprehensive Loss

The Company has adopted the provisions of SFAS No. 130, *Comprehensive Income* ("SFAS No. 130"). SFAS No. 130 establishes standards for the reporting and display of comprehensive loss and its components for general purpose financial statements. For all periods presented, there were no differences between net loss and comprehensive loss.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004), *Share-Based Payment* ("SFAS 123R"), which replaces SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123"), and supercedes APB Opinion No. 25, *Accounting for Stock Issued to Employees.* SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The pro forma disclosures previously permitted under SFAS 123 no longer will be an alternative to financial statement recognition. The Company is required to adopt SFAS 123R in the first quarter of fiscal 2006, beginning January 1, 2006. Under SFAS 123R, the Company must determine the appropriate fair value model to be used for valuing share-based payments, the amortization method for compensation cost and the transition method to be used at date of adoption. The transition methods include prospective and retroactive adoption options. Under the retroactive option, prior periods may be restated either as of the beginning of the year of adoption or for all periods presented. The prospective method requires that compensation expense be recorded for all unvested stock options and restricted stock at the beginning of the first quarter of adoption of SFAS 123R, while the retroactive methods would record compensation expense for all unvested stock options and restricted stock beginning with the first period restated. The Company is evaluating the requirements of SFAS 123R. The Company has not yet determined the method of adoption or the effect of adopting SFAS 123R, and it has not determined whether the adoption will result in amounts that are similar to the current pro forma disclosures under SFAS 123.

3. ADJUSTMENT TO PREFERRED STOCK REDEMPTION VALUE

The Company's preferred stock was recorded at its redemption value. The per share redemption price was equal to the greater of liquidation value, which included accrued dividends, or the fair value calculated on an as-if converted to common stock basis. At December 31, 2003, the per share redemption value was determined based on the estimated projected midpoint of the range of the Company's initial public offering price per common share of approximately $14.50 per share. At February 6, 2004, the date of the closing of the Company's IPO and automatic conversion of all outstanding preferred stock, and

GTx, Inc.
(in thousands, except share and per share data)

accrued dividends thereon, into common stock, the market price for the Company's common stock was $12.90 per share. Prior to conversion into common stock, the carrying value of the preferred stock and accrued dividends was adjusted to reflect the per share redemption value on the date of conversion resulting in a decrease in the carrying value of preferred stock of $17,125 and an offsetting increase in stockholders' equity. The changes in redemption value affect the net (loss) income attributable to common stockholders.

4. COLLABORATION, LICENSE AND CO-PROMOTION AGREEMENT

In March 2004, we entered into a joint collaboration and license agreement with Ortho Biotech Products L.P., a wholly owned subsidiary of Johnson & Johnson, for andarine, one of our selective androgen receptor modulator (SARM) compounds, and specified backup SARM compounds. Under the terms of the agreement, we received in April 2004 an up-front licensing fee and reimbursement of development expenses for andarine totaling $6,687. Additionally, we will receive licensing fees and milestone payments of up to $82,000 based on andarine and up to $45,000 for each additional licensed compound achieving specific clinical development decisions or obtaining regulatory approvals. All milestone payments are based on achievements prior to the commercial launch of andarine. Johnson & Johnson Pharmaceutical Research & Development will be responsible for further clinical development and related expenses for andarine and other licensed backup SARM compounds. Ortho Biotech will be responsible for commercialization and related expenses for andarine and other licensed backup SARM compounds. If andarine is approved for commercial sale, Ortho Biotech will exclusively market andarine in the United States and in markets outside the United States. Under the agreement, we have the option to co-promote andarine to urologists in the United States for indications specifically related to men's health. We will receive up to double digit royalties on all United States and worldwide sales plus additional royalty payments in excess of 20% on all co-promoted sales generated from urologists in the United States.

The up-front licensing fee and reimbursement of expenses recorded as deferred revenue in the condensed balance sheets are expected to be amortized into collaboration revenue on a straight-line basis through March 2009. The Company recognized collaboration revenue of $335 and $334 for the three months ended June 30, 2005 and 2004, respectively, and $669 and $386 for the six months ended June 30, 2005 and 2004, respectively, from the amortization of the deferred revenue. Additionally, the Company recognized $760 in the second quarter and first six months of 2004 from the reimbursement of andarine development costs from Ortho Biotech Products, L.P.

5. BASIC AND DILUTED NET (LOSS) INCOME PER SHARE

The Company computed net (loss) income per common share according to Statement of Financial Accounting Standards No. 128, *"Earnings per Share,"* which requires disclosure of basic and diluted earnings (loss) per share.

GTx, Inc.
(in thousands, except share and per share data)

The following table sets forth the computation of the Company's basic and diluted net (loss) income per common share attributable to common stockholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Basic net (loss) income per share				
Numerator:				
Net (loss) income attributable to common stockholders	$ (10,020)	$ (4,519)	$ (19,100)	$ 6,330
Denominator:				
Common stock outstanding at beginning of period	24,664,716	24,656,923	24,664,716	7,735,848
Conversion of preferred stock to common stock	—	—	—	9,242,181
Issuance of common stock in initial public offering	—	—	—	4,331,868
Other share activity	—	—	—	—
Weighted average shares used in computing basic net (loss) income per share	24,664,716	24,656,923	24,664,716	21,309,897
Basic net (loss) income per share attributable to common stockholders	$ (0.41)	$ (0.18)	$ (0.77)	$ 0.30

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Diluted net loss per share				
Numerator:				
Net loss	$ (10,020)	$ (4,519)	$ (19,100)	$ (10,340)
Denominator:				
Common stock outstanding at beginning of period	24,664,716	24,656,923	24,664,716	7,735,848
Conversion of preferred stock to common stock	—	—	—	11,456,905
Issuance of common stock in initial public offering	—	—	—	4,331,868
Other share activity	—	—	—	—
Weighted average shares used in computing diluted net loss per share	24,664,716	22,656,923	24,664,716	23,524,621
Diluted net loss per share attributable to common stockholders	$ (0.41)	$ (0.18)	$ (0.77)	$ (0.44)

Outstanding options to purchase shares of common stock of 1,238,374 and 961,750 were excluded from the calculation of diluted net loss per share attributable to common stockholders for the periods ended June 30, 2005 and 2004, respectively, as inclusion of the options would have an anti-dilutive effect on the net loss for the periods. Of the 1,238,374 options outstanding at June 30, 2005, 973,374 had an exercise price less than the market price of the common stock at June 30, 2005.

GTx, Inc.
(in thousands, except share and per share data)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the condensed financial statements and the notes thereto included in Item 1 of this Quarterly Report on Form 10-Q.

Forward-Looking Information is Subject to Risk and Uncertainty

This Quarterly Report on Form 10-Q contains forward-looking statements, including, without limitation, statements related to product sales, potential future licensing fees and milestone and royalty payments and GTx's current and anticipated marketed products, clinical trials and research and development programs. These forward-looking statements are based upon GTx's current expectations. Forward-looking statements involve risks and uncertainties. GTx's actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks that neither GTx nor its collaboration partners will be able to commercialize its product candidates if preclinical studies do not produce successful results or clinical trials do not demonstrate safety and efficacy in humans; if third parties do not manufacture the Company's product candidates in sufficient quantities and at an acceptable cost, clinical development and commercialization of its product candidates would be delayed; use of third-party manufacturers may increase the risk that the Company will not have adequate supplies of its product candidates; if third parties on whom the Company relies do not perform as contractually required or expected, the Company may not be able to obtain regulatory approval for or commercialize its product candidates; the Company is dependent upon collaborative arrangements to complete the development and commercialization of some of its product candidates, and these collaborative arrangements may place the development of its product candidates outside its control, may require it to relinquish important rights or may otherwise be on terms unfavorable to the Company; if the Company is not able to obtain required regulatory approvals, the Company will not be able to commercialize its product candidates; and the commercial success of our current marketed product or any product that we may develop depends upon the degree of market acceptance among physicians, patients, healthcare payors and the medical community.

You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q. The annual report filed on Form 10-K with the Securities and Exchange Commission (the "SEC") on March 24, 2005 contains under the heading "Additional Factors That Might Affect Future Results," a more comprehensive description of these and other risks to which GTx is subject. GTx expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

GTx, Inc.
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OVERVIEW

GTx is a biopharmaceutical company dedicated to the discovery, development and commercialization of therapeutics for cancer and other serious men's health conditions. Our lead drug discovery and development programs are focused on small molecules that selectively modulate the effects of estrogens and androgens, two essential classes of hormones.

We have four clinical programs. We are developing ACAPODENE® (toremifene citrate) for two separate indications in men: (1) a pivotal Phase III clinical trial for the treatment of serious side effects of androgen deprivation therapy (ADT) for advanced prostate cancer and (2) a pivotal Phase III clinical trial for the prevention of prostate cancer in high risk men. In our third clinical program, we and our partner, Ortho Biotech Products, L.P. (Ortho Biotech), a subsidiary of Johnson & Johnson, are developing andarine, a selective androgen receptor modulator (SARM) for cancer cachexia. We are working with Ortho Biotech to progress andarine into a Phase II clinical trial. In our fourth clinical program, we are developing our second SARM, ostarine, for andropause and other chronic wasting conditions related to aging, including frailty and sarcopenia.

In addition, we have an extensive preclinical pipeline generated from our own discovery program, which includes the specific product candidate prostarine, a SARM for benign prostatic hyperplasia (BPH), and andromustine, an anticancer drug candidate, for hormone refractory prostate cancer.

We also have a marketed product, FARESTON® (toremifene citrate 60mg) tablets, for the treatment of metastatic breast cancer. In January 2005, we acquired from Orion Corporation the rights to distribute FARESTON for the treatment of metastatic breast cancer in the United States and a license to toremifene for all indications worldwide except breast cancer outside the United States. FARESTON has been commercially available for over 15 years. The active pharmaceutical ingredient in FARESTON is the same as in ACAPODENE, but at a different dose.

In January 2005, we initiated a pivotal Phase III clinical trial of ACAPODENE for the prevention of prostate cancer in men with high grade PIN based on the positive data from our Phase IIb clinical trial for ACAPODENE in men with diagnosed high grade prostatic intraepithelial neoplasia, or high grade PIN. We held an investigators meeting for approximately 100 United States clinical sites for the Phase III PIN trial. The pivotal Phase III trial is a double blind, placebo controlled, multicenter study. Patients with high grade PIN, the precancerous lesion in prostate cancer, will be randomized into two treatment groups: 20 mg toremifene or placebo. The primary endpoint of the clinical trial is the incidence of prostate cancer. We submitted our plan for the pivotal Phase III clinical trial to the FDA in October 2004 under a Special Protocol Assessment (SPA). An SPA, which is provided for in the Food and Drug Administration Modernization Act, allows a sponsor to obtain a written agreement from the FDA on the evaluation of issues related to the adequacy of the design of proposed clinical protocols. We have filed a revised SPA in response to the FDA's input to our initial filing.

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In March 2005, we successfully completed a Phase I single ascending dose clinical trial and in April 2005, we initiated a Phase I multiple ascending dose clinical trial for ostarine, our second SARM compound to be moved from discovery into clinical trials. Ostarine is a nonsteroidal SARM that is designed to have positive anabolic effects without having an impact on the prostate and is being developed for andropause and other chronic wasting conditions related to aging, including frailty and sarcopenia.

As people age they undergo hormonal and metabolic changes. Each year after age 30, people gain an average of a pound of fat and lose a half a pound of muscle. Men may lose 50% of muscle between the ages of 30 and 90. Muscle provides strength and endurance and supports the skeletal system, and loss of muscle can cause frailty and loss of independence. In addition, muscle loss can worsen other conditions such as osteoarthritis and osteoporosis. There are 17 million Americans over the age of 75 who suffer from sarcopenia, and currently there are no approved treatment options available.

In March 2004, we entered into a joint collaboration and license agreement with Ortho Biotech, a wholly owned subsidiary of Johnson & Johnson, for andarine, a SARM, and specified backup compounds. Under the terms of the agreement, we received an up-front licensing fee and reimbursement of expenses totaling $6,687. The up-front licensing fee and expense reimbursement are expected to be amortized into revenue on a straight-line basis through March 2009. Additionally, we will receive licensing fees and milestone payments of up to $82,000 based on andarine and up to $45,000 for each additional licensed compound achieving specific clinical development decisions or obtaining regulatory approvals. All milestone payments are based on achievements prior to the commercial launch of andarine. Johnson & Johnson Pharmaceutical Research & Development will be responsible for further clinical development and related expenses for andarine and other licensed backup SARM compounds. Ortho Biotech will be responsible for commercialization and related expenses for andarine and other licensed backup SARM compounds. If andarine is approved for commercial sale, Ortho Biotech will exclusively market andarine in the United States and in markets outside the United States. Under the agreement, we have the option to co-promote andarine to urologists in the United States for indications specifically related to men’s health. We will receive up to double digit royalties on all United States and worldwide sales plus additional royalty payments in excess of 20% on all co-promoted sales generated from urologists in the United States.

Our net loss for the six month period ended June 30, 2005 was $19,100. Our net loss was reduced by FARESTON product sales of $1,845 and the recognition of collaboration revenue of $669 for the six months ended June 30, 2005. We have financed our operations and internal growth almost exclusively through private placements of preferred stock and our initial public offering. We expect to

continue to incur net losses over the next several years as we continue our clinical development and research and development activities, apply for regulatory approvals, establish sales and marketing capabilities and expand our operations.

Since our inception in 1997, we have been focused on drug discovery and development programs. Research and development expenses represented 76% of our total operating expenses for the six months ended June 30, 2005. Research and development expenses include our expenses for personnel associated with our research activities, screening and identification of product candidates, formulation and synthesis activities, manufacturing, preclinical studies, toxicology studies, clinical trials, regulatory affairs, and quality assurance activities.

We expect that research and development expenditures will continue to increase during the remainder of the year and in subsequent years due to (1) the continuation of the pivotal Phase III clinical trial of ACAPODENE for the treatment of serious side effects of androgen deprivation therapy for advanced prostate cancer, (2) the pivotal Phase III clinical trial of ACAPODENE for the prevention of prostate cancer in high risk men, (3) the continued clinical development of ostarine, (4) the continued development of other product candidates in the Company's SARM program that are not included in our collaboration with Ortho Biotech, including prostarine, (5) the continued preclinical development of other drug candidates including andromustine, an anticancer drug, for hormone refractory prostate cancer and other research development efforts, and (6) the increase in research and development personnel. Under the terms of our collaboration with Ortho Biotech, Johnson & Johnson Pharmaceutical Research and Development will be responsible for future clinical development and expenses of andarine. We expect to expand the scope of our drug discovery and development programs in future periods, which may result in substantial increases in research and development expenses.

General and administrative expenses consist primarily of salaries and other related costs for personnel serving executive, finance, accounting, legal, human resources, information technology, public relations and marketing functions. Other costs include facility costs not otherwise included in research and development expense, travel expenses, insurance costs, marketing expenses, patent costs and professional fees for accounting and public relations services. We expect that our general and administrative expenses will increase as we add personnel, facilities and infrastructures to support the planned growth of our business as well as additional expenses associated with operating as a public company.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported revenues and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and judgments related to revenue recognition, income taxes, intangible assets,

GTx, Inc.
(in thousands, except share and per share data)

long-term service contracts and other contingencies. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in Note 2 to our financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2004 filed with the SEC, we believe that the following accounting policies are most critical to aid you in fully understanding and evaluating our reported financial results.

Revenue Recognition

We use revenue recognition criteria outlined in Staff Accounting Bulletin No. 101, *"Revenue Recognition in Financial Statements"* and EITF Issue 00-21, *"Revenue Arrangements with Multiple Deliverables"* ("EITF 00-21"). Accordingly, revenues from licensing agreements are recognized based on the performance requirements of the agreement. Non-refundable up-front fees, where we have an ongoing involvement or performance obligation, are generally recorded as deferred revenue in the balance sheet and amortized into collaboration revenue in the statement of operations over the term of the performance obligation. We estimated the performance obligation period to be five years for the development of andarine. The factors that drive the actual development period of a pharmaceutical product are inherently uncertain, and include determining the timing and expected costs to complete the project, projecting regulatory approvals and anticipating potential delays. We use all of these factors in initially estimating the economic useful lives of our performance obligations, and we also continuously monitor these factors for indications of appropriate revisions.

Revenues derived from reimbursements of costs associated with the development of andarine are recorded in compliance with EITF Issue 99-19, *"Reporting Revenue Gross as a Principal Versus Net as an Agent"* ("EITF 99-19"). According to the criteria established by EITF 99-19, in transactions where we act as a principal, have discretion to choose suppliers, bear credit risk and perform part of the services required in the transaction, we have met the criteria to record revenue for the gross amount of the reimbursements.

Research and Development Costs

We expense research and development costs in the period in which they are incurred. These costs consist of direct and indirect costs associated with specific projects as well as fees paid to various entities that perform research and clinical trial studies on our behalf.

Patent Costs

The Company expenses patent costs, including legal expenses, in the period in which they are incurred. Patent expenses are included in general and administrative expenses in our condensed statements of operations.

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Stock Compensation

Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB No. 25"), and its related interpretations are applied to measure compensation expense for stock-based compensation plans. We comply with the disclosure provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation (*"SFAS No. 123"), as amended by SFAS No. 148, *Accounting for Stock-Based Compensation, Transition and Disclosure*. Under APB No. 25, unearned stock compensation is based on the difference, if any, on the date of grant, between the fair value of our common stock and the exercise price.

Deferred Stock Compensation

In anticipation of our IPO on February 6, 2004, we determined that, for financial reporting purposes, the estimated value of our common stock was in excess of the exercise price for stock options issued to employees from June 30, 2003 to December 31, 2003. Accordingly, we recorded non-cash deferred stock-based compensation expense of $4,055 in 2003, and are amortizing the related expense over the service period, which is generally five years. Deferred stock compensation for options granted to employees has been determined as the difference between the deemed fair value of our common stock for financial reporting purposes on the date such options were granted and the applicable exercise price. Such amount is included as a reduction of stockholders' equity and is being amortized on a straight-line basis.

Purchased Intangible Assets

We account for our purchased intangible assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, which requires that purchased intangible assets with finite lives be amortized over their estimated economic lives. Our purchased intangible asset, a license fee, represents a license fee paid to Orion in connection with entering into an Amended and Restated License and Supply Agreement. The license fee is being amortized on a straight-line basis over the term of the agreement which we estimate to be 16 years. Other purchased intangible assets represent the costs incurred to acquire software used by us. We amortize the cost of purchased software on a straight-line basis over the estimated useful lives of the software, generally three years. We use a discounted cash flow model to value our license fee. The discounted cash flow model requires assumptions about the timing and amount of future cash inflows and outflows, risk, and the cost of capital. Each of these factors can significantly affect the value of the license fee. We review our license fee for impairment on a periodic basis using an undiscounted net cash flows approach. If the undiscounted cash flows of our license fee are less than its carrying value, it is written down to the discounted cash flow value. If we are unsuccessful in obtaining regulatory approval for ACAPODENE, we may not be able to recover the carrying amount of our license fee.

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Results of Operations

Three Months Ended June 30, 2005 and 2004

Revenues

Revenues for the three months ended June 30, 2005 were $1,827 as compared to $1,094 for the same period of 2004. Revenues included net sales of FARESTON marketed for the treatment of metastatic breast cancer. FARESTON net sales were $1,492 while cost of goods sold was $920. Revenues also included collaboration income of $335 and $334 for the three months ended June 30, 2005 and 2004, respectively, from our partner Ortho Biotech, a subsidiary of Johnson and Johnson, for andarine, one of our proprietary SARM compounds. Revenues for the second quarter of 2004 also included $760 related to the reimbursement of andarine development costs received from Ortho Biotech.

Research and Development Expenses

Research and development expenses increased by $4,415 to $8,639 for the three months ended June 30, 2005 from $4,224 for the same period of 2004. The net increase in research and development expenses by R&D program are as follows:

Program	Product Candidate/ Indication	Development Phase	Status	Increase (Decrease) in R&D Expense (in thousands)
SERM	**ACAPODENE**			
	Prevention of prostate cancer in men with high grade PIN	Pivotal Phase III clinical trial	Phase III trial initiated in the first quarter of 2005	$ 809
	Side effects of androgen deprivation therapy	Pivotal Phase III clinical trial	Phase III trial initiated in the fourth quarter of 2003	1,968
SARM	**Andarine**			
	Cachexia from various types of cancer	Four Phase I clinical trials completed	Planning Phase II trial	(45)
	Ostarine			
	Andropause and other chronic wasting conditions related to aging, including frailty and sarcopenia	Phase I	Phase I single ascending dose (SAD) trial completed in the first quarter of 2005. Phase I multiple ascending dose (MAD) trial to be completed in the third quarter of 2005. Planning Phase II trial in the fourth quarter of 2005.	528
Other research and development		Preclinical	Preclinical studies	1,155
Total increase in research and development expenses				$ 4,415

GTx, Inc. (in thousands, except share and per share data)

General and Administrative Expenses

General and administrative expenses increased during the three months ended June 30, 2005 to $2,642 from $1,601 for the three months ended June 30, 2004. The increase of $1,041 was primarily the result of increased personnel costs, insurance costs, patent costs, medical education costs, professional fees and other administrative costs to support the Company's planned growth.

Interest Income

Interest income increased to $354 for the three months ended June 30, 2005 from $212 for the three months ended June 30, 2004. The increase was attributable to higher average interest rates during the three months ended June 30, 2005, as compared to the same period in 2004.

Six Months Ended June 30, 2005 and 2004

Revenues

Revenues for the six months ended June 30, 2005 were $2,514 as compared to $1,146 for the same period of 2004. Revenues included net sales of FARESTON marketed for the treatment of metastatic breast cancer. FARESTON net sales were $1,845 while cost of goods sold was $1,165. Revenues also included collaboration income of $669 and $386 for the six months ended June 30, 2005 and 2004, respectively, from our partner, Ortho Biotech, a subsidiary of Johnson and Johnson, for andarine, one of our proprietary SARM compounds. Revenues for the first six months of 2004 also included $760 from the reimbursement of andarine development costs received from Ortho Biotech.

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Research and Development Expenses

Research and development expenses increased by $7,330 to $15,965 for the six months ended June 30, 2005 from $8,635 for the same period of 2004. The net increase in research and development expenses by R&D program were as follows:

Program	Product Candidate/ Indication	Development Phase	Status	Increase (Decrease) in R&D Expense (in thousands)
SERM	**ACAPODENE**			
	Prevention of prostate cancer in men with high grade PIN	Pivotal Phase III clinical trial	Phase III trial initiated in the first quarter of 2005	$ 1,825
	Side effects of androgen deprivation therapy	Pivotal Phase III clinical trial	Phase III trial initiated in the fourth quarter of 2003	3,105
SARM	**Andarine**			
	Cachexia from various types of cancer	Four Phase I clinical trials completed	Planning Phase II trial	(2,102)
	Ostarine			
	Andropause and other chronic wasting conditions related to aging, including frailty and sarcopenia	Phase I	Phase I single ascending dose (SAD) trial completed in the first quarter of 2005. Phase I multiple ascending dose (MAD) trial to be completed in the third quarter of 2005. Planning Phase II trial in the fourth quarter of 2005.	2,200
Other research and development		Preclinical	Preclinical studies	2,302
Total increase in research and development expenses				$ 7,330

General and Administrative Expenses

General and administrative expenses increased during the six months ended June 30, 2005 to $5,162 from $3,213 for the six months ended June 30, 2004. The increase of $1,949 was primarily the result of increased personnel costs, insurance costs, patent costs, medical education costs, professional fees and other administrative costs to support the Company’s planned growth, as well as additional expenses associated with operating as a public company.

Interest Income

Interest income increased to $678 for the six months ended June 30, 2005 from $362 for the six months ended June 30, 2004. The increase was primarily attributable to higher average interest rates during the six months ended June 30, 2005, as compared to the same period in 2004.

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Adjustment to Preferred Stock Redemption Value

Our preferred stock was recorded at its redemption value. The per share redemption price was equal to the greater of liquidation value, which included accrued dividends, or the fair value calculated on an as-if converted to common stock basis. At December 31, 2003, the per share redemption value was determined based on the estimated projected midpoint of the range of our initial public offering price per common share of approximately $14.50 per share. At February 6, 2004, the date of the closing of the Company's IPO and automatic conversion of all outstanding preferred stock, and accrued dividends thereon, into common stock, the market price for our common stock was $12.90 per share. Prior to conversion into common stock, the carrying value of the preferred stock and accrued dividends was adjusted to reflect the per share redemption value on the date of conversion resulting in a decrease in the carrying value of preferred stock of $17,125 and an offsetting increase in net income attributable to common stockholders.

Liquidity and Capital Resources

At June 30, 2005, we had cash and cash equivalents of $48,082, compared to $64,528 at December 31, 2004. Net cash used in operating activities was $15,565 and $3,916 for the six months ended June 30, 2005 and 2004, respectively. The use of cash in both periods resulted primarily from funding our net losses. The net cash used in operating activities for the six months ended June 30, 2004 was partially offset by the up-front licensing fee and reimbursement of development expenses received from Ortho Biotech. Net cash used in investing activities was $878 and $812 for the six months ended June 30, 2005 and 2004, respectively. The use of cash in both periods was primarily for the purchase of research and development equipment, computer equipment and software. We currently expect to make expenditures for capital equipment, software and leasehold improvements of approximately $1,000 for the remaining six months of 2005.

Net cash used in financing activities was $3 for the six month period ended June 30, 2005 and related to principal payments under a capital lease obligation. Net cash provided by financing activities for the six months ended June 30, 2004 was $71,403 excluding approximately $1,038 of IPO related expenses paid in 2003. Net cash provided by financing activities for the six months ended June 30, 2004 reflected net proceeds from the Company's IPO, which closed February 6, 2004, less underwriters' commission and offering expenses paid during the period.

We believe that our current cash resources, interest on these funds, and product revenue from the sale of FARESTON will be sufficient to meet our projected operating requirements through the first half of 2006. This estimate does not include additional funding that we may receive as milestone payments under our joint collaboration and license agreement with Ortho Biotech as well as funding from potential collaboration agreements with pharmaceutical companies or from the issuance and sale of securities.

Our forecast of the period of time through which our financial resources will be adequate to support our projected operating requirements is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed in the "Additional Factors That May Affect Future Results" section of the annual report filed on Form 10-K

with the SEC on March 24, 2005. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with product sales, the development of our product candidates and other research and development activities, including risks and uncertainties that could impact the rate of progress of our development activities, we are unable to estimate with certainty the amounts of increased capital outlays and operating expenditures associated with our current and anticipated clinical trials and other research and development activities. Our future funding requirements will depend on many factors, including:

- the scope, rate of progress and cost of our clinical trials and other research and development activities;
- future clinical trial results;
- the terms and timing of any collaborative, licensing and other arrangements that we may establish;
- the achievement of certain milestone events under our joint collaboration and license agreement with Ortho Biotech;
- the cost and timing of regulatory approvals;
- the cost and timing of expanding sales, marketing and distribution capabilities;
- the cost of establishing clinical and commercial supplies of our product candidates and any products that we may develop;
- the effect of competing technological and market developments;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights; and
- the extent to which we acquire or invest in businesses, products and technologies, although we currently have no commitments or agreements relating to any of these types of transactions.

Until we can generate a sufficient amount of product revenue, we expect to finance future cash needs through current product sales, public or private equity offerings or corporate collaboration and licensing arrangements, such as our arrangement with Ortho Biotech, as well as through interest income earned on cash balances. With the exception of payments that we may receive under our collaboration with Ortho Biotech and FARESTON product sales, we do not currently have any commitments for future external funding. We cannot be certain that additional funding will be available on acceptable terms, or at all. To the extent that we raise additional funds by issuing equity securities, our stockholders may experience dilution, and debt financing, if available, may involve restrictive covenants. To the extent that we raise

additional funds through collaboration and licensing arrangements, such as our arrangement with Ortho Biotech, it may be necessary to relinquish some rights to our technologies or product candidates, or grant licenses on terms that are not favorable to us. If adequate funds are not available, we may be required to delay, reduce the scope of, or eliminate one or more of our research or development programs or to obtain funds through collaborations with others that are on unfavorable terms or that may require us to relinquish rights to some of our technologies or product candidates that we would otherwise seek to develop on our own.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk for changes in interest rates relates to our cash equivalents on deposit in highly liquid money market funds. The primary objective of our cash investment activities is to preserve principal while at the same time maximizing the income we receive from our invested cash without significantly increasing risk of loss. We do not use derivative financial instruments in our investment portfolio. Our cash and investments policy emphasizes liquidity and preservation of principal over other portfolio considerations.

We operate primarily in the United States. Through June 30, 2005, we have not had any material exposure to foreign currency rate fluctuations. Our exposure to foreign currency rate fluctuations results from our obligation to pay Orion Corporation, our supplier of ACAPODENE and FARESTON, in Euros; however such exposure is not expected to be material.

ITEM 4 CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

We have carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

There have been no significant changes in internal control over financial reporting during the second quarter of 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

As indicated on the cover page of this report, we are not currently an "accelerated filer" within the meaning of Rule 12b-2 under the Exchange Act. However, based on our market capitalization as of June 30, 2005, we will be required, beginning with our Annual Report on Form 10-K for the year ending December 31, 2005, to include in our periodic filings under the Exchange Act the disclosures contemplated by Section 404 of the Sarbanes-Oxley Act. Section 404 will require us to include an internal control report of management in our Annual Report on Form 10-K. The internal control report must contain (1) a statement of management's responsibility for establishing and maintaining adequate internal control over financial reporting, (2) a statement identifying the framework used by management to conduct the required evaluation of the effectiveness of our internal control over financial reporting, (3) management's assessment of the effectiveness of our internal control over financial reporting as of the end of our most recent fiscal year, including a statement as to whether or not internal control over financial reporting is effective, and (4) a statement that our registered public accounting firm has issued an attestation report on management's assessment of internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

None.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company's common stock began trading on The Nasdaq National Market under the trading symbol "GTXI" on February 3, 2004. We sold 5,400,000 shares of common stock in our initial public offering at $14.50 per share. The Company's Registration Statement on Form S-1 (333-109700) was declared effective by the SEC on February 2, 2004. The offering terminated after the sale of all of the securities registered on the registration statement and the expiration of the underwriters' over-allotment option. After deducting the underwriter's commission and the offering expenses, the Company received net proceeds of $70,365. From the time of receipt through June 30, 2005, we have invested the available net proceeds in short-term securities. In addition, approximately $29,965 of the proceeds were used to fund our operations through June 30, 2005 and approximately $1,978 of the proceeds were used for capital expenditures and $4,826 of the proceeds were used to acquire a license from Orion Corporation. We plan to use the balance of the proceeds to fund our clinical trials and other research and development activities and for general corporate purposes. In addition, we may use a portion of the proceeds to acquire products, technologies or businesses, although we currently have no binding commitments or agreements relating to any of these types of transactions.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its Annual Meeting of Stockholders on Thursday, May 19, 2005. The stockholders voted on two proposals (1) the election of two members (Andrew M. Clarkson and Rosemary Mazanet, M.D., Ph.D.) to the board of directors of the Company, and (2) ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year 2005. The results of the voting were as follows:

Proposal No. 1 – Election of Directors

Name	For	Withheld
Andrew M. Clarkson	22,795,906	9,371
Rosemary Mazanet, M.D., Ph.D.	22,802,406	2,871

Proposal No. 2 – Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year 2005 to serve until the next annual meeting:

For	Withheld	Abstentions	Broker Non-Votes
22,797,551	6,826	900	0

ITEM 5 OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference (as stated therein) as part of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GTx, Inc.

Date: July 27, 2005

By: /s/ Mitchell S. Steiner
Mitchell S. Steiner, Chief Executive Officer
and Vice-Chairman of the Board of Directors

Date: July 27, 2005

By: /s/ Mark E. Mosteller
Mark E. Mosteller, CPA
Vice President and Chief Financial Officer

EXHIBIT INDEX

Number	Description
3.1	Restated Certificate of Incorporation of GTx, Inc. filed February 6, 2004, as amended(1)
3.2	Amended and Restated Bylaws of GTx, Inc.(1)
4.1	Reference is made to Exhibits 3.1 and 3.2
4.2	Specimen of Common Stock Certificate(1)
4.3	Amended and Restated Registration Rights Agreement between Registrant and Oracle Partners, L.P. dated August 7, 2003(1)
4.4	Amended and Restated Registration Rights Agreement between Registrant and J. R. Hyde, III dated August 7, 2003(1)
4.5	Amended and Restated Registration Rights Agreement between Registrant and Memphis Biomed Ventures dated August 7, 2003(1)
10.1	Genotherapeutics, Inc. 1999 Stock Option Plan(1)
10.2	GTx, Inc. 2000 Stock Option Plan(1)
10.3	GTx, Inc. 2001 Stock Option Plan(1)
10.4	GTx, Inc. 2002 Stock Option Plan(1)
10.5	2004 Equity Incentive Plan and Form of Stock Option Agreement(1)
10.6	2004 Non-Employee Directors' Stock Option Plan and Form of Stock Option Agreement(1)
10.7	Reserved
10.8	Employment Agreement dated October 1, 2003, between Registrant and Mitchell S. Steiner, M.D.(1)
10.9	Employment Agreement dated October 1, 2003, between Registrant and Marc S. Hanover(1)
10.10	Employment Agreement dated October 1, 2003, between Registrant and Mark E. Mosteller(1)
10.11	Employment Agreement dated October 1, 2003, between Registrant and Henry P. Doggrell(1)
10.12	Form of Indemnification Agreement(1)
10.13	Lease Agreement, dated March 7, 2001, between The University of Tennessee and TriStar Enterprises, Inc.(1)
10.14	Sublease Agreement dated October 1, 2000, as amended, between Registrant and TriStar Enterprises, Inc.(1)
10.15†	Amended and Restated License and Supply Agreement dated October 22, 2001, between Registrant and Orion Corporation(1)
10.16†	Amendment No. 1 to the License and Supply Agreement dated March 5, 2003, between Registrant and Orion Corporation(1)
10.17†	Production and Manufacturing Agreement dated September 9, 2002, between Registrant and ChemSyn Laboratories (Department of EaglePicher Technologies, LLC)(1)
10.18†	Amendment No. 1 to the Production and Manufacturing Agreement dated September 30, 2003, between Registrant and ChemSyn Laboratories (Department of EaglePicher Technologies, LLC)(1)
10.19†	Quotation Agreement dated August 8, 2003 between Registrant and EaglePicher Pharmaceutical Services(1)
10.20†	Amended and Restated Exclusive License Agreement dated June 3, 2002, between Registrant and University of Tennessee Research Foundation(1)
10.21†	Amended and Restated Exclusive License Agreement dated June 14, 2003, between Registrant and University of Tennessee Research Foundation(1)

Number	Description
10.22†	Amended and Restated Exclusive License Agreement dated August 30, 2003, between Registrant and University of Tennessee Research Foundation(1)
10.23	Amendment No. 2 to the License and Supply Agreement dated December 29, 2003, between Registrant and Orion Corporation(1)
10.24†	Joint Collaboration and License Agreement dated March 16, 2005, between Registrant and Ortho Biotech, L.P.(2)
10.25†	Purchase Agreement dated December 13, 2004, between Registrant and Orion Corporation(3)
10.26†	Amended and Restated License and Supply Agreement effective January 1, 2005, between Registrant and Orion Corporation(3)
10.27*	Sublease Agreement dated April 1, 2005, as amended, between Registrant and TriStar Enterprises, Inc.
10.28*	Employment Agreement dated January 1, 2005, between Registrant and James T. Dalton.
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer Pursuant to 18. U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith.

† Confidential treatment requested. The redacted portions have been filed separately with the SEC as required by Rule 406 of Regulation C.

(1) Incorporated by reference to the same exhibit filed with GTx's Registration Statement on Form S-1 (File No. 333-109700).

(2) Incorporated by reference to the same exhibit filed with GTx's Form 10-Q for the period ended March 31, 2004 filed May 7, 2004.

(3) Incorporated by reference to GTx's Form 8-K filed March 7, 2005.

EXHIBIT 10.27

SUBLEASE

This Sublease made and entered into as of this 1st day of April, 2005 (the "Effective Date") by and between TRISTAR ENTERPRISES, INC., a Tennessee nonprofit corporation ("SUBLESSOR") and GTx INC., a Delaware corporation ("SUBLESSEE").

RECITALS

WHEREAS, the SUBLESSOR and The University of Tennessee (the "LESSOR") have entered into a Lease dated October 1, 2000, as amended on March 30, 2005 (as amended, the "Lease"). A copy of the Lease is attached hereto as Exhibit A;

WHEREAS, the SUBLESSOR desires to sublease a portion of the premises leased to the SUBLESSEE pursuant to the Lease.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration set forth herein, the parties agree as follows:

1. DESCRIPTION: Subject to the terms of the Lease, the SUBLESSOR hereby subleases unto the SUBLESSEE, and SUBLESSEE accepts from SUBLESSOR, the Premises (as defined below) situated in the State of Tennessee, County of Shelby, and City of Memphis, located at 3 North Dunlap Street. Premises is defined as the Van Vleet Building, not including the "Old Van Vleet Building", and rooms S208, S208A, S309, S308, S323, S319, S318 in the "Old Van Vleet Building", as shown in the floor plans attached as Exhibit B.

2. RENT: The SUBLESSEE shall pay annual rent equal to Lessor's actual cost of operation of the Van Vleet Building, including 98% of actual cost of utilities of the Van Vleet Building, as shown on Exhibit C hereto. The initial annual rent shall be estimated and divided into twelve (12) equal monthly installments. Such rent shall be payable on the Effective Date and the first day of each month thereafter during the term of this Sublease without demand or offset, except as stated herein. The rental amount will be adjusted every quarter, starting July 1, 2005, in accordance with this Section 2 to reflect a rent equal to LESSOR's actual cost of the operation of the Van Vleet Building and 98% of the building's utilities, in accordance with Exhibit C. Within fifteen (15) days after June 30, 2005 and each quarter thereafter, SUBLESSOR shall submit to SUBLESSEE a statement of actual costs of operation for such quarter. If the actual costs exceed the rent paid for such period, then SUBLESSEE shall remit such difference to SUBLESSOR within fifteen (15) days after receipt of the statement. If the rent paid exceeds the actual costs, then SUBLESSOR shall apply such difference as a credit on the next rental payment. Any remaining rental credits outstanding at the termination of this Sublease shall be forfeited to SUBLESSOR unless LESSOR shall exercise its rights to terminate the Lease and SUBLESSEE shall lose any rights afforded it hereunder prior to the expiration of the Term. Additionally, after the receipt of the statement, SUBLESSOR shall adjust the rental amount to be paid each subsequent month such that the monthly payment is equal to one-twelfth (1/12) of the actual cost of operation on an annualized basis and Exhibit C shall be amended accordingly. "Actual cost of operation" shall mean all the costs and expenses paid or incurred by or on behalf of LESSOR in owning, maintaining, operating and repairing the Premises and the

building in which the Premises are located, including but not limited to the costs of capital improvements to the building, depreciation charges, custodial services, if any, utilities, elevator maintenance, pest control services, steam boiler inspection, hot water boiler inspection, chiller maintenance, trash disposal, lighting and other building maintenance and repair costs.

3. TERM: Subject to and upon the conditions set forth herein, the term of the Sublease shall commence on the Effective Date and shall terminate December 31, 2007, unless SUBLESSEE renews the Sublease in accordance with this Section 3. SUBLESSEE shall have the option to extend this Sublease for up to three additional years, in one-year increments. SUBLESSEE shall notify SUBLESSOR in writing ninety (90) days prior to the expiration of the Sublease, if exercise of the option is desired. Such writing shall also describe to SUBLESSOR the plans of SUBLESSEE to vacate the Premises and move its operations to another location. Upon execution of this Sublease, the sublease between SUBLESSOR and SUBLESSEE dated October 1, 2000, as amended, shall terminate and be of no further force and effect.

4. CREDIT FOR TENANT IMPROVEMENTS: SUBLESSEE will be granted credit against monthly installments of rent for Tenant Improvements (hereinafter defined) made to the Premises by SUBLESSEE, upon compliance with this Section 4. Tenant Improvements shall mean reconfigurations of and other improvements to office and laboratory spaces within the Premises that are permanent in nature and which will remain in the Premises upon termination of the Sublease and vacation of the Premises by SUBLESSEE.

SUBLESSEE shall submit construction documents, plans and specifications, including expense estimates, covering all phases of the proposed Tenant Improvements to SUBLESSOR for approval prior to the commencement of any Tenant Improvements in the Premises.

All credit for Tenant Improvements will be dollar for dollar and will be distributed over a 12-month period starting with the submission of a statement of completed work to SUBLESSOR; provided, however, that credit shall not be granted for those expenses which exceed the estimate provided to SUBLESSOR unless consented to by SUBLESSOR. Total credit for Tenant Improvements is not currently expected to exceed $500,000.00.

5. PARKING: SUBLESSOR will use reasonable efforts to make available to SUBLESSEE at least 70 parking spaces in the "R" Lot directly north of the Van Vleet Building and 40 spaces in the "G" parking garage. Payment for parking shall be made to UT Health Science Center Campus Police.

6. RELATIONSHIP TO LEASE. This Sublease and all of SUBLESSEE'S rights hereunder are expressly subject to and subordinate to all of the terms and provisions of the Lease, as modified or amended from time to time. SUBLESSEE hereby acknowledges that it has received a copy of the Lease and has read all of the terms and conditions thereof. SUBLESSOR warrants and represents that the Lease is in full force and effect. SUBLESSEE acknowledges that any termination of the Lease will result in a termination of this Sublease. SUBLESSEE further acknowledges that in the event that LESSOR exercises the remedy of re-entry or repossession of the Premises, without terminating the Lease, this Sublease shall terminate, provided that LESSOR agrees that if the Sublease shall be terminated by LESSOR at

any time prior to SUBLESSEE receiving full credit for its Tenant Improvements, SUBLESSOR and/or LESSOR shall immediately pay to SUBLESSEE the amount of such difference. Also, LESSOR and SUBLESSEE agree to use their respective best efforts to give SUBLESSEE at least a full years advance notice of LESSOR'S intent to exercise its rights to terminate the Lease at any time prior to the expiration of the Term hereunder.

7. ENTRY BY SUBLESSOR. SUBLESSEE agrees that SUBLESSOR'S and LESSOR'S representatives shall have the right to enter all parts of the Premises at all reasonable hours to inspect, test, clean, make repairs, alterations and additions to the Premises that SUBLESSOR or LESSOR, as applicable, may deem necessary or desirable or to provide any service which it or LESSOR, as applicable, is obligated to furnish to the Premises.

8. COMPLIANCE WITH LEASE. Except as set forth herein, SUBLESSEE hereby assumes all obligations of SUBLESSOR, as tenant or lessee under the Lease, with respect to the Premises and agrees to be bound by the terms of the Lease as fully and to the same extent as if SUBLESSEE were tenant or lessee of the Premises under the Lease. SUBLESSOR covenants that it will pay all Rent (as such term is defined in the Lease) due under the Lease to the LESSOR, provided that LESSOR and SUBLESSOR agree that payment of the rent hereunder to SUBLESSOR shall be deemed to be payment of the Rent to LESSOR and the credits to be applied against the rent to be paid by SUBLESSEE on account of Tenant Improvements shall be deemed to be credits of Rent under the Lease.

9. PERFORMANCE OF LESSOR'S OBLIGATIONS UNDER LEASE. SUBLESSEE hereby acknowledges that it shall look solely to LESSOR for the performance of all the LESSOR'S obligations under the Lease with respect to the Premises. SUBLESSOR agrees that it shall, when necessary and when requested by SUBLESSEE, endeavor to cause LESSOR to perform its obligations under the Lease, but shall not be liable to SUBLESSEE for LESSOR'S failure to do so. SUBLESSEE agrees to notify SUBLESSOR in writing of the need for repairs to the Premises that are the LESSOR'S responsibility pursuant to Paragraph 6 of the Lease.

10. QUIET ENJOYMENT AND COVENANT OF TITLE. Subject to Section 12 below, SUBLESSOR covenants that it has full right, power and authority to execute this Sublease and to grant the estate demised herein, and that SUBLESSEE, upon payment of the rent herein reserved and performance of the terms, conditions and covenants herein contained with respect to SUBLESSEE, shall peacefully and quietly have, hold, and enjoy the Premises during the full term, and any extension hereof, from the adverse claims by all persons, parties, or entities claiming through or as a result of SUBLESSOR.

11. INSURANCE: SUBLESSEE will maintain commercial general liability insurance against claims for bodily injury and death, personal injury, and/or property damage that occur in or about the Premises which names SUBLESSOR as an additional insured. Such insurance will provide at least $1,000,000.00 coverage with respect to any one occurrence and will include fire legal liability endorsement. SUBLESSEE will provide proof of such insurance to SUBLESSOR within 30 days after the Effective Date. Such insurance shall be maintained with insurance companies licensed to do business in Tennessee and reasonably acceptable to SUBLESSOR. SUBLESSEE will submit to SUBLESSOR on the policy renewal date each year a Certificate of Insurance to confirm the required coverage. Such Certificate shall include a statement that

SUBLESSOR will be given a 30-day written notice of cancellation or reduction in coverage. Such insurance shall also comply with Paragraph 11 of the Lease. SUBLESSEE will maintain throughout the term of this Sublease statutory worker's compensation insurance including employer's liability for all employees as required by applicable state and federal regulations.

12. DELIVERY AND RETURN OF PREMISES.

(a) SUBLESSOR will deliver the Premises to SUBLESSEE in an "as is" condition. SUBLESSEE shall have the right to make alterations to the Premises, subject to Section 4 of this Sublease, all at SUBLESSEE's sole cost and expense.

(b) At the termination of SUBLESSEE's right to possession hereunder, SUBLESSEE shall surrender possession of the Premises to SUBLESSOR and deliver all keys and security access instruments to the Premises to SUBLESSOR, and shall subject to the provisions of Sections 12(c) and (d) hereunder return to SUBLESSOR the Premises and all equipment and fixtures of SUBLESSOR broom clean, with all rubbish removed, in at least as good condition and state of repair as when SUBLESSEE originally took possession, ordinary wear and tear excepted and loss or damage by fire, or other insured casualty excepted, failing which SUBLESSOR may restore the Premises, equipment and fixtures to such condition and state of repair and SUBLESSEE shall, upon demand, pay to SUBLESSOR the cost thereof.

(c) All installations, additions, fixed partitions, hardware, light fixtures, supplementary heating or air conditioning units, non-trade fixtures and improvements temporary or permanent, except movable furniture and equipment belonging to SUBLESSEE, in or upon the Premises, whether placed there by SUBLESSEE or SUBLESSOR, shall be SUBLESSOR's property and shall remain upon the Premises upon expiration of SUBLESSEE's possession hereunder, all without compensation, allowance or credit to SUBLESSEE, except as provided in Sections 4 and 6 hereof. However, if required by SUBLESSOR in writing prior to SUBLESSEE making such improvements, SUBLESSEE, at SUBLESSEE's sole cost and expense, shall promptly remove the installations, additions, partitions, hardware, light fixtures, supplementary heating or air conditioning units, non-trade fixtures and improvements placed in or upon the Premises by SUBLESSEE, and repair any damage to the Premises caused by such removal, failing which SUBLESSOR may remove the same and SUBLESSEE shall, upon demand, pay to SUBLESSOR the cost of such removal and of any necessary restoration of the Premises. All fixtures, installations and personal property belonging to SUBLESSEE not removed from the Premises upon termination of this Sublease and not required by SUBLESSOR to have been removed as provided herein shall be conclusively presumed to have been abandoned by SUBLESSEE and title thereto shall pass to SUBLESSOR under this Sublease as by a bill of sale.

(d) SUBLESSEE shall remove SUBLESSEE's furniture, machinery, equipment, safes, trade fixtures and other items of movable personal property of every kind and description from the Premises and restore any damage to the Premises caused thereby, such removal and restoration to be performed prior to the expiration of the term of this Sublease, failing which SUBLESSOR may do so and SUBLESSEE shall, upon demand, pay to SUBLESSOR the cost thereof.

13. INDEMNITY. SUBLESSEE agrees to indemnify, defend, and hold harmless SUBLESSOR from and against any and all liabilities, losses, damages, expenses, demands, suits, judgments or claims, including attorneys fees and other expenses in connection therewith, incurred by SUBLESSOR and in any way related to SUBLESSEE, this Sublease or the Premises. This indemnity provision shall survive the expiration or earlier termination of this Sublease.

14. DEFAULT; REMEDIES. Any action or omission by the SUBLESSEE that results in a default under the Lease shall be a default under this Sublease. In the event of SUBLESSEE's failure to pay rent according to the terms of this Sublease, or any other default under this Sublease, the SUBLESSOR is entitled to exercise each and every remedy against SUBLESSEE to which it is entitled by law or in equity, including, without limitation, any right or remedy against SUBLESSEE to which the LESSOR is entitled under the Lease.

15. COLLECTION COSTS; ATTORNEY'S FEES. In the event of any default by SUBLESSEE and should it become necessary for SUBLESSOR to bring an action against SUBLESSEE to enforce this Sublease or to sue for its default, SUBLESSOR shall be entitled to recover all costs of enforcement of suit, including, but not limited to, court costs and reasonable attorney's fees.

16. BROKERAGE COMMISSIONS. SUBLESSEE warrants that it has had no dealings with any broker or agent in connection with the negotiation and execution of this Sublease, and SUBLESSEE agrees to indemnify SUBLESSOR and LESSOR and hold SUBLESSOR and LESSOR harmless from and against any and all costs, expenses, or liability for commissions or other compensation or charges claimed by or awarded to any broker or agent with respect to this Sublease.

17. HOLDING OVER. In the event of holding over by SUBLESSEE after the expiration or other termination of this Sublease, SUBLESSEE shall be a tenant at sufferance. No holding over by SUBLESSEE after the expiration of the term of this Sublease shall be construed so as to extend or renew the term of this Sublease.

18. TERMINATION. SUBLESSEE shall have the right to terminate this Sublease in the event of a casualty to the Premises effective as of the date of such casualty.

19. BINDING AGREEMENT. This Sublease shall be binding upon and shall inure to the benefit of the SUBLESSOR and SUBLESSEE, and their respective permitted assigns.

20. ASSIGNMENT. Neither this Sublease nor the rights or obligations of the SUBLESSEE may be assigned, subleased or transferred (by operation of law or otherwise) by SUBLESSEE without the express written consent of SUBLESSOR and LESSOR, provided that SUBLESSEE shall have the right to assign this Sublease to any person or entity which acquires through purchase or otherwise a controlling interest in SUBLESSEE or any entity into which SUBLESSEE shall be merged or consolidated. The parties hereto acknowledge that this Sublease will be assigned by SUBLESSOR to LESSOR immediately following its execution by the parties hereto.

21. INVALIDITY. If any provision of this Sublease shall be held to be invalid, whether generally or as to specific facts or circumstances, the same shall not affect in any respect

whatsoever the validity of the remainder of this Sublease, which shall continue in full force and effect. Any provision held invalid as to any particular facts and circumstances shall remain in full force and effect as to all other facts and circumstances, and any invalid provision, if invalid because it transcends applicable limits of law shall be deemed ipso facto to be reduced to such permitted level or limit.

22. GOVERNING LAW. This Sublease and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of Tennessee, as the same shall exist from time to time.

23. ENTIRE AGREEMENT; AMENDMENTS. This Sublease embodies the entire agreement of the parties hereto with respect to the subject matter discussed herein. This Sublease may be modified or amended only by the mutual written agreement of the parties hereto.

24. COUNTERPART SIGNATURE. This Sublease may be executed in one or more counterparts and each of which shall constitute one and the same instrument.

25. TIME IS OF THE ESSENCE. Time is of the essence of this Sublease.

26. SMOKING. Smoking is strictly prohibited in all areas within the Van Vleet Building.

27. APPROVAL: The effectiveness of this Sublease is subject to the written consent of LESSOR approving this Sublease, as evidenced by LESSOR'S execution hereof.

28. NOTICES: All notices required under this Sublease shall be sent to the following addresses:

To the SUBLESSOR:	To the SUBLESSEE:
Tristar Enterprises, Inc.	GTx, Inc.
920 Madison Ave., Suite 515	3 North Dunlap
Memphis, TN 38163	Memphis, TN 38163

IN WITNESS WHEREOF, the SUBLESSEE and the SUBLESSOR have executed this Sublease in duplicate on the date written below.

GTx, INC. (SUBLESSEE)

By: /s/ Henry P. Doggrell

Name: Henry P. Doggrell
Title: Vice President/General Counsel
Date: 03-31-05

TRISTAR ENTERPRISES, INC.
(SUBLESSOR)

By: /s/ Robert L. Palmer

Name: Robert L. Palmer
Title: Pres/CEO
Date: 4/14/05

THE UNIVERSITY OF TENNESSEE
(LESSOR)

By: /s/ William F. Owen Jr.

Name: William F. Owen, Jr.
Title: Chancellor Vice President
Date: 5-19-05

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, the undersigned, Notary Public for the Shelby County, William Rice Vice President of The University of Tennessee, with I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that he/she is the Vice President of The University of Tennessee and that he/she as Vice President, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of The University of Tennessee by himself/herself as Vice President.

Witness my hand and seal, at office in, this 31st day of March, 2005

/s/ Dianne Asher

Notary Public.

My Commission Expires: 11/06/05

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, the undersigned Notary Public of the State and County mentioned, personally appeared Robert L. Palmer, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be President/CEO of TriStar Enterprises, Inc., the within named Lessee, a corporation, and that he as such President/CEO executed the foregoing Lease for the purposes contained therein, by signing the name of the corporation by himself herself as President/CEO.

Witness my hand and seal, at office in, this 14th day of April, 2005.

/s/ Dianne Asher

Notary Public

My Commission Expires: 11/06/05

AMENDMENT I TO LEASE

Amendment I made this 1st day of April, 2005 by and between THE UNIVERSITY OF TENNESSEE, with offices at 301 Andy Holt Tower, Knoxville, Tennessee 37996 (hereinafter called "Lessor") and TRISTAR ENTERPRISES, INC. with offices at 3 North Dunlap, Memphis, Tennessee 38163 (hereinafter called "Lessee").

WITNESSETH:

WHEREAS, the Lessor and Lessee entered into that certain Lease dated March 7, 2001

IS HERBY MODIFIED, EFFECTIVE APRIL 1, 2005, AS FOLLOWS:

1. Section 1: deleted in its entirety and replaced with the following:

   DESCRIPTION: The Lessor hereby leases unto Lessee those premises with the appurtenances thereto appertaining situated in the State of Tennessee, County of Shelby, City of Memphis, located at 3 N. Dunlap Street.

   Premises is defined as the Van Vleet Building containing approximately 81,150 square feet, not including first floor rooms S0106, S0104, S0108, S0112, S0119, S0133, S0134, S0135, S0118, and S0110 in the "Old Van Vleet Building" occupied by UT Radiation Safety containing approximately 1,802 square feet. Plans for the building are located in the Office of Facilities at The University of Tennessee Health Science Center in Memphis, Tennessee and are incorporated by reference as if fully set out herein.

2. Section 2: deleted in its entirety and replaced with the following:

   TERM: The term of this lease shall commence on April 1, 2005, (Commencement Date) and shall end on December 31, 2010, with such rights of termination and/or extension as may be hereinafter expressly set forth. Should the Lessee occupy the premises beyond the term of this Lease such occupancy shall in no event be year-to-year but at the will of the Lessor.

3. Section 3: deleted in its entirety and replaced with the following:

   RENT: The Lessee shall pay monthly rent prorated on ninety-eight percent (98%) of the Lessor's actual costs of operation for the Van Vleet building. The beginning annual rent is initially described in Exhibit A and shall be paid equal to one-twelfth (1/12) of the proportionate actual cost of operation on an annualized basis. Such rent shall be payable on the Commencement Date and the first day of each month thereafter during the term of this Lease without demand or offset, except as stated herein. The rental amount will be adjusted every fiscal year of Lessor ended June 30, starting June 30, 2005, in accordance with this Section 2 to reflect a rent equal to ninety-eight percent (98%) of Lessor's actual cost of the operation of the Premises. Within fifteen (15) days after June 30, 2005 and each fiscal year thereafter, Lessor shall submit to Lessee a statement of actual costs of operation for such year. If the actual costs of operation exceed the rent paid for such period, the Lessee shall remit such difference to Lessor within fifteen (15) days after receipt of the statement. If the rent paid exceeds the actual costs of operation, the rental credit shall be carried forward to the next period. Any remaining rental credits outstanding at the termination of this lease shall be forfeited to the

Lessor. Additionally, after the receipt of the statement, Lessor shall adjust the rental amount to be paid each subsequent month such that the monthly payment is equal to one-twelfth (1/12) of the actual cost of operation on an annualized basis. "Actual costs of operation" shall mean all the costs and expenses paid or incurred by or on behalf of Lessor in owning, maintaining, managing, operating and repairing the Premises and the building in which the Premises are located, including, but limited to, the cost of capital improvements to the building, depreciation charges, custodial services, utilities, elevator maintenance, pest control services, steam boiler inspection, hot water boiler inspection, chiller maintenance, trash disposal, lighting and other building maintenance and repair costs.

3(a). CREDIT FOR TENANT IMPROVEMENTS: Lessee will be granted credit against monthly installments of rent for Tenant Improvements (hereinafter defined) made to the Premises by Lessee, or any Sublessee, upon compliance with this Section 3(a). Tenant Improvements shall mean reconfigurations of and other improvements to office and laboratory spaces within the Premises that are permanent in nature and which will remain in the Premises upon termination of the Lease, or any Sublease, and vacation of the Premises by Lessee, or any Sublessee.

Lessee, or any Sublessee, shall submit construction documents, plans and specifications, including expense estimates, covering all phases of the proposed Tenant Improvements to Lessor for approval prior to the commencement of any Tenant Improvements in the Premises.

All credit for Tenant Improvements will be dollar for dollar and will be distributed over a twelve-month period starting with the submission of a statement of completed work to Lessor; provided, however, that credit shall not be granted for those expenses which exceed the estimate provided to Lessor unless consented to by Lessor. Total credit for Tenant Improvements shall not exceed $500,000.00.

4. Section 5: deleted in its entirety and replaced with the following:

ASSIGNMENT AND SUBLETTING: The Lessee shall neither assign this Lease nor sublet the premises in whole or part without the written consent of the Lessor. Further, the Lessee shall not permit the use or occupation of said premises by anyone other than Lessee without the written consent of the Lessor. For the purpose of this Section 5, the Executive Vice President of Lessor, or his or her designee, shall be the official authorized to provide the required written consent.

5. Section 12: deleted in its entirety and replaced with the following:

TERMINATION/EXTENSION: Notwithstanding any other provision to the contrary in the event that the Lessee becomes insolvent or bankruptcy proceedings are filed against or by the Lessee, his heirs or assigns in any court whatsoever, or if for any reason the Lessee should cease to exist as a legal entity, it shall give the rights to Lessor or its assigns, at their option, to immediately declare this contract null and void and at once resume possession of the property. No receiver, trustee or other judicial officer shall have any right, title or interest in or to the above described property by virtue of this contract.

Further, if the Lessee shall fail or neglect to make any payment of rent when due, vacate the premises without notice to the Lessor or shall violate any of the provisions of this Lease, the Lessor, without any other demand or notice, may at Lessor's option, immediately terminate this Lease and if necessary require the Lessee to vacate the leased premises.

In lieu of any termination right mentioned herein or in conjunction therewith, Lessor may pursue any other lawful right or remedy incident to the relationship created by this Lease. Should the Lessor at any time seek to rightfully recover possession of the premises and be obstructed or resisted therein, and any litigation thereon ensue, the Lessee shall be bound to pay the Lessor reasonable attorney's fees and all court costs.

It is agreed that either party shall have the right and privilege to terminate the agreement by giving a written notice to the other party at least 90 days prior to the specified termination date.

This lease may be extended by both parties agreeing to the terms and conditions of such extension in writing and signed by all parties and with the approval of the State Building Commission.

6. Section 14 (b): deleted in its entirety.

7. Section 15: deleted in its entirety and replaced with the following:

BONDS AND INSURANCE:

Each contractor hired for construction work exceeding $100,000 in cost on the Premises shall comply with the following requirements:

a. Contractor shall furnish a payment bond and a performance bond in the amount of the cost to complete the work issued by a bonding company acceptable both to Lessee and the Lessor licensed in Tennessee wherein Lessee and the Lessor are named as co-obligees.

b. Contractor shall purchase and maintain insurance as follows:

1) Coverages for the following categories shall not be less than stated:

a) Worker's Compensation:
Applicable Federal and State — Statutory
Employer's Liability — $500,000.00

b) Comprehensive General Liability, including Products and Completed Operations Broad form Property Damage Liability, Contractual, Personal Injury and XCU Coverage (if applicable)

(a) Bodily Injury Limits of: $1,000,000.00
Annual Aggregate of: $2,000,000.00

(b) Property Damage Limits of: $1,000,000.00
Annual Aggregate of: $2,000,000.00

OR Combined Single Limits equal to: $2,000,000.00
$4,000,000.00

c) Automobile Liability to include Owned, Non-owned, and Hired;

Bodily Injury and Property Damage
Combined Single Limit $500,000.00

2) Such insurance shall be in a company or companies authorized to do business in the State of Tennessee. A Certificate of Insurance evidencing the coverages required above shall name both Lessee and the Lessor as additional insureds on the face of the Certificate and shall include the provision that Lessee and the Lessor shall be notified of any changes, deletions, or cancellation of coverage(s) at least thirty (30) days prior to such action.

Said Lease, as modified herein, is hereby ratified and confirmed and shall remain in full force and effect throughout the term of said Lease.

The provisions of this Amendment I shall be binding and insure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

LESSEE:

BY: /s/ Robert L. Palmer

TRISTAR ENTERPRISES, INC.

ITS: PRES/CEO

LESSOR:

BY: /s/ William R. Rice

THE UNIVERSITY OF TENNESSEE

BY:

Commissioner, Finance & Adm.

BY:

Attorney General (Approved as to Form and Legality)

EXHIBIT A

Cost Projections for
Van Vleet Rent
11/18/04

Utilities	$ 247,620.00
Debt Service	$ 387,500.00
Security	$ 40,000.00
Insurance	$ 2,888.00
Maintenance/Operations	$ 150,490.00
Grounds	$ 9,000.00
Total Annual	$ 837,498.00
Total Monthly	$ 69,791.50

For example, the beginning fiscal period annualized actual cost of operation is $837,498.00 multiplied by ninety-eight percent (98%) and divided by twelve (12) equals the beginning monthly rent payment for the period ($837,498.00 X .98 / 12 = $68,395.67 monthly rent payment for the period).

Prepared By:

University of Tennessee
Office of Real Estate Management
The Middlebrook Building
5723 Middlebrook Pike
Knoxville, TN 37996

Lessee:

Tristar Enterprises, Inc.
3 N. Dunlap Street
Memphis, TN 38163

LEASE

THIS LEASE, made and entered into this 7th day of MARCH, 2001, and effective as of October 1, 2000, by and between THE UNIVERSITY OF TENNESSEE, hereinafter called the Lessor, and TRISTAR ENTERPRISES, INC., hereinafter called the Lessee.

WITNESSETH:

The parties hereto, for the considerations hereinafter mentioned, covenant and agree as follows:

1. DESCRIPTION: The Lessor hereby leases unto Lessee those premises with the appurtenances thereto situated in the State of Tennessee, County of Shelby, City of Memphis, in the Van Vleet Building at 3 N. Dunlap Street. The premises above are more particularly described as follows:

Approximately 2,050 rentable square feet of Office Space located on the second floor and identified on attached Addendum Number One as C202, C206, C207, C208, C212, C216, C219, C223, C224, C226 and C228. Approximately 4,818 rentable square feet of Laboratory Space located on the third floor and identified on attached Addendum Number Two as N321, N324, N324A, N325, N326, N326A, N328, N328A, N329, N330, N333, N333A, N334, N334A, N334B. Plans for the building are located in the Office of Facilities at The University of Tennessee Health Science Center in Memphis, Tennessee and are incorporated by reference as if fully set out herein.

Being part of the same property described in the last recorded instrument conveyed to Lessor in Plat Book No. 1, Page 69, recorded in the Register's Office, Shelby County, Tennessee. (Reference instrument No. 6005-287 - no other recorded deeds were located).

2.TERM: The term of this lease shall commence on October 1, 2000, and shall end on September 30, 2005, with such rights of termination and/or extension as may be hereinafter expressly set forth. Should the Lessee occupy the premises beyond the term of this Lease such occupancy shall in no event be year-to-year but at the will of the Lessor.

3.RENT: The Lessee shall pay annual rent of $94,820 ($11.00 per rentable square foot of Office Space and $15.00 per rentable square foot of Laboratory space), payable in installments of $7,901.67 per month. The rental cost may subsequently be adjusted each July 1 and shall be based on the percentage difference between the two most recent annual State and Local Index values listed in TABLE 3.8B-Real Government consumption Expenditures by Type and Real Gross Investment by Type (formerly entitled Government Purchases by Type in Constant Dollars) contained in the applicable July issue of the Department of Commerce's Survey of Current Business. For example, if this adjustment factor had been put into effect prior to July 1, 1996, a 2.3% increase in the prior rate would be permissible for the period of July 1, 1996-June 30, 1997 (the July 1996 issue of the Department OF Commerce's Survey of Current Business lists the 1995 State and Local Index value as 788.6 and the 1994 value as 770.5 (788.6/770.5 = 1.023)).

4. PURPOSE: The premises hereby leased shall only be used for education, research, or public service activities. Lessee shall not permit or suffer any act or event to occur upon the premises which is extra hazardous on the account of fire or explosion.

Further Lessee covenants to comply with all City laws and ordinances and State and federal laws in regard to nuisances, insofar as the premises are concerned and to make no unlawful or offensive use of the premises.

5. ASSIGNMENT AND SUBLETTING: The Lessee shall neither assign this Lease nor sublet the premises in whole or part without the written consent of the Lessor. Further, the Lessee shall not permit the use or occupation of said premises by anyone other than Lessee without the written consent of the Lessor.

6. REPAIR/MAINTENANCE: The Lessee accepts the premises in its present physical condition. During the lease term, the Lessor shall maintain the leased premises and appurtenances which he provides in good repair and tenantable condition, including, but not limited to, the maintenance and repair of the elevators, plumbing, heating, electrical, air conditioning and ventilating equipment and fixtures to the end that all such facilities are kept in good operative condition except in case of damage arising solely from a willful or negligent act of the Lessee's agent, invitee, or employee.

The Lessee shall take good care of the premises hereby leased and the appurtenances thereof and neither commit nor permit any waste. At the end or other expiration of the term of this Lease, the Lessee shall deliver up said premises in as good order or condition as they were at the beginning of this Lease, ordinary wear and tear thereof and damage by earthquake, the elements, act of God, or fire over which the Lessee has no control excepted.

7.ALTERATIONS: The Lessee shall not make any alterations, additions or improvements in the premises without first obtaining written consent from the Lessor. All alterations, additions or improvements made by the Lessee shall inure to the benefit and be the property of the Lessor upon the termination and end of this lease unless hereinafter specified to the contrary or otherwise agreed to in writing and signed by both parties.

8.UTILITIES: The costs associated with utilities and janitorial services will be included as part of the rent as set forth in paragraph 3.

9.INSPECTION: The Lessor shall have the right, upon notice to the Lessee, to enter the leased premises at reasonable times in order to inspect, render services or make necessary repairs to the premises.

10. FIRE AND CASUALTY: If the premises be destroyed by fire or other casualty, this Lease shall immediately terminate. In the case of partial destruction or damage so as to render the premises untenantable4, either party may terminate the Lease by giving written notice to the other within fourteen (14) days thereafter.

11. LIABILITY: Lessor shall not be liable for any property or valuables destroyed, damaged, lost, stolen, taken or missing from the Premises, the Lessee agreeing to sufficiently protect, secure, insure, and safeguard any and all property maintained or stored upon the Premises. Any property placed on or within the Premises is maintained strictly at Lessee's own risk. The Lessor agrees to provide tire and casualty insurance or self insurance in amounts sufficient to protect its own interest in the Building only.

Lessee, its successors and assigns, shall indemnify and hold harmless Lessor and the State of Tennessee from any and all claims, costs, damages, and judgments of whatsoever nature, including without limitation costs and expenses incurred by Lessor or the State in the defense of any action, arising out of the activities of Lessee on the premises pursuant to this Lease and to assume all responsibility and liability therefor.

The Lessee, its successors and approved assigns, agrees to maintain adequate public liability insurance and will provide satisfactory evidence of such insurance to the State. Further, the liability limits of this insurance must not be less than the exposure and limits of the State's liability under the Claims Commission Statute, T.C.A. Section 9-8-307, as it may be from time to time amended and/or construed by the claims commission and courts. This statute currently limits liability of the State to $300,000 per claimant, $1,000,000 per occurrence. The insurance policy shall include a provision for the insurance company to notify the State in writing of any cancellation or changes of the policy at least 30 days in advance of the cancellation or change.

12. TERMINATION/EXTENSION: Notwithstanding any other provision to the contrary in the event that the Lessee becomes insolvent or bankruptcy proceedings are filed against or by the Lessee, his heirs or assigns in any court whatsoever, it shall give the rights to Lessor or its assigns, at their option, to immediately declare this contract null and void and at once resume possession of the property. No receiver, trustee or other judicial officer shall have any right, title or interest in or to the above described property by virtue of this contract.

Further, if the Lessee shall fail or neglect to make any payment of rent when due, vacate the premises without notice to the Lessor or shall violate any of the provisions of this Lease, the Lessor, without any other demand or notice, may at Lessor's option, immediately terminate this Lease and if necessary require the Lessee to vacate the leased premises.

In lieu of any termination right mentioned herein or in conjunction therewith, Lessor may pursue any other lawful right or remedy incident to the relationship created by this Lease. Should the Lessor at any time seek to rightfully recover possession of the premises and be obstructed or resisted therein, and any litigation thereon ensue, the Lessee shall be bound to pay the Lessor reasonable attorney's fees and all court costs.

It is agreed that either party shall have the right and privilege to terminate the agreement by giving a written notice to the other party at least 90 days prior to the specified termination date.

This lease may be extended by both parties agreeing to the terms and conditions of such extension in writing and signed by all parties subject to the approval of the State Building Commission.

13. NOTICES: All notices herein provided to be given, or which may be given, by either delivered in person or by certified mail as follows:

TO THE LESSOR:	TO THE LESSEE:
OFFICE OF REAL ESTATE MANAGEMENT	TRISTAR ENTERPRISES, INC.
THE UNIVERSITY OF TENNESSEE	3 N. DUNLAP STREET
432 COMMUNICATIONS BUILDING	MEMPHIS, TN 38163
KNOXVILLE, TN 37996-0342	

14. SPECIAL PROVISIONS: Prior to the execution of this lease the following special provisions, if any, were agreed upon:

a. This agreement constitutes the entire agreement concerning the lease of this property. Any previous written in oral agreements between the Lessee and the previous owners of the property are entirely superseded.

b. Additional space in the amount of approximately 1,014 rentable square feet on the first floor and 976 rentable square feet on the third floor will be required at a later date. This lease will be amended at that time to include this additional space at the then-current rental rate.

c. This Lease may not be amended, modified or in any way changed except by written agreement signed by both parties.

d. This Lease is not binding upon the Lessor until the fully executed document is delivered to the Lessee.

15. CERTIFICATION: The Lessee hereby certifies that Lessee is neither now nor within the past six (6) months has been an official or employee of The University of Tennessee or any other agency or institution of the State of Tennessee and that no official or employee of The University of Tennessee or no official or employee of the University or one of those agencies has any personal interest in the leased premises.

IN WITNESS WHEREOF, this lease has been executed by the parties hereto on the day and year first above written.

LESSOR	LESSEE
THE UNIVERSITY OF TENNESSEE	TRISTAR ENTERPRISES, INC.
BY: /s/ Emerson H. Fly	BY: /s/ Robert E. Scott
VICE PRESIDENT	ITS: PRESIDENT & CEO

STATE OF TENNESSEE

BY: /s/ Warren Neel
C. Warren Neel, PhD, Commissioner
Finance and Administration

APPROVED:

BY: /s/ Paul G. Summers
Paul G. Summers
Attorney General

BY: /s/ Don Sundquist
Don Sundquist
Governor

AUTHENTICATION FORM FOR LEASE

BETWEEN

THE STATE OF TENNESSEE

AND

TRISTAR ENTERPRISES, INC.

STATE OF TENNESSEE
COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, Emerson H. Fly, Vice-President of the University of Tennessee, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she is the Vice-President of the University of Tennessee and that he/she as Vice-President, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the State by himself as Vice-President.

Witness my hand and seal at office, this 25th day of July 2001.

SOPHIE DIANE MARTIN HOPKINS.
Notary Public

[SEAL]

My Commission Expires:
6-26-02

STATE OF TENNESSEE
COUNTY OF DAVIDSON

Personally appeared before me, the undersigned, Notary Public for Davidson County, C Warren Neel, PhD, with whom I am personally acquainted and who, upon oath, acknowledged that he is the Commissioner of Finance and Administration and that he as Commissioner, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the State of Tennessee, by himself as Commissioner.

Witness my hand and seal at office, this 27th day of August 2001.

MARGARET TOLLESAN
Notary Public

My Commission Expires:
Nov. 29, 2003

ADDENDUM NUMBER ONF TO A LEASE
BETWEEN THE STATE OF TENNESSEE
AND TRISTAR ENTERPRISES, INC.,
FOR 6,868 RENTABLE SQUARE FEET
AT 3 N. DUNLAP STREET, MEMPHIS, TN

[VAN VLEET MEMORIAL CANCER CENTER - 2113 SECOND FLOOR PLAN]

ADDENDUM NUMBER TWO TO A LEASE
BETWEEN THE STATE OF TENNESSEE
AND TRISTAR ENTERPRISES, INC.,
FOR 6,868 RENTABLE SQUARE FEET
AT 3 N. DUNLAP STREET, MEMPHIS, TN

[VAN VLEET MEMORIAL CANCER CENTER - 2113 THIRD FLOOR PLAN]

EXHIBIT 10.28

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made and entered into as of January 1, 2005 (the "Effective Date") by and between GTX, INC., located at 3 North Dunlap, 3rd Floor, Memphis, Tennessee 38163 (the "Employer"), and JAMES T. DALTON (the "Employee"), residing at 4180 Greensview Road, Upper Arlington, Ohio 43220.

WHEREAS, Employer and Employee have executed a Consulting Agreement dated September 20, 2000 and December 11, 2000, as amended by agreement dated as of December 11, 2001 (the "Consulting Agreement"); and

WHEREAS, Employee was previously a full time employee of The Ohio State University ("OSU"); and

WHEREAS, the Employer desires to retain the services of Employee as Vice President, Preclinical Research & Development; and

WHEREAS, Employee has represented to Employer that OSU has approved his leave of absence to work for Employer, in accordance with the terms of this Agreement;

WHEREAS, upon the execution of this Agreement, the Consulting Agreement will terminate as of the Effective Date; and

WHEREAS, the Employer and the Employee desire to enter into this Agreement to set forth terms and conditions of the employment relationship between the Employer and the Employee; and

WHEREAS, during the course of Employee's employment with the Employer, the Employer will train and continue to train Employee and to impart to Employee proprietary, confidential, and/or trade secret information, data and/or materials of the Employer; and

WHEREAS, the Employer has a vital interest in maintaining its confidential information and trade secrets, as well as rights to inventions, since doing so allows the Employer to compete fairly and enhances the value of the Employer to shareholders and job security for employees; and

WHEREAS, the Employer desires to procure the services of Employee, and Employee is willing to be employed and continue to be employed with the Employer upon the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the employment and continued employment of Employee in accordance with the terms and conditions of this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree and covenant as follows:

1. DEFINITIONS

For the purposes of this Agreement, the following terms have the meanings specified or referred to in this Section 1.

"AGREEMENT" has the meaning set forth in first paragraph of this Agreement.

"BASIC COMPENSATION" means Salary and Benefits.

"BENEFITS" means as defined in Section 3.1(b).

"BOARD OF DIRECTORS" means the Board of Directors of the Employer.

"CEO" has the meaning set forth in Section 2.2.

"CHANGE OF CONTROL" means any of the following events: (a) the sale or other disposition of all or substantially all of the assets of Employer in a single transaction or in a series of transactions (including, without limitation, any liquidation or dissolution of Employer); (b) any Person or group becomes the beneficial owner, directly, or indirectly, of securities of the Employer representing more than fifty percent (50%) of the combined voting power of the Employer's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. For such purposes, "voting stock" shall mean the capital stock of Employer of any class or classes, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of members of the Board of Directors (or Persons performing similar functions) of Employer; or (c) a merger or consolidation of Employer with or into any other entity, if immediately after giving effect to such transaction more than fifty percent (50%) of the issued and outstanding voting stock of the surviving entity of such transaction is held by persons who were not holders (taking into account their individual and affiliated holdings) as of the Effective Date of at least twenty percent (20%) of the voting stock of Employer. A Change of Control shall not include: (1) any transfer or issuance of stock of Employer to one or more of Employer's lenders (or to any agents or representatives thereof) in exchange for debt of Employer owed to any such lenders; (2) any transfer of stock of Employer to or by any person or entity, including but not limited to one or more of the Employer's lenders (or to any agents or representatives thereof), pursuant to the terms of any pledge of said stock as collateral for any loans or financial accommodations to Employer and/or its subsidiaries; (3) any transfer or issuance to any person or entity, including but not limited to one or more of Employer's lenders (or to any agents or representatives thereof), in connection with the workout or restructuring of Employer's debts to any one of Employer's lenders, including but not limited to the issuance of new stock in exchange for any equity contribution to Employer in connection with the workout or restructuring of such debt; (4) any transfer of stock by a stockholder of Employer which is a partnership or corporation to the partners or stockholders in such stockholder or any transfer of stock by a stockholder of Employer to an entity affiliated with such stockholder or the immediate family of such stockholder or a trust or similar entity for the benefit of such family members; or (5) any transfer or issuance of stock in connection with an offering of the Employer's stock in a registered public transaction not including a transaction described in Rule 145, promulgated under the Securities Act of 1933, as amended, provided that the Employer's officers and Board of Directors shall not materially change as a result thereof.

"CHANGE OF CONTROL TERMINATION" means (i) a Termination Without Cause of the Employee's employment by the Employer within six (6) months after a Change of Control or (ii) the Employee's resignation for Good Reason within six (6) months after a Change of Control.

"COMPETING BUSINESS" means any individual or entity, other than the Employer, that is engaging in, or proposes to engage in, the development, manufacture, distribution or sale of a Competing Product in any country in North America, Europe and Eastern Europe, and in the countries of Russia, Australia, Japan, China, Taiwan, South Korea and India (the "Territory"); provided; however that (i) an entity that develops, manufactures, distributes or sells a Competing Product in a separate business unit than the business unit in which Employee is then employed shall not be deemed a Competing Business unless Employee provides Confidential Information and/or Proprietary Information to the business unit that is engaging in or proposes to engage in the development, manufacture, distribution or sale of a Competing Product; and (ii) nothing in this Agreement shall prevent Employee from conducting research at OSU for non-commercial purposes utilizing institutional or governmental grant funds in areas relating to any Competing Product as long as such non-commercial research is conducted in accordance with that certain Inter-Institutional Agreement executed between OSU and the University of Tennessee Research Foundation ("UTRF") on December 22, 2004 (the "IIA").

"COMPETING PRODUCT" means any pharmaceutical or other compound, composition, formulation, method, process, product or material that is competitive with any product of Employer under development, manufacture, distribution or commercialization at any time from and after the Effective Date through the date of termination of Employee's employment including, without limitation, small molecules that target the androgen receptors or estrogen receptors and other hormone receptors for purposes of treating, diagnosing, or imaging humans in health and disease. The parties agree that the five areas of research that are described in Section 2.3 hereof as areas where Employee shall be overseeing the ongoing work by graduate students at OSU during the term of this Agreement shall not be deemed to be Competing Product.

"CONFIDENTIAL INFORMATION AND/OR PROPRIETARY INFORMATION" means any and all:

(a) information disclosed to Employee or known by Employee as a consequence of, or through, Employee's employment with the Employer or pursuant to the Employee's prior relationship with Employer either through his employment with OSU or under the Consulting Agreement (including information conceived, originated, discovered, or developed in whole or in part by Employee), not generally known in the relevant trade or industry, about the Employer's business, products, processes, and services; and trade secrets concerning the business and affairs of the Employer, product specifications, data, know-how, formulae, compositions, research, processes, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current, and planned research and development, current and planned manufacturing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists, market studies, business plans, computer software and programs (including object code and source code), computer software and database technologies, systems, structures, and architectures (and related formulae, compositions, processes, improvements, devices, know-how, inventions, discoveries, concepts, ideas, designs, methods and information);

and any other information, however documented, that is a trade secret within the meaning of Tenn. Code Section 39-14-138; and

(b) information concerning the business and affairs of the Employer (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials), however documented; and

(c) intellectual property, inventions, methods, processes, techniques, computer programs, devices, products, services, compounds, gene therapy products, pharmaceuticals, substances, vectors, enzymes, genes, concepts, discoveries, improvements, and designs, whether or not patenable in the United States or foreign countries, any trade secrets, information, procedures, technologies, data, results, conclusions, know-how or show-how and business information; and

(d) notes, analysis, compilations, studies, summaries, and other material prepared by or for the Employer containing or based, in whole or in part, on any information included in the foregoing.

"EFFECTIVE DATE" means the date stated in the first paragraph of the Agreement.

"EMPLOYEE" has the meaning stated in the first paragraph of this Agreement.

"EMPLOYEE INVENTION" means any idea, invention, technique, modification, process, improvement (whether patentable or not), industrial design (whether registerable or not), work of authorship (whether or not copyright protection may be obtained for it), design, copyrightable work, discovery, trademark, copyright, trade secret, formula, device, method, compound, gene, prodrug, pharmaceutical, structure, product concept, marketing plan, strategy, customer list, technique, blueprint, sketch, record, note, drawing, know-how, data, patent application, continuation application, continuation-in-part application, file wrapper continuation application or divisional application, created, conceived, or developed by the Employee, either solely or in conjunction with others, during the Employee's employment, or a period that includes a portion of the Employee's employment, that relates in any way to, or is useful in any manner in, the business then being conducted or proposed to be conducted by the Employer, and any such item created by the Employee, either solely or in conjunction with others, following termination of the Employee's employment with the Employer, that is based upon or uses Confidential Information and/or Proprietary Information.

"EMPLOYER" means GTx, Inc., its successors and assigns, and any of its current or future subsidiaries, or organizations controlled by, controlling, or under common control with it.

"GOOD REASON" means any of the following:

(a) an adverse change in the Employee's status, position or responsibilities (including reporting responsibilities) which, without Employee's consent, represents a material reduction in or material demotion of the Employee's status, position or responsibilities or the assignment to the Employee of any duties or responsibilities which are materially inconsistent with such status, position or responsibilities;

(b) a reduction in the then current Salary or modifying, suspending, discontinuing, or terminating any Benefit in a manner which materially and adversely affects Employee;

(c) following a Change of Control, the relocation of the Employer's principal Employee offices to a location outside a thirty-mile radius of where the Employee is then permanently residing (the "Employee's Residence") or the Employer's requiring the Employee to be based at any place other than a location within a thirty-mile radius of Employee's Residence, except for reasonably required travel on the Employer's business; or

(d) following a Change of Control, the failure of the Employer to obtain an agreement reasonably satisfactory to Employee from any successor or assign of the Employer to assume and agree to perform this Agreement.

"PERSON" means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, or governmental body.

"PROPRIETARY ITEMS" means any Proprietary and/or Confidential Information embodied in any document, record, recording, electronic media, formulae, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form.

"SALARY" means as defined in Section 3.1(a).

"TERMINATION WITH CAUSE" means the termination of the Employee's employment by act of the Board for any of the following reasons:

(a) the Employee's conviction for a felony;

(b) the Employee's theft, embezzlement, misappropriation of or intentional infliction of material damage to the Employer's property or business opportunities;

(c) the Employee's breach of the provisions contained in Section 7 or Section 8 of this Agreement; or

(d) the Employee's ongoing willful neglect of or failure to perform his duties hereunder or his ongoing willful failure or refusal to follow any reasonable, unambiguous duly adopted written direction of the CEO that is not inconsistent with the description of the Employee's duties set forth in Section 2.3, if such willful neglect or failure is materially damaging or materially detrimental to the business and operations of the Employer; provided that Employee shall have received written notice of such failure and shall have continued to engage in such failure after 30 days following receipt of such notice from the CEO, which notice specifically identifies the manner in which the CEO believes that Employee has engaged in such failure. For purposes of this subsection, no act, or failure to act, shall be deemed "willful" unless

done, or omitted to be done, by Employee not in good faith, and without reasonable belief that such action or omission was in the best interest of the Employer.

"TERMINATION WITHOUT CAUSE" means the termination of the Employee's employment by the Employer for any reason other than Termination With Cause, or termination by the Employer due to Employee's death or disability.

2. EMPLOYMENT TERMS AND DUTIES

2.1 Employment

The Employer hereby employs the Employee, and the Employee hereby accepts employment by the Employer, upon the terms and conditions set forth in this Agreement.

2.2 Term

The term shall be for one (1) year from the Effective Date with the option given to the Employee to extend for an additional one (1) year term in the event OSU shall agree to an additional one (1) year leave of absence for Employee to work for GTx. Notwithstanding the foregoing sentence, either the Employee or the Employer may terminate this Agreement at any time and the Employee's employment and compensation with or without cause or notice, at any time at either the Employer's or the Employee's option. No company officer or manager has the authority to enter into any other agreement for employment for a specified period of time, or to modify or to make any agreement contrary to the foregoing, except by written amendment to this Agreement, dated and signed by the Chief Executive Officer ("CEO") or the President of the Employer.

2.3 Duties

The Employee will have such duties as are assigned or delegated to the Employee by the Board of Directors, CEO or the President, and will initially serve as Vice President, Preclinical Research & Development for the Employer. During the term of this Agreement, the Employee will devote 100% of his full time, attention, skill and energy to the business of the Employer, which will include Employee spending at least 50% of his annual work time at the offices of Employer in Memphis, Tennessee. Additionally, Employee agrees that he will use his best efforts to promote the success of the Employer's business, and will cooperate fully with the Board of Directors, CEO and the President in the advancement of the best interest of the Employer. Employee agrees that he shall begin immediately after the Effective Date to plan for, set up and staff an appropriate preclinical research and development laboratory at the Employer's offices in accordance with a plan of action approved by the CEO. Additionally, Employee commits that, without first obtaining the prior written approval of Employer, he will refrain from publishing, and he will not allow those working for him to publish, any abstracts, articles or other publications arising from research conducted for or on behalf of Employer that pertain to Employer's products or business, including specifically compounds that are being tested from time to time by Employer. Any developmental work or other services that are being undertaken by Employee for GTx. Employee agrees to make these notebooks available to GTx at any time upon request and to provide copies of the notebooks to the CEO or his designee quarterly.

Additionally, Employee agrees to provide Employer at least monthly (and at such other times as Employer may reasonably request) written reports containing the data and results of his efforts and the efforts of all others working under Employee on behalf of Employer in the drug discovery area.

Employee agrees that his only other non-Employer duties will be limited to his overseeing approximately 10 graduate students currently enrolled at OSU who are working in the following areas of research and development:

1.Cytotoxic phospholipids, bis-indoles, thiazolidines, and calpain inhibitors for prostate cancer;

2. Riboflavin carrier protein and riboflavin in breast cancer;

3. Imidazoline and amidine-based peptidomimetics for leukemia;

4. Dianitroanilines for cancer or tuberculosis;

5. Thalidomide analogs and steroid sulfatase inhibitors for breast and prostate cancer; and

6. Flavopiridol, PS-341, 17-AAG, SAHA, or botanicals for cancer.

and will not be expanded to include any compounds, molecular targets, or other intellectual property developed within GTx for the period of time set forth in Section 8.1 hereof, without first obtaining the prior written approval of Employer. As an employee of the Employer, the responsibilities and duties of the Employee shall include managing and overseeing and being personally responsible for all preclinical research and development projects, including specifically those for selective androgen receptor modulator compounds, selective estrogen receptor modulator compounds, nuclear hormone receptor ligands, anti-cancer drugs and other similar compounds of the Employer. Employee agrees to abide by all bylaws, policies, practices, procedures or rules of Employer.

3. COMPENSATION

3.1 Basic Compensation

(a) Salary. The Employee will be paid on each of the twenty-six pay periods established by GTx for 2005 a gross salary of $8,846.15 (the "Salary"), which is the equivalent of $230,000 per year. If Employee elects to extend his employment for an additional year during 2006 by extending his leave of absence from OSU for an additional year, his gross salary for each pay period during 2006 will be $9,230.77, which is the equivalent of $240,000 per year. Additionally, Employee's Salary may be adjusted from time to time by agreement of the Employee and the CEO.

(b) Benefits. The Employee will, during his employment with the Employer, be permitted to participate in such life insurance, hospitalization, major

medical, short term disability, long term disability, 401K plan and other employee benefit plans of the Employer that may be in effect from time to time (collectively, the "Benefits"). The Employer may withhold from any Salary or Benefits payable to Employee all federal, state, local, and other taxes and other amounts as permitted or required pursuant to law, rules or regulations.

(c) In accordance with the offer letter Employee has received from Employer prior to the date of execution hereof containing, among other things, an offer to grant to Employee a specified number of options upon acceptance of Employer's employment offer and his execution of this Agreement (the "Option Letter"), Employee will receive options to purchase common stock of the Employer pursuant to the terms of the Option Letter and related Stock Option Subscription Agreement executed in connection therewith, as additional consideration from Employer for Employee entering into this Agreement.

4. FACILITIES AND EXPENSES

4.1 General

The Employer will furnish the Employee office space, equipment, supplies, and such other facilities and personnel as the Employer deems necessary or appropriate for the performance of the Employee's duties under this Agreement, including sufficient capital equipment as determined by the CEO to support the needs of a preclinical research & development department. The Employer will pay on behalf of the Employee (or reimburse the Employee for) reasonable expenses incurred by the Employee at the request of, or on behalf of, the Employer in the performance of the Employee's duties pursuant to this Agreement, and in accordance with the Employer's employment policies, including reasonable expenses for travel between Employee's residence in Upper Arlington, Ohio and Employer's headquarters in Memphis, Tennessee and all reasonable expenses incurred by the Employee in attending conventions, seminars, and other business meetings and appropriate business entertainment activities, and for promotional expenses. Additionally, to offset some of Employee's living expenses in Memphis while he spends at least 50% of his time at Employer's headquarters, Employer will pay Employee up to $20,000 per annum for 2005 for living expenses (and an additional $20,000 for 2006 if Employee continues to be employed by Employer during 2006), payable in equal monthly or quarterly payment amounts as Employer and Employee shall determine. The Employee must file expense reports with respect to such expenses in accordance with the Employer's policies.

5. VACATIONS AND HOLIDAYS

Employee will be entitled to three (3) weeks paid vacation each year in accordance with the vacation policies of the Employer in effect from time to time. Vacation must be taken by the Employee at such time or times as approved by the CEO or President. Employee will also be entitled to the paid holidays set forth in the Employer's policies from and after the Effective Date. Vacation days and holidays during any year that are not used by the Employee during such year may not be used in any subsequent year.

6. TERMINATION

6.1 Events of Termination

Either the Employee or Employer may terminate this Employment Agreement (with the exception of the provisions of Section 7 and 8 which shall survive termination of this Agreement) and Basic Compensation with or without cause or notice, at any time at either the Employee's or the Employer's option.

6.2 The employment of Employee shall terminate on the date of the Employee's death, in which event Employee's Basic Compensation owing to Employee through the date of Employee's death shall be paid to his estate. Employee's estate will not be entitled to any other compensation or payments for living expenses under this Agreement.

6.3 The Employer shall be released from any and all further obligations under this Agreement, except the Employer shall be obligated to pay Employee his Basic Compensation owing to Employee through the day on which Employee's employment is terminated and as provided in Section 6.4, as applicable. Employee's obligation under Sections 7 and 8 shall continue pursuant to the terms and conditions of this Agreement.

6.4 As additional consideration for the covenants in Section 7 and Section 8, in the event of a Change of Control Termination, Employee shall receive the equivalent of the Salary he would be entitled to receive over twenty-six pay periods during a period of one (1) calendar year at the time of his termination of Employment, with such amount payable for a period of one (1) year from the date of termination in accordance with Employer's then current payroll policies and procedures, less deductions required by law; provided that if Employee shall terminate his employment on account of a reduction in his Salary or Benefits, as provided in paragraph (b) of the definition of "Good Reason", then Employee shall be entitled to receive hereunder the equivalent Salary he was making immediately prior to such reduction.

6.5 Severance Payments on Involuntary Termination.

Except in connection with a Change of Control (in which case Section 6.4 shall control), in the event Employee suffers a Termination Without Cause or terminates his employment for Good Reason, upon the execution of a release agreement by Employee reasonably acceptable to Employer agreeing to release Employer from any liability on account of Employee's employment, Employer will continue to pay to or for the benefit of Employee as severance for a period of twelve (12) months from the date of termination (the "Severance Payment Period") the equivalent of his then current Salary payable over twenty-six pay periods for one (1) year in accordance with Employer's then current payroll policies and procedures, less deductions required by law. At the end of the Severance Payment Period, Employer shall be released of any other obligation hereunder to make any payment to Employee on account of his termination.

7. NON-DISCLOSURE COVENANT; EMPLOYEE INVENTIONS

7.1 Acknowledgements by the Employee

The Employee acknowledges and agrees that (a) during the course of his employment and as a part of his employment, the Employee will be afforded access to Confidential Information and/or Proprietary Information; (b) public disclosure of such Confidential Information and/or Proprietary Information could have an adverse effect on the Employer and its business; (c) because the Employee possesses substantial technical expertise and skill with respect to the Employer's business, the Employer desires to obtain exclusive ownership of each Employee Invention, and the Employer will be at a substantial competitive disadvantage if it fails to acquire exclusive ownership of each Employee Invention; and (d) the provisions of this Section 7 are reasonable and necessary to prevent the improper use or disclosure of Confidential Information and/or Proprietary Information and to provide the Employer with exclusive ownership of all Employee Inventions.

7.2 Agreements of the Employee

In consideration of the compensation and benefits to be paid or provided to the Employee by the Employer under this Agreement and in consideration of Employee's receipt of grants of options to purchase Employer stock, pursuant to the Option Letter and otherwise, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Employee covenants and agrees as follows:

(a) Confidentiality.

(i) That all of such Confidential Information and/or Proprietary Information are a unique asset of the business of Employer, the disclosure of which would be damaging to Employer.

(ii) That the Employee will not at any time, whether during or after termination or cessation of the Employee's employment, except as authorized by Employer and for its benefit, use, divulge or disclose (or enable anyone else to use, divulge or disclose) to any person, association or entity any Confidential Information and/or Proprietary Information which the Employee presently possesses or which the Employee may obtain during the course of the Employee's employment with respect to the business, finances, customers or affairs of Employer or trade secrets, developments, methods or other information and data pertaining to the Employer's business. The Employee shall keep strictly confidential all matters and information entrusted to the Employee and shall not use or attempt to use any such Confidential Information and/or Proprietary Information in any manner which may injure or cause loss or may be calculated to injure or cause loss, whether directly or indirectly, to Employer.

(iii) That during the course of this Agreement or at any time after termination, Employee will keep in strictest confidence and will not disclose or make accessible to any other person without the prior written consent of Employer, the Confidential Information and/or Proprietary Information; Employee agrees: (a) not to use any such Confidential Information and/or

Proprietary Information for himself or others; and (b) not to take any such material or reproductions thereof from the Employer's facilities at any time during his employment except, in each case, as required in connection with the Employee's duties to the Employer.

(iv) Employee agrees to hold in confidence, and not to distribute or disseminate to any person or entity for any reason, any Confidential Information and/or Proprietary Information of Employer under this Agreement, or information relating to experiments or results obtained based on the duties of Employee, except for information which: (a) is in or which becomes a part of the public domain not as a result of a breach of this Agreement, (b) information lawfully received from a third party who had the right to disclose such information or (c) is required by legal process before a court of proper jurisdiction (by oral questions, deposition, interrogatories, requests for information or documents, subpoena, civil investigative domain or other similar process) to disclose all or any part of any Confidential Information and/or Proprietary Information, provided that Employee will provide Employer with prompt notice of such request or requirement, as well as notice of the terms and circumstances surrounding such request or requirements, so that Employer may seek an appropriate protective order or waive compliance with the provisions of this Agreement. In such case, the parties will consult with each other on the advisability of pursuing any such order or other legal action or available step to resist or narrow such request or requirement. If, failing the entry of a protective order or the receipt of a waiver hereunder, Employee is, in the opinion of counsel reasonably acceptable to Employer, legally compelled to disclose Confidential Information and/or Proprietary Information. Employee may disclose that portion of such information which counsel advises to obtain and will not oppose action by Employer to disclose, an appropriate protective order or other reliable assurance that confidential treatment will be accorded the disclosure of such information.

(v) Upon written notice by Employer, Employee shall promptly redeliver to Employer, or, if requested by Employer, promptly destroy all written Confidential Information and/or Proprietary Information and any other written material containing any information included in the Confidential Information and/or Proprietary Information (whether prepared by Employer, Employee, or a third party), and will not retain any copies, extracts or other reproductions in whole or in part of such written Confidential Information and/or Proprietary Information (and upon request certify such redelivery of destruction to Employer in a written instrument reasonably acceptable to Employer and its counsel).

(vi) This Agreement and the terms and conditions recited herein are confidential and non-public, except as may be expressly permitted by the Employer. The Employee agrees not to disclose the contents of this Agreement to any person or entity, including, but not limited to, the press, other media, any public body, or any competitor of Employer, except to the Employee's legal

counsel and the appropriate Dean of Employee's Department at The Ohio State University, or as may be required by law.

(vii) Any trade secrets of the Employer will be entitled to all of the protections and benefits of State of Tennessee law and any other applicable law. If any information that the Employer deems to be a trade secret is found by a court of competent jurisdiction not be to a trade secret for purposes of this Agreement, such information will, nevertheless, be considered Confidential Information and/or Proprietary Information for purposes of this Agreement. The Employee hereby waives any requirement that the Employer submits proof of the economic value of any trade secret or post a bond or other security.

(viii) None of the foregoing obligations and restrictions applies to any part of the Confidential Information and/or Proprietary Information that the Employee demonstrates was or became generally available to the public other than as a result of a disclosure by the Employee.

(ix) The Employee will not remove from the Employer's premises (except to the extent such removal is for purposes of the performance of the Employee's duties at home or while traveling, or except as otherwise specifically authorized by the Employer) any Proprietary Items. The Employee recognizes that, as between the Employer and the Employee, all of the Proprietary Items, whether or not developed by the Employee, are the exclusive property of the Employer. Upon termination of this Agreement by either party, or upon the request of the Employer during the employment of Employee, the Employee will return to the Employer all of the Proprietary Items in the Employee's possession or subject to the Employee's control, and the Employee shall not retain any copies, abstracts, sketches, or other physical or electronic embodiment of any of the Proprietary Items.

(b) Employee Inventions.

(i) Each Employee Invention will belong exclusively to the Employer. Employee agrees that Employer shall have sole and exclusive ownership rights in any conception, invention, trade secrets, information, ideas, improvement, substance, know-how, whether or not patentable, arising out of, resulting from, or derivative of: (1) the work or services of Employee, or (2) within the scope of the duties of Employee, or (3) using any materials, compounds, devices, or monies of Employer. Any resulting or derivative rights, including patent rights, shall become the exclusive property of Employer and Employer shall be entitled to the entire right, title and interest with respect hereto. Employee agrees, without additional compensation, to convey, assign the entire right, title, and interest in and to any inventions for the United States and all foreign jurisdictions to Employer arising out of, resulting from, or derivative of: (1) the work or services of Employee, or (2) within the scope of the duties of Employee, or (3) using any materials, compounds, devices, or monies.

(ii) Employer shall retain the entire right, title and interest in and to any and all Confidential Information and/or Proprietary Information provided by Employer to Employee and to any methods, compounds, improvements, substances, and compositions using or incorporating such Confidential Information and/or Proprietary Information.

(iii) Employee agrees that Confidential Information and/or Proprietary Information provided to the Employee by Employer shall be used for work purposes only and shall not be used for any other uses, studies, experiments, or tests.

(iv) Employee agrees that he will promptly disclose to Employer, or any persons designated by Employer, all Employee Inventions, made or conceived or reduced to practice or learned by him, either alone or jointly with others, during the employment of the Employee. The Employee further agrees to assist Employer in every proper way (but at Employer's expense) to obtain and from time to time enforce patents, copyrights or other rights on Employee Inventions in any and all countries, and to that end Employee will execute all documents necessary: (a) to apply for, obtain and vest in the name of Employer alone (unless Employer otherwise directs) letters patent, copyrights or other analogues protection in any country throughout the world and when so obtained or vested to renew and restore the same; and (b) to defend (including the giving of testimony and rendering any other assistance) any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection. Employee's obligation to assist Employer in obtaining and enforcing patents and copyrights for Employee Inventions in any and all countries shall continue beyond and after the termination of Employee.

(v) Any copyrightable work whether published or unpublished created by Employee in connection with or during the performance of services below shall be considered a work made for hire, to the fullest extent permitted by law and all right, title and interest therein, including the worldwide copyrights, shall be the property of Employer as the employer and party specially commissioning such work. In the event that any such copyrightable work or portion thereof shall not be legally qualified as a work made for hire, or shall subsequently be so held, Employee agrees to properly convey to Employer, without additional compensation, the entire right, title and interest in and to such work or portion thereof, including but not limited to the worldwide copyrights, extensions of such copyrights, and renewal copyrights therein, and further including all rights to reproduce the copyrighted work in copies or phonorecords, to prepare derivative works based on the copyrighted work, to distribute copies of the copyrighted work, to perform the copyrighted work publicly, to display the copyrighted work publicly, and to register the claim of copyright therein and to execute any and all documents with respect hereto.

(vi) Employee may not publish or disclose any Confidential Information and/or Proprietary Information relating to, arising from, derivative of, or as a result of his employment pursuant to this Agreement including but not limited to: information, improvements, results, experiments, data, or methods, that makes reference to any of the Confidential Information and/or Proprietary Information. Any work performed under, or arising from, or a result of his employment with Employer shall not be published or disclosed in written, electronic, or oral form without the express written permission of Employer.

7.3 Disputes or Controversies

The Employee recognizes that should a dispute or controversy arising from or relating to this Agreement be submitted for adjudication to any court, arbitration panel, or other third party, the preservation of the secrecy of Confidential Information and/or Proprietary Information may be jeopardized. All pleadings, documents, testimony, and records relating to any such adjudication will be maintained in secrecy and will be available for inspection by the Employer, the Employee, and their respective attorneys and experts, who will agree, in advance and in writing, to receive and maintain all such information in secrecy, except as may be limited by them in writing.

8. NON-COMPETITION

8.1 Acknowledgments by the Employee

Except for circumstance involving a Change of Control as described in Section 8.4 below, Employee understands and recognizes that the Employee's services provided to Employer are special, unique, unusual, extraordinary and intellectual in character, and Employee agrees that, during the employment of Employee and for a period of two (2) years from the date of termination of the Employee's employment with Employer, he will not in any manner, directly or indirectly, on behalf of himself or any Person, firm, partnership, joint venture, corporation or other business entity, engage or invest in, own, manage, operate, finance, control or participate in the ownership, management, operation, financing, or control of, be employed by, associated with, or in any manner connected with, lend the Employee's name or similar name to, lend Employee's credit to or render services or advice to, enter into or engage in any Competing Business; provided, however, that Employee may purchase or otherwise acquire up to (but not more than) one percent of any class of securities of any enterprise (but without otherwise participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934.

8.2 Except for circumstances involving a Change of Control as described in Section 8.4 below, in consideration of the acknowledgements by the Employee, and in consideration of the compensation and benefits to be paid or provided to the Employee by the Employer, the Employee covenants that he will not, directly or indirectly, whether for the Employee's own account or the account of any other person (i) at any time during the

employment of Employee and for a period of two (2) years from the termination of the Employee's employment with Employer, solicit, employ, or otherwise engage as an employee, independent contractor, or otherwise, any person who is or was an employee of the Employer at any time during the Employee's employment with Employer or in any manner induce or attempt to induce any employee of the Employer to terminate his employment with the Employer; or (ii) at any time during the employment of Employee with Employer and for two (2) years from the termination of Employee's employment with Employer, interfere with the Employer's relationship with any person, including any person who at any time during the Employee's employment with Employer was an employee, contractor, supplier, or customer of the Employer.

8.3 In further consideration of these premises, Employee agrees that he will not at any time during or after Employee's employment with Employer, disparage the Employer or any of its shareholders, directors, officers, employees, or agents.

8.4 Change of Control. In the event of a Change of Control Termination, Employee's obligations under Sections 8.1 and 8.2 above shall expire one (1) year from the date of termination of his employment with Employer (or any entity acquiring Employer as a result of a Change of Control).

8.5 If any covenant in Section 8 is held to be unreasonable, arbitrary, or against public policy, such covenant will be considered to be divisible with respect to scope, time, and geographic area, and such lesser scope, time, or geographic area, or all of them, as a court of competent jurisdiction may determine to be reasonable, not arbitrary, and not against public policy, will be effective, binding, and enforceable against the Employee.

The period of time applicable to any covenant in Section 8 will be extended by the duration of any violation by the Employee of such covenant.

The Employee will, while the covenants under Section 8 are in effect, give notice to the Employer, within ten days after accepting any other employment, of the identity of the Employee's employer. The Employer may notify such employer that the Employee is bound by this Agreement and, at the Employer's election, furnish such employer with a copy of this Agreement or relevant portions thereof.

9. GENERAL PROVISIONS

9.1 Injunctive Relief and Additional Remedy

The Employee acknowledges that the injury that would be suffered by the Employer as a result of a breach of the provisions of this Agreement (including any provision of Sections 7 and 8) would be irreparable and that an award of monetary damages to the Employer for such a breach would be an inadequate remedy. Consequently, the Employer will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Employer will not be obligated to post bond or other security in seeking such relief. Without limiting the Employer's rights under this Section 9 or any other remedies of the Employer, if the Employee breaches any of the provisions of Section 7 or 8, the Employer will have the right to cease making any payments otherwise due to the Employee under this Agreement.

9.2 Covenants of Sections 7 and 8 are Essential and Independent Covenants

The covenants by the Employee in Sections 7 and 8 are essential elements of this Agreement, and without the Employee's agreement to comply with such covenants the Employer would not have entered into this Agreement or employed or continued the employment of the Employee. The Employer and the Employee have independently consulted their respective counsel and have been advised in all respects concerning the reasonableness and propriety of such covenants, with specific regard to the nature of the business conducted by the Employer.

The Employee's covenants in Sections 7 and 8 are independent covenants and the existence of any claim by the Employee against the Employer under this Agreement or otherwise will not excuse the Employee's breach of any covenant in Section 7 or 8.

If the Employee's employment hereunder is terminated by either party, this Agreement will continue in full force and effect as is necessary or appropriate to enforce the covenants and agreements of the Employee in Sections 7 and 8.

9.3 Representations and Warranties by the Employee

The Employee represents and warrants to the Employer that the execution and delivery by the Employee of this Agreement do not, and the performance by the Employee of the Employee's obligations hereunder will not, with or without the giving of notice or the passage of time, or both: (a) violate any judgment, writ, injunction, or order of any court, arbitrator, or governmental agency applicable to the Employee; or (b) conflict with, result in the breach of any provisions of or the termination of, or constitute a default under, any agreement to which the Employee is a party or by which the Employee is or may be bound.

9.4 Waiver

The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by either party in exercising any right, power, or privilege under this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of such party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

9.5 Binding Effect; Delegation of Duties Prohibited

This Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and their respective successors, assigns, heirs, and legal representatives, including any entity with which the Employer may merge or consolidate or to which all or substantially all of

its assets may be transferred. The duties and covenants of the Employee under this Agreement, being personal, may not be delegated.

9.6 Notices

All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by facsimile (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and facsimile numbers set forth below (or to such other addresses and facsimile numbers as a party may designate by notice to the other parties):

If to Employer: GTx,Inc
3 N. Dunlap Ave, 3rd Floor
Memphis, Tennessee 38163
Attention: General Counsel
Facsimile No.: 901-523-9772

If to the Employee: James T. Dalton
4180 Greenview Road
Upper Arlington, Ohio 43220
Facsimile No.:_____

Employee shall notify Employer in writing of any change of his address. Otherwise, Employer shall send all notices to Employee's address herein.

9.7 Entire Agreement; Amendments

This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, between the parties hereto with respect to the subject matter hereof. This Agreement may not be amended orally, but only by an agreement in writing signed by the parties hereto.

9.8 Governing Law

This Agreement will be governed by the laws of the State of Tennessee without regard to conflicts of laws principles.

9.9 Jurisdiction

Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought against either of the parties in the courts of the State of Tennessee, County of Shelby, or, if it has or can acquire jurisdiction, in the United States District Court for the Western District of Tennessee, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on either party anywhere in the world.

9.10 Section Headings, Construction

The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Agreement unless otherwise specified. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

9.11 Severability

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

9.12 Counterparts

This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date above first written above.

JAMES T. DALTON

/s/ James T. Dalton

GTX, INC.

By: /s/ Henry P. Doggrell

Name: Henry P. Doggrell
Title: General Counsel

EXHIBIT 31.1

Chief Executive Officer Certification

I, Mitchell S. Steiner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GTx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 27, 2005

/s/ Mitchell S. Steiner

Mitchell S. Steiner, M.D., F.A.C.S
Chief Executive Officer and
Vice-Chairman of the Board of
Directors

EXHIBIT 31.2

Chief Financial Officer Certification

I, Mark E. Mosteller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GTx, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: July 27, 2005

/s/ Mark E. Mosteller

Mark E. Mosteller, CPA
Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of GTx, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mitchell S. Steiner, Chief Executive Officer of the Company certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mitchell S. Steiner
- --
Mitchell S. Steiner, M.D., F.A.C.S.
Chief Executive Officer and
Vice-Chairman of the Board
of Directors

July 27, 2005

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U. S. C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of GTx, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark E. Mosteller, Chief Financial Officer of the Company certify, pursuant to 18 U.S.C. Section. 1350, as adopted pursuant to Section. 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark E. Mosteller
- ------------------------------
Mark E. Mosteller, CPA
Vice President and Chief
Financial Officer

July 27, 2005