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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 13, 2006**

GTx, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**000-50549**	**62-1715807**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01. Entry into a Material Definitive Agreement.

On December 13, 2006, GTx, Inc. (the "Company") entered into a Placement Agent Agreement with Lazard Capital Markets LLC and Cowen and Company, LLC, as placement agents, relating to the offering, issuance and sale to selected institutional investors (the "Investors") of up to 3,799,600 shares (the "Shares") of the Company's common stock, par value $0.001 per share, at a purchase price of $16.00 per share. The net offering proceeds to the Company are expected to be approximately $57.4 million after deducting placement agents' fees and estimated offering expenses. The sale of the Shares is being made pursuant to Subscription Agreements, dated December 13, 2006, with each of the Investors. The Placement Agent Agreement and form of Subscription Agreement are attached hereto as Exhibits 1.1 and 10.1, respectively, and are each incorporated herein by reference.

A copy of the opinion of Cooley Godward Kronish LLP relating to the valid issuance of the Shares is attached hereto as Exhibit 5.1.

Item 8.01. Other Events.

The Company is providing hereby certain updates to the descriptions of the Company's business from that described under the heading, "Item 1. Business—Overview" in the Company's Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 16, 2006, and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview" in the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006. The updated descriptions are as follows:

Overview

We are a biopharmaceutical company dedicated to the discovery, development and commercialization of therapeutics for cancer and serious conditions related to men's health. 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 are developing ACAPODENE® (toremifene citrate), a selective estrogen receptor modulator, or SERM, in two separate clinical programs in men: first, a pivotal Phase III clinical trial for the treatment of serious side effects of androgen deprivation therapy, or ADT, for advanced prostate cancer, and second, a pivotal Phase III clinical trial for the prevention of prostate cancer in high risk men with precancerous prostate lesions called high grade prostatic intraepithelial neoplasia, or high grade PIN. We have licensed to Ipsen Limited, or Ipsen, exclusive rights in the European Union, Switzerland, Norway, Iceland, Lichtenstein and the Commonwealth of Independent States to develop and commercialize ACAPODENE® and other products containing toremifene for all indications other than the prevention and treatment of breast cancer. We are also developing ostarine, a selective androgen receptor modulator, or SARM, for the treatment of muscle wasting from various types of cancer, which is known as cancer cachexia, and we plan to initiate a Phase IIb clinical trial evaluating ostarine for the treatment of cancer cachexia by the summer of 2007. We believe that ostarine has the potential to treat a variety of other indications, including muscle wasting and bone loss in frail elderly patients, osteoporosis, muscle wasting in end stage renal disease patients, and severe burn wounds and associated muscle wasting.

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

Our most advanced product candidate, ACAPODENE®, is being developed to treat both the multiple side effects of ADT and to prevent prostate cancer in high risk men with high grade PIN. ADT is the standard medical treatment for patients who have advanced, recurrent or metastatic prostate cancer, and we believe that there will be approximately one million prostate cancer survivors who are expected to be treated with ADT by 2008. The low estrogen levels caused by ADT can lead to serious side effects, including: severe bone loss, or osteoporosis, resulting in skeletal fractures; hot flashes; lipid changes and breast pain and enlargement, or gynecomastia. There are currently no drugs approved by the United States Food and Drug Administration, or FDA, for the treatment of multiple side effects of ADT. We commenced a pivotal Phase III clinical trial of ACAPODENE® under a Special Protocol Assessment, or SPA, with the FDA for this indication in November 2003. A SPA is designed to facilitate the FDA's review and approval of drug products by allowing the agency to evaluate the proposed design and size of clinical trials that are intended to form the primary basis for determining a drug product's efficacy. If agreement is reached with the FDA, a SPA documents the terms and conditions under which the design of the subject trial will be adequate for submission of the efficacy and human safety portion of a New Drug Application, or a NDA. We reached our enrollment goal in the fall of 2005 with approximately 1,400 patients randomized for the trial. The primary endpoint is the incidence of vertebral skeletal fractures measured by x-ray, and the secondary endpoints include bone mineral density, or BMD, hot flashes, gynecomastia and lipid changes. In December 2005, we conducted a planned interim analysis of BMD in the first 197 patients to complete a full year of treatment. Patients treated with ACAPODENE® demonstrated statistically significant increases in BMD compared to placebo in all three skeletal sites measured, with lumbar spine showing an improvement of 2.3 percentage points ($p<0.001$), hip, a 2.0 percentage point improvement ($p=0.001$), and femoral neck, a 1.5 percentage point improvement ($p=0.009$). In June 2006, we conducted a lipid interim analysis of the same 197 patients. Patients treated with ACAPODENE® had statistically significant lower levels of total cholesterol, LDL, and triglycerides, reduction in the ratio of total cholesterol to HDL, and higher levels of HDL, when compared to patients on placebo. However, data on all patients completing the study will need to be evaluated before any conclusions about clinical significance of the lipid findings can be drawn. In addition, investors should note that interim results of a clinical trial do not necessarily predict final results. We anticipate that we will complete this Phase III clinical trial in the fourth quarter of 2007. If the results are favorable, we expect to file a NDA with the FDA in the first half of 2008. We are conducting a voluntary one-year blinded Phase IIIb extension trial for patients from the Phase III study to gather additional fracture and safety data. This Phase IIIb clinical study is a separate clinical trial and will not affect the anticipated timeline for the completion of the ongoing Phase III clinical trial in the fourth quarter of 2007 and the potential submission of the NDA with the FDA.

In the United States, prostate cancer is one of the most commonly diagnosed cancers and the second leading cause of cancer-related deaths in men. Scientific evidence has established that men who have high grade PIN are at high risk of developing prostate cancer (approximately 50% of the men with high grade PIN found on a prostate biopsy develop prostate cancer within three years). In the United States, there are over 115,000 new cases of high grade PIN diagnosed each year and an estimated 14 million men under the age of 80 unknowingly harbor this condition. Currently, there is no approved treatment to prevent prostate cancer in men with high grade PIN. In January 2005, we initiated a pivotal Phase III clinical trial of orally administered ACAPODENE® for the prevention of prostate cancer in men with high grade PIN, which is being conducted under a SPA with the FDA. We reached our enrollment goal of 1,260 patients in May 2006 and expect to enroll approximately 300 additional patients into the trial by the end of 2006, who will also participate in sub-studies requested by the FDA. We will evaluate efficacy endpoints 36 months after completion of enrollment, with an interim efficacy analysis within 24 months of completion of enrollment, which we currently expect will occur either in the fourth quarter of 2007 or the first quarter of 2008. If the efficacy results at 24 months are favorable, we plan to file a NDA with the FDA during 2008. If we are able to file a NDA based on the results of the 24 month interim analysis, we will need to continue to collect safety data during the review process to satisfy the FDA's safety requirements set forth in the SPA. In 2004, we completed a randomized, double-blind, placebo-controlled, dose-finding Phase IIb clinical trial of ACAPODENE® in men with recently diagnosed high grade PIN to determine the efficacy and safety of a daily dose of ACAPODENE® for 12 months. The trial enrolled 514 men and was conducted at 64 clinical sites across the United States. The primary endpoint of this trial was the incidence of prostate cancer at 12 months. We analyzed the results of this trial on a stratified basis, in which we assessed the effect of individual clinical sites on the overall statistical analysis of the trial result, and on an unstratified basis, in which we did not assess such effect. In a stratified analysis of the per protocol population, which is the intent-to-treat population less two patients in the group that

received 20 mg of ACAPODENE® who were deemed to be not compliant with the protocol, the cumulative, or overall, risk of prostate cancer was 24.4% in the group that received 20 mg of ACAPODENE compared with 31.2% in the group that received placebo. The p-value for this result was less than 0.05. Thus, the cumulative risk of prostate cancer based on a stratified analysis of the per protocol population was 22.0% lower in the 20 mg treatment group, which would imply an annualized rate of prevention of cancers of 6.8 per 100 men treated. In a stratified analysis of the subgroup of patients who had no biopsy evidence of prostate cancer at their initial screening biopsy or their six-month biopsy and completed the full course of therapy in the trial, the cumulative risk of prostate cancer was 9.1% in the group that received 20 mg of ACAPODENE® compared with 17.4% in the group that received placebo, a 48.2% reduction. For men who were diagnosed with prostate cancer, those treated with ACAPODENE® had similar tumor grades to those of placebo patients, providing evidence that ACAPODENE® does not adversely affect the severity of the tumor in those patients who develop prostate cancer. ACAPODENE® was well tolerated, as the number of adverse events was similar between those patients receiving ACAPODENE® compared to placebo.

In our third clinical program, ostarine, a SARM, is being developed to treat a variety of medical conditions relating to muscle wasting and/or bone loss in acute and chronic diseases. After approximately age 30, people lose about one-half pound of muscle every year. This muscle loss accelerates in people with chronic illness and other conditions that stress the body, and this muscle loss depletes protein reserves and detrimentally impacts recovery. Testosterone and other anabolic steroids have been proven to reverse involuntary muscle wasting caused by aging, burns and trauma, cancer, end-stage renal disease, chronic obstructive pulmonary disease and other diseases. However, testosterone and other anabolic steroids may cause serious unwanted side effects, including stimulating prostate cancer growth in men and masculinization in women. Ostarine is a novel non-steroidal agent designed to have anabolic activity like testosterone without unwanted side effects on the prostate and skin and in a once daily oral dose. In December 2006, we announced that ostarine met its primary endpoint in a Phase II proof of concept, double-blind, randomized, placebo-controlled clinical trial in 60 elderly men and 60 postmenopausal women. We initiated this proof of concept Phase II clinical trial of ostarine in May 2006 and completed enrollment in July 2006. The trial was designed to evaluate the activity of ostarine on building muscle and promoting bone as well as to assess safety in both elderly men and postmenopausal women. Without a prescribed diet or exercise regimen, all subjects treated with ostarine had a dose dependent increase in total lean body mass (muscle), the trial's primary endpoint, with the 3 mg cohort achieving an increase of 1.3 kg compared to baseline and 1.4 kg compared to placebo ($p<0.001$) after three months of treatment. Treatment with ostarine also resulted in a dose dependent improvement in functional performance, a secondary endpoint measured by a stair climb test, with the 3 mg cohort achieving a clinically significant improvement in both speed ($p=0.006$) and power ($p=0.005$) compared to baseline. Ostarine continued to demonstrate a favorable safety profile, with no serious adverse events reported. Ostarine also exhibited tissue selectivity with beneficial effects on lean body mass and performance and with no apparent change in measurements for serum PSA, sebum production, or serum LH compared to placebo. We recently conducted discussions with various divisions of the FDA to investigate the required regulatory pathways for several indications under consideration for ostarine's ongoing clinical development. With more clarity regarding the required regulatory pathway and with proof of concept Phase II clinical data, we have selected cancer cachexia as the initial acute indication for ostarine development. We plan to initiate a Phase IIb ostarine clinical trial for cancer cachexia by the summer of 2007. Although we had planned to commence a Phase II clinical trial of ostarine in burn patients, we do not currently intend to pursue the development of ostarine for the treatment of severe burn wounds and associated wasting and have terminated that clinical trial.

Also in December 2006, we reacquired our rights to develop and commercialize andarine and all backup compounds previously licensed to Ortho Biotech Products, L.P., a subsidiary of Johnson & Johnson, or Ortho Biotech, pursuant to a joint collaboration and license agreement we had entered into with Ortho Biotech in March 2004, which has been terminated.

We plan to build specialized sales and marketing capabilities to promote our product candidates to urologists and medical oncologists in the United States and to seek partners to commercialize our product candidates to broader markets in the United States and in the rest of the world. We currently market FARESTON® (toremifene citrate 60 mg) tablets, which have been approved by the FDA for the treatment of metastatic breast cancer in post-menopausal women in the United States. The active pharmaceutical ingredient in FARESTON® is the same as in ACAPODENE®, but at a different dose.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Number	Description
1.1	Placement Agent Agreement, dated as of December 13, 2006, by and between GTx, Inc. and Lazard Capital Markets LLC and Cowen and Company, LLC, as placement agents
5.1	Opinion of Cooley Godward Kronish LLP
10.1	Form of Subscription Agreement
23.1	Consent of Cooley Godward Kronish LLP (included as part of Exhibit 5.1)

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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 hereunto duly authorized.

GTx, Inc.

By: /s/ HENRY P. DOGGRELL
Henry P. Doggrell,
Vice President, General Counsel/Secretary

Dated: December 13, 2006

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EXHIBIT INDEX

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Exhibit 1.1

3,799,600 Shares

GTX, INC.

Common Stock

PLACEMENT AGENT AGREEMENT

December 13, 2006

Lazard Capital Markets LLC
Cowen and Company, LLC
c/o Lazard Capital Markets LLC
30 Rockefeller Plaza
New York, New York 10020

Dear Sirs:

1. *Introduction*. GTx, Inc., a Delaware corporation (the "**Company**"), proposes to issue and sell to the purchasers, pursuant to the terms of this Placement Agent Agreement (this "**Agreement**") and the Subscription Agreements in the form of Exhibit A attached hereto (the "**Subscription Agreements**") entered into with the purchasers identified therein (each a "**Purchaser**" and collectively, the "**Purchasers**"), up to an aggregate of 3,799,600 shares of common stock, $0.001 par value per share (the "**Common Stock**") of the Company. The aggregate of 3,799,600 shares so proposed to be sold is hereinafter referred to as the "**Stock**." The Company hereby confirms its agreement with Lazard Capital Markets LLC ("**LCM**"), and Cowen and Company, LLC ("**Co-Agent**"), and together with LCM, the "**Placement Agents**") to act as Placement Agents in accordance with the terms and conditions hereof. LCM is acting as the representative of the Placement Agents and in such capacity is hereinafter referred to as the "**Representative**."

2. *Agreement to Act as Placement Agents; Placement of Securities.* On the basis of the representations, warranties and agreements of the Company herein contained, and subject to all the terms and conditions of this Agreement:

2.1 The Company hereby authorizes the Placement Agents to act as its exclusive agents to solicit offers for the purchase of all or part of the Stock from the Company in connection with the proposed offering of the Stock (the "**Offering**"). Until the Closing Date (as defined in Section 4 hereof), the Company shall not, without the prior written consent of the Representative, solicit or accept offers to purchase Stock otherwise than through the Placement Agents. LCM may utilize the expertise of Lazard Frères & Co. LLC in connection with LCM's placement agent activities.

2.2 The Placement Agents agree, as agents of the Company, to use their best efforts to solicit offers to purchase the Stock from the Company on the terms and subject to the conditions set forth in the Prospectus (as defined below). The Placement Agents shall use commercially reasonable efforts to assist the Company in obtaining performance by each Purchaser whose offer to purchase Stock has been solicited by the Placement Agents and accepted by the Company, but the

Placement Agents shall not, except as otherwise provided in this Agreement, be obligated to disclose the identity of any potential purchaser or have any liability to the Company in the event any such purchase is not consummated for any reason. Under no circumstances will the Placement Agents be obligated to underwrite or purchase any Stock for their own accounts and, in soliciting purchases of Stock, the Placement Agents shall act solely as the Company's agents and not as principals. Notwithstanding the foregoing and except as otherwise provided in Section 2.3, it is understood and agreed that the Placement Agents (or their affiliates) may, solely at their discretion and without any obligation to do so, purchase Stock as principals.

2.3 Subject to the provisions of this Section 2, offers for the purchase of Stock may be solicited by the Placement Agents as agents for the Company at such times and in such amounts as the Placement Agents deem advisable. Each Placement Agent shall communicate to the Company, orally or in writing, each reasonable offer to purchase Stock received by it as agent of the Company. The Company shall have the sole right to accept offers to purchase the Stock and may reject any such offer, in whole or in part. Each Placement Agent shall have the right, in its discretion reasonably exercised, without notice to the Company, to reject any offer to purchase Stock received by it, in whole or in part, and any such rejection shall not be deemed a breach of its agreement contained herein.

2.4 The Stock is being sold to the Purchasers at a price of $16.00 per share. The purchases of the Stock by the Purchasers shall be evidenced by the execution of Subscription Agreements by each of the Purchasers and the Company.

2.5 As compensation for services rendered, on the Closing Date (as defined in Section 4 hereof) the Company shall pay to the Placement Agents by wire transfer of immediately available funds to an account or accounts designated by the Representative, an amount equal to five percent (5%) of the gross proceeds received by the Company from the sale of the Stock on such Closing Date.

2.6 No Stock which the Company has agreed to sell pursuant to this Agreement shall be deemed to have been purchased and paid for, or sold by the Company, until such Stock shall have been delivered to the Purchaser thereof against payment by such Purchaser. If the Company shall default in its obligations to deliver Stock to a Purchaser whose offer it has accepted, the Company shall indemnify and hold the Placement Agents harmless against any loss, claim, damage or expense arising from or as a result of such default by the Company in accordance with the procedures set forth in Section 8(c) herein.

3. *Representations and Warranties of the Company.* The Company represents and warrants to, and agrees with, the Placement Agents and the Purchasers that:

(a) The Company has prepared and filed in conformity with the requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), and published rules and regulations thereunder (the "**Rules and Regulations**") adopted by the Securities and Exchange Commission (the "**Commission**") a "shelf" Registration Statement (as hereinafter defined) on Form S-3 (File No. 333-127175), which became effective as of August 17, 2005 (the "**Effective Date**"), including a base prospectus relating to the Stock (the "**Base Prospectus**"), and such amendments and supplements thereto as may have been required to the date of this Agreement. The term "**Registration Statement**" as used in this Agreement means the registration statement (including all exhibits, financial schedules and all documents and information deemed to be a part of the Registration Statement pursuant to Rule 430A under the Securities Act), as amended and/or supplemented to the date of this Agreement, including the Base Prospectus. The Registration Statement is effective under the Securities Act and no stop order preventing or suspending the effectiveness of the Registration Statement or suspending or preventing the use of the Prospectus has been issued by the Commission and no proceedings for that purpose have been, to the best knowledge of the Company, instituted or are threatened by the Commission. The Company, if

required by the Rules and Regulations of the Commission, will file the Prospectus (as defined below), with the Commission pursuant to Rule 424(b) of the Rules and Regulations. The term "**Prospectus**" as used in this Agreement means the Prospectus, in the form in which it is to be filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations, or, if the Prospectus is not to be filed with the Commission pursuant to Rule 424(b), the Prospectus in the form included as part of the Registration Statement as of the Effective Date, except that if any revised prospectus or prospectus supplement shall be provided to the Representative by the Company for use in connection with the offering and sale of the Stock which differs from the Prospectus (whether or not such revised prospectus or prospectus supplement is required to be filed by the Company pursuant to Rule 424(b) of the Rules and Regulations), the term "**Prospectus**" shall refer to such revised prospectus or prospectus supplement, as the case may be, from and after the time it is first provided to any Placement Agent for such use. Any preliminary prospectus or prospectus subject to completion included in the Registration Statement or filed with the Commission pursuant to Rule 424 under the Securities Act is hereafter called a "**Preliminary Prospectus**." Any reference herein to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), on or before the last to occur of the Effective Date, the date of the Preliminary Prospectus, or the date of the Prospectus, and any reference herein to the terms "amend," "amendment," or "supplement" with respect to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include (i) the filing of any document under the Exchange Act after the Effective Date, the date of such Preliminary Prospectus or the date of the Prospectus, as the case may be, which is incorporated by reference and (ii) any such document so filed. If the Company has filed an abbreviated registration statement to register additional Stock pursuant to Rule 462(b) under the Rules (the "**462(b) Registration Statement**"), then any reference herein to the Registration Statement shall also be deemed to include such 462(b) Registration Statement.

(b) As of the Applicable Time (as defined below) and as of the Closing Date, neither (i) any General Use Free Writing Prospectus (as defined below) issued at or prior to the Applicable Time, and the Pricing Prospectus (as defined below) and the information included on Schedule A hereto, all considered together (collectively, the "**General Disclosure Package**"), nor (ii) any individual Limited Use Free Writing Prospectus (as defined below), if any, issued prior to the Effective Time, when considered together with the General Disclosure Package, included or will include, any untrue statement of a material fact or omitted or as of the Closing Date will omit, to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the Company makes no representations or warranties as to information contained in or omitted from any Issuer Free Writing Prospectus, in reliance upon, and in conformity with, written information furnished to the Company through the Representative by or on behalf of any Placement Agent specifically for inclusion therein, which information the parties hereto agree is limited to the Placement Agents' Information (as defined in Section 18). As used in this paragraph (b) and elsewhere in this Agreement:

"*Applicable Time*" means 3:50 P.M., New York time, on the date of this Agreement.

"*Pricing Prospectus*" means the Preliminary Prospectus, if any, and the Base Prospectus, each as amended and supplemented immediately prior to the Applicable Time, including any document incorporated by reference therein and any prospectus supplement deemed to be a part thereof.

"*Issuer Free Writing Prospectus*" means any "issuer free writing prospectus," as defined in Rule 433 under the Securities Act relating to the Stock in the form filed or required to be filed with the

Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g) under the Securities Act.

"*General Use Free Writing Prospectus*" means any Issuer Free Writing Prospectus that is identified on Schedule A to this Agreement.

"*Limited Use Free Writing Prospectuses*" means any Issuer Free Writing Prospectus that is not a General Use Free Writing Prospectus.

(c) No order preventing or suspending the use of any Preliminary Prospectus, any Issuer Free Writing Prospectus or the Prospectus relating to the Offering has been issued by the Commission, and no proceeding for that purpose or pursuant to Section 8A of the Securities Act has been, to the best knowledge of the Company, instituted or threatened by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Securities Act and the Rules and Regulations, and unless otherwise corrected, modified or supplemented did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that the Company makes no representations or warranties as to information contained in or omitted from any Preliminary Prospectus, in reliance upon, and in conformity with, written information furnished to the Company through the Representative by or on behalf of any Placement Agent specifically for inclusion therein, which information the parties hereto agree is limited to the Placement Agents' Information (as defined in Section 18).

(d) At the time the Registration Statement became effective, at the date of this Agreement and at the Closing Date, the Registration Statement conformed and will conform in all material respects to the requirements of the Securities Act and the Rules and Regulations and did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; the Prospectus, at the time the Prospectus was issued and at the Closing Date, conformed and will conform in all material respects to the requirements of the Securities Act and the Rules and Regulations and did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, *however*, that the foregoing representations and warranties in this paragraph (d) shall not apply to information contained in or omitted from the Registration Statement or the Prospectus in reliance upon, and in conformity with, written information furnished to the Company through the Representative by or on behalf of any Placement Agent specifically for inclusion therein, which information the parties hereto agree is limited to the Placement Agents' Information (as defined in Section 18).

(e) Each Issuer Free Writing Prospectus, if any, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Stock or until any earlier date that the Company notified or notifies the Representative as described in Section 5(e), did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, Pricing Prospectus or the Prospectus, including any document incorporated by reference therein and any prospectus supplement deemed to be a part thereof that has not been superseded or modified, or includes an untrue statement of a material fact or omitted or would omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing sentence does not apply to statements in or omissions from any Issuer Free Writing Prospectus in reliance upon, and in conformity with, written information furnished to the Company through the Representative by

or on behalf of any Placement Agent specifically for inclusion therein, which information the parties hereto agree is limited to the Placement Agents' Information (as defined in Section 18).

(f) The documents incorporated by reference in the Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and none of such documents contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made not misleading; and any further documents so filed and incorporated by reference in the Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made not misleading.

(g) The Company has not, directly or indirectly, distributed and will not distribute any offering material in connection with the Offering other than any Preliminary Prospectus, the Prospectus and other materials, if any, permitted under the Securities Act and consistent with Section 5(b) below. The Company will file with the Commission all Issuer Free Writing Prospectuses, if any, in the time and manner required under Rule 433(d) under the Securities Act.

(h) The Company has the full right, power and authority to enter into this Agreement, each of the Subscription Agreements and that certain Escrow Agreement (the "**Escrow Agreement**") dated as of the date hereof by and among the Company, the Placement Agents and the escrow agent named therein, and to perform and to discharge its obligations hereunder and thereunder; and each of this Agreement, the Escrow Agreement and each of the Subscription Agreements has been duly authorized, executed and delivered by the Company, and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms.

(i) Neither the Company nor, to the Company's knowledge, any of the Company's officers, directors or affiliates has taken or will take, directly or indirectly, any action designed or intended to stabilize or manipulate the price of any security of the Company, or which caused or resulted in, or which might in the future reasonably be expected to cause or result in, stabilization or manipulation of the price of any security of the Company.

(j) The Company is subject to and in compliance in all material respects with the reporting requirements of Section 13 or Section 15(d) of the Exchange Act. The Common Stock is registered pursuant to Section 12(g) of the Exchange Act and is listed on the Nasdaq Global Market ("**Nasdaq GM**"), and the Company has taken no action designed to, or reasonably likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or delisting the Common Stock from the Nasdaq GM, nor has the Company received any notification that the Commission or the National Association of Securities Dealers, Inc. ("**NASD**") is contemplating terminating such registration or listing. No consent, approval, authorization or order of, or filing, notification or registration with, the Nasdaq GM is required for the listing and trading of the Stock on the Nasdaq GM.

(k) No approval of the shareholders of the Company under the rules and regulations of Nasdaq (including Rule 4350 of the Nasdaq Marketplace Rules) is required for the Company to issue and deliver to the Purchasers the Stock.

(l) The Company has not sustained since the date of the latest audited financial statements included or incorporated by reference in the Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not

covered by insurance, or from any labor dispute or court or governmental action, order or decree; and, since the respective dates as of which information is given in the Prospectus and General Disclosure Package, there has not been any change in the capital stock (other than as a result of the grant of stock options to purchase an aggregate of not more than 100,000 shares of common stock pursuant to the Company's current stock option plans, the annual grant of stock options to key employees in accordance with the Company's past practice and the cancellation or exercise of stock options described in the Prospectus and General Disclosure Package), short-term debt or long-term debt of the Company or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company ("**Material Adverse Effect**"), otherwise than as set forth or contemplated in the Prospectus and General Disclosure Package.

(m) The Company does not own any real property; the Company has good and marketable title to all tangible personal property owned by it, in each case free and clear of all liens, encumbrances and defects except such as are described in the Prospectus and General Disclosure Package or such as do not materially affect the value of such property and do not interfere with the use made of such property by the Company; and any real property and buildings held under lease by the Company are held by it under valid, subsisting and enforceable leases with such exceptions as would not result in a Material Adverse Effect.

(n) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, with power and corporate authority to own its properties and conduct its business as described in the Prospectus and General Disclosure Package, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified would not result in a Material Adverse Effect.

(o) The Company does not control directly or indirectly or have any direct or indirect equity participation or similar interest in any corporation, partnership, limited liability company, joint venture, trust or other business association or entity.

(p) The Company has an authorized capitalization as set forth in the Prospectus and General Disclosure Package, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable.

(q) The Stock to be issued and sold by the Company to the Purchasers hereunder and under the Subscription Agreements has been duly and validly authorized and, when issued and delivered against payment therefor as provided herein and the Subscription Agreements, will be duly and validly issued, fully paid and nonassessable and free of any preemptive or similar rights and will conform to the description thereof contained in the Prospectus and General Disclosure Package.

(r) The issue and sale of the Stock by the Company and the compliance by the Company with all of the provisions of this Agreement, the Subscription Agreements and the Escrow Agreement, and the consummation of the transactions contemplated herein and therein will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company is subject, other than any conflict, breach or violation that would not have a Material Adverse Effect, nor will such action result in any violation of the provisions of the Certificate of Incorporation or By-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties; and no consent, approval, authorization,

order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Stock or the consummation by the Company of the transactions contemplated by this Agreement, the Subscription Agreements and the Escrow Agreement, except such as have been, or will have been prior to the Closing Date, obtained under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the offering and sale of the Stock.

(s) The Company is not (i) in violation of its Certificate of Incorporation or By-laws or (ii) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except in the case of clause (ii), any default that would not have a Material Adverse Effect.

(t) The statements set forth in the Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute a summary of the terms of the Stock, and the statements set forth in the Prospectus under the caption "Plan of Distribution", the statements incorporated by reference into the Prospectus from the Company's Annual Report on Form 10-K for the year ended December 31, 2005 filed with the Commission, as amended, under the captions "Business — Licenses and Collaborative Relationships, — Manufacturing, — Intellectual Property, and — Government Regulation," and the statements set forth in the Prospectus under the captions "Prospectus Supplement Summary — Acapodene, — Andarine for the Treatment of Cancer Weight Loss, — Fareston and — Orion Agreement," "Risk Factors — Risks Related to Our Dependence on Third Parties — If third parties do not manufacture our product candidates in sufficient quantities and at an acceptable cost, clinical development and commercialization of our product candidates would be delayed, and — We are dependent on our collaborative arrangement with Ipsen to develop and commercialize ACAPODENE® in the European Territory. We may also be dependent upon additional collaborative arrangements to complete the development and commercialization of some of our other product candidates. These collaborative arrangements may place the development and commercialization of our product candidates outside our control, may require us to relinquish important rights or may otherwise be on terms unfavorable to us, Risks Related to Our Intellectual Property — Our license agreement with Orion excludes the use of toremifene in humans to treat breast cancer outside the United States and may limit our ability to market Acapodene for human uses of toremifene outside the United States, — If some or all of our, or our licensors', patents expire or are invalidated or are found to be unenforceable, or if some or all of our patent applications do not yield issued patents or yield patents with narrow claims, or if we are estopped from asserting that the claims of an issued patent cover a product of a third party, we may be subject to competition from third parties with products with the same active pharmaceutical ingredients as our product candidates, and — Off-label sale or use of toremifene products could decrease our sales of Acapodene and could lead to pricing pressure if such products become available at competitive prices and in dosages that are appropriate for the indications for which we are developing Acapodene, — Risks Related to Commercialization — If we are unable to obtain adequate coverage and reimbursement from third-party payors for products we sell at acceptable prices, our revenues and prospects for profitability will suffer, — Risks Related to Our Common Stock — Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management, and — A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly, even if our business is doing well", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair.

(u) There are no legal or governmental proceedings pending to which the Company is a party or of which any property of the Company is the subject, which, if determined adversely to the Company, would individually or in the aggregate have a Material Adverse Effect; and, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(v) The Company is not and, after giving effect to the offering and sale of the Stock, will not be an "investment company", as such term is defined in the Investment Company Act of 1940, as amended and the rules and regulations of the Commission promulgated thereunder.

(w) The Company does not do business with the government of Cuba nor, to the Company's knowledge, with any person or affiliate located in Cuba within the meaning of Section 517.075, Florida Statutes.

(x) Ernst & Young LLP, who have certified certain financial statements and related schedules included or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus, and have audited the Company's internal control over financial reporting and management's assessment thereof, is an independent registered public accounting firm as required by the Securities Act and the Rules and Regulations and the Public Company Accounting Oversight Board (United States) (the "**PCAOB**"). Ernst & Young LLP have not been engaged by the Company to perform any " prohibited activities" (as defined in Section 10A of the Exchange Act).

(y) The financial statements of the Company (together with the related notes thereto) included or incorporated by reference in the Registration Statement, Prospectus and the General Disclosure Package as amended or supplemented (i) fairly present the financial condition and results of the operations and cash flows of the Company as of the respective dates indicated and for the respective periods specified, (ii) complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto (including, without limitation, Regulation S-X) and (iii) have been prepared in accordance with generally accepted accounting principles in the United States applied on a consistent basis during the periods and at the dates involved (except as may be indicated in the notes thereto); the summary and selected financial data included or incorporated by reference in the Registration Statement, Prospectus and the General Disclosure Package as amended or supplemented fairly present the information shown therein and have been compiled on a consistent basis with that of the audited financial information incorporated by reference in the Registration Statement, Prospectus and the General Disclosure Package; There is no pro forma or as adjusted financial information which is required to be included in the Registration Statement, Prospectus or the General Disclosure Package, or a document incorporated by reference therein in accordance with the Securities Act and the Rules and Regulations which has not been included or incorporated as so required. The pro forma and pro forma as adjusted financial information and the related notes included or incorporated by reference in the Registration Statement, Prospectus and the General Disclosure Package have been properly compiled and prepared in accordance with the applicable requirements of the Securities Act and the Rules and Regulations and present fairly the information shown therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(z) The Company maintains a system of internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) that complies with the requirements of the Exchange Act and has been designed by the Company's principal executive officer and principal financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; the Company's internal

control over financial reporting is effective and the Company is not aware of any material weaknesses in its internal control over financial reporting; there has been no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting; since the date of the latest audited financial statements included or incorporated by reference in the Registration Statement, Prospectus and the General Disclosure Package, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(aa) The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) of the Exchange Act) that comply with the requirements of the Exchange Act; such disclosure controls and procedures have been designed to ensure that material information relating to the Company and its subsidiaries is made known to the Company's principal executive officer and principal financial officer by others within those entities; such disclosure controls and procedures are effective.

(bb) The Company is in compliance in all material respects with all applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the Commission thereunder.

(cc) The Company owns or has valid, binding and enforceable licenses or other rights to use the patents and patent applications, copyrights, trademarks, trade names, service marks, service names, and know-how (including trade secrets and other unpatented proprietary intellectual property rights) that is necessary or used in any material respect to conduct its business in the manner in which it is described as being conducted and in the manner in which it is contemplated to be conducted as set forth in the Registration Statement, Prospectus and the General Disclosure Package as amended or supplemented with respect to Company's product candidates identified in the table set forth under the caption "Overview" from the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 (the "**Product Candidates**") (such rights are referred to herein collectively as the "**Company Intellectual Property**"); the Company owns or possesses licenses or other rights to the patents and patent applications set forth on the schedule provided to the Placement Agents on the date hereof (the "**Patent Schedule**") (the patents and patent applications set forth on the Patent Schedule that disclose or claim the Product Candidates are referred to herein collectively as the "**Company Patents**") that is necessary or used in the conduct of its business in the manner in which it is described as being conducted and in the manner in which it is contemplated to be conducted as set forth in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented; with respect to Product Candidates, the Company has exclusive rights to develop, market and commercialize as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented; none of the issued patents within the Company Patents is unenforceable or invalid and to the Company's knowledge, none of the patent applications within Company Patents if issued would be unenforceable or invalid; nor is any material fact known by the Company with respect to such Company Patents that would preclude the issuance of patents with respect to such applications or would render such patents invalid or unenforceable; the Company is not obligated to pay a royalty, grant a license, or provide other consideration to any third party in connection with the Product Candidates other than as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented; the Company has not received any notice of infringement or conflict with (and the Company is not aware of any infringement or conflict with) the rights of others with respect to the Product Candidates disclosed and claimed in the Company Patents or in connection with its business as currently conducted or as currently contemplated to be conducted as described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented; there are no pending, nor has there been any notice of

any, threatened, actions, suits, proceedings, claims or allegations by others that the Company is or will be infringing any patent, trade secret, trademark, service mark, copyright or other proprietary intellectual property rights through the manufacture, use or sale of any Product Candidates; the manufacture, use or sale of the products, including Product Candidates, described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented as being under development and other activities of the Company referred to in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented does not, and to the Company's knowledge, will not, infringe or conflict with any patent of any third party in a manner which could reasonably be expected to have a Material Adverse Effect; to the Company's knowledge, the patents and patent applications within Company Patents cover the Product Candidates and are patentable; the Company has not been notified of any inventorship challenges or any interference proceeding having been declared or provoked with respect to the Company Patents, nor is any material fact known by the Company which fact is reasonably likely to result in any inventorship challenge or interference proceeding with respect to such patents and patent applications; to the Company's knowledge no third party has infringed or misappropriated, and no third party is currently infringing or misappropriating the Company Intellectual Property; except as described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented and for any rights of the United States government pursuant to 35 U.S.C. § 200 et seq. relating to a Product Candidate other than Acapodene, no third party, including any academic institution or any other government entity, possesses rights to the Company Patents which, if exercised, could enable such party to develop products competitive to a Product Candidate or could reasonably be expected to have a Material Adverse Effect; except as described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented, the Company is not in material breach of, and has complied in all material respects with all terms of, any license agreement to which it is a party that covers technology necessary to conduct or used in the conduct of the Company's business in the manner in which it is described as being conducted and in the manner in which it is contemplated to be conducted as set forth in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented; there are no contracts or other documents material to the Company's patents, trade secrets, trademarks, service marks, copyrights or other proprietary information or materials included in the Company Intellectual Property other than those described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented; no Company employee is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such employee's best efforts to promote the interest of the Company or that would conflict with the Company's business; none of the execution and delivery of this Agreement, the Escrow Agreement or any Subscription Agreement, the carrying on of the Company's business by the employees of the Company, and the conduct of the Company's business as proposed, will conflict with or result in a breach of terms, conditions, or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated; and it is not and will not be necessary to use any inventions, trade secrets or proprietary information of any of its consultants, or its employees (or persons it currently intends to hire) made prior to their employment by the Company, except for technology that is licensed to or owned by the Company.

(dd) The Company has complied with the required duty of candor and good faith in dealing with the United States Patent and Trademark Office (the "**PTO**") with respect to the Company Patents, and to the Company's knowledge, all individuals to whom the duty of candor and good faith applies with respect to the Company Patents have complied with such duty, including the duty to disclose to the PTO all information believed to be material to the patentability of the Company Patents and pending U.S. patent applications within Company

Patents; the Company, the University of Tennessee Research Foundation ("**UTRF**") and Orion are identified in the records of the PTO as the holder of record of the U.S. patents and patent applications of the Company Patents as set forth in the Patent Schedule; the Company, UTRF and Orion are similarly listed in the records of corresponding foreign agencies with respect to the foreign counterparts of the Company Patents; except for the rights of UTRF, Orion and The Ohio State University ("**OSU**") that are described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented, the rights of the OSU solely to receive payments from UTRF with respect to certain patent applications and related patents and to utilize certain of the Company Patents for academic, non-commercial purposes, the rights of the United States government pursuant to 35 U.S.C. § 200 et seq. relating to a Product Candidate other than Acapodene and the nonexclusive rights that the Company granted to third party contractors to perform activities on the Company's behalf to develop Product Candidates, no other entity or individual has any right, title or interest in the Company Patents; there are no legal or governmental proceedings pending relating to Company Patents other than PTO or World Intellectual Property Organization ("**WIPO**") (or patent offices in other jurisdictions) review of pending applications for patents, and, other than PTO or WIPO (or patent offices in other jurisdictions) review of pending applications for patents, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or others, and the Company is not aware of any fact that is likely to result in any such proceeding; and the Company is diligently prosecuting, and shall continue to diligently prosecute, claims in the patent applications within the Company Patents which claim products are described in the Registration Statement, the General Disclosure Package and the Prospectus as being under development.

(ee) The Company possesses all registrations, approvals, certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented, including without limitation, all such registrations, approvals, certificates, authorizations and permits required by the United States Food and Drug Administration (the "**FDA**") or any other federal, state, local or foreign agencies or bodies engaged in the regulation of pharmaceuticals or biohazardous substances or materials, except where the failure to possess such registrations, approvals, certificates, authorizations and permits, singly or in the aggregate, would not have a Material Adverse Effect; and the Company has not received any notice of proceedings relating to, and there are no facts or circumstances, including without limitation facts or circumstances relating to the withdrawal, revocation, suspension, modification or termination of any registration, approval, certificate, authorization or permit held by others, known to the Company that could lead to, the withdrawal, revocation, suspension, modification or termination of any such registration, approval, certificate, authorization or permit, which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, could result in a Material Adverse Effect.

(ff) The Company and, to the Company's knowledge, others who perform services on the Company's behalf have been and are in compliance with all applicable federal, state, local and foreign laws, rules, regulations, standards, orders and decrees governing their respective businesses, including without limitation, all regulations promulgated by the FDA or any other federal, state, local or foreign agencies or bodies engaged in the regulation of pharmaceuticals or biohazardous substances or materials, except where noncompliance would not, singly or in the aggregate, have a Material Adverse Effect; and the Company has not received any notice citing action or inaction by the Company or others who perform services on the Company's behalf that would constitute non-compliance with any applicable federal, state, local or foreign laws, rules, regulations or standards.

(gg) The tests and preclinical and clinical studies conducted by or on behalf of the Company that are described in the Registration Statement, the General Disclosure Package and

the Prospectus as amended or supplemented were and, if still pending, are being, conducted in all material respects in accordance with experimental protocols, procedures and controls generally used by qualified experts in the preclinical and clinical study of new drugs, and laws and regulations; the descriptions of the tests and preclinical and clinical studies, and results thereof, conducted by or on behalf of the Company contained in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented are accurate in all material respects; the Company has not received any written notice or correspondence from the FDA or any foreign, state or local governmental body exercising comparable authority or any Institutional Review Board or comparable authority requiring the termination, suspension, material modification or clinical hold of any tests or preclinical or clinical studies conducted by or on behalf of the Company, which termination, suspension, material modification or clinical hold would reasonably be expected to have a Material Adverse Effect; and the Company has not received any written notices or correspondence from others concerning the termination, suspension, material modification or clinical hold of any tests or preclinical or clinical studies conducted by others on any active ingredient contained in the existing products of the Company or the products described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented as being under development, which termination, suspension, material modification or clinical hold would reasonably be expected to have a Material Adverse Effect.

(hh) The Company has all consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all foreign, federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals necessary to own, lease, license and use its properties and assets and to conduct its business in the manner in which it is described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented, except for such consents, authorizations, approvals, orders, certificates, permits, declarations and filings the failure of which to have, maintain or make would not have a Material Adverse Effect; the Company has not received any notice of proceedings relating to the revocation or modification of any such consent, authorization, approval, order, certificate or permit; and the Company is in compliance with all applicable foreign, federal, state and local laws and regulations, except for any noncompliance that, singly or in the aggregate, would not have a Material Adverse Effect.

(ii) There are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to include any securities of the Company with the Stock registered pursuant to the Registration Statement, except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented or as have been waived in writing by such person.

(jj) The Company (i) is in compliance with any and all applicable foreign, federal, state and local laws, regulations and common law standards of conduct relating to the protection of human health and safety, the environment or hazardous or toxic substances, chemicals, wastes, pollutants and contaminants ("**Environmental Laws**"), (ii) has received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct its businesses as described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented, (iii) is in compliance with all terms and conditions of any such permit, license or approval, (iv) is not subject to any liability under any Environmental Law for the release or disposal of any substance regulated pursuant to any Environmental Law, (v) has not received any claim, notice or demand indicating that it may be in violation of, or subject to liability or costs under, any Environmental Law and (vi) is not subject to any order, decree, injunction or agreement with any governmental authority or any third party concerning obligations or liabilities relating to any Environmental Law, except where such noncompliance

with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals or liabilities, claims, orders or agreement would not, singly or in the aggregate, have a Material Adverse Effect.

(kk) The Company is not involved in any labor dispute nor, to the Company's knowledge, is any such dispute threatened; and the Company is not aware that (i) any executive, key employee, key consultant or significant group of employees or consultants of the Company plans to terminate his or her employment or consulting arrangement with the Company or (ii) any such executive, key employee or key consultant is subject to any noncompete, nondisclosure, confidentiality, employment, consulting or similar agreement that would be violated by the present or proposed business activities of the Company.

(ll) The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the business in which the Company is engaged, the Company has not been refused any insurance coverage sought or applied for; and the Company does not have any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(mm) Each material contract, agreement and license filed as an exhibit to the Registration Statement to which the Company is bound is legal, valid, binding, enforceable in accordance with its terms and in full force and effect against the Company and, to the Company's knowledge, each other party thereto; except as described in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented, neither the Company nor, to the Company's knowledge, any other party, is in material breach or default with respect to any such contract, agreement and license, and, to the Company's knowledge, no event has occurred which with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under any such contract, agreement or license; and to the Company's knowledge, no party has repudiated any material provision of any such contract, agreement or license.

(nn) The statistical and market-related data included in the Registration Statement, the General Disclosure Package and the Prospectus as amended or supplemented are based on or derived from sources which the Company reasonably and in good faith believes are reliable and accurate, and such data agree with the sources from which they are derived.

Any certificate signed by or on behalf of the Company and delivered to the Placement Agents or to counsel for the Placement Agents shall be deemed to be a representation and warranty by the Company to the Placement Agents and the Purchasers as to the matters covered thereby.

4. *The Closing*. The time and date of closing and delivery of the documents required to be delivered to the Placement Agents pursuant to Sections 5 and 7 hereof shall be at 10:00 A.M., New York time, on December 18, 2006 (the "**Closing Date**") at the office of Cooley Godward Kronish LLP, 3175 Hanover Street, Palo Alto, CA 94304.

5. *FURTHER AGREEMENTS OF THE COMPANY*. The Company agrees with the Placement Agents and the Purchasers:

(a) To prepare the Rule 462(b) Registration Statement, if necessary, in a form approved by the Representative and file such Rule 462(b) Registration Statement with the Commission on the date hereof; to prepare the Prospectus in a form approved by the Representative containing information previously omitted at the time of effectiveness of the Registration Statement in reliance on rules 430A, 430B and 430C and to file such Prospectus pursuant to Rule 424(b) under the Securities Act not later than the second business (2nd) day

following the execution and delivery of this Agreement or, if applicable, such earlier time as may be required by Rule 430A of the Rules and Regulations; to notify the Representative promptly of the Company's intention to file or prepare any supplement or amendment to any Registration Statement or to the Prospectus in connection with this Offering and to provide a draft of any such amendment or supplement to the Registration Statement, the General Disclosure Package or to the Prospectus to the Representative within an amount of time that is reasonably practical to review under the circumstances and prior to filing; to advise the Representative, promptly after it receives notice thereof, of the time when any amendment to any Registration Statement has been filed in connection with the Offering or becomes effective or any supplement to the General Disclosure Package or the Prospectus or any amended Prospectus has been filed and to furnish the Representative copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d), as the case may be; to file within the time periods prescribed by the Exchange Act, including any extension thereof, all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Securities Act) is required in connection with the offering or sale of the Stock; to advise the Representative, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus, any Issuer Free Writing Prospectus or the Prospectus, of the suspension of the qualification of the Stock for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement, the General Disclosure Package or the Prospectus or for additional information; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus, any Issuer Free Writing Prospectus or the Prospectus or suspending any such qualification, and promptly to use its best efforts to obtain the withdrawal of such order.

(b) The Company represents and agrees that, unless it obtains the prior consent of the Representative, and each Placement Agent represents and agrees that, unless it obtains the prior consent of the Representative and the Company, it has not made and will not, make any offer relating to the Stock that would constitute a "free writing prospectus" as defined in Rule 405 under the Securities Act unless the prior written consent of the Representative has been received (each, a "**Permitted Free Writing Prospectus**"); *provided* that the prior written consent of the Representative hereto shall be deemed to have been given in respect of the Issuer Free Writing Prospectus included in Schedule A hereto. The Company represents that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an Issuer Free Writing Prospectus, comply with the requirements of Rules 164 and 433 under the Securities Act applicable to any Issuer Free Writing Prospectus, including the requirements relating to timely filing with the Commission, legending and record keeping and will not take any action that would result in any Placement Agent or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of such Placement Agent that such Placement Agent otherwise would not have been required to file thereunder.

(c) If at any time when a Prospectus relating to the Stock is required to be delivered under the Securities Act, any event occurs or condition exists as a result of which the Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or the Registration Statement, as then amended or supplemented, would include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading, or if for any other reason it is necessary at any time to amend or supplement any Registration Statement or the

Prospectus to comply with the Securities Act or the Exchange Act, the Company will promptly notify the Representative, and upon the Representative's request, the Company will promptly prepare and file with the Commission, at the Company's expense, an amendment to the Registration Statement or an amendment or supplement to the Prospectus that corrects such statement or omission or effects such compliance and will deliver to the Placement Agents, without charge, such number of copies thereof as the Placement Agents may reasonably request. The Company consents to the use of the Prospectus or any amendment or supplement thereto by the Placement Agents.

(d) If the General Disclosure Package is being used to solicit offers to buy the Stock at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur as a result of which, in the judgment of the Company or in the reasonable opinion of the Representative, it becomes necessary to amend or supplement the General Disclosure Package in order to make the statements therein, in the light of the circumstances then prevailing, not misleading, or to make the statements therein not conflict with the information contained or incorporated by reference in the Registration Statement then on file and not superseded or modified, or if it is necessary at any time to amend or supplement the General Disclosure Package to comply with any law, the Company promptly will either (i) prepare, file with the Commission (if required) and furnish to the Placement Agents and any dealers an appropriate amendment or supplement to the General Disclosure Package or (ii) prepare and file with the Commission an appropriate filing under the Exchange Act which shall be incorporated by reference in the General Disclosure Package so that the General Disclosure Package as so amended or supplemented will not, in the light of the circumstances then prevailing, be misleading or conflict with the Registration Statement then on file, or so that the General Disclosure Package will comply with law.

(e) If at any time following issuance of an Issuer Free Writing Prospectus in connection with the Offering there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or will conflict with the information contained in the Registration Statement, Pricing Prospectus or Prospectus, including any document incorporated by reference therein and any prospectus supplement deemed to be a part thereof and not superseded or modified or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances prevailing at the subsequent time, not misleading, the Company has promptly notified or will promptly notify the Representative (and the Representative and Placement Agents agree to cease any such use promptly upon such notification) so that any use of the Issuer Free Writing Prospectus may cease until it is amended or supplemented and has promptly amended or will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The foregoing sentence does not apply to statements in or omissions from any Issuer Free Writing Prospectus in reliance upon, and in conformity with, written information furnished to the Company by the Representative by or on behalf of any Placement Agent specifically for inclusion therein, which information the parties hereto agree is limited to the Placement Agents' Information (as defined in Section 18).

(f) To the extent not available on the Commission's EDGAR system, to furnish promptly to the Placement Agents and to counsel for the Placement Agents a signed copy of the Registration Statement as originally filed with the Commission, and of each amendment thereto filed with the Commission, including all consents and exhibits filed therewith.

(g) To the extent not available on the Commission's EDGAR system, to deliver promptly to the Representative in New York City such number of the following documents as the Representative shall reasonably request: (i) conformed copies of the Registration Statement as originally filed with the Commission (in each case excluding exhibits), (ii) each Preliminary

Prospectus, if any (iii) any Issuer Free Writing Prospectus, (iv) the Prospectus (the delivery of the documents referred to in clauses (i), (ii), (iii) and (iv) of this paragraph (g) to be made not later than 10:00 A.M., New York time, on the business day following the execution and delivery of this Agreement), (v) conformed copies of any amendment to the Registration Statement (excluding exhibits), (vi) any amendment or supplement to the General Disclosure Package or the Prospectus (the delivery of the documents referred to in clauses (v) and (vi) of this paragraph (g) to be made not later than 10:00 A.M., New York City time, on the business day following the date of such amendment or supplement) and (vii) any document incorporated by reference in the General Disclosure Package or the Prospectus (excluding exhibits thereto) (the delivery of the documents referred to in clause (vi) of this paragraph (g) to be made not later than 10:00 A.M., New York City time, on the business day following the date of such document).

(h) To make generally available to its shareholders as soon as practicable, but in any event not later than eighteen (18) months after the effective date of each Registration Statement (as defined in Rule 158(c) under the Securities Act), an earnings statement of the Company (which need not be audited) complying with Section 11(a) of the Securities Act and the Rules and Regulations (including, at the option of the Company, Rule 158).

(i) To take promptly from time to time such actions as the Representative may reasonably request to qualify the Stock for offering and sale under the securities or Blue Sky laws of such jurisdictions (domestic or foreign) as the Representative may designate and to continue such qualifications in effect, and to comply with such laws, for so long as required to permit the offer and sale of Stock in such jurisdictions; provided that the Company shall not be obligated to qualify as foreign corporations in any jurisdiction in which they are not so qualified or to file a general consent to service of process in any jurisdiction.

(j) To the extent not available on the Commission's EDGAR system, upon request, during the period of five (5) years from the date hereof, to deliver to the Placement Agents, (i) as soon as they are available, copies of all reports or other communications furnished to shareholders, and (ii) as soon as they are available, copies of any reports and financial statements furnished or filed with the Commission or any national securities exchange or automatic quotation system on which the Stock is listed or quoted.

(k) That the Company will not, for a period of ninety (90) days from the date of the Prospectus, (the "**Lock-Up Period**") without the prior written consent of LCM, directly or indirectly offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, other than the Company's sale of the Stock hereunder and the issuance of restricted Common Stock or options to acquire Common Stock pursuant to the Company's employee benefit plans, qualified stock option plans or other equity compensation plans as such plans are in existence on the date hereof and described in the Prospectus and the issuance of Common Stock pursuant to the valid exercises of options, warrants or rights outstanding on the date hereof and Common Stock issued in connection with strategic transactions involving the Company and other entities, including without limitation (A) joint ventures, manufacturing, marketing or distribution arrangements or (B) technology transfers or development arrangements. The Company will cause each executive officer, director, shareholder, optionholder and warrantholder listed in Schedule B to furnish to the Representative, prior to the Closing Date, a letter, substantially in the form of Exhibit B hereto, pursuant to which, subject to exceptions as set forth therein, each such person shall agree, among other things, not to directly or indirectly offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, not to engage in any swap or other agreement or arrangement that transfers, in whole or in part, directly or indirectly, the economic risk of ownership of Common Stock or any such securities and not to engage in any short selling of any Common Stock or any such securities, during the Lock-Up Period, without

the prior written consent of LCM. The Company also agrees that during such period, the Company will not file any registration statement, preliminary prospectus or prospectus, or any amendment or supplement thereto, under the Securities Act for any such transaction or which registers, or offers for sale, Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, except for a registration statement on Form S-8 relating to employee benefit plans. The Company hereby agrees that (i) if it issues an earnings release or material news, or if a material event relating to the Company occurs, during the last seventeen (17) days of the Lock-Up Period, or (ii) if prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the last day of the Lock-Up Period, the restrictions imposed by this paragraph (k) or the letter shall continue to apply until the expiration of the eighteen (18)-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

(l) To supply the Representative with copies of all correspondence to and from, and all documents issued to and by, the Commission in connection with the registration of the Stock under the Securities Act or the Registration Statement, any Preliminary Prospectus or the Prospectus, or any amendment or supplement thereto or document incorporated by reference therein.

(m) Prior to the Closing Date, not to issue any press release or other communication directly or indirectly or hold any press conference with respect to the Company, its condition, financial or otherwise, or earnings, business affairs or business prospects (except for routine oral communications regarding the Company's business in the ordinary course of business and consistent with the past practices of the Company and of which the Representative is notified), without the prior written consent of the Representative, unless in the judgment of the Company and its counsel, and after notification to the Representative, such press release or communication is required by law.

(n) Until the Representative shall have notified the Company of the completion of the offering of the Stock, that the Company will not, and will cause its affiliated purchasers (as defined in Regulation M under the Exchange Act) not to, either alone or with one or more other persons, bid for or purchase, for any account in which it or any of its affiliated purchasers has a beneficial interest, any Stock, or attempt to induce any person to purchase any Stock; and not to, and to cause its affiliated purchasers not to, make bids or purchase for the purpose of creating actual, or apparent, active trading in or of raising the price of the Stock.

(o) To apply the net proceeds from the sale of the Stock as set forth in the Registration Statement, the General Disclosure Package and the Prospectus under the heading "Use of Proceeds."

(p) To use commercially reasonable efforts to effect and maintain the quotation of the Stock on the Nasdaq GM.

(q) To use reasonable efforts to assist the Representative with any filings with the NASD and obtaining clearance from the NASD as to the amount of compensation allowable or payable to the Placement Agents.

(r) To use its best efforts to do and perform all things required to be done or performed under this Agreement by the Company prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Stock.

6. *Payment of Expenses*. The Company agrees to pay, or reimburse if paid by the Placement Agents, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated: (a) the costs incident to the authorization, issuance, sale, preparation and delivery of the Stock to the Purchasers and any taxes payable in that connection; (b) the costs incident to the Registration of the Stock under the Securities Act; (c) the costs incident to the preparation, printing

and distribution of the Registration Statement, the Base Prospectus, any Preliminary Prospectus, any Issuer Free Writing Prospectus, the General Disclosure Package, the Prospectus, any amendments, supplements and exhibits thereto or any document incorporated by reference therein and the costs of printing, reproducing and distributing any transaction document by mail, telex or other means of communications; (d) the reasonable and documented fees and expenses (including related fees and expenses of counsel for the Placement Agents) incurred in connection with securing any required review by the NASD of the terms of the sale of the Stock and any filings made with the NASD; (e) any applicable listing, quotation or other fees; (f) the fees and expenses (including related fees and expenses of counsel to the Placement Agents) of qualifying the Stock under the securities laws of the several jurisdictions as provided in Section 5(k) and of preparing, printing and distributing wrappers, Blue Sky Memoranda and Legal Investment Surveys; (g) the cost of preparing and printing stock certificates; (h) all fees and expenses of the registrar and transfer agent of the Stock; and (i) all other costs and expenses incident to the offering of the Stock or the performance of the obligations of the Company under this Agreement (including, without limitation, the fees and expenses of the Company's counsel and the Company's independent accountants and the travel and other reasonable and documented expenses incurred by Company personnel in connection with any "road show" including, without limitation, any expenses advanced by the Placement Agents on the Company's behalf (which will be promptly reimbursed)); *provided* that, except to the extent otherwise provided in this Section 6 and in Sections 8 and 10, the Placement Agents shall pay their own costs and expenses.

7. *Conditions to the Obligations of the Placement Agents and the Purchasers, and the Sale of the Stock.* The respective obligations of the Placement Agents hereunder and the Purchasers under the Subscription Agreements, and the Closing of the sale of the Stock, are subject to the accuracy, when made and on the Applicable Time and on the Closing Date, of the representations and warranties of the Company contained herein, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder, and to each of the following additional terms and conditions:

(a) No stop order suspending the effectiveness of the Registration Statement or any part thereof, preventing or suspending the use of any Base Prospectus, any Preliminary Prospectus, the Prospectus or any Permitted Free Writing Prospectus or any part thereof shall have been issued and no proceedings for that purpose or pursuant to Section 8A under the Securities Act shall have been initiated or threatened by the Commission, and all requests for additional information on the part of the Commission (to be included or incorporated by reference in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the reasonable satisfaction of the Representative; the Rule 462(b) Registration Statement, if any, each Issuer Free Writing Prospectus, if any, and the Prospectus shall have been filed with the Commission within the applicable time period prescribed for such filing by, and in compliance with, the Rules and Regulations and in accordance with Section 5(a), and the Rule 462(b) Registration Statement, if any, shall have become effective immediately upon its filing with the Commission; and the NASD shall have raised no objection to the fairness and reasonableness of the terms of this Agreement or the transactions contemplated hereby.

(b) The Placement Agents shall not have discovered and disclosed to the Company on or prior to the Closing Date that the Registration Statement or any amendment or supplement thereto contains an untrue statement of a fact which, in the opinion of counsel for the Placement Agent, is material or omits to state any fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading, or that the General Disclosure Package, any Issuer Free Writing Prospectus or the Prospectus or any amendment or supplement thereto contains an untrue statement of fact which, in the opinion of such counsel, is material or omits to state any fact which, in the opinion of such counsel, is material and is necessary in order to make the statements, in the light of the circumstances in which they were made, not misleading.

(c) All corporate proceedings and other legal matters incident to the authorization, form and validity of each of this Agreement, the Subscription Agreements, the Escrow Agreement, the Stock, the Registration Statement, the General Disclosure Package, each Issuer Free Writing Prospectus, if any, and the Prospectus and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to counsel for the Placement Agent, and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(d) Cooley Godward Kronish LLP shall have furnished to the Representative such counsel's written opinion and negative assurances statement, as counsel to the Company, addressed to the Placement Agents and the Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to counsel to the Representative as of the date hereof.

(e) Bass, Berry & Sims PLC shall have furnished to the Representative such counsel's written opinion and negative assurances statement, as counsel to the Company, addressed to the Placement Agents and the Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Representative.

(f) Pearl Cohen Zedek Latzer LLP shall have furnished to the Representative such counsel's written opinion and negative assurances statement, as special patent counsel to the Company, addressed to the Placement Agents and the Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Representative.

(g) Hogan & Hartson LLP shall have furnished to the Representative such counsel's written opinion and negative assurances statement, as special regulatory counsel to the Company, addressed to the Placement Agents and the Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Representative.

(h) The Representative shall have received from Wilmer Cutler Pickering Hale and Dorr LLP, co-counsel for the Placement Agents, a negative assurances statement, dated the Closing Date, and the Company shall have furnished to such counsel such documents as they request for enabling them to make such a statement.

(i) The Representative shall have received from Thelen Reid Brown Raysman & Steiner LLP, co-counsel for the Placement Agents, such opinion or opinions, dated the Closing Date, with respect to such matters as the Representative may reasonably require and the Company shall have furnished to such counsel such documents as they request for enabling them to pass upon such matters.

(j) At the time of the execution of this Agreement, the Representative shall have received from Ernst & Young LLP a letter, addressed to the Placement Agents and to the Company's Board of Directors, executed and dated such date, in form and substance reasonably satisfactory to the Placement Agents (i) confirming that they are an independent registered accounting firm with respect to the Company within the meaning of the Securities Act and the Rules and Regulations and PCAOB and (ii) stating the conclusions and findings of such firm, of the type ordinarily included in accountants' "comfort letters" to underwriters, with respect to the financial statements and certain financial information contained or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus.

(k) On the effective date of any post-effective amendment to any Registration Statement and on the Closing Date, the Representative shall have received a letter (the "**Bring-Down Letter**") from Ernst & Young LLP addressed to the Placement Agents and to the Company's Board of Directors and dated the Closing Date confirming, as of the date of the Bring-Down Letter (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the General Disclosure

Package and the Prospectus, as the case may be, as of a date not more than three (3) business days prior to the date of the Bring-Down Letter), the conclusions and findings of such firm, of the type ordinarily included in accountants' "comfort letters" to underwriters, with respect to the financial information and other matters covered by its letter delivered to the Representative concurrently with the execution of this Agreement pursuant to paragraph (j) of this Section 7.

(l) The Company shall have furnished to the Representative and the Purchasers a certificate, dated the Closing Date, of its Chairman of the Board, its President or a Vice President and its chief financial officer stating that (i) since the effective date of the Initial Registration Statement, no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement, the General Disclosure Package or the Prospectus, (ii) to the best of their knowledge after reasonable investigation, as of the Closing Date, the representations and warranties of the Company in this Agreement are true and correct in all material respects, except that any such representation or warranty shall be true and correct in all respects where such representation or warranty is qualified with respect to materiality, and the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date, and (iii) there has not been, subsequent to the date of the most recent unaudited financial statements included or incorporated by reference in the General Disclosure Package, any material adverse change in the financial position or results of operations of the Company or any other change or development that (i) would not have, singularly or in the aggregate, a material adverse effect on the condition (financial or otherwise), results of operations, assets, business or prospects of the Company, or (ii) would impair in any material respect the ability of the Company to perform its obligations under this Agreement or to consummate any transactions contemplated by the Agreement, the General Disclosure Package or the Prospectus, except as set forth in the Prospectus.

(m) Since the date of the latest audited financial statements included in the General Disclosure Package or incorporated by reference in the General Disclosure Package as of the date hereof, (i) the Company shall have sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth in the General Disclosure Package, and (ii) there shall not have been any change in the capital stock or long-term debt of the Company, or any change, or any development involving a prospective change, in or affecting the business, general affairs, management, financial position, stockholders' equity or results of operations of the Company, otherwise than as set forth in the General Disclosure Package, the effect of which, in any such case described in clause (i) or (ii) of this paragraph (m), is, in the judgment of the Representative, so material and adverse as to make it impracticable or inadvisable to proceed with the sale or delivery of the Stock on the terms and in the manner contemplated in the General Disclosure Package.

(n) No action shall have been taken and no law, statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency or body which would prevent the issuance or sale of the Stock or materially and adversely affect the business or operations of the Company; and no injunction, restraining order or order of any other nature by any federal or state court of competent jurisdiction shall have been issued which would prevent the issuance or sale of the Stock or materially and adversely affect the business or operations of the Company.

(o) Subsequent to the execution and delivery of this Agreement (i) no downgrading shall have occurred in the Company's corporate credit rating or the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g)(2) of the Rules and Regulations and (ii) no such organization shall have publicly announced that it has under surveillance or review (other than an announcement with positive implications of a possible upgrading), the Company's corporate credit rating or the rating of any of the Company's debt securities.

(p) Subsequent to the execution and delivery of this Agreement there shall not have occurred any of the following: (i) trading in securities generally on the New York Stock Exchange, Nasdaq GM or the American Stock Exchange or in the over-the-counter market, or trading in any securities of the Company on any exchange or in the over-the-counter market, shall have been suspended or materially limited, or minimum or maximum prices or maximum range for prices shall have been established on any such exchange or such market by the Commission, by such exchange or market or by any other regulatory body or governmental authority having jurisdiction, (ii) a banking moratorium shall have been declared by Federal or state authorities or a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States, (iii) the United States shall have become engaged in hostilities, other than current hostilities, or the subject of an act of terrorism, or there shall have been an outbreak of or escalation in hostilities involving the United States, or there shall have been a declaration of a national emergency or war by the United States or (iv) there shall have occurred such a material adverse change in general economic, political or financial conditions (or the effect of international conditions on the financial markets in the United States shall be such) as to make it, in the judgment of the Representative, impracticable or inadvisable to proceed with the sale or delivery of the Stock on the terms and in the manner contemplated in the General Disclosure Package and the Prospectus.

(q) The Representative shall have received the written agreements, substantially in the form of Exhibit B hereto, of the executive officers, directors, shareholders, optionholders and warrantholders of the Company listed in Schedule B to this Agreement.

(r) The Company shall have entered into Subscription Agreements with each of the Purchasers and such agreements shall be in full force and effect.

(s) The Company shall have entered into the Escrow Agreement and such agreement shall be in full force and effect.

(t) The Representative shall have received clearance from the NASD as to the amount of compensation allowable or payable to the Placement Agents as described in the Pricing Prospectus.

(u) Prior to the Closing Date, the Company shall have furnished to the Representative such further information, opinions, certificates, letters or documents as the Representative shall have reasonably requested.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Placement Agents.

8. *INDEMNIFICATION AND CONTRIBUTION.*

(a) The Company shall indemnify and hold harmless each Placement Agent, its affiliates and each of its and their respective directors, officers, members, employees, representatives and agents (including, without limitation Lazard Frères & Co. LLC, (which will provide services to LCM) and its affiliates, and each of its and their respective directors, officers, members, employees, representatives and agents and each person, if any, who controls Lazard Frères & Co. LLC within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and each person, if any, who controls any Placement Agent within the meaning of Section 15 of the Securities Act of or Section 20 of the Exchange Act (collectively the "**Placement Agent Indemnified Parties**," and each a "**Placement Agent Indemnified Party**") against any loss, claim, damage, expense or liability whatsoever (or any action, investigation or proceeding in respect thereof), joint or several, to which such Placement Agent Indemnified Party may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, expense, liability, action, investigation or proceeding arises out of or is based upon (A) any untrue

statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any Issuer Free Writing Prospectus, any "issuer information" filed or required to be filed pursuant to Rule 433(d) of the Rules and Regulations, any Registration Statement or the Prospectus, or in any amendment or supplement thereto or document incorporated by reference therein, or (B) the omission or alleged omission to state in any Preliminary Prospectus, any Issuer Free Writing Prospectus, any "issuer information" filed or required to be filed pursuant to Rule 433(d) of the Rules and Regulations, any Registration Statement or the Prospectus, or in any amendment or supplement thereto or document incorporated by reference therein, a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse the Placement Agent Indemnified Party promptly upon demand for any legal fees or other expenses reasonably incurred by that Placement Agent Indemnified Party in connection with investigating, or preparing to defend, or defending against, or appearing as a third party witness in respect of, or otherwise incurred in connection with, any such loss, claim, damage, expense, liability, action, investigation or proceeding, as such fees and expenses are incurred; *provided*, *however*, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, expense or liability arises out of or is based upon an untrue statement or alleged untrue statement in, or omission or alleged omission from any Preliminary Prospectus, any Registration Statement or the Prospectus, or any such amendment or supplement thereto, or any Issuer Free Writing Prospectus made in reliance upon and in conformity with written information furnished to the Company by the Representative by or on behalf of any Placement Agent specifically for use therein, which information the parties hereto agree is limited to the Placement Agents' Information (as defined in Section 18). This indemnity agreement is not exclusive and will be in addition to any liability, which the Company might otherwise have and shall not limit any rights or remedies which may otherwise be available at law or in equity to each Placement Agent Indemnified Party.

(b) Each Placement Agent, severally and not jointly, shall indemnify and hold harmless the Company and its directors, its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively the "**Company Indemnified Parties**" and each a "**Company Indemnified Party**") against any loss, claim, damage, expense or liability whatsoever (or any action, investigation or proceeding in respect thereof), joint or several, to which such Company Indemnified Party may become subject, under the Securities Act or otherwise, insofar as such loss, claim, damage, expense, liability, action, investigation or proceeding arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, any Issuer Free Writing Prospectus, any "issuer information" filed or required to be filed pursuant to Rule 433(d) of the Rules and Regulations, any Registration Statement or the Prospectus, or in any amendment or supplement thereto, or (ii) the omission or alleged omission to state in any Preliminary Prospectus, any Issuer Free Writing Prospectus, any "issuer information" filed or required to be filed pursuant to Rule 433(d) of the Rules and Regulations, any Registration Statement or the Prospectus, or in any amendment or supplement thereto, a material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by the Representative by or on behalf of any Placement Agent specifically for use therein, which information the parties hereto agree is limited to the Placement Agents' Information as defined in Section 18, and shall reimburse the Company promptly upon demand for any legal or other expenses reasonably incurred by such party in connection with investigating or preparing to defend or defending against or appearing as third party witness in connection with any such loss, claim, damage, liability, action, investigation or proceeding, as such fees and expenses are incurred. This indemnity agreement is not exclusive and will be in addition to any liability, which the Placement

Agent might otherwise have and shall not limit any rights or remedies which may otherwise be available at law or in equity to each Company Indemnified Party. Notwithstanding the provisions of this Section 8(b), in no event shall any indemnity by the Placement Agents under this Section 8(b) exceed the total compensation received by such Placement Agents in accordance with Section 2.5.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under this Section 8, notify such indemnifying party in writing of the commencement of that action; *provided, however,* that the failure to notify the indemnifying party shall not relieve it from any liability which it may have under this Section 8 except to the extent it has been materially prejudiced by such failure; and, *provided, further,* that the failure to notify an indemnifying party shall not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 8. If any such action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense of such action with counsel reasonably satisfactory to the indemnified party (which counsel shall not, except with the written consent of the indemnified party, be counsel to the indemnifying party). After notice from the indemnifying party to the indemnified party of its election to assume the defense of such action, except as provided herein, the indemnifying party shall not be liable to the indemnified party under Section 8 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense of such action other than reasonable costs of investigation; *provided, however,* that any indemnified party shall have the right to employ separate counsel in any such action and to participate in the defense of such action but the fees and expenses of such counsel (other than reasonable costs of investigation) shall be at the expense of such indemnified party unless (i) the employment thereof has been specifically authorized in writing by the Company in the case of a claim for indemnification under Section 8(a) or Section 2.6 or the Placement Agents in the case of a claim for indemnification under Section 8(b), (ii) such indemnified party shall have been advised by its counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party, or (iii) the indemnifying party has failed to assume the defense of such action and employ counsel reasonably satisfactory to the indemnified party within a reasonable period of time after notice of the commencement of the action or the indemnifying party does not diligently defend the action after assumption of the defense, in which case, if such indemnified party notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of (or, in the case of a failure to diligently defend the action after assumption of the defense, to continue to defend) such action on behalf of such indemnified party and the indemnifying party shall be responsible for legal or other expenses subsequently incurred by such indemnified party in connection with the defense of such action; *provided, however*, that the indemnifying party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys at any time for all such indemnified parties (in addition to any local counsel), which firm shall be designated in writing by LCM if the indemnified parties under this Section 8 consist of any Placement Agent Indemnified Party or by the Company if the indemnified parties under this Section 8 consist of any Company Indemnified Parties. Subject to this Section 8(c), the amount payable by an indemnifying party under Section 8 shall include, but not be limited to, (x) reasonable legal fees and expenses of counsel to the indemnified party and any other expenses in investigating, or preparing to defend or defending against, or appearing as a third party witness in respect of, or otherwise incurred in connection with, any action, investigation, proceeding or claim, and (y) all

amounts paid in settlement of any of the foregoing. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of judgment with respect to any pending or threatened action or any claim whatsoever, in respect of which indemnification or contribution could be sought under this Section 8 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party in form and substance reasonably satisfactory to such indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party. Subject to the provisions of the following sentence, no indemnifying party shall be liable for settlement of any pending or threatened action or any claim whatsoever that is effected without its written consent (which consent shall not be unreasonably withheld or delayed), but if settled with its written consent, if its consent has been unreasonably withheld or delayed or if there be a judgment for the plaintiff in any such matter, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. In addition, if at any time an indemnified party shall have requested that an indemnifying party reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated herein effected without its written consent if (i) such settlement is entered into more than forty-five (45) days after receipt by such indemnifying party of the request for reimbursement, (ii) such indemnifying party shall have received notice of the terms of such settlement at least thirty (30) days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(d) If the indemnification provided for in this Section 8 is unavailable or insufficient to hold harmless an indemnified party under Section 8(a) or Section 8(b), then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid, payable or otherwise incurred by such indemnified party as a result of such loss, claim, damage, expense or liability (or any action, investigation or proceeding in respect thereof), as incurred, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company on the one hand and the Placement Agents on the other hand from the offering of the Stock, or (ii) if the allocation provided by clause (i) of this Section 8(d) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) of this Section 8(d) but also the relative fault of the Company on the one hand and the Placement Agents on the other with respect to the statements, omissions, acts or failures to act which resulted in such loss, claim, damage, expense or liability (or any action, investigation or proceeding in respect thereof) as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Placement Agents on the other with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Stock purchased under this Agreement (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Placement Agents in connection with the Offering, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company on the one hand and the Placement Agents on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Placement Agents on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement, omission, act or failure to act; *provided* that the parties hereto agree that the written information furnished to the Company by the Representative by or on behalf of any Placement Agent for use in any Preliminary Prospectus, any Registration Statement or the Prospectus, or in any amendment or supplement thereto, consists solely of the Placement Agents' Information as defined in Section 18. The Company and the Placement

Agents agree that it would not be just and equitable if contributions pursuant to this Section 8(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage, expense, liability, action, investigation or proceeding referred to above in this Section 8(d) shall be deemed to include, for purposes of this Section 8(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating, preparing to defend or defending against or appearing as a third party witness in respect of, or otherwise incurred in connection with, any such loss, claim, damage, expense, liability, action, investigation or proceeding. Notwithstanding the provisions of this Section 8(d), no Placement Agent shall be required to contribute any amount in excess of the total compensation received by such Placement Agent in accordance with Section 2.5 less the amount of any damages which such Placement Agent has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement, omission or alleged omission, act or alleged act or failure to act or alleged failure to act. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Placement Agents' obligations to contribute as provided in this Section 8(d) are several in proportion to their respective placement obligations and not joint.

9. *Termination*. The obligations of the Placement Agents and the Purchasers hereunder and under the Subscription Agreements may be terminated by the Representative, in its absolute discretion by notice given to the Company prior to delivery of and payment for the Stock if, prior to that time, any of the events described in Sections 7(l), 7(m), 7(n) or 7(o) have occurred or if the Purchasers shall decline to purchase the Stock for any reason permitted under this Agreement or the Subscription Agreements.

10. *Reimbursement of Placement Agents' Expenses*. Notwithstanding anything to the contrary in this Agreement, if (a) this Agreement shall have been terminated pursuant to Section 9, (b) the Company shall fail to tender the Stock for delivery to the Purchasers for any reason not permitted under this Agreement, (c) the Purchasers shall decline to purchase the Stock for any reason permitted under this Agreement or (d) the sale of the Stock is not consummated because any condition to the obligations of the Purchasers or the Placement Agents set forth herein is not satisfied or because of the refusal, inability or failure on the part of the Company to perform any agreement herein or to satisfy any condition or to comply with the provisions hereof, then in addition to the payment of amounts in accordance with Section 6, the Company shall reimburse the Placement Agents for the fees and expenses of the Placement Agents' counsel and for such other out-of-pocket expenses as shall have been reasonably incurred by them in connection with this Agreement and the proposed purchase of the Stock, and upon demand the Company shall pay the full amount thereof to the Placement Agents.

11. *Authority of the representative*. Co-Agent consents and agrees that LCM will act as Representative of the Placement Agents under this Agreement and with respect to the sale of the Stock. Accordingly, Co-Agent authorizes LCM to manage the Offering and the sale of the Stock and to take such action in connection therewith as LCM in its sole discretion deems appropriate or desirable, consistent with the provisions of the Agreement Among Underwriters previously entered into between LCM and Co-Agent, taking into account that the Offering of the Stock will be in the form of a best efforts placement and not a firm commitment underwriting. Co-Agent agrees to comply with such Agreement Among Underwriters and that any action taken under this Agreement by the Representative shall be binding upon all of the Placement Agents.

12. *Absence of Fiduciary Relationship*. The Company acknowledges and agrees that:

(a) the Placement Agents' responsibility to the Company is solely contractual in nature, the Placement Agents have been retained solely to act as Placement Agents in connection with the Offering and no fiduciary, advisory or agency relationship between the Company and the

Placement Agents has been created in respect of any of the transactions contemplated by this Agreement, irrespective of whether the Placement Agents or Lazard Frères & Co. LLC have advised or are advising the Company on other matters;

(b) the price of the Stock set forth in this Agreement was established by the Company following discussions and arms-length negotiations with the Placement Agents, and the Company is capable of evaluating and understanding, and understands and accepts, the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) it has been advised that the Placement Agents and Lazard Frères & Co. LLC and their affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that the Placement Agents have no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) it waives, to the fullest extent permitted by law, any claims it may have against the Placement Agents for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Placement Agents shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company.

13. *Successors; Persons Entitled to Benefit of Agreement*. This Agreement shall inure to the benefit of and be binding upon the Placement Agents, the Company, and their respective successors and assigns. This Agreement shall also inure to the benefit of Lazard Frères & Co. LLC, the Purchasers, and each of their respective successors and assigns, which shall be third party beneficiaries hereof. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, other than the persons mentioned in the preceding sentences, any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person; except that the representations, warranties, covenants, agreements and indemnities of the Company contained in this Agreement shall also be for the benefit of the Placement Agent Indemnified Parties and the indemnities of the several Placement Agents shall be for the benefit of the Company Indemnified Parties. It is understood that the Placement Agents' responsibility to the Company is solely contractual in nature and the Placement Agents do not owe the Company, or any other party, any fiduciary duty as a result of this Agreement.

14. *Survival of Indemnities, Representations, Warranties, etc.* The respective indemnities, covenants, agreements, representations, warranties and other statements of the Company and the Placement Agents, as set forth in this Agreement or made by them respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation made by or on behalf of the Placement Agents, the Company, the Purchasers or any person controlling any of them and shall survive delivery of and payment for the Stock. Notwithstanding any termination of this Agreement, including without limitation any termination pursuant to Sections 9 or 10, the indemnity and contribution agreements contained in Section 8 and the covenants, representations, warranties set forth in this Agreement shall not terminate and shall remain in full force and effect at all times.

15. *Notices*. All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to the Placement Agents, shall be delivered or sent by mail, facsimile transmission or overnight courier to Lazard Capital Markets LLC, Attention: General Counsel, 30 Rockefeller Plaza, New York, New York 10020, Fax: 212-830-3615; and

(b) if to the Company, shall be delivered or sent by mail, facsimile transmission or overnight courier to GTx, Inc., Attention: Henry P. Doggrell, Vice President and General

Counsel, 3 North Dunlap Street, 3rd Floor, Van Vleet Building, Memphis, TN 38163, Facsimile: (901) 844-8075.

provided, however, that any notice to a Placement Agent pursuant to Section 8 shall be delivered or sent by mail, telex or facsimile transmission to such Placement Agent at its address set forth in its acceptance telex to the Placement Agents, which address will be supplied to any other party hereto by the Representative upon request. Any such statements, requests, notices or agreements shall take effect at the time of receipt thereof, except that any such statement, request, notice or agreement delivered or sent by email shall take effect at the time of confirmation of receipt thereof by the recipient thereof.

16. *Definition of Certain Terms*. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange, Inc. is open for trading.

17. ***Governing Law, Agent For Service and Jurisdiction.*** **This Agreement shall be governed by and construed in accordance with the laws of the State of New York, including without limitation Section 5-1401 of the New York General Obligations Law**. No legal proceeding may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, which courts shall have jurisdiction over the adjudication of such matters, and the Company and the Placement Agents each hereby consent to the jurisdiction of such courts and personal service with respect thereto. The Company and the Placement Agents each hereby consent to personal jurisdiction, service and venue in any court in which any legal proceeding arising out of or in any way relating to this Agreement is brought by any third party against the Company or the Placement Agents. The Company and the Placement Agents each hereby waive all right to trial by jury in any legal proceeding (whether based upon contract, tort or otherwise) in any way arising out of or relating to this Agreement. The Company agrees that a final judgment in any such legal proceeding brought in any such court shall be conclusive and binding upon the Company and the Placement Agents and may be enforced in any other courts in the jurisdiction of which the Company is or may be subject, by suit upon such judgment.

18. *Placement Agents' Information.* The parties hereto acknowledge and agree that, for all purposes of this Agreement, the Placement Agents' Information consists solely of the following information in the Prospectus: (i) the last paragraph on the front cover page concerning the terms of the offering by the Placement Agent; and (ii) the statements concerning the Placement Agents contained in the first paragraph under the heading "Plan of Distribution."

19. *Partial Unenforceability*. The invalidity or unenforceability of any section, paragraph, clause or provision of this Agreement shall not affect the validity or enforceability of any other section, paragraph, clause or provision hereof. If any section, paragraph, clause or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

20. *General*. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. In this Agreement, the masculine, feminine and neuter genders and the singular and the plural include one another. The section headings in this Agreement are for the convenience of the parties only and will not affect the construction or interpretation of this Agreement. This Agreement may be amended or modified, and the observance of any term of this Agreement may be waived, only by a writing signed by the Company and the Placement Agents.

21. *Counterparts*. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument and such signatures may be delivered by facsimile.

If the foregoing is in accordance with your understanding of the agreement between the Company and the Placement Agents, kindly indicate your acceptance in the space provided for that purpose below.

Very truly yours,

GTX, INC.

By: /s/ Henry P. Doggrell
Name: Henry P. Doggrell
Title: V.P., General Counsel

Accepted as of the date
first above written:

LAZARD CAPITAL MARKETS LLC

By: /s/ David G. McMillan, Jr.

Name: David G. McMillan, Jr.
Title: Managing Director

COWEN AND COMPANY, LLC

By: /s/ Charles E. Mather
Name: Charles E. Mather
Title: Managing Director

SCHEDULE A

General Use Free Writing Prospectuses

Final Pricing Terms, dated December 13, 2006

SCHEDULE B

OFFICERS	DIRECTORS
Mitch Steiner, MD, F.A.C.S, CEO	J.R. Hyde, III, Chairman
Marc Hanover, President & COO	Mitch Steiner, MD, F.A.C.S, CEO
Jim Dalton, PhD, VP, Preclinical R&D	Marc Hanover, President & COO
Greg Deener, VP, Marketing	Robert Karr, MD
Gary Barnette, PhD, VP, Clinical Development Strategy	Timothy R. G. Sear
Henry Doggrell, VP General Counsel	Rosemary Mazanet, MD
Mark Mosteller, VP, CFO	Andrew M. Clarkson
	John Pontius
	J. Kenneth Glass
	Michael G. Carter, MD

EXHIBIT A

[Form of Subscription Agreement]

EXHIBIT B

[Form of Lock-Up Agreement]

December __, 2006

Lazard Capital Markets LLC
Cowen and Company, LLC
c/o Lazard Capital Markets LLC
30 Rockefeller Plaza
New York, New York 10020

Re: GTx, Inc. Public Offering of Common Stock

Dear Sirs:

In order to induce Lazard Capital Markets LLC ("**LCM**"), to enter in to a certain placement agent agreement with GTx, Inc. a Delaware corporation (the "**Company**"), with respect to the public offering of shares of the Company's Common Stock, par value $0.001 per share ("**Common Stock**"), the undersigned hereby agrees that for a period (the "**lock-up period**") of ninety (90) days following the date of the final prospectus filed by the Company with the Securities and Exchange Commission in connection with such public offering, the undersigned will not, without the prior written consent of LCM, directly or indirectly, (i) offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of, any shares of Common Stock or securities convertible into or exercisable or exchangeable for Common Stock (including, without limitation, shares of Common Stock or any such securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations promulgated under the Securities Act of 1933, as the same may be amended or supplemented from time to time (such shares or securities, the "**Beneficially Owned Shares**")), (ii) enter into any swap, hedge or other agreement or arrangement that transfers in whole or in part, the economic risk of ownership of any Beneficially Owned Shares, Common Stock or securities convertible into or exercisable or exchangeable for Common Stock, or (iii) engage in any short selling of any Beneficially Owned Shares, Common Stock or securities convertible into or exercisable or exchangeable for Common Stock.

If (i) the Company issues an earnings release or material news or a material event relating to the Company occurs during the last seventeen (17) days of the lock-up period, or (ii) prior to the expiration of the lock-up period, the Company announces that it will release earnings results during the sixteen (16)-day period beginning on the last day of the lock-up period, the restrictions imposed by this Agreement shall continue to apply until the expiration of the eighteen (18)-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Notwithstanding the foregoing, the undersigned may sell or otherwise transfer shares of Common Stock or Beneficially Owned Shares (i) as a *bona fide* gift or gifts or pledge, provided that the undersigned provides prior written notice of such gift or gifts or pledge to LCM and the donee or donees or pledgee or pledgees (as the case may be) thereof agree to be bound by the restrictions set forth herein, (ii) either during the undersigned's lifetime or on death by will or intestacy to the undersigned's immediate family or to a trust, the beneficiaries of which are exclusively the undersigned and a member or members of the undersigned's immediate family, provided that the transferee thereof agrees to be bound by the restrictions set forth herein, or (iii) pursuant to any 10b-5(1) trading plans in effect as of the date of the date of the Offering or (iv) with the prior written consent of LCM. In addition, if the undersigned is a partnership, limited liability company, trust, corporation or similar entity, it may distribute the Common Stock or Beneficially Owned Shares to its partners, members or stockholders;

provided, however, that in each such case, prior to any such transfer, each transferee shall execute a duplicate form of this letter agreement (the "**Lock-Up Agreement**") or execute an agreement, reasonably satisfactory to LCM, pursuant to which each transferee shall agree to receive and hold such Common Stock or Beneficially Owned Shares subject to the provisions hereof, and there shall be no further transfer except in accordance with the provisions hereof. For the purposes of this paragraph, "**immediate family**" shall mean spouse, domestic partner, lineal descendant (including adopted children), father, mother, brother or sister of the transferor.

In addition, the undersigned hereby waives, from the date hereof until the expiration of the ninety (90) day period following the date of the Company's final prospectus, any and all rights, if any, to request or demand registration pursuant to the Securities Act of 1933, as amended, of any shares of Common Stock or securities convertible into or exercisable or exchangeable for Common Stock that are registered in the name of the undersigned or that are Beneficially Owned Shares. In order to enable the aforesaid covenants to be enforced, the undersigned hereby consents to the placing of legends and/or stop-transfer orders with the transfer agent of the Common Stock with respect to any shares of Common Stock, securities convertible into or exercisable or exchangeable for Common Stock or Beneficially Owned Shares.

[Signatory]

By: _____

Name:

Title:

Exhibit 5.1

Cooley
GODWARD KRONISH LLP

December 13, 2006

GTx, Inc.
3 N. Dunlap Street, 3rd Floor
Van Vleet Building
Memphis, TN 38163

Ladies and Gentlemen:

You have requested our opinion with respect to certain matters in connection with the sale by GTx, Inc., a Delaware corporation (the "**Company**"), of up to 3,799,600 shares of the Company's common stock, par value $0.001 per share (the "**Shares**"), pursuant to the Registration Statement on Form S-3 originally filed with the Securities and Exchange Commission (the "**Commission**") under the Securities Act of 1933, as amended (the "**Act**") on August 4, 2005 (the "**Initial Registration Statement**"), as amended and supplemented by subsequent filings, including the Registration Statement on Form S-3 filed with the Commission pursuant to Rule 462(b) of the Act (together with the Initial Registration Statement, the "**Registration Statements**"), and the related Prospectus and Prospectus Supplement to be filed with the Commission. All of the Shares are to be sold by the Company as described in the Registration Statements and the related Prospectus and Prospectus Supplement.

In connection with this opinion, we have examined and relied upon the Registration Statements and related Prospectus included therein, the Prospectus Supplement to be filed with the Commission pursuant to Rule 424 under the Act, the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, as currently in effect, and the originals or copies certified to our satisfaction of such other documents, records, certificates, memoranda and other instruments as we deem necessary or appropriate to enable us to render the opinion expressed below. We have assumed the genuineness and authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies thereof and the due execution and delivery of all documents where due execution and delivery are a prerequisite to the effectiveness thereof.

On the basis of the foregoing, and in reliance thereon, we are of the opinion that the Shares, when sold and issued in accordance with the Registration Statements and the related Prospectus and Prospectus Supplement, will be validly issued, fully paid and non-assessable.

We consent to the reference to our firm under the caption "Legal Matters" in the Prospectus Supplement and the Prospectus included in the Registration Statements and to the filing of this opinion as an exhibit to the Registration Statements.

Very truly yours,

Cooley Godward Kronish LLP

/s/ Suzanne Sawochka Hooper

Suzanne Sawochka Hooper

Exhibit 10.1

SUBSCRIPTION AGREEMENT

GTx, Inc.
3 North Dunlap Street, 3rd Floor
Van Vleet Building
Memphis, TN 38163

Gentlemen:

The undersigned (the "*Investor*") hereby confirms its agreement with you as follows:

1. This Subscription Agreement (this "*Agreement*") is made as of the date set forth below between GTx, Inc., a Delaware corporation (the "*Company*"), and the Investor.

2. The Company has authorized the sale and issuance to certain investors of up to an aggregate of 3,799,600 shares (the "*Shares*") of its common stock, par value $0.001 per share (the "*Common Stock*"), subject to adjustment by the Company's Board of Directors, or a committee thereof, for a purchase price of $16.00 per share (the "*Purchase Price*").

3. The offering and sale of the Shares (the "*Offering*") are being made pursuant to (1) an effective Registration Statement on Form S-3 (including the Prospectus contained therein (the "*Base Prospectus*"), and an abbreviated registration statement to be filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "*Act*"), the "*Registration Statement*") filed by the Company with the Securities and Exchange Commission (the "*Commission*"), (2) a preliminary Prospectus Supplement dated December 13, 2006 (the "*Preliminary Prospectus Supplement"*), (3) "free writing prospectus" (as that term is defined in Rule 405 under the Act, that has been or will be filed with the Commission and delivered to the Investor on or prior to the date hereof and (4) a Prospectus Supplement (the "*Prospectus Supplement*" and together with the Base Prospectus and the Preliminary Prospectus Supplement, the "*Prospectus*") containing certain supplemental information regarding the Shares and terms of the Offering that will be filed with the Commission and delivered to the Investor (or made available to the Investor by the filing by the Company of an electronic version thereof with the Commission).

4. The Company and the Investor agree that the Investor will purchase from the Company and the Company will issue and sell to the Investor the Shares of Common Stock set forth below for the aggregate purchase price set forth below. The Shares shall be purchased pursuant to the Terms and Conditions for Purchase of Shares attached hereto as Annex I and incorporated herein by this reference as if fully set forth herein. The Investor acknowledges that the Offering is not being underwritten by the placement agents (the "*Placement Agents*") named in the Prospectus Supplement and that there is no minimum offering amount.

5. The manner of settlement of the Shares purchased by the Investor shall be determined by such Investor as follows (check one):

[_____] A. Delivery by electronic book-entry at The Depository Trust Company ("*DTC*"), registered in the Investor's name and address as set forth below, and released by Computershare Investor Services, the Company's transfer agent (the "*Transfer Agent*"), to the Investor at the Closing. **NO LATER THAN ONE (1) BUSINESS DAY AFTER THE EXECUTION**

OF THIS AGREEMENT BY THE INVESTOR AND THE COMPANY, THE INVESTOR SHALL:

(I) DIRECT THE BROKER-DEALER AT WHICH THE ACCOUNT OR ACCOUNTS TO BE CREDITED WITH THE SHARES ARE MAINTAINED TO SET UP A DEPOSIT/WITHDRAWAL AT CUSTODIAN (“*DWAC*”) INSTRUCTING THE TRANSFER AGENT TO CREDIT SUCH ACCOUNT OR ACCOUNTS WITH THE SHARES, AND

(II) REMIT BY WIRE TRANSFER THE AMOUNT OF FUNDS EQUAL TO THE AGGREGATE PURCHASE PRICE FOR THE SHARES BEING PURCHASED BY THE INVESTOR TO THE FOLLOWING ACCOUNT:

THE CITIBANK PRIVATE BANK
666 Fifth Avenue, 5th Floor
New York, NY 10103
ABA # 021-000-089
Account Name: Thelen Reid Brown Raysman & Steiner LLP, as escrow agent for the account of GTx, Inc.
Account Number: 9971719262

— OR —

[____] B. Delivery versus payment (“*DVP*”) through DTC (i.e., the Company shall deliver Shares registered in the Investor’s name and address as set forth below and released by the Transfer Agent to the Investor through DTC at the Closing directly to the account(s) at Lazard Capital Markets LLC (“*LCM*”) identified by the Investor and simultaneously therewith payment shall be made by LCM by wire transfer to the Company. **NO LATER THAN ONE (1) BUSINESS DAY AFTER THE EXECUTION OF THIS AGREEMENT BY THE INVESTOR AND THE COMPANY, THE INVESTOR SHALL:**

(I) NOTIFY LCM OF THE ACCOUNT OR ACCOUNTS AT LCM TO BE CREDITED WITH THE SHARES BEING PURCHASED BY SUCH INVESTOR, AND

(II) CONFIRM THAT THE ACCOUNT OR ACCOUNTS AT LCM TO BE CREDITED WITH THE SHARES BEING PURCHASED BY THE INVESTOR HAVE A MINIMUM BALANCE EQUAL TO THE AGGREGATE PURCHASE PRICE FOR THE SHARES BEING PURCHASED BY THE INVESTOR.

IT IS THE INVESTOR’S RESPONSIBILITY TO (A) MAKE THE NECESSARY WIRE TRANSFER OR CONFIRM THE PROPER ACCOUNT BALANCE IN A TIMELY MANNER AND (B) ARRANGE FOR SETTLEMENT BY WAY OF DWAC OR DVP IN A TIMELY MANNER. IF THE INVESTOR DOES NOT DELIVER THE AGGREGATE PURCHASE PRICE FOR THE SHARES OR DOES NOT MAKE PROPER ARRANGEMENTS FOR SETTLEMENT IN A TIMELY MANNER, THE SHARES MAY NOT BE DELIVERED AT CLOSING TO THE INVESTOR OR THE INVESTOR MAY BE EXCLUDED FROM THE CLOSING ALTOGETHER.

6. The Investor represents that, except as set forth below, (a) it has had no position, office or other material relationship within the past three years with the Company or persons known to it to be affiliates of the Company, (b) it is not a NASD member or an Associated Person (as such term is defined under the NASD Membership and Registration Rules Section 1011) as of the Closing, and (c) neither the Investor nor any group of Investors (as identified in a public filing made with the Commission) of which the Investor is a part in connection with the Offering of the Shares, acquired, or obtained the right to acquire, 20% or more of the Common Stock (or securities convertible into or exercisable for Common Stock) or the voting power of the Company on a post-transaction basis. Exceptions:

(If no exceptions, write "none." If left blank, response will be deemed to be "none.")

7. The Investor represents that it has received (or otherwise had made available to it by the filing by the Company of an electronic version thereof with the Commission) the Base Prospectus, dated August 17, 2005, which is a part of the Company's Registration Statement, the documents incorporated by reference therein, the Preliminary Prospectus Supplement, and any free writing prospectus (collectively, the "*Disclosure Package*"), prior to or in connection with the receipt of this Agreement. The Investor acknowledges that, prior to the delivery of this Agreement to the Company, the Investor will receive certain additional information regarding the Offering, including pricing information (the "*Offering Information*"). Such information may be provided to the Investor by any means permitted under the Act, including a free writing prospectus or oral communications. Specifically, the Investor represents that it has reviewed the Preliminary Prospectus Supplement, dated December 13, 2006, including without limitation the information set forth under the heading "GTX, Inc. — Recent Developments" on page S-5, the Investor acknowledges that such Preliminary Prospectus Supplement contains information that may be material to the Company and its securities that will not be disclosed to the public until the Company files a Current Report on Form 8-K in accordance with Section 13 of Annex I hereto, and the Investor agrees not to transact or agree to transact in the Company's securities or otherwise use such information unless (a) the Company files with the SEC on December 13, 2006 a Current Report on Form 8-K in accordance with Section 13 of Annex I hereto and (b) the Nasdaq Global Market has opened for regular trading on December 14, 2006.

8. No offer by the Investor to buy Shares will be accepted and no part of the Purchase Price will be delivered to the Company until the Investor has received the Offering Information and the Company has accepted such offer by countersigning a copy of this Agreement, and any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time prior to the Company (or LCM on behalf of the Company) sending (orally, in writing or by electronic mail) notice of its acceptance of such offer. An indication of interest will involve no obligation or commitment of any kind until the Investor has been delivered the Offering Information and this Agreement is accepted and countersigned by or on behalf of the Company.

Number of Shares: _____

Purchase Price Per Share: $ _____

Aggregate Purchase Price: $ _____

Please confirm that the foregoing correctly sets forth the agreement between us by signing in the space provided below for that purpose.

Dated as of: December __, 2006

_____

INVESTOR
By: _____
Print Name: _____
Title: _____
Address: _____

_____

Agreed and Accepted
this ___day of December, 2006:

GTX, INC.

By: _____
Title:

ANNEX I

TERMS AND CONDITIONS FOR PURCHASE OF SHARES

1. Authorization and Sale of the Shares. Subject to the terms and conditions of this Agreement, the Company has authorized the sale of the Shares.

2. Agreement to Sell and Purchase the Shares; Placement Agents.

2.1 At the Closing (as defined in Section 3.1), the Company will sell to the Investor, and the Investor will purchase from the Company, upon the terms and conditions set forth herein, the number of Shares set forth on the last page of the Agreement to which these Terms and Conditions for Purchase of Shares are attached as Annex I (the "*Signature Page*") for the aggregate purchase price therefor set forth on the Signature Page.

2.2 The Company proposes to enter into substantially this same form of Subscription Agreement with certain other investors (the "*Other Investors*") and expects to complete sales of Shares to them. The Investor and the Other Investors are hereinafter sometimes collectively referred to as the "*Investors*," and this Agreement and the Subscription Agreements executed by the Other Investors are hereinafter sometimes collectively referred to as the "*Agreements.*"

2.3 Investor acknowledges that the Company has agreed to pay Lazard Capital Markets ("LCM") on behalf of the Placement Agents a fee (the "*Placement Fee*") in respect of the sale of Shares to the Investor.

2.4 The Company has entered into a Placement Agent Agreement, dated December 13, 2006 (the "*Placement Agreement*"), with the Placement Agents that contains certain representations, warranties, covenants and agreements of the Company that may be relied upon by the Investor, which shall be a third party beneficiary thereof.

3. Closings and Delivery of the Shares and Funds.

3.1 Closing. The completion of the purchase and sale of the Shares (the "*Closing*") shall occur at a place and time (the "*Closing Date*") to be specified by the Company and LCM, and of which the Investors will be notified in advance by LCM, in accordance with Rule 15c6-1 promulgated under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"). At the Closing, (a) the Company shall cause the Transfer Agent to deliver to the Investor the number of Shares set forth on the Signature Page registered in the name of the Investor or, if so indicated on the Investor Questionnaire attached hereto as Exhibit A, in the name of a nominee designated by the Investor and (b) the aggregate purchase price for the Shares being purchased by the Investor will be delivered by or on behalf of the Investor to the Company.

3.2 Conditions to the Company's Obligations. (a) The Company's obligation to issue and sell the Shares to the Investor shall be subject to: (i) the receipt by the Company of the purchase price for the Shares being purchased hereunder as set forth on the Signature Page and (ii) the accuracy of the representations and warranties made by the Investor and the fulfillment of those undertakings of the Investor to be fulfilled prior to the Closing Date.

(b) **Conditions to the Investor's Obligations.** The Investor's obligation to purchase the Shares will be subject to the accuracy of the representations and warranties made by the Company and the fulfillment of those undertakings of the Company to be fulfilled prior to the Closing Date, including without limitation, those contained in the Placement Agreement, and to the condition that the Placement Agents shall not have: (a) terminated the Placement Agreement pursuant to the terms thereof or (b) determined that the conditions to the closing in the Placement Agreement have not been satisfied. The Investor's obligations are expressly not conditioned on the purchase by any or all of the Other Investors of the Shares that they have agreed to purchase from the Company.

3.3 Delivery of Funds.

(a) Delivery by Electronic Book-Entry at The Depository Trust Company. If the Investor elects to settle the Shares purchased by such Investor through delivery by electronic book-entry at DTC, **no later than one (1) business day after the execution of this Agreement by the Investor and the Company**, the Investor shall remit by wire transfer the amount of funds equal to the aggregate purchase price for the Shares being purchased by the Investor to the following account designated by the Company and LCM pursuant to the terms of that certain Escrow Agreement (the "*Escrow Agreement*") dated as of December 13, 2006, by and among the Company, the Placement Agents and Thelen Reid Brown Raysman & Steiner LLP (the "*Escrow Agent*"):

THE CITIBANK PRIVATE BANK
666 Fifth Avenue, 5th Floor
New York, NY 10103
ABA # 021-000-089
Account Name: Thelen Reid Brown Raysman & Steiner LLP, as escrow agent
for the account of GTx, Inc.
Account Number: 9971719262

Such funds shall be held in escrow until the Closing and delivered by the Escrow Agent on behalf of the Investors to the Company upon the satisfaction, in the sole judgment of LCM, of the conditions set forth in Section 3.2(b) hereof. The Placement Agents shall have no rights in or to any of the escrowed funds, unless the Placement Agents and the Escrow Agent are notified in writing by the Company in connection with the Closing that a portion of the escrowed funds shall be applied to the Placement Fee. The Company and the Investor agree to indemnify and hold the Escrow Agent harmless from and against any and all losses, costs, damages, expenses and claims (including, without limitation, court costs and reasonable attorneys fees) ("*Losses*") arising under this Section 3.3 or otherwise with respect to the funds held in escrow pursuant hereto or arising under the Escrow Agreement, unless it is finally determined that such Losses resulted directly from the willful misconduct or gross negligence of the Escrow Agent. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for any special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

Investor shall also furnish to LCM a completed W-9 form (or, in the case of an Investor who is not a United States citizen or resident, a W-8 form).

Investor acknowledges that the Escrow Agent acts as counsel to the Placement Agents, and shall have the right to continue to represent the Placement Agents, in any action,

proceeding, claim, litigation, dispute, arbitration or negotiation in connection with the Offering, and Investor hereby consents thereto and waives any objection to the continued representation of the Placement Agents by the Escrow Agent in connection therewith based upon the services of the Escrow Agent under the Escrow Agreement, without waiving any duty or obligation the Escrow Agent may have to any other person.

(b) Delivery Versus Payment through The Depository Trust Company. If the Investor elects to settle the Shares purchased by such Investor by delivery versus payment through DTC, **no later than one (1) business day after the execution of this Agreement by the Investor and the Company**, the Investor shall confirm that the account or accounts at LCM to be credited with the Shares being purchased by the Investor have a minimum balance equal to the aggregate purchase price for the Shares being purchased by the Investor.

3.4 Delivery of Shares.

(a) Delivery by Electronic Book-Entry at The Depository Trust Company. If the Investor elects to settle the Shares purchased by such Investor through delivery by electronic book-entry at DTC, **no later than one (1) business day after the execution of this Agreement by the Investor and the Company**, the Investor shall direct the broker-dealer at which the account or accounts to be credited with the Shares being purchased by such Investor are maintained, which broker/dealer shall be a DTC participant, to set up a Deposit/Withdrawal at Custodian ("DWAC") instructing Computershare Investor Services, the Company's transfer agent, to credit such account or accounts with the Shares by means of an electronic book-entry delivery. Such DWAC shall indicate the settlement date for the deposit of the Shares, which date shall be provided to the Investor by LCM. Simultaneously with the delivery to the Company by the Escrow Agent of the funds held in escrow pursuant to Section 3.3 above, the Company shall direct its transfer agent to credit the Investor's account or accounts with the Shares pursuant to the information contained in the DWAC.

(b) Delivery Versus Payment through The Depository Trust Company. If the Investor elects to settle the Shares purchased by such Investor by delivery versus payment through DTC, **no later than one (1) business day after the execution of this Agreement by the Investor and the Company**, the Investor shall notify LCM of the account or accounts at LCM to be credited with the Shares being purchased by such Investor. On the Closing Date, the Company shall deliver the Shares to the Investor through DTC directly to the account(s) at LCM identified by Investor and simultaneously therewith payment shall be made by LCM by wire transfer to the Company.

4. Representations, Warranties and Covenants of the Investor.

The Investor represents and warrants to, and agrees with, the Company and the Placement Agents that:

4.1 The Investor (a) is knowledgeable, sophisticated and experienced in making, and is qualified to make decisions with respect to, investments in shares presenting an investment decision like that involved in the purchase of the Shares, including investments in securities issued by the Company and investments in comparable companies, (b) has answered all questions on the Signature Page and the Investor Questionnaire and the answers thereto are true and correct as of the date hereof and will be true and correct as of the Closing Date and (c) in connection with its decision to purchase the number of Shares set forth on the Signature Page, has received and is relying only upon the Disclosure Package and the documents incorporated by reference therein.

4.2 The Investor acknowledges that: (a) no action has been or will be taken in any jurisdiction outside the United States by the Company or the Placement Agents that would permit an offering of the Shares, or possession or distribution of offering materials in connection with the issue of the Shares in any jurisdiction outside the United States where action for that purpose is required, (b) if the Investor is outside the United States, it will comply with all applicable laws and regulations in each foreign jurisdiction in which it purchases, offers, sells or delivers Shares or has in its possession or distributes any offering material, in all cases at its own expense and (c) the Placement Agents are not authorized to make and have not made any representation, disclosure or use of any information in connection with the issue, placement, purchase and sale of the Shares, except as set forth or incorporated by reference in the Base Prospectus or the Prospectus Supplement.

4.3 (a) The Investor has full right, power, authority and capacity to enter into this Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and (b) this Agreement constitutes a valid and binding obligation of the Investor enforceable against the Investor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' and contracting parties' rights generally and except as enforceability may be subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and except as to the enforceability of any rights to indemnification or contribution that may be violative of the public policy underlying any law, rule or regulation (including any federal or state securities law, rule or regulation).

4.4 The Investor understands that nothing in this Agreement, the Prospectus or any other materials presented to the Investor in connection with the purchase and sale of the Shares constitutes legal, tax or investment advice. The Investor has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of Shares.

4.5 Since the date on which any Placement Agent first contacted such Investor about the Offering, it has not engaged in any transactions in the securities of the Company (including, without limitation, any Short Sales involving the Company's securities) and has not violated its obligations of confidentiality. Each Investor covenants that it will not engage in any transactions in the securities of the Company (including Short Sales) or disclose any information about the Offering (other than to advisors that are under a legal obligation of confidentiality) prior to the later of (a) the time that the transactions contemplated by this Agreement are publicly disclosed and (b) the open of regular trading on the Nasdaq Global Market on December 13, 2006. Each Investor agrees that it will not use any of the Shares acquired pursuant to this Agreement to cover any short position in the Common Stock if doing so would be in violation of applicable securities laws. For purposes hereof, "Short Sales" include, without limitation, all "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act, whether or not against the box, and all types of direct and indirect stock pledges, forward sales contracts, options, puts, calls, short sales, swaps, "put equivalent positions" (as defined in Rule 16a-1(h) under the Exchange Act) and similar arrangements (including on a total return basis), and sales and other transactions through non-US broker dealers or foreign regulated brokers.

5. Survival of Representations, Warranties and Agreements; Third Party Beneficiary. Notwithstanding any investigation made by any party to this Agreement or by the Placement Agents, all covenants, agreements, representations and warranties made by the Company

and the Investor herein will survive the execution of this Agreement, the delivery to the Investor of the Shares being purchased and the payment therefor for a period of eighteen (18) months following the delivery to the Investor of the Shares. The Placement Agents and Lazard Fréres & Co. shall be third party beneficiaries with respect to the representations, warranties and agreements of the Investor in Section 4 hereof.

6. Notices. All notices, requests, consents and other communications hereunder will be in writing, will be mailed (a) if within the domestic United States by first-class registered or certified airmail, or nationally recognized overnight express courier, postage prepaid, or by facsimile or (b) if delivered from outside the United States, by International Federal Express or facsimile, and will be deemed given (i) if delivered by first-class registered or certified mail domestic, three business days after so mailed, (ii) if delivered by nationally recognized overnight carrier, one business day after so mailed, (iii) if delivered by International Federal Express, two business days after so mailed and (iv) if delivered by facsimile, upon electric confirmation of receipt and will be delivered and addressed as follows:

(a) if to the Company, to:

GTx, Inc.
3 North Dunlap Street, 3rd Floor
Van Vleet Building
Memphis, TN 38163
Attention: Henry P. Doggrell, Vice President, General Counsel
Facsimile: (901) 844-8075

with copies (which shall not constitute notice) to:

Cooley Godward Kronish LLP
Five Palo Alto Square
3000 El Camino Real
Palo Alto, CA 94306-2155
Attention: Suzanne Sawochka Hooper, Esq.
Facsimile: (650) 849-7400

(b) if to the Investor, at its address on the Signature Page hereto, or at such other address or addresses as may have been furnished to the Company in writing.

7. Changes. This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and the Investor.

8. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and will not be deemed to be part of this Agreement.

9. Severability. In case any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

10. Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of New York, without giving effect to the principles of conflicts of law that would require the application of the laws of any other jurisdiction.

11. Counterparts. This Agreement may be executed in two or more counterparts, each of which will constitute an original, but all of which, when taken together, will constitute but one instrument, and will become effective when one or more counterparts have been signed by each party hereto and delivered to the other parties. The Company and the Investor acknowledge and agree that the Company shall deliver its counterpart to the Investor along with the Prospectus Supplement (or the filing by the Company of an electronic version thereof with the Commission).

12. Confirmation of Sale. The Investor acknowledges and agrees that such Investor's receipt of the Company's counterpart to this Agreement, together with the Prospectus Supplement (or the filing by the Company of an electronic version thereof with the Commission), shall constitute written confirmation of the Company's sale of Shares to such Investor.

13. Press Release; Form 8-K. The Company and the Investor agree that the Company shall issue a press release and file a Form 8-K announcing the Offering and any other material information regarding the Company that is contained in the Preliminary Prospectus Supplement.

14. Termination. In the event that the Placement Agreement is terminated by the Placement Agents pursuant to the terms thereof, this Agreement shall terminate without any further action on the part of the parties hereto.

EXHIBIT A

GTX, INC.

INVESTOR QUESTIONNAIRE

Pursuant to Section 3 of Annex I to the Agreement, please provide us with the following information:

1. The exact name that your Shares are to be registered in. You may use a nominee name if appropriate: _____

2. The relationship between the Investor and the registered holder listed in response to item 1 above: _____

3. The mailing address of the registered holder listed in response to item 1 above: _____

4. The Social Security Number or Tax Identification Number of the registered holder listed in the response to item 1 above: _____

5. Name of DTC Participant (broker-dealer at which the account or accounts to be credited with the Shares are maintained): _____

6. DTC Participant Number: _____

7. Name of Account at DTC Participant being credited with the Shares: _____

8. Account Number at DTC Participant being credited with the Shares: _____