

## **GUIDELINES ON GOVERNANCE ISSUES**

### **Revised February 11, 2015**

**Mission of the Board of Directors.** The prime mission of the Board of Directors of GTx, Inc. (“Board”) is to enhance shareholder value over time. The responsibility of the Board is to review and regularly monitor the effectiveness of the Company’s operating, financial and other business plans, policies and decisions, including the execution of its strategies and objectives. The Board will be responsible for the selection and appointment of the Company’s Chief Executive Officer together with ongoing review of that officer’s performance. The Board will act through its standing committees, including its Nominating and Corporate Governance Committee (“Governance Committee”), which is charged with the responsibility of identifying and recommending individuals to the Board and assessing their effectiveness on at least an annual basis, as well as developing and recommending corporate governance policies for the Company. The Audit Committee will meet regularly as necessary to provide oversight on the quality and integrity of the Company’s financial statements, the effectiveness of the Company’s internal controls and the Company’s compliance with legal and regulatory requirements. The Scientific Advisory Committee will review and evaluate the Company’s research strategy and research, development and clinical programs, and the Compensation Committee will be responsible for establishing and overseeing compensation packages for the Company’s executive officers and reviewing periodically compensation policies for all Company personnel.

The Board believes that its objectives will be best served by following the fundamental corporate governance principles described in this document and the charters of its various committees. Collectively, these principles demonstrate the Board’s accountability and its desire that the Company achieve superior business results.

These guidelines are not intended to supersede or interpret any law or regulation or the Company’s Certificate of Incorporation or its Bylaws.

## **1. STRUCTURE OF THE BOARD**

**1.1 Size.** The Board presently is composed of 7 directors, including the Company’s Chief Executive Officer, its Executive Chairperson and 5 independent directors. The size of the Board is satisfactory under current circumstances, but can be adjusted as needed from time to time to reflect the changing needs of the Company.

**1.2 Mix of Inside and Independent Directors.** The Board should be composed predominately of independent directors, and the Board has determined that no more than 2 members of management should serve on the Board at any one time.

**1.2.1 Independent Director Defined.** An “independent director” means a person who fully complies with applicable legal and stock exchange

requirements for serving as an independent member of the Board, as determined by the Board. In addition, “independent director,” as applied to Board Committee members, means a person who fully meets the applicable legal and stock exchange requirements for serving as a member of the applicable Committee, as determined by the Board. Each director’s status under these definitions should be reviewed annually by the Governance Committee to determine if any director’s status has changed. If the Governance Committee should determine that a director’s status has changed, this will be reported to the Board, which will determine if (i) the Company remains in compliance with applicable legal and stock exchange requirements, (ii) the director should be replaced on the Board and/or the applicable Board Committee, or (iii) whether additional directors should be considered for the Board.

**1.2.2 Management Directors.** The Company’s Chief Executive Officer should be a member of the Board, and no more than two members of management may serve on the Board at the same time.

**1.3 Board Membership Criteria.** The Governance Committee is responsible for recommending to the Board the type of skills and characteristics required of directors, based on the needs of the Company from time to time. This assessment should include issues of relevant experience, intelligence, independence, commitment, compatibility with the Chief Executive Officer and the Board culture, prominence, understanding of the Company’s business, and other factors deemed relevant. The Governance Committee should confer with the full Board about the criteria it intends to apply before a search for a new director is commenced.

**1.4 New Director Candidates.** The Board will nominate new directors only from candidates screened and approved by the Governance Committee. Any director or any executive officer of the Company may recommend a candidate to the Governance Committee for its consideration. If the Board approves a candidate recommended by the Governance Committee, either the Chairperson or the Lead Director of the Board should extend the invitation to the candidate.

**1.5 Directors Who Materially Change Their Job Responsibility.** Individual directors who retire or materially change the responsibility they held when they were elected to the Board (or now hold, as to present directors) should promptly notify the Governance Committee. They will not be required to leave the Board unless the Board, on the recommendation of the Governance Committee, determines that it will be in the best interest of the Company that the director submits his or her resignation so the Governance Committee can find a suitable replacement to serve on the Board.

**1.6 Term of Board Service.** The Company has staggered terms for its Board members because it believes it is the best interest of the Company to have knowledgeable and experienced Board members serving on the Board at all times. Each director will stand

for reelection every three years. Term limits for Board membership are not necessary; however, no director should have an expectation of permanent membership.

**1.7 Retirement Age.** The Board does not believe that arbitrary age limits on directors' service are appropriate. However, a director's nomination and reappointment to the Board is at the discretion of the Governance Committee, and the directors should not expect that they will again be nominated when their respective terms expire.

**1.8 Former Officers.** The Chief Executive Officer (and any other officer of the Company, if he or she is a member of the Board) will offer his or her resignation to the Board when he or she ceases to be the Chief Executive Officer (or an officer, as the case may be). The Governance Committee will consider all of the relevant facts and circumstances and recommend to the Board the action to be taken with respect to such offer of resignation. The Board will then act on the Governance Committee's recommendation.

**1.9 Board Compensation.** Management should report at least annually to the Governance Committee about the status of Board compensation in relation to compensation paid by other comparable companies. Director fees and benefits should be determined with appropriate reference to the fees and benefits for directors of comparable companies. A portion of each director's compensation should be in the form of Company equity awards. Changes in Board compensation, if any, should come at the recommendation of the Governance Committee to the Compensation Committee. The Compensation Committee will be responsible for considering whether director compensation should be modified and, if so, to what extent. The Compensation Committee will make its recommendation to the Board for its consideration and approval.

**1.10 Other Directorships.** Independent directors are encouraged to limit the number of other boards on which they serve, taking into account potential Board attendance and their participation and effectiveness on the Board. Independent directors and the Chief Executive Officer should also advise the Chairperson of the Board and the Chairperson of the Governance Committee in advance of accepting an invitation to serve on another board of a public company. No director should serve on the Audit Committee of more than two other public companies. Approval of the Governance Committee is required before any executive officer, including the Chief Executive Officer, accepts any directorship with any public company, provided that the Chief Executive Officer, in any event, should not serve as a director of more than two other public companies.

## **2. BOARD LEADERSHIP AND PROCEDURAL MATTERS**

**2.1 Board Leadership.** The Board is free to choose its Chairperson and Chief Executive Officer in any manner that is in the best interests of the Company at the time. In this regard, the Board does not have a fixed policy as to whether the role of the Chief Executive Officer and Chairperson should be separate. When the Chairperson of the

Board also serves as the Chief Executive Officer, as another executive officer or is otherwise not an independent director, the Board may designate an independent director who acts as Lead Director. If the Chairperson of the Board position is held by an independent director, then the Board shall not designate a Lead Director. If the Board designates a Lead Director, such person shall be an independent director (as applied to members of the Board generally), shall be responsible for coordinating the activities of the independent directors and shall have the authority to call meetings of such independent directors. The specific responsibilities of the Lead Director shall include the following:

- providing leadership to the Board complementary to the Chairperson of the Board;
- consulting with the Chairperson and the Chief Executive Officer as to an appropriate schedule of Board meetings, seeking to ensure that the independent directors can perform their duties responsibly;
- providing the Chairperson and the Chief Executive Officer with input as to the preparation of the agendas for Board meetings;
- consulting with the Chairperson and the Chief Executive Officer from time to time as to the quality, quantity and timeliness of the flow of information from Company management that is necessary for the independent directors to effectively and responsibly perform their duties;
- coordinating and developing the agenda for, and chairing, executive sessions of the Board's independent directors;
- acting as principal liaison between the independent directors and the Chairperson and the Chief Executive Officer;
- being available to consult and communicate with major stockholders, as applicable, or as requested by the Board;
- chairing Board meetings if the Chairperson of the Board is not in attendance; and
- performing such other duties as the Board may determine.

## **2.2 Board Meetings.**

**2.2.1 Agendas.** Subject to the input of the Lead Director, if one is appointed, the Chairperson and the Chief Executive Officer will have primary responsibility for preparing the agenda for each Board meeting and arranging for it to be sent in advance of the meeting to directors along with appropriate written information and background materials so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the materials. Each Board Committee, and each individual director, is encouraged to suggest items for inclusion on the agenda.

**2.2.2 Frequency of Meetings.** The Board expects to have at least four regularly scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the business.

**2.2.3 Executive Sessions of Independent Directors.** The independent directors will meet in executive session at all regularly scheduled Board meetings, and otherwise as needed. These sessions will be chaired by the Chairperson of the Board as long as he or she is an independent director, or if the Chairperson is not an independent director, by the Lead Director if a Lead Director has been designated. If the Chairperson is not an independent director and a Lead Director has not been designated, or if the Chairperson or Lead Director, as applicable, is not present for a particular executive session, such session will be chaired by an independent director selected by a majority of the independent directors attending the meeting.

**2.2.4 Governance Decisions.** Decisions on matters of corporate governance will be made by the Board, upon recommendation of the Governance Committee of the Board.

**2.2.5 Attendance of Non-Directors at Board Meetings.** Attendance of any non-director at any Board meeting is subject to the discretion of the Board. Subject to the Board deciding otherwise, the Board encourages management to bring officers and managers into the Board meetings from time to time when these persons can provide additional insight into the matters being discussed or if these persons have the potential in the future to become members of senior management.

**2.2.6 Conduct of Meetings.** The Chairperson should conduct the Board meetings on the assumption that each director has carefully reviewed all Board materials supplied to each director prior to the meeting. Additionally, the Chairperson should expect, and encourage open, candid and respectful discussion by and among the directors. The focus at Board meetings should be strategic and on “big picture” items.

**2.2.7 Conflicts of Interest.** Each director is required to disclose to the Board (or the Audit Committee) any financial interest or personal interest that he or she has in any contract or transaction that is being considered by the Board (or the Audit Committee) for approval. After any such disclosure and responding to any questions any other director may have, the interested director should abstain from voting on the matter. If the Chairperson, or in his or her absence the person presiding over the particular agenda item, requests that the interested director leave the meeting during the deliberation and vote on the matter, he or she shall honor this request and leave the meeting.

**2.2.8 Related Party Transactions.** Each director and all officers of the Company shall abide by the policy on “related party transactions” attached hereto as Attachment 1.

## **2.3 Information Provided to the Board; Communications.**

**2.3.1 Pre-Meeting.** Information that is important to the matters that will be discussed at Board meetings should be distributed at least 5 days in advance of the meeting, if possible, so that the Board meeting time can be conserved for substantive discussion, provided that it is recognized that some “sensitive” information may be best disclosed and discussed at the meeting and the Board will leave it to the discretion of the Chairperson and the Chief Executive Officer to omit such information from information distributed to the directors prior to a meeting, with the understanding that sufficient time will be allocated at the meeting to fully discuss the matter with the Board.

**2.3.2 Between Meetings.** The Chief Executive Officer should continue to advise the Board candidly of any significant developments between meetings, through a suitable method of communication.

**2.3.3 Communications.** Candid, regular discussions between directors and the Chief Executive Officer, and among directors, are encouraged.

**2.3.4 Emergency Communications.** The Chief Executive Officer, Chairperson or Chief Legal Officer will notify the Board as soon as reasonably possible of any events that may have a material adverse impact on the operations or reputation of the Company.

**2.4 Counsel and Advisors.** The Board may retain outside legal counsel and other advisors at their direction and at the expense of the Company. In addition, each of the Committees of the Board may retain outside legal counsel and other advisors at their direction and at the expense of the Company, in each case as set forth in the applicable Committee charter approved by the Board.

## **2.5 Expectations of Directors.**

**2.5.1 Attendance; Availability.** Each director should make every reasonable effort to attend each meeting of the Board and any Committee of which the director is a member, either in person or, if necessary, via telephone conference, and to be reasonably available to management and the other directors for consultation between meetings. In particular, directors should attend sufficient meetings to avoid falling below the attendance level that would require disclosure in the Company’s annual proxy statement, which requires the proxy to name any director who during the last full fiscal year attended fewer than 75% of the aggregate number of meetings of the Board and the Committees of the Board on which he or she served.

**2.5.2 Review of Materials.** Directors should carefully review information distributed to them prior to Board and Committee meetings.

**2.5.3 Corporate Opportunities.** Directors shall make business opportunities relating to the Company’s business available to the Company before pursuing the opportunity for the director’s own or another’s account.

**2.5.4 Stock Ownership.** Directors should be shareholders and have a financial stake in the Company. While the Board does not believe it appropriate to specify the level of share ownership for individual directors, each director should develop a meaningful ownership position in the Company over time.

**2.5.5 Orientation and Education.** When a new director joins the Board, management will provide an orientation program to enable the new director promptly to gain an understanding of the Company and its industry. The Board, through its Governance Committee, and the Company's management will work together to develop and provide appropriate continuing education programs to assist directors in developing and maintaining skills necessary or appropriate for the performance of their responsibilities. Additionally, each director is expected to take steps reasonably necessary to be adequately informed about the Company and external matters affecting it and to enable the director to function effectively on the Board and on the Committees on which the director serves. Management shall distribute to directors any analyst or investment banking research report about the Company on a timely basis. The Governance Committee shall monitor and make recommendations with respect to the process by which management makes information about the Company and developments in the Company's industry available to the Board.

**2.6 Board Evaluations; Assessing the Board's Performance.** The Board shall conduct a self-evaluation annually. The Governance Committee shall be responsible for establishing the evaluation criteria and implementing the process for the evaluation. There should be regular, candid discussions between the Chief Executive Officer and the directors, individually and/or as a group, about how best to maximize each director's contribution to the Board. The Chairperson of the Governance Committee, the Chief Executive Officer and the Chairperson of the Board should periodically discuss the Board's performance and the contributions made by directors, with a view to making full and productive use of directors' talents and improving the performance of the Board.

## COMMITTEE MATTERS

**3.1 Number, Titles and Charters of Committees.** The current standing Board committees are (a) Audit, (b) Compensation, (c) Nominating and Corporate Governance and (d) Scientific Advisory. This structure meets the Company's present needs. Each Committee should review its charter and activities annually, with the assistance of counsel and advisers, as appropriate, to make certain that they are consistent with the then-current sound governance practices and legal requirements.

**3.2 Independence of Committees.** All members of the Audit, Compensation and Governance Committees will be **independent directors**. A majority of the Scientific Advisory Committee will be composed of independent directors.

**3.3 Assignment and Rotation of Committee Members.** The Governance Committee is responsible, after consideration of the desires of individual directors, for recommending the assignment of directors to various Committees. Each independent director is expected to serve at all times on at least one Committee but may serve on more than one Committee. Consideration will be given to rotating Committee assignments periodically, but rotation should not be mandated, as there may be reasons, at a given point in time, to maintain an individual director's Committee membership.

**3.4 Committee Chairs.** Each of the Audit, Compensation and Governance Committees shall be chaired by independent directors, and their Chairs shall be appointed by the Board. Unless a Chair is elected by the Board, the members of the Scientific Advisory Committee may designate a Chair by majority vote of the full Committee membership. Each Committee Chairperson should normally have had previous service on the applicable Committees.

**3.5 Frequency and Length of Committee Meetings.** Each Committee Chairperson, in consultation with the Committee members, will determine the frequency and length of each Committee's meeting.

**3.6 Committee Agenda.** Each Committee Chairperson, in consultation with the appropriate members of the Committee and management, will develop the Committee's agenda. Each Committee will issue annually a schedule of proposed meeting dates for the upcoming year. Each Committee will share its agenda with all other Board members.

**3.7 Attendance at Committee Meetings.** Attendance of non-Committee persons at Committee meetings will be at the pleasure of the Committee. Committees should regularly meet in executive session.

**3.8 Minutes and Reports.** Minutes of each Committee meeting or action will be kept and distributed to the Board. Each Committee will report regularly to the Board on substantive matters considered by the Committee.

**3.9 Term of Committee Service.** Formal term limits for Committee membership are not necessary; however no Committee member should have an expectation of permanent membership.

**3.10 Self-Evaluation.** Each Committee shall be responsible for annually conducting a self-evaluation. The Governance Committee shall be responsible for monitoring the processes and evaluation criteria established by each Committee. The results of such evaluation will be reported to the full Board.

## **4. MANAGEMENT DEVELOPMENT MATTERS; SUCCESSION PLANNING**

**4.1 Evaluation and Compensation of the Chief Executive Officer and Other Executive Officers.** The Compensation Committee should develop with the Chief Executive Officer and discuss with the Board appropriate criteria upon which the Chief Executive Officer's and other Executive Officers' compensation and performance will be evaluated annually. The Compensation Committee will have the authority to determine the Chief Executive Officer's compensation level based on this evaluation and should meet in executive session to discuss its determination regarding the Chief Executive Officer's compensation and overall performance. Additionally, the Compensation Committee should meet in sessions in which the Chief Executive Officer participates, but does not vote, in order to discuss the compensation and overall performance of other Executive Officers.

**4.2 Succession Planning and Management Development.** The Governance Committee should monitor issues associated with succession planning and management development, and report to the Board on them at least annually. This report should include issues associated with preparedness for the possibility of an emergency situation involving senior management, the long-term growth and development of the senior management team, and identifying the successors to the Chief Executive Officer and other key management members.

## **5. OTHER MATTERS**

**5.1 Code of Business Conduct and Ethics; Securities Trading Policy.** The Board has previously adopted and approved a Code of Business Conduct and Ethics that is applicable to all directors and employees of the Company. Additionally, the Board has approved a Securities Trading Policy to govern the public trading of Company stock and other securities. Each director, by his or her signature to these Guidelines, affirms their understanding of and intent to be bound by both of these policies in addition to the terms hereof.

**5.2 Policy Against Company Loans.** Neither the Company nor any of its subsidiaries shall provide loans, loan guarantees, or otherwise directly or indirectly extend credit to any executive officer of the Company, or any director of the Company. Payment advances or reimbursement of expenses in the ordinary course of business will not be deemed to be a violation of this policy.

**5.3 Categorical Standard.** In order to assist in the Board's determination that independent directors are "independent" in accordance with applicable legal and stock exchange requirements, the Board may adopt "categorical standards" as recommended by the Governance Committee to define certain relationships that will be considered normal and customary and not in and of themselves sufficient to disqualify a director from being deemed to be "independent". These relationships may include normal banking

relationships with a bank which has an officer sitting on the Company's Board or circumstances under which a family member of a director can serve as an employee of or consultant to the Company, as long as the family member is compensated comparably to other similarly situated employees or consultants and does not serve as an executive officer of the Company or have access to sensitive financial or human resource data.

**5.4 Board Access to Management.** Directors will have complete access to management. Directors will use judgment to be sure that such contacts are not distracting to the business operations of the Company.

**5.5 Board Interaction With Third Parties.** Management should coordinate all contacts with outside constituencies, such as press, customers, investors, analyst or the financial community. If an individual director intends to meet or otherwise substantively communicate with these constituencies about Company matters, this should generally be done only after consulting with the Chief Executive Officer.

**5.6 Insurance, Indemnification and Limitation of Liability.** The directors shall be entitled to (i) have the Company purchase directors' and officers' liability insurance on their behalf as is reasonable under the circumstances, (ii) the benefits of indemnification to the fullest extent permitted by law and the Company's Certificate of Incorporation or Bylaws and any indemnification agreements, and (iii) exculpation as provided by law and the Company's Certificate of Incorporation and Bylaws.

**5.7 Amendments of Guidelines.** The Governance Committee will review these Guidelines at least annually to ensure that they remain suitable for the needs of the Company. The Governance Committee will recommend needed changes to the Board.

Each of us, as a member of the Board of Directors of GTx, Inc., agrees to support these Guidelines in our dealings with and on behalf of the Company.

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## Legal Policy 160.102 Related Party Transactions

Effective Date: 12/1/2009

### ***I. Purpose***

The intent of this Policy is to document the Company's definition of a related party and a related party transaction as well as the guidelines related to reviewing and reporting related party transactions.

### ***II. Scope***

This Policy applies to all Officers and Board of Directors ("Directors") of GTx, Inc.

### ***III. Policy Statements***

#### **A. Definitions**

- 1) A "Related Party" is (i) a person who is an immediate family member of an officer or director or a spouse of an officer or director or someone else who is related by blood to either an officer or director or spouse of an officer or director; or (ii) an entity which is owned or controlled by an officer or director or a spouse or other immediate family member of an officer or director or an entity in which an officer or director, any spouse of an officer or director or any other immediate family of an officer or director or spouse of an officer or director is deemed to have a substantial ownership interest or control of such entity by virtue of such person owning more than 20% of such entity. Additionally, a "Related Party" may be a person or entity that proposes to enter into a transaction with the Company if the Audit Committee of the Board of Directors ("Committee") finds that such transaction would violate Item 404 of Regulation S-K.
- 2) A "related party transaction" is a transaction between the Company and (i) any person who is an officer or director of the Company or (ii) any person or entity that is a Related Party to a person who is an officer or director of the Company. For purposes of this policy, Officers shall be defined as "executive officers" under applicable SEC guidelines.

#### **B. General**

It is the policy of GTx to prohibit all related party transactions with the Company unless the Audit Committee ("Committee") shall determine in advance of the Company entering into any such transaction that there is a compelling business reason to enter into such a transaction, in accordance with the guidelines set forth below.

#### **C. Guidelines for Reviewing Related Party Transactions**

There is a general presumption that a related party transaction with the Company will not be approved by the Committee. However, the Committee may approve a related party transaction if:

- 1) The Committee finds that there is a compelling business reason to approve the transaction, taking into account such factors as the absence of other unrelated parties to perform similar work for a similar price within a similar timeframe; and
- 2) The Committee finds that it has been fully apprised of all significant conflicts that may exist or otherwise arise on account of the transaction, and it believes, nonetheless, that the Corporation is warranted entering into the related party transaction and has developed an appropriate plan to manage the potential conflicts of interest.

**D. Employment Exception to Guidelines**

Notwithstanding the Guidelines set forth in Section C above, Management is authorized by the Committee to employ persons who are Related Parties of a Director or Officer, without obtaining the Committee's prior approval, as long as:

- 1) Such person is not being employed in a management, key scientific or sensitive control function, and
- 2) The annual salary of such person does not exceed \$50,000.

Any person employed under this Section D. shall be reported to the Committee at the next regularly scheduled meeting. For purposes hereof a "sensitive control function" shall be a function whereby sensitive financial and/or employment data would be made available to such persons.

**E. Notification**

The General Counsel of the Company shall be responsible for:

- 1) Ensuring that this specific policy is distributed to all Officers and Directors and other managers of the Company, and
- 2) Requiring that any proposed related party transaction be presented to the Committee for consideration before the Company enters into any such transactions.

***IV. Related Documents / Information***

None.

***V. Policy Owner***

Henry Doggrell, General Counsel, Ext. 135, hdoggrell@gtxinc.com

***VI. Revision History***

<b>Revision #</b>	<b>Date Revised</b>	<b>Summary of Change</b>
Revision 1	9/6/2011	Format only

***VII. Approval***

The signature below indicates that this Policy has been approved by the Audit Committee as of the approval date set forth below.

          /s/ Henry Doggrell            
**Henry Doggrell**  
 Vice President and General Counsel

9/6/2011  
**Date**

**This document, including any attachments,  
is confidential and proprietary information of GTx, Inc.**