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

FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2012

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission File No. 001-31791

GALECTIN THERAPEUTICS INC.

Nevada	**04-3562325**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**
4960 Peachtree Industrial Blvd., Suite 240, Norcross, GA	**30071**
(Address of Principal Executive Offices)	**(Zip Code)**

(678) 620-3186
(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares outstanding of the registrant's common stock as of November 9, 2012 was 15,966,437.

GALECTIN THERAPEUTICS INC.

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FOR THE QUARTER ENDED SEPTEMBER 30, 2012

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GALECTIN THERAPEUTICS INC.

(A Development-Stage Company)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2012	December 31, 2011
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,059	$ 6,397
Prepaid expenses and other current assets	89	104
Total current assets	11,148	6,501
Property and equipment, net	6	6
Restricted cash and other long-term assets	6	69
Intangible assets, net	33	36
Total assets	$ 11,193	$ 6,612
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 256	$ 384
Accrued expenses	1,186	1,551
Accrued dividends payable	—	80
Deferred income	—	200
Total current liabilities	1,442	2,215
Total liabilities	1,442	2,215
Commitments and contingencies (Note 9)		
Series B-1 12% redeemable convertible preferred stock; 900,000 shares authorized, issued and outstanding at September 30, 2012 and December 31, 2011, redemption value: $1,800,000, liquidation value: $1,800,000 at September 30, 2012	1,694	1,681
Series B-2 12% redeemable convertible preferred stock; 2,100,000 shares authorized, issued and outstanding at September 30, 2012 and December 31, 2011, redemption value: $4,200,000, liquidation value: $4,200,000 at September 30, 2012	2,846	2,687
Series C super dividend convertible preferred stock; 1,000 shares authorized, 220 shares issued and outstanding at September 30, 2012 and December 31, 2011, redemption value: $4,267,000, liquidation value: $2,200,000 at September 30, 2012	2,154	2,154
Stockholders' equity (deficit):		
Undesignated stock, $0.01 par value; 20,000,000 shares authorized, 8,001,000 designated at September 30, 2012 and December 31, 2011	—	—
Series A 12% convertible preferred stock; 5,000,000 shares authorized, 1,562,500 issued and outstanding at September 30, 2012 and December 31, 2011	632	632
Common stock, $0.001 par value; 50,000,000 shares authorized at September 30, 2012 and December 31, 2011, 15,966,437 and 12,919,538 issued and outstanding at September 30, 2012 and December 31, 2011, respectively	16	13
Additional paid-in capital	79,719	66,367
Deficit accumulated during the development stage	(77,310)	(69,137)
Total stockholders' equity (deficit)	3,057	(2,125)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 11,193	$ 6,612

See notes to unaudited condensed consolidated financial statements.

GALECTIN THERAPEUTICS INC.

(A Development-Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,		Cumulative Period from Inception (July 10, 2000) to September 30, 2012
	2012	2011	2012	2011	
	(in thousands, except share and per share amounts)				
Operating expenses:					
Research and development	$ 1,409	$ 655	$ 3,525	$ 2,690	$ 26,608
General and administrative	1,487	1,378	3,992	4,347	45,656
Total operating expenses	2,896	2,033	7,517	7,037	72,264
Total operating loss	(2,896)	(2,033)	(7,517)	(7,037)	(72,264)
Other income (expense):					
Interest income	7	5	18	14	812
Interest expense	—	—	—	—	(4,451)
Change in fair value of convertible debt instrument	—	—	—	—	(3,426)
Change in fair value of warrant liabilities	—	—	—	(524)	9,022
Other income	200	—	200	—	691
Total other income (expense)	207	5	218	(510)	2,648
Net loss	$ (2,689)	$ (2,028)	$ (7,299)	$ (7,547)	$ (69,616)
Preferred stock dividends	(238)	(253)	(702)	(1,275)	(3,961)
Preferred stock accretion	(58)	(58)	(172)	(173)	(3,987)
Net loss applicable to common stockholders	$ (2,985)	$ (2,339)	$ (8,173)	$ (8,995)	$ (77,564)
Net loss per common share – basic and diluted	$ (0.19)	$ (0.19)	$ (0.55)	$ (0.77)	
Weighted average common shares outstanding – basic and diluted	15,822	12,353	14,851	11,697	

See notes to unaudited condensed consolidated financial statements.

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GALECTIN THERAPEUTICS INC.

(A Development-Stage Company)

CONSOLIDATED STATEMENT OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

NINE MONTHS ENDED SEPTEMBER 30, 2012 (UNAUDITED)
(in thousands except share data)

	Series B-1 12% Redeemable Convertible Preferred Stock		Series B-2 12% Redeemable Convertible Preferred Stock		Series C Super Dividend Convertible Preferred Stock		Series A 12% Convertible Preferred Stock		Stockholders' Equity (Deficit)				
									Common Stock				
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total Stockholders' Equity (Deficit)
Balance at December 31, 2011	**900,000**	**$1,681**	**2,100,000**	**$2,687**	**220**	**$2,154**	**1,562,500**	**$ 632**	**12,919,538**	**$ 13**	**$ 66,367**	**$ (69,137)**	**$ (2,125)**
Accretion of Series B redeemable convertible preferred stock		13		117								(130)	(130)
Accretion of beneficial conversion feature for Series B-2				42								(42)	(42)
Issuance of common stock and warrants, net of issuance costs of $1,597,000									2,666,722	3	10,400		10,403
Issuance of shares related to reverse split of common stock									3,324				—
Series A 12% convertible preferred stock dividend									31,250		103	(56)	47
Series B-1 redeemable convertible preferred stock dividend									67,259		166	(166)	—
Series B-2 redeemable convertible preferred stock dividend									156,936		386	(386)	—
Series C super dividend convertible preferred stock dividend									46,053		127	(94)	33
Issuance of common stock to a consultant									11,348		26		26
Issuance of common stock upon exercise of warrants									12,177				—
Issuance of common stock upon exercise of options									51,830				—
Stock-based compensation expense											2,144		2,144
Net loss												(7,299)	(7,299)

Balance at September 30, 2012	**900,000**	**$1,694**	**2,100,000**	**$2,846**	**220**	**$2,154**	**1,562,500**	**$ 632**	**15,966,437**	**$ 16**	**$ 79,719**	**$ (77,310)**	**$ 3,057**

See notes to unaudited condensed consolidated financial statements.

GALECTIN THERAPEUTICS INC.

(A Development-Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30,		Cumulative Period from Inception (July 10, 2000) to September 30, 2012
	2012	2011	
	(in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (7,299)	$(7,547)	$ (69,616)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	5	7	551
Stock-based compensation expense	2,170	2,688	11,752
Non-cash interest expense	—	—	4,279
Change in fair value of convertible debt instrument	—	—	3,426
Change in fair value of warrant liabilities	—	524	(9,022)
Write off of intangible assets	—	—	351
Changes in operating assets and liabilities:			
Grant receivable	—	234	—
Prepaid expenses and other assets	68	19	(33)
Accounts payable and accrued expenses	(693)	(47)	1,510
Other long-term liabilities	—	(12)	—
Net cash used in operating activities	(5,749)	(4,134)	(56,802)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(2)	(5)	(428)
Change in restricted cash	10	(5)	(59)
Increase in patents costs and other assets	—	—	(404)
Net cash provided by (used in) investing activities	8	(10)	(891)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issuance of common stock and warrants	10,403	—	39,093
Net proceeds from issuance of Series A preferred stock and related warrants	—	—	1,691
Net proceeds from issuance of Series B-1 preferred stock and related warrants	—	—	1,548
Net proceeds from issuance of Series B-2 preferred stock and related warrants	—	—	3,935
Net proceeds from issuance of Series C preferred stock	—	130	2,203
Net proceeds from issuance of convertible debt instruments	—	—	10,621
Repayment of convertible debt instruments	—	—	(1,641)
Proceeds from exercise of common stock warrants and options	—	6,067	11,293
Proceeds from shareholder advances	—	—	9
Net cash provided by financing activities	10,403	6,197	68,752
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,662	2,053	11,059
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	6,397	5,891	—
CASH AND CASH EQUIVALENTS, END OF PERIOD	$11,059	$ 7,944	$ 11,059
SUPPLEMENTAL DISCLOSURE – Cash paid for interest	$ —	$ —	$ 114
NONCASH FINANCING ACTIVITIES:			
Issuance of equity warrants in connection with equity offerings	$ 4,445	$ —	$ 9,482
Conversion of accrued expenses into common stock	26	—	329
Cashless exercise of common stock options and warrants	190	—	629
Conversion and redemption of convertible notes and accrued interest into common stock	—	—	12,243
Conversion of extension costs related to convertible notes into common stock			171
Payment of preferred stock dividends in common stock	782	1,321	3,961
Issuance of warrants to induce conversion of notes payable	—	—	503
Issuance of stock to acquire Pro-Pharmaceuticals-NV	—	—	107

See notes to unaudited condensed consolidated financial statements.

GALECTIN THERAPEUTICS INC.

(A DEVELOPMENT-STAGE COMPANY)

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Galectin Therapeutics Inc. (the "Company") is a development-stage company that is applying its leadership in galectin science and drug development to create new therapies for fibrotic disease and cancer. These candidates are based on the Company's targeting of galectin proteins which are key mediators of biologic and pathologic function. These compounds also may have application for drugs to treat other diseases and chronic health conditions.

The unaudited condensed consolidated financial statements as reported in this Quarterly Report on Form 10-Q reflect all adjustments which are, in the opinion of management, necessary to present fairly the financial position of the Company as of September 30, 2012 and the results of its operations for the three and nine months ended September 30, 2012 and 2011 and the cumulative period from inception (July 10, 2000) through September 30, 2012 and its cash flows for the nine months ended September 30, 2012 and 2011, and for the cumulative period from inception (July 10, 2000) to September 30, 2012. All adjustments made to the interim financial statements include all those of a normal and recurring nature. The Company considers events or transactions that occur after the balance sheet date but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through the date these financial statements are available to be issued. The results for interim periods are not necessarily indicative of results which may be expected for any other interim period or for the full year. The unaudited condensed consolidated financial statements of the Company should be read in conjunction with its Annual Report on Form 10-K for the year ended December 31, 2011.

On March 23, 2012, the Company effected a one-for-six reverse stock split. All common share and per share amounts in these financial statements have been retroactively adjusted to reflect the effect of the reverse split. On March 28, 2012, the Company sold 2,666,722 shares of common stock and related warrants to purchase 1,333,361 shares of common stock for gross proceeds of $12.0 million (net cash proceeds $10.4 million). See Note 6 for further discussion of the transaction.

At September 30, 2012, the Company had $11,059,000 of unrestricted cash and cash equivalents available to fund future operations. The Company believes that with the cash and cash equivalents on hand at September 30, 2012, there is sufficient cash to fund operations through 2013. If the Company is unsuccessful in raising additional capital or is unsuccessful in bringing its products to market before the end of 2013, the Company may be required to cease operations or seek bankruptcy protection.

As shown in the condensed consolidated financial statements, the Company incurred cumulative net losses applicable to common stockholders of $77.6 million for the cumulative period from inception (July 10, 2000) through September 30, 2012. The Company's net losses have resulted principally from costs associated with (i) research and development expenses, including clinical trial costs, (ii) general and administrative activities and (iii) the Company's financing transactions including interest, dividend payments, and the costs related to fair value accounting for the Company's convertible debt instruments. As a result of planned expenditures for future research, discovery, development and commercialization activities and potential legal cost to protect its intellectual property, the Company expects to incur additional losses and use additional cash in its operations for the foreseeable future. Through September 30, 2012, the Company had raised a net total of $68.8 million in capital through sale and issuance of common stock, common stock purchase warrants, convertible preferred stock and debt securities in public and private offerings. From inception (July 10, 2000) through September 30, 2012, the Company used cash of $56.8 million in its operations.

The Company was founded in July 2000, was incorporated in the State of Nevada in January 2001 under the name "Pro-Pharmaceuticals, Inc.," and changed its name to "Galectin Therapeutics Inc." on May 26, 2011. On March 23, 2012, the Company began trading on The NASDAQ Capital Market under the symbol GALT. Immediately prior to March 23, 2012, the Company was traded on the Over-the Counter Bulletin Board ("OTCBB") under the symbol GALT.OB.

The Company is subject to a number of risks similar to those of other development-stage companies, including dependence on key individuals, uncertainty of product development and generation of revenues, dependence on outside sources of capital, risks associated with clinical trials of products, dependence on third-party collaborators for research operations, need for regulatory approval of products, risks associated with protection of intellectual property, and competition with larger, better-capitalized companies. Successful completion of the Company's development program and, ultimately, the attainment of profitable operations is dependent upon future events, including obtaining adequate financing to fulfill its development activities and achieving a level of revenues adequate to support the Company's cost structure. There are no assurances that the Company will be able to obtain additional financing on favorable terms, or at all, or successfully market its products.

2. Agreement with PROCAPS S.A.

On March 25, 2010, the Company granted PROCAPS S.A. ("PROCAPS") (in the form of a definitive term sheet) exclusive rights to market and sell GM-CT-01 (formerly DAVANAT®) to treat cancer in Colombia, South America. PROCAPS is an international, privately held pharmaceutical company based in Barranquilla, Colombia. In October 2010, the Company received a payment of $200,000 and shipped GM-CT-01 to PROCAPS to be used by PROCAPS to qualify its vial filling process and to replicate the Company's stability study. The $200,000 payment from PROCAPS was included as deferred income on the condensed consolidated balance sheets as of December 31, 2011.

On October 18, 2011, the Company entered into a Collaboration, Supply, Marketing and Distribution Agreement (the "Agreement") with PROCAPS. The Agreement granted PROCAPS first negotiation rights to enter into similar agreements in other Central and South American countries. The Company was to be the sole manufacturer and supplier of GM-CT-01 to PROCAPS. The Agreement obligated PROCAPS to procure regulatory approvals necessary for the marketing and sale of GM-CT-01 naming the Company as the owner of such approvals to the extent permitted by law, or alternatively hold the approvals for the Company's benefit. PROCAPS was to pay the Company a stated fee for each dose it purchased and royalties at an incremental rate determined by annual net sales of GM-CT-01. The Company retains all intellectual property rights to GM-CT-01 and related products and PROCAPS may not produce, modify, reverse engineer, or otherwise interfere with the GM-CT-01 compound. PROCAPS was not able to manufacture or sell products that compete with GM-CT-01 during the term of the Agreement and for five years thereafter.

PROCAPS had not obtained approval to sell GM-CT-01 in Columbia as required by the Agreement and, as they were in material breach of the Agreement, the Company terminated the Agreement, effective September 29, 2012. With no further obligations, the Company recognized the $200,000 payment as Other Income in the Statements of Operations during the three and nine month periods ended September 30, 2012.

3. Accrued Expenses

Accrued expenses consist of the following:

	September 30, 2012	December 31, 2011
	(in thousands)	
Legal and accounting fees	$ 90	$ 69
Accrued compensation	50	385
Severance agreement (Note 9)	1,000	1,000
Other	46	97
Total	$ 1,186	$ 1,551

4. Stock-Based Compensation

Following is the stock-based compensation expense related to common stock options, common stock, restricted common stock and common stock warrants:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)			
Research and development	$248	$270	$ 756	$1,407
General and administrative	571	379	1,414	1,281
Total stock-based compensation expense	$819	$649	$2,170	$2,688

The following table summarizes the stock option activity in the Company's equity incentive plans, including non-plan grants to Company executives, from December 31, 2011 through September 30, 2012:

	Shares	Weighted Average Exercise Price
Outstanding, December 31, 2011	3,091,474	$ 6.83
Granted	730,000	2.16
Exercised	(51,830)	2.31
Options forfeited/cancelled	(228,014)	7.65
Outstanding, September 30, 2012	3,541,630	$ 5.88

As of September 30, 2012, there was $6,125,000 of unrecognized compensation related to 1,514,863 unvested options, which is expected to be recognized over a weighted–average period of approximately 3.7 years. The weighted-average grant date fair value for options granted during the three and nine months ended September 30, 2012 was $1.89 and $1.78, respectively. The weighted-average grant date fair value for options granted during the three and nine months ended September 30, 2011 was $1.00 and $1.02, respectively.

Of the options granted during the nine months ended September 30, 2011, 166,668 vest only upon the achievement of certain market conditions (83,334 and 83,334 upon the Company achieving a market capitalization of $5 billion and $10 billion, respectively). These market condition stock option awards were valued at $1,006,000 using a Monte Carlo model and will be recognized over a weighted average period of 5.5 years. Assumptions used to value these options included the following: annualized volatility of 110%, annualized drift/risk-free interest rate of 3.5% and a forecast horizon/life of 10 years.

The fair value of all other options granted is determined using the Black-Scholes option-pricing model. The following weighted average assumptions were used:

	Nine Months Ended September 30,		Cumulative Period from Inception (July 10, 2000) to September 30, 2012
	2012	2011	
Risk-free interest rate	0.84%	1.91%	1.87%
Expected life of the options	5.4 years	5.1 years	5.1 years
Expected volatility of the underlying stock	117%	121%	119%
Expected dividend rate	0%	0%	0%

During the three and nine months ended September 30, 2012, the Company modified the terms of certain option grants for four employees to extend the exercisable period from ninety days post-employment to the remaining legal life of the option grant. During the nine months ended September 30, 2012, the Company modified certain cashless exercise terms for one employee. The modification of these options resulted in additional stock-based compensation expense of $172,000 and $271,000 during the three and nine month periods ended September 30, 2012, respectively. During the nine months ended September 30, 2011, the Company similarly modified the options of one employee to extend the exercisable period post-employment, resulting in additional stock-based compensation expense of $63,000.

In May 2012, the Company granted 7,000 shares of common stock to a consultant for payment of past services. These shares of common stock were valued at $16,000, based on the market value of the shares at the date of grant and are included in stock based compensation expense for the nine months ended September 30, 2012.

In August 2012, the Company granted 4,348 shares of common stock to a consultant for payment of services. These shares of common stock were valued at $10,000, based on the market value of the shares at the date of grant and are included in stock based compensation expense for the three and nine months ended September 30, 2012.

5. Common Stock Warrants

The following table summarizes the common stock warrant activity from December 31, 2011 through September 30, 2012:

	Shares	Weighted Average Exercise Price
Outstanding, December 31, 2011	6,673,405	$ 3.95
Granted	1,379,739	5.63
Exercised	(12,177)	3.18
Forfeited/cancelled	(616,726)	10.62
Outstanding, September 30, 2012	7,424,241	$ 3.71

Consultant Warrants

In April 2009, the Company entered into agreements with consultants that provided for the grant of warrants for the purchase of 33,333 shares of common stock at an exercise price of $3.00 per share which will vest upon the achievement of certain milestones. At September 30, 2012, these warrants are no longer expected to vest. The Company recognized a reversal of previously recognized expense related to these warrants of $10,000 and $98,000 for the three and nine months ended September 30, 2012, respectively, and a reversal of expense of $36,000 and $16,000 for the three and nine months ended September 30, 2011, respectively.

In May 2010, the Company entered into an agreement with a consultant that provided for the grant of warrants for the purchase of 12,000 shares of common stock at an exercise price of $15.00 per share, of which 7,500 vested and 4,500 were forfeited in 2011. The following assumptions were used to value the warrants for the nine months ended September 30, 2011: an expected life of 2.99 to 3.32 years, volatility of 128% to 130%, risk free interest rate of 0.79% to 1.29% and zero dividends. The company recognized an expense of $12,000 related to these warrants during the nine months ended September 30, 2011.

In August 2010, the Company entered into an agreement with a consultant, who was also a board member, which provided for the grant of warrants for 100,000 shares of common stock at an exercise price of $4.26 per share. Of the 100,000 warrants, 25,000 vested immediately on signing of the agreement, 25,000 were to vest at the end of one year and the remaining 50,000 warrants were to vest based on the achievement of certain milestones. The following assumptions were used to value the warrants on March 7, 2011 at the date the consultant effectively became an employee of the Company: an expected life of 4.28 years, volatility of 135%, risk free interest rate of 1.705% and zero dividends. Pursuant to an employment agreement entered into in May 2011, all remaining unvested warrants were immediately vested. The Company recognized the total remaining expense of $340,000 related to these warrants during the nine months ended September 30, 2011.

6. Common Stock and Warrant Offering and Reverse Split

On March 22, 2012, the Company entered into an underwriting agreement, relating to the offer and sale of 1,159,445 units (the “Units”) of the Company, each unit consisted of two shares of Common Stock and one warrant to purchase one share of Common Stock. Pursuant to the underwriting agreement, the Company granted the underwriters a 45-day option to purchase up to an additional 173,916 Units to cover over-allotments, which they exercised on March 26, 2012. The public offering price for each Unit was $9.00. Each warrant has an initial exercise price of $5.63 per share, is exercisable upon separation of the Units and expires on March 28, 2017.

On March 28, 2012, the Company sold and issued 1,333,361 Units (2,666,722 shares of common stock and related $5.63 warrants to purchase 1,333,361 shares of common stock) for gross proceeds of $12.0 million (net cash proceeds of $10,403,000 after the underwriting discount and offering costs). The warrants were valued at $4,445,000 as of the issuance date of March 28, 2012, using the closing price of $4.20, a life of 5 years, a volatility of 119% and a risk free interest rate of 1.05%. Based upon the Company’s analysis of the criteria contained in ASC Topic 815-40, “Derivatives and Hedging—Contracts in Entity’s Own Equity” the Company has determined that warrants issued in connection with this financing transaction were not derivative liabilities and therefore, were recorded as additional paid-in capital.

On March 28, 2012, in connection with this underwritten financing as per the underwriting agreement, the Company issued a total of 46,378 common stock purchase warrants to the underwriters. These warrants expire May 2, 2016, have an exercise price of $5.63 per share, and are exercisable beginning one year from March 22, 2012 (the date of the underwriting agreement). These warrants were valued at $143,000 as of the date of issuance (March 28, 2012), using the closing price of $4.20, life of 4.1 years, volatility of 117% and risk free interest rate of 0.78%. Based upon the Company’s analysis of the criteria contained in ASC Topic 815-40, “Derivatives and Hedging—Contracts in Entity’s Own Equity”, the Company has determined that these warrants issued in connection with this financing transaction were not derivative liabilities and therefore, were recorded as additional paid-in capital.

Effective as of March 23, 2012, and in connection with the pricing of the offering of Units, the Company effected a one-for-six reverse split of its Common Stock. Per the terms of the reverse split, all fractional shares were rounded up. Based on the effective split date of March 23, 2012, the Company issued 3,324 shares of common stock to cover fractional shares.

7. Fair Value of Financial Instruments

In general, fair values determined by Level 1 inputs utilize identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset or liability. The Company had no financial instruments carried at fair value as of September 30, 2012 or December 31, 2011.

The Company's financial instruments consist of cash equivalents, accounts payable and accrued expenses. The estimated fair value of these financial instruments approximates their carrying value due to their short-term nature using level 3 inputs as defined above.

8. Loss Per Share

Basic net loss per common share is computed by dividing the net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is computed by dividing the net loss available to common stockholders by the weighted average number of common shares and other potential common shares then outstanding. Potential common shares consist of common shares issuable upon the assumed exercise of in-the-money stock options and warrants and potential common shares related to the conversion of the preferred stock. The computation of diluted net loss per share does not assume the issuance of common shares that have an anti-dilutive effect on net loss per share.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands, except share and per share amounts)			
Basic and diluted net loss per common share:				
Net loss applicable to common stockholders	$ (2,985)	$ (2,339)	$ (8,173)	$ (8,995)
Weighted average common shares outstanding – basic and diluted	15,822	12,353	14,851	11,697
Net loss per common share – basic and diluted	$ (0.19)	$ (0.19)	$ (0.55)	$ (0.77)

Dilutive shares which could exist pursuant to the exercise of outstanding stock instruments and which were not included in the calculation because their affect would have been anti-dilutive during the three and nine month periods ended September 30, 2012 and 2011 are as follows:

	September 30, 2012 (shares)	September 30, 2011 (shares)
Warrants to purchase shares of common stock	7,424,241	6,673,400
Options to purchase shares of common stock	3,541,630	3,205,582
Restricted shares subject to vesting	—	3,473
Shares of common stock issuable upon conversion of preferred stock	2,627,110	2,627,110
	13,592,981	12,509,565

9. Commitments, Contingencies and Legal Proceedings

Separation Agreement

In February 2009, the Company entered into a Separation Agreement in connection with the resignation of David Platt, Ph.D., the Company's former Chief Executive Officer and Chairman of the Board of Directors. The Separation Agreement provides for the deferral of a $1.0 million separation payment due to Dr. Platt upon the earlier occurrence of any of the following milestone events: (i) the approval by the Food and Drug Administration for a new drug application ("NDA") for any drug candidate or drug delivery candidate based on the Company's GM-CT-01 technology (whether or not such technology is patented), in which case Dr. Platt is also entitled to a fully vested 10-year cashless-exercise stock option to purchase at least 83,334 shares of common stock at an exercise price not less than the fair market value of the common stock determined as of the date of grant; (ii) consummation of a transaction with a pharmaceutical company expected to result in at least $10.0 million of equity investment or $50 million of royalty revenue to the Company, in which case Dr. Platt is also entitled to stock options on the same terms to purchase at least 50,000 shares of common stock; or (iii) the renewed listing of the Company's securities on a national securities exchange and the

achievement of a market capitalization of $100 million. Payment upon the events (i) and (iii) may be deferred up to six months, and if the Company has insufficient cash at the time of any of such events, it may issue Dr. Platt a secured promissory note for such amount. If the Company files a voluntary or involuntary petition for bankruptcy, whether or not a milestone event has occurred, such event shall trigger the obligation to pay the $1.0 million with the result that Dr. Platt may assert a claim for such obligation against the bankruptcy estate. During 2011, when it became probable that the Company could be relisted on a national securities exchange and eventually reach a market capitalization of $100 million, the Company recognized the $1.0 million severance payment due to Dr. Platt and it is included in accrued expenses at September 30, 2012 and December 31, 2011.

On May 2, 2012, Dr. Platt instituted arbitration before the American Arbitration Association, seeking a $1.0 million separation payment based on a claim that a milestone event in the Separation Agreement has occurred (see clause (iii) above). On March 22, 2012, the Company's common stock was listed on the NASDAQ Capital Markets, but since that date, the stock has not achieved the required market capitalization. Therefore, it is the Company's position that a milestone event has not yet occurred. The arbitration hearing was held on October 16—17, 2012 and on November 1, 2012, the arbitrator denied Dr. Platt's demand in all respects. Insofar as the Company does not dispute its obligations under the Separation Agreement to pay Dr. Platt upon the occurrence of a milestone event, it has recorded the payment as an accrued expense payable if and when the milestone event occurs.

On October 12, 2012, Dr. Platt commenced a lawsuit under the Massachusetts Wage Act against Dr. Traber and Mr. McGauley who in their capacities as the Company's Chief Executive Officer and Chief Financial Officer respectively can be held individually liable under the Wage Act for non-payment of wages. The lawsuit is based on the facts and issues raised in the arbitration regarding the payment of the $1.0 million separation payment under the Separation Agreement, and other unspecified "wages". The statute provides that a successful claimant may be entitled to multiple damages, interest and attorneys fees. Although the Company is not a party to the lawsuit, it plans to indemnify Dr. Traber and Mr. McGauley consistent with its obligations under the by-laws and applicable law, believes the lawsuit is without merit, and intends a vigorous defense on their behalf.

Series C Post Conversion Dividend Rights

In July 2011, 5 shares of the Company's Series C Super Dividend Convertible Preferred Stock ("Series C") were converted into 8,334 shares of common stock which also resulted in the issuance of 5 Series C post-conversion dividend rights ("Dividend Rights"). Under the terms of the Series C, the Dividend Rights entitle the holder only to dividend payments based on actual sales of GM-CT-01 but not, following a conversion to common stock, the 6% dividend payable on outstanding shares of Series C. At September 30, 2012, the outstanding Dividend Rights were determined to have a de minimis value, because payment of a dividend for the Dividend Rights is considered improbable at this time and the Company has not recorded a liability related to the Dividend Rights. The Company will continue to evaluate and assess the Dividend Rights for each reporting period.

Other Legal Proceedings

The Company records accruals for such contingencies to the extent that the Company concludes that their occurrence is probable and the related damages are estimable, except as noted above. There has been no change in the matters reported in our Annual Report on Form 10-K for the year ended December 31, 2011.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In addition to historical information, the following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements as defined under Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the safe harbor created therein for forward-looking statements. Such statements include, but are not limited to, statements concerning our anticipated operating results, research and development, clinical trials, regulatory proceedings, and financial resources, and can be identified by use of words such as, for example, "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and "would," "should," "could" or "may." All statements, other than statements of historical facts, included herein that address activities, events, or developments that the Company expects or anticipates will or may occur in the future, are forward-looking statements, including statements regarding: plans and expectations regarding clinical trials; plans and expectations regarding regulatory approvals; our strategy and expectations for clinical development and commercialization of our products; potential strategic partnerships; expectations regarding the effectiveness of our products; plans for research and development and related costs; statements about accounting assumptions and estimates; expectations regarding liquidity and the sufficiency of cash to fund operations through 2013; our commitments and contingencies; and our market risk exposure. Forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which Galectin Therapeutics operates, and management's beliefs and assumptions. These statements are not guarantees of future performance and involve certain known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties are related to, without limitation, our early stage of development; our

dependence on outside capital; uncertainties related to our technology and clinical trials, intellectual property protection, uncertainties of regulatory approval requirements for our products; competition and stock price volatility in the biotechnology industry, limited trading volume for our stock, concentration of ownership of our stock, and other risks detailed herein and from time to time in our SEC reports, including our Form 10-K for the year ended December 31, 2011. The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto of Galectin Therapeutics appearing elsewhere herein.

Overview

We are a development-stage company engaged in drug development to create new therapies for cancer and fibrotic disease. Our drug candidates are based on our method of targeting galectin proteins, which are key mediators of biologic and pathologic function. We use naturally occurring plant materials to create complex carbohydrates with specific molecular weights and pharmaceutical properties. Using these unique carbohydrate-based candidate compounds that bind and inhibit galectin proteins, we are undertaking the pursuit of therapies for indications where galectins have a demonstrated role in the pathogenesis of a given disease. We focus on diseases with serious, life-threatening consequences to patients and those where current treatment options are limited. Our strategy is to establish clinical development programs that add value to our business in the shortest period of time possible and to seek strategic partners when a program becomes advanced and requires additional resources.

We attempt to leverage our scientific and development expertise as well as established relationships with outside sources to achieve cost-effective and efficient development. We are pursuing a development pathway to clinical enhancement and commercialization for our lead compounds in immune enhancement for cancer therapy as well as in both liver fibrosis and fatty liver disease. All of our proposed products are presently in development, including pre-clinical and clinical trials.

2012 Common Stock and Warrant Offering and Reverse Split

On March 22, 2012, in anticipation of completing a public offering of securities, we effected a one-for-six reverse stock split of our common stock. All common share and per unit amounts in this report, including the financial statements, have been retroactively adjusted to reflect the reverse split. Our common stock began trading on The NASDAQ Capital Market under the symbol GALT on March 23, 2012, and the units and warrants that we sold in the offering began trading on that exchange under the symbols GALTU and GALTW, respectively, on March 28, 2012.

On March 28, 2012, we completed the public offering in which we issued 2,666,722 shares of common stock and related warrants exercisable until March 28, 2017, at $5.63 per share to purchase 1,333,361 shares of common stock for gross proceeds of $12.0 million (net cash proceeds of 10.4 million).

Our Drug Development Programs

We have two compounds in development, one intended to be used in cancer therapy and the other intended to be used in the treatment of liver fibrosis and fatty liver disease. These two compounds are produced from completely different natural starting materials, both possessing the property which lends itself to binding to and inhibiting galectin proteins. GM-CT-01, our lead product candidate for cancer therapy, is a proprietary linear polysaccharide polymer comprised of mannose and galactose that has a precisely defined chemical structure and is derived from a plant source. GR-MD-02, our lead product for treatment of liver fibrosis and fatty liver disease with inflammation and fibrosis, is a proprietary complex polysaccharide polymer possessing both linear and globular structures, which also is derived from a plant source.

We believe the mechanism of action for GM-CT-01 and GR-MD-02 is based upon interaction with, and inhibition of, galectin proteins, which are expressed at high levels in certain pathological states including inflammation, fibrosis and cancer. While GM-CT-01 and GR-MD-02 are capable of binding to multiple galectin proteins, we believe that they have the greatest affinity for galectin-3, the most prominent galectin implicated in pathological processes. Blocking galectin in cancer and liver fibrosis has specific salutary effects on the disease process, as discussed below.

GM-CT-01 — Galectin Inhibition in Cancer Therapy

We believe the potential exists for galectin inhibition to play an important role in cancer therapy. Galectin proteins, particularly galectin-1 and galectin-3, have been shown to be highly expressed in the majority of cancers and have multiple roles in promoting cancer progression, including tumor cell invasion, metastasis, angiogenesis, and tumor evasion of the immune system. GM-CT-01 has progressed in development for the therapy of colorectal cancer and is currently in a Phase I/II clinical trial as a combination therapy with a tumor vaccine in patients with advanced melanoma. The current developmental approach for GM-CT-01 is to enhance the activity of the immune system against the cancer.

In May 2012, we initiated a Phase I/II clinical trial of GM-CT-01 in Belgium in combination with a tumor vaccine in patients with advanced melanoma, a deadly skin cancer. The Belgian Federal Agency of Medicine and Health Products, or FAMHP, granted approval for this clinical trial, which is being conducted at three centers in Belgium and one in Luxembourg. There are two primary cohorts of patients in this study, one where GM-CT-01 is given intravenously (Cohort 1) and a second cohort where GM-CT-01 is given both intravenously and directly injected into a cutaneous metastasis (Cohort 2). Because of patient availability, Cohort 1 is expected to be enrolled faster than Cohort 2. For each cohort, 6 patients will be enrolled in stage one of the study, and if at least one out of six patients has a response (PR or CR by RECIST criteria), the remaining patients will be enrolled up to a total of 23 per cohort. We expect the first stage of Cohort 1 of this trial (involving 6 evaluable patients) to be completed in the second quarter of 2013 and that it will provide data that could deliver an indication of efficacy. Depending on the results of Stage 1, which is defined as a partial or complete response by RECIST criteria in at least one out of six patients, the study could continue enrollment to complete Stage 2 (46 total patients), initiate a new Phase II trial based on positive results or be halted because of lack of efficacy. Stage 1 of the trial is being funded by the Cancer Centre at the Cliniques Universitaires Saint-Luc and Stage 2 will require funding from the Company, currently estimated at approximately $1.0 million. The Phase I/II clinical trial in Belgium is being conducted under an EMA-approved IMPD, but there is an open IND under the FDA for GM-CT-01 and this trial has been reported to the FDA under that IND.

There are potentially additional pathways for the development of GM-CT-01 for use in treatment of cancer. GM-CT-01 was found to be generally safe when studied in a Phase I clinical trial in end-stage cancer patients with multiple tumor types alone and in combination with 5-Fluorouracil (5-FU), which is an FDA-approved chemotherapy used for treatment of various types of cancer. Three Phase II studies were conducted, but were only partially completed due to financing issues at the time. DAVFU-003 was terminated in 2007. Although only partially completed, when compared to historical controls, the data collected for DAVFU-003 suggested a favorable effect of the therapy, since the controls had an overall survival of 4.6 months. DAVFU-006 was a Phase II, open-label clinical trial in line 1 patients with locally advanced and unresectable or metastatic colorectal cancer (who were unable to tolerate intensive chemotherapy), who were treated with a regimen of GM-CT-01, 5-FU, leucovorin and Avastin®. Ten patients were enrolled in this study. DAVFU-006 was terminated in March 2010. Finally, DAVFU-007 was a Phase II, multi-center, open-label clinical trial to evaluate the efficacy and safety of GM-CT-01 in combination with 5-FU when administered as first line chemotherapy in patients with advanced biliary cancer. Seventeen patients were enrolled in this study. This study was stopped in March 2010. Based on these completed Phase I and partially completed Phase II clinical trials, we are exploring additional potential indications for the use of GM-CT-01 in combination with cancer chemotherapy. We are seeking potential strategic partners to assist in researching the use of GM-CT-01 in the amelioration of 5-FU related side effects. Such a partnership would permit additional clinical trials in the U.S., which would not be started until a partnership was consummated.

We attempted to gain regulatory approval of GM-CT-01 for use in combination with 5-FU containing chemotherapy regiments for metastatic colorectal cancer in Colombia. This approach had been recommended to the Company by key oncology opinion leaders in Colombia and by PROCAPS S.A. (“PROCAPS”), a Colombia-based pharmaceutical company. There has been no approval of GM-CT-01 in a major region such as the U.S. or Europe and it was determined that approval from the regulatory authority in Columbia (INVIMA) would require additional clinical trial data. Although the Company worked with PROCAPS to design a Phase III clinical trial, a satisfactory plan could not be agreed upon and we terminated the Agreement with PROCAPS (as described below), effective September 29, 2012, and have no current plans to continue attempts to gain approval of GM-CT-01 in Columbia. We had not taken into account projections for any potential revenues from this agreement in our financing plans.

GR-MD-02 — Liver Fibrosis

The second main initiative in our development strategy is the application of galectin inhibition in connection with liver fibrosis, a condition that leads to cirrhosis. We believe that GR-MD-02 has the potential to treat nonalcoholic steatohepatitis (NASH) and other forms of liver fibrosis. The driving factor for our commitment to galectin inhibition for fibrosis is scientific evidence that strongly suggests that galectin-3 is essential for the development of liver fibrosis in animals. Published data show that mice lacking the galectin-3 gene are incapable of developing liver fibrosis in response to toxin insult to the liver and in fatty liver disease. Moreover, mice that do not have the galectin-3 gene are resistant to lung and kidney fibrosis.

We have evaluated the ability of GR-MD-02 to block galectin-3 in animal models of liver fibrosis, the conclusions of which yielded positive results. Our pre-clinical data show that GR-MD-02 may have a therapeutic effect on liver fibrosis as shown in several relevant animal models. Therefore, we chose GR-MD-02 as the lead candidate in a development program targeted initially at fibrotic liver disease associated with NASH. GR-MD-02 is currently being evaluated in pre-clinical toxicology and pharmacology studies with the aim of filing an IND with the FDA by January 2013 for initiating human studies in patients with NASH. In early 2013, upon filing an IND, we plan to start a Phase I clinical trial with GR-MD-02 in patients with NASH to assess safety and preliminary evidence of efficacy in humans. By the end of 2013 or early 2014, depending on the results of the Phase I study, we plan on initiating a Phase II clinical trial to assess the efficacy of GR-MD-02 in patients with NASH and advanced liver fibrosis with expected top-line clinical results by the end of 2014 or early 2015.

In July 2012, we received a notice of issuance from the U.S. Patent and Trademark Office for the patent “Galactose-prolonged polysaccharides in a formulation for antifibrotic therapies”. This patent covers key methods of derivation and use for our carbohydrate-based galectin inhibitor compound for use in patients with chronic liver disease associated with the development of fibrosis, established liver fibrosis or end-stage scarring, or cirrhosis. The major claim is for a method of obtaining the galectin inhibitor compound, obtaining a composition for parenteral administration in an acceptable pharmaceutical carrier and administering to a subject having at least one of the following: chronic liver disease associated with the development of fibrosis, established liver fibrosis or cirrhosis. The use covers inhibiting or slowing the progression of fibrosis or the reversal of fibrosis. GR-MD-02, is covered by this patent and it provides opportunities for development of additional compounds in the class.

Agreement with PROCAPS S.A.

On March 25, 2010, we granted PROCAPS S.A. (in the form of a definitive term sheet) exclusive rights to market and sell GM-CT-01 to treat cancer in Colombia, South America. PROCAPS is an international, privately held pharmaceutical company based in Barranquilla, Colombia. In October 2010, we received a payment of $200,000 and shipped GM-CT-01 to PROCAPS to be used by PROCAPS to undertake initial steps contemplated by the term sheet. We recorded the $200,000 payment from PROCAPS as deferred revenue on the condensed consolidated balance sheet as of December 31, 2011, to be recognized when the remaining deliverables of the agreement were completed.

On October 18, 2011, we entered into a Collaboration, Supply, Marketing and Distribution Agreement (the “Agreement”) with PROCAPS. The Agreement granted PROCAPS first negotiation rights to enter into similar agreements in other Central and South American countries. We were to be the sole manufacturer and supplier of GM-CT-01 to PROCAPS. The Agreement obligated PROCAPS to procure regulatory approvals necessary for the marketing and sale of GM-CT-01 naming us as the owner of such approvals to the extent permitted by law, or alternatively hold the approvals for our benefit. PROCAPS must pay us a stated fee for each dose it purchases and royalties at an incremental rate determined by annual net sales of GM-CT-01. We retain all intellectual property rights to GM-CT-01 and related products and PROCAPS may not produce, modify, reverse engineer, or otherwise interfere with the GM-CT-01 compound. PROCAPS may not manufacture or sell products that compete with GM-CT-01 during the term of the Agreement and for five years thereafter.

PROCAPS had not obtained approval to sell GM-CT-01 in Columbia as required by the Agreement and, as they were in material breach of the Agreement, we terminated the Agreement, effective September 29, 2012. With no further obligations under the Agreement, we recognized the $200,000 payment as Other Income in the Statements of Operations during the three and nine month periods ended September 30, 2012.

Results of Operations

Three and Nine Months Ended September 30, 2012 Compared to Three and Nine Months Ended September 30, 2011

Research and Development Expense.

	Three Months Ended September 30,		Nine Months Ended September 30,		2012 as Compared to 2011			
					Three Months		Nine Months	
	2012	2011	2012	2011	$ Change	% Change	$ Change	% Change
	(In thousands, except %)							
Research and development	$1,409	$655	$3,525	$2,690	$ 754	115%	$ 835	31%

We generally categorize research and development expenses as either direct external expenses, comprised of amounts paid to third party vendors for services, or all other research and development expenses, comprised of employee payroll and general overhead allocable to research and development. We subdivide external expenses between clinical programs and pre-clinical activities. We consider a clinical program to have begun upon acceptance by the FDA, or similar agency outside of the United States, to commence a clinical trial in humans, at which time we begin tracking expenditures by the product candidate. Clinical program expenses comprise payments to vendors related to preparation for, and conduct of, all phases of the clinical trial, including costs for drug manufacture, patient dosing and monitoring, data collection and management, oversight of the trials and reports of results. Pre-clinical expenses comprise all research and development amounts incurred before human trials begin, including payments to vendors for services related to product experiments and discovery, toxicology, pharmacology, metabolism and efficacy studies, as well as manufacturing process development for a drug candidate.

We have two product candidates, GM-CT-01 and GR-MD-02. GM-CT-01 is in a Phase I/II clinical trial at this time, which is being conducted in collaboration with the Cancer Centre at the Cliniques Universitaires Saint-Luc and the Ludwig Institute for Cancer Research in Belgium. GR-MD-02 is currently being evaluated in pre-clinical toxicology and pharmacology studies with the aim of obtaining an IND from the FDA by January 2013. We will then seek to gain FDA approval for Phase I and Phase II studies of GR-MD-02.

Our research and development expenses for the three and nine months ended September 30, 2012, as compared to the three and nine months ended September 30, 2011, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(in thousands)			
Direct external expenses:				
Clinical programs	$ 94	$110	$ 617	$ 332
Pre-clinical activities	885	209	1,639	583
All other research and development expenses	430	336	1,269	1,775
	$1,409	$655	$3,525	$2,690

Pre-clinical expenses for the three and nine months ended September 30, 2012, increased compared to the same periods in 2011, due primarily to increased pre-clinical activity on our fibrosis program as we prepare to file an IND with the FDA by January 2013. Clinical programs remained relatively unchanged for the three months ended September 30, 2012 as compared to the same period in 2011 and increased during the nine months ended September 30, 2012 as compared to the same period in 2011 primarily due to drug manufacturing. The overall decrease in other research and development expenses during the nine months ended September 30, 2012 as compared to the same period in 2011 is due to decreased stock-based compensation ($651,000) partially offset by increased salary and overhead costs ($55,000).

Both the time required and costs we may incur in order to commercialize a drug candidate that would result in material net cash inflow are subject to numerous variables, and therefore we are unable at this stage of our development to forecast useful estimates. Variables that make estimates difficult include the number of clinical trials we may undertake, the number of patients needed to participate in the clinical trial, patient recruitment uncertainties, trial results as to the safety and efficacy of our product, and uncertainties as to the regulatory agency response to our trial data prior to receipt of marketing approval. Moreover, the FDA or other regulatory agencies may suspend clinical trials if we or an agency believes patients in the trial are subject to unacceptable risks, or find deficiencies in the conduct of the clinical trial. Delays or rejections may also occur if governmental regulation or policy changes during our clinical trials or in the course of review of our clinical data. Due to these uncertainties, accurate and meaningful estimates of the ultimate cost to bring a product to market, the timing of costs and completion of our program and the period during which material net cash inflows will commence are unavailable at this time. However, we expect to continue to have substantial research and development expenses for the foreseeable future as we continue to develop our products.

General and Administrative Expense.

	Three Months Ended September 30,		Nine Months Ended September 30,		2012 as Compared to 2011			
					Three Months		Nine Months	
	2012	2011	2012	2011	$ Change	% Change	$ Change	% Change
	(In thousands, except %)							
General and administrative	$1,487	$1,378	$3,992	$4,347	$ 109	8%	$ (355)	(8)%

General and administrative expenses consist primarily of salaries including stock-based compensation, legal and accounting fees, insurance, investor relations, business development and other office related expenses. The primary reasons for the increase for the three months ended September 30, 2012 as compared to the same period in 2011 is due to increased stock-based compensation ($192,000) and investor relations and business development costs ($40,000), partially offset by decreased legal expense ($144,000) due primarily to a litigation settlement during the three months ended September 30, 2011. The primary reasons for the decrease during the nine months ended September 30, 2012 as compared to the same period in 2011 is due to decreased legal expenses ($427,000) due to our rebranding and litigation settlement during the nine months ended September 30, 2011, decreased business development ($263,000) related to our attempts to gain approval for GM-CT-01 in Columbia, partially offset by increased stock-based compensation ($134,000) and public company and other overhead costs ($166,000).

As of October 1, 2012, the Company relocated its headquarters from Massachusetts to Georgia. On a going forward basis we expect this move will decrease our operating lease expenses by approximately $226,000 annually.

Other Income and Expense.

During the three and nine months ended September 30, 2012, other income and expense consisted primarily of the $200,000 payment from PROCAPS which was previously accounted for as deferred revenue and recognized upon the termination of the PROCAPS Agreement, as previously described.

Other income and expense for the nine months ended September 30, 2011 included an expense of $515,000, respectively, primarily related to the change in fair value of warrant liabilities. The Company had no warrant liabilities as of September 30, 2012 or during the three and nine months then ended.

Liquidity and Capital Resources

As described above in the Overview and elsewhere in this Quarterly Report on Form 10-Q, we are in the development stage and have not generated any revenues. Since our inception on July 10, 2000, we have financed our operations from proceeds of public and private offerings of debt and equity. As of September 30, 2012, we raised a net total of $68.8 million from these offerings. At September 30, 2012, we had $11.1 million of unrestricted cash and cash equivalents available to fund future operations. We will require more cash to fund our operations and believe we will be able to obtain additional financing. However, there can be no assurance that we will be successful in obtaining such new financing or, if available, that such financing will be on terms favorable to us. If we are unsuccessful in raising additional capital before the end of 2013, we may be required to cease operations or seek bankruptcy protection.

Net cash used in operations increased by $1,615,000 to $5,749,000 for the nine months ended September 30, 2012, as compared to $4,134,000 for the nine months ended September 30, 2011. Cash operating expenses increased principally due to increased research and development activities related our ongoing clinical and preclinical activities with GM-CT-01 and GR-MD-02, partially offset by decreased general and administrative expenses.

Cash provided by investing activities during the nine months ended September 30, 2012 consisted of $10,000 related to a decrease in restricted cash as compared to a $5,000 increase in restricted cash and equipment purchases of $5,000 during the nine months ended September 30, 2011.

Net cash provided by financing activities was $10,403,000 during the nine months ended September 30, 2012 as compared to $6,197,000 during the nine months ended September 30, 2011, due to a public offering we completed in the first quarter of 2012. On March 28, 2012, we sold 2,666,722 shares of common stock and related warrants to purchase 1,333,361 shares of common stock for gross proceeds of $12.0 million (net proceeds $10.4 million).

Payments Due Under Contractual Obligations

The following table summarizes the payments due under our contractual obligations at September 30, 2012, and the effect such obligations are expected to have on liquidity and cash flow in future periods:

	Payments due by period (in thousands)				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating leases	$ 92	$ 47	$ 45	$ —	$ —
Total payments due under contractual obligations	$ 92	$ 47	$ 45	$ —	$ —

Operating leases.

In September 2012, we entered into an operating lease for office space in Norcross, GA for a term of twenty-six months, beginning on October 1, 2012 and ending November 30, 2014 at a rate of $3,000 per month. The lease provides for free rent for the first two months of the lease and required a security deposit of $6,000. In addition to base rental payments included in the contractual obligations table above, we are responsible for our pro-rata share of increases in the operating expenses for the building.

In October 2012, we entered into an operating lease for office space collocated with lab space for research and development activities. The lease is for a period of one year, beginning on October 1, 2012, for a rate of $15,000 for the term, payable in monthly increments.

In July 2011, we entered into an agreement to amend our lease for our offices in Newton, MA to extend the term for a period of one year, expiring on September 30, 2012, at a base rent of $235,000 for the period. In addition to base rental payments, we were responsible for our pro-rata share of increases in the operating expenses for the building. In connection with this lease, a commercial bank issued a letter of credit collateralized by cash, which we had on deposit with the bank of $59,000 at September 30, 2012,.

Separation agreement.

In February 2009, we entered into a Separation Agreement in connection with the resignation of David Platt, Ph.D., the Company's former Chief Executive Officer and Chairman of the Board of Directors. The Separation Agreement provides for the deferral of a $1.0 million separation payment due to Dr. Platt upon the earlier occurrence of any of the following milestone events: (i) the approval by the Food and Drug Administration for a new drug application ("NDA") for any drug candidate or drug delivery candidate based on the GH-CT-01 technology (whether or not such technology is patented), in which case Dr. Platt is also entitled to a fully vested 10-year cashless-exercise stock option to purchase at least 83,334 shares of common stock at an exercise price not less than the fair market value of the common stock determined as of the date of grant; (ii) consummation of a transaction with a pharmaceutical company expected to result in at least $10.0 million of equity investment or $50 million of royalty revenue to the Company, in which case Dr. Platt is also entitled to stock options on the same terms to purchase at least 50,000 shares of common stock; or (iii) the renewed listing of our securities on a national securities exchange and the achievement of a market capitalization of $100 million. Payment upon the events (i) and (iii) may be deferred up to six months, and if we have insufficient cash at the time of any of such events, we may issue Dr. Platt a secured promissory note for such amount. If we file a voluntary or involuntary petition for bankruptcy, whether or not a milestone event has occurred, such event shall trigger our obligation to pay the $1.0 million with the result that Dr. Platt may assert a claim for such obligation against the bankruptcy estate. During 2011, when it became probable that our common stock could be relisted on a national securities exchange and eventually reach a market capitalization of $100 million, we recognized the $1.0 million severance payment due to Dr. Platt and it is included in accrued expenses at September 30, 2012 and December 31, 2011.

On May 2, 2012, Dr. Platt instituted arbitration before the American Arbitration Association, seeking a $1.0 million separation payment based on a claim that a milestone event in the Separation Agreement has occurred (see clause (iii) above). On March 22, 2012, the Company's common stock was listed on the NASDAQ Capital Markets, but since that date, the stock has not achieved the required market capitalization. Therefore, it is the Company's position that a milestone event has not yet occurred. The arbitration hearing was held on October 16—17, 2012 and on November 1, 2012, the arbitrator denied Dr. Platt's demand in all respects. Insofar as the Company does not dispute its obligations under the Separation Agreement to pay Dr. Platt upon the occurrence of a milestone event, it has recorded the payment as an accrued expense payable if and when the milestone event occurs.

On October 12, 2012, Dr. Platt commenced a lawsuit under the Massachusetts Wage Act against Dr. Traber and Mr. McGauley who in their capacities as the Company's Chief Executive Officer and Chief Financial Officer respectively can be held individually liable under the Wage Act for non-payment of wages. The lawsuit is based on the facts and issues raised in the arbitration regarding the payment of the $1.0 million separation payment under the Separation Agreement, and other unspecified "wages". The statute provides that a successful claimant may be entitled to multiple damages, interest and attorneys fees. Although the Company is not a party to the lawsuit, it plans to indemnify Dr. Traber and Mr. McGauley consistent with its obligations under the by-laws and applicable law, believes the lawsuit is without merit, and intends a vigorous defense on their behalf.

Other.

We have engaged outside vendors for certain services associated with our clinical trials. These services are generally available from several providers and, accordingly, our arrangements are typically cancellable on 30 days notice.

Off-Balance Sheet Arrangements

We have not created, and are not a party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating parts of our business that are not consolidated into our financial statements. We do not have any arrangements or relationships with entities that are not consolidated into our financial statements that are reasonably likely to materially affect our liquidity or the availability of capital resources.

Application of Critical Accounting Policies and Estimates

The preparation of condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to intangible assets, accrued expenses, stock-based compensation, contingencies and litigation. We base our estimates on historical experience, terms of existing contracts, our observance of trends in the industry, information available from other outside sources and on various other factors that we believe to be appropriate under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those policies that affect our more significant judgments and estimates used in preparation of our consolidated financial statements. We believe our critical accounting policies include our policies regarding stock-based compensation, accrued expenses and income taxes. For a more detailed discussion of our critical accounting policies, please refer to our 2011 Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position, operating results or cash flows due to changes in the U.S. interest rates. The primary objective of our investment activities is to preserve cash until it is required to fund operations. To minimize risk, we maintain our portfolio of cash and cash equivalents in operating bank accounts and money market funds. Since our investments are short-term in duration, we believe that we are not subject to any material market risk exposure.

Item 4. Controls and Procedures

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934) and concluded that, as of September 30, 2012, our disclosure controls and procedures were effective at a reasonable assurance level. During the quarter ended September 30, 2012, no change in our internal control over financial reporting has materially affected, or is likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company is exposed to litigation relating to its operations. The Company is not currently engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material, adverse affect on its financial condition or results of operations, except as noted below:

On October 12, 2012, Dr. Platt commenced a lawsuit under the Massachusetts Wage Act against Dr. Traber and Mr. McGauley who in their capacities as the Company's Chief Executive Officer and Chief Financial Officer respectively can be held individually liable under the Wage Act for non-payment of wages. The lawsuit is based on the facts and issues raised in the arbitration regarding the payment of the $1.0 million separation payment under the Separation Agreement, and other unspecified "wages". The statute provides that a successful claimant may be entitled to multiple damages, interest and attorneys fees. Although the Company is not a party to the lawsuit, it plans to indemnify Dr. Traber and Mr. McGauley consistent with its obligations under the by-laws and applicable law, believes the lawsuit is without merit, and intends a vigorous defense on their behalf.

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Item 1A. Risk Factors

The risks we face, as set forth Item 1A, "Risk Factors," of Part I of our Annual Report on Form 10-K for the year ended December 31, 2011, have not changed materially during the three months ended September 30, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

None

Item 6. Exhibits

Exhibit Number	Description of Document	Note Reference
3.1	Amended and Restated Bylaws of Galectin Therapeutics Inc.	1
3.2	Restated Articles of Incorporation of Galectin Therapeutics Inc.	1
10.1	Independent Consulting Agreement dated April 30, 2012, between Scott L. Friedman, M.D. and Galectin Therapeutics Inc.	2
10.2	Amended Employment Agreement dated July 19, 2012 between Maureen Foley and Galectin Therapeutics Inc.	3
10.3*	Employment Agreement dated August 27, 2012, 2012 between Harold H. Shlevin and Galectin Therapeutics Inc.	
10.4	Independent Consulting Agreement dated September 19, 2012 between Thomas A. McGauley and Galectin Therapeutics Inc.	4
31.1*	Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	
31.2*	Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934	
32.1**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32.2**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
101.INS	XBRL Instance Document*	
101.SCH	XBRL Taxonomy Extension Schema Document*	
101.CAL	XBRL Taxonomy Calculation Linkbase Document*	
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*	
101.LAB	XBRL Taxonomy Label Linkbase Document*	
101.PRE	XBRL Taxonomy Presentation Linkbase Document*	

* Filed herewith.

** Furnished herewith and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

1. Incorporated by reference to the Company’s Current Report on Form 8-K filed with the Commission on May 30, 2012.
2. Incorporated by reference to the Company’s Current Report on Form 8-K filed with the Commission on May 1, 2012.
3. Incorporated by reference to the Company’s Current Report on Form 8-K filed with the Commission on July 25, 2012.
4. Incorporated by reference to the Company’s Current Report on Form 8-K filed with the Commission on September 21, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on November 9, 2012.

GALECTIN THERAPEUTICS INC.

By: /s/ Peter G. Traber
Name: Peter G. Traber, M.D.
Title: Chief Executive Officer and President

/s/ Thomas A. McGauley
Name: Thomas A. McGauley
Title: Chief Financial Officer

Exhibit 10.3

EXECUTION VERSION

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made this 27th day of August, 2012, by and between Galectin Therapeutics Inc., a Nevada corporation (the "Company"), and Harold Shlevin, an individual residing in the State of Georgia ("Executive").

W I T N E S S E T H:

WHEREAS, the Company desires to employ Executive and Executive desires to be employed by the Company, all in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the terms, conditions, and mutual covenants hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Employment. The Company hereby employs Executive and Executive hereby accepts employment by the Company upon the terms and conditions hereinafter stated.

2. Term. Unless sooner terminated as provided herein, Executive's term of employment hereunder shall commence on September 20, 2012 (the "Commencement Date") and continue until December 31, 2014 (the "Initial Term"). Unless either party provides written notice of non-renewal at least sixty (60) days prior to the expiration of the Initial Term or any Renewal Term, as defined below, this Agreement shall automatically renew for a period of twelve (12) months and shall automatically be renewed thereafter for subsequent terms of twelve (12) months (each, a "Renewal Term"; the Initial Term and any Renewal Terms are referred to herein collectively as the "Term").

3. Duties. During the Term, Executive agrees to serve as, and the Company hereby employs Executive as, the Chief Operating Officer of the Company. Executive will report to the Chief Executive Officer of the Company (the "Reporting Officer"). Executive agrees to perform such duties, subject to the reasonable direction of the Reporting Officer, as are customarily performed by chief operating officers in companies of similar size and scope in industries similar to the industry in which the Company operates, including, but not limited to, executive management and supervisory duties, responsibilities, and authority in connection with the Company's operations.

4. Compensation. As compensation for services rendered by Executive pursuant to this Agreement, the Company agrees to pay Executive the following as compensation:

(a) Base Salary. An initial base salary of Two Hundred Thousand and No/100 Dollars ($200,000.00) per year from the Commencement Date through December 31, 2013 ("Base Salary"). The Compensation Committee of the Board of Directors of the Company ("Compensation Committee") shall review the Base Salary at least annually during the Term for the purpose of determining whether the Base Salary should be adjusted based on a review of market conditions applicable to base compensation for executives of comparable companies and positions comparable to Executive; provided, however, that Base Salary shall in no event be less than Two Hundred Thousand and No/100 Dollars ($200,000.00) per year. The Compensation Committee shall make a recommendation to the Board of Directors for any adjustment to Base Salary; and

(b) Annual Performance Bonus. An annual bonus, based on the performance of Executive and/or the Company, as applicable, in accordance with Exhibit A attached hereto ("Performance Bonus"). Subject to the following sentence, the Company shall be obligated to pay to Executive, for

calendar year 2013, a minimum portion of the Performance Bonus equal to Twenty Thousand and No/100 Dollars ($20,000.00), even if not earned by Executive in accordance with the terms of Exhibit A attached hereto (the "Guaranteed Performance Bonus"). Notwithstanding anything contained herein to the contrary, the Company shall not be obligated to make any payment of the Guaranteed Performance Bonus or the Performance Bonus in the event that Executive is terminated for Cause (as defined below) by the later of: (i) the end of the applicable calendar year or (ii) the date after the end of the calendar year that it is determined that Cause for such termination did exist, so long as the process for termination for Cause was initiated in accordance with Section 6(b) below prior to the end of the applicable calendar year; and

(c) Signing Bonus. A one-time signing bonus in the amount of Twenty-Five Thousand and No/100 Dollars ($25,000.00) ("Signing Bonus"), such Signing Bonus to be due and payable by the Company to Executive within thirty (30) days of the Commencement Date.

Base Salary shall be payable in accordance with the Company's customary payroll practices and each of Base Salary, the Signing Bonus and any Performance Bonus shall be subject to normal withholding and payroll deductions and subject to periodic review by the Compensation Committee.

5. Other Compensation. In addition to his Base Salary and Performance Bonus, the Company shall provide to Executive such other benefits as are customarily provided to other similarly situated employees at the Company, subject to eligibility as provided in each such benefit plan or program. By way of example, Executive shall:

(a) be eligible to participate in employee fringe benefits and pension and/or profit-sharing plans that may be provided by the Company to its employees in accordance with the provisions of any such benefit plans, as the same may be in effect from time to time, including without limitation, the Company's 401(k) profit-sharing plan and matching of Executive's contributions thereunder by the Company; the Company and Executive acknowledge and agree that (i) as of the date hereof, the Company will match three percent (3%) of Executive's contributions for the first three percent (3%) of Executive's salary that Executive contributes to the 401(k) profit-sharing plan, and (ii) such level of matching may be revised as mutually agreed upon by the Company and Executive from time to time;

(b) be eligible to receive any term life insurance benefits that may be provided by the Company to its employees in accordance with the provisions of any such plans, as the same may be in effect from time to time;

(c) be granted options to purchase 250,000 shares (the "Option") of the Company's common stock under the terms and conditions of the Stock Option Agreement attached hereto as Exhibit B ("Stock Option Agreement") and Pro-Pharmaceuticals, Inc. Amended and Restated 2009 Incentive Compensation Plan ("Stock Option Plan"). The Stock Option Agreement shall provide for the Option to vest as follows: 50,000 shares upon execution of this Agreement by Executive and the Company, 50,000 shares on December 31, 2012, 75,000 shares on December 31, 2013, and 75,000 shares on December 31, 2014. In addition, the Stock Option Agreement shall provide that all of the Option not already vested shall vest one hundred percent (100%) upon the occurrence of a Change of Control (as defined below) and for Executive to have the right to a cashless exercise of the Option, in whole or in part;

(d) be eligible to participate in employee incentive stock option plans that may be provided by the Company to its employees in accordance with the provisions of the Stock Option Plan and any other such plans, as the same may be in effect from time to time;

(e) be eligible to participate in any medical, pharmacy benefit and other health plans (the policies covering both Executive and his spouse being the "Health Insurance") or other employee welfare benefit plans that may be provided by the Company to its employees in accordance with the provisions of any such plans, as the same may be in effect from time to time (and the Company covenants to provide Health Insurance at all times); provided, however, that fifteen percent (15%) of the cost of participating in any such medical and health plans shall be paid by Executive;

(f) during each twelve (12) month period commencing on the date hereof, be entitled to twenty (20) business days as paid vacation days (all of which accrue on the first day of each such period and shall be pro rated for 2012), which must be used during each twelve (12) month period or shall be deemed forfeited, in addition to all paid holidays given by the Company to its employees;

(g) be entitled to sick leave, sick pay and disability benefits in accordance with any Company policy that may be applicable to similarly situated employees from time to time; and

(h) be entitled to reimbursement for all reasonable and necessary out-of-pocket business expenses incurred by Executive in the performance of his duties hereunder, in accordance with the Company's normal policies in effect from time to time, which in any event shall include one mobile phone.

Executive shall not be entitled to receive any additional benefits or compensation other than as set forth in Section 4 above and this Section 5. For purposes of this Agreement, a "business day" is a day on which the Company is open for business and shall not include a Saturday, Sunday or legal holiday.

6. Termination.

(a) In the event of Executive's death or disability, all obligations of the Company under this Agreement shall terminate except with respect to (i) payment of Base Salary accruing prior to such death or disability, (ii) payment of a portion of the amount of the Performance Bonus equal to the maximum amount of the Performance Bonus multiplied by a fraction, (A) the numerator of which shall be the number of days elapsed from the beginning of the calendar year in which such death or disability occurs and (B) the denominator of which shall be the total number of days in the calendar year in which such death or disability occurs (being 365 in a full year and 102 in 2012), (iii) continuation of medical and other insurance benefits in accordance with the benefit programs provided to Executive, and (iv) in the case of disability, payment of such disability benefits as Executive is entitled to receive in accordance with the applicable plan or program. As used herein, "disability" means the inability of Executive to perform those duties and responsibilities that are the essential functions of Executive's position due to illness, accident or any other physical or mental incapacity after a period of reasonable accommodation for such disability, and as determined in accordance with the applicable disability insurance policy.

(b) During the Term, the Company may terminate Executive's employment for Cause, and in such event, upon written notice of termination to Executive (such termination to be effective after compliance with the notice and cure and other procedures set forth below in this subsection, as applicable), which notice shall specify Cause in reasonable detail. As used herein, "Cause" shall mean: (i) a good faith finding by the Company of Executive's failure to perform his material duties hereunder; (ii) Executive's violation of the Company's code of conduct; (iii) Executive's act(s) or omission(s) amounting to willful misconduct or gross negligence in the performance of his duties hereunder to the detriment of the Company; (iv) Executive's fraud or embezzlement against the Company, its suppliers or customers; (v)

Executive's conviction of or pleading guilty to any felony under applicable law; or (vi) Executive's failure to observe or perform any covenant, condition or provision of Sections 9 through 12, inclusive, of this Agreement. Except as to the immediately preceding clauses (iv), (v) or (vi) and with respect to those Causes that are not capable of being cured, Executive will have thirty (30) days from the date he receives written notice from the Company specifying in reasonable detail the events or circumstances constituting Cause to cure such Cause, and upon such timely cure, such Cause shall be deemed not to have occurred; provided, however, the Company shall be obligated to give Executive notice (and an opportunity to cure) only once in any twelve (12) consecutive month period with respect to similar acts or omissions giving rise to such Cause.

(e) Executive may voluntarily resign Executive's position with the Company for Good Reason, at any time on thirty (30) days' written notice to the Reporting Officer (after compliance with the cure and other procedures set forth below in this subsection, as applicable). Executive will be deemed to have resigned for "Good Reason" if Executive voluntarily terminates Executive's employment with the Company within sixty (60) days after the occurrence of one or more of the following circumstances: (i) the Company's material breach of this Agreement; (ii)-Executive's position and/or duties are changed from those contemplated herein such that Executive's duties are no longer consistent with the position of a chief operating officer of a company comparable to the Company; or (iii) in the event that the Executive is required to spend an average of fifty percent (50%) or more of his time spent on the business of the Company outside of the Atlanta metropolitan area, regardless of the location of the Company's headquarters. For purposes of this Agreement, Good Reason based on clause (iii) above shall be determined by taking the average time that Executive spends on the business of the Company outside of the Atlanta metropolitan area during any one hundred twenty (120) day period during the Term. Notwithstanding anything contained in this Subsection (c), with respect to any claim of Good Reason by Executive, the Company shall be provided with written notice of the specific circumstance giving rise to Good Reason and, with respect to clauses (i) and (ii) above, thirty (30) days from receipt of written notice in which to cure such circumstance or, with respect to clause (iii) above, thirty (30) days within which to provide assurances reasonably acceptable to Executive that the time requirement for Executive outside of the Atlanta metropolitan area thereafter will be less than the threshold specified in clause (iii).

7. Obligations of the Company Upon Termination.

(a) Notwithstanding anything to the contrary in this Agreement, regardless of the nature of any termination of Executive's employment, the Company agrees it will maintain and continue to pay 85% of the cost of the Health Insurance through December 31, 2014; provided that if the terms of the Company's group policy do not permit such continued coverage, the Company will obtain replacement, individual health insurance policies for Executive and his spouse with substantially the same coverage as the Health Insurance and pay 85% of the premiums on such policy. Executive acknowledges and agrees that if the Company utilizes an employee leasing service for the period through December 31, 2014 and the Health Insurance is available to Executive post-termination as required pursuant to this Agreement and the Company pays 85% of the premiums, the requirement of the Company provided for in this Section 7(a) shall be deemed satisfied for all purposes thereof.

(b) If either (i) the Company terminates Executive's employment for Cause during the Term, or (ii) Executive terminates his employment during the Term for any reason other than Good Reason, then this Agreement shall terminate without further obligations on the part of the Company to Executive under Sections 4 and 5 of this Agreement, other than for payment of Executive's Base Salary accrued through the date of termination, to the extent not theretofore paid and reimbursement of any unreimbursed expenses.

(c) If either (i) Executive terminates this Agreement for Good Reason or (ii) the Company terminates this Agreement without Cause, then the Company shall pay to Executive (1) Executive's Base Salary accrued through the date of termination, to the extent not theretofore paid, (2)(A) if such termination occurs within six (6) months after the Commencement Date, an amount equal to six (6) months of Executive's Base Salary, or (B) if such termination occurs after the period specified in (A) above, an amount equal to nine (9) months of Executive's Base Salary, in either case payable within thirty (30) days after the date of such termination, (3) reimbursement of any unreimbursed expenses and (4) payment of a portion of the amount of the Performance Bonus equal to the maximum amount of the Performance Bonus multiplied by a fraction, (A) the numerator of which shall be the number of days elapsed from the beginning of the calendar year in which such termination occurs and (B) the denominator of which shall be the total number of days in the calendar year in which such termination occurs (being 365 in a full year and 102 in 2012). In exchange for any such payments, Executive shall execute, within thirty (30) days following such termination, a full release of the Company and its affiliates from all obligations other than as set forth in this Section 7(c) or from any usual and customary indemnification obligations of the Company to Executive as an officer thereof, in form and substance acceptable to the Company in its sole discretion. Notwithstanding the foregoing, the Company shall not be obligated to make any payments pursuant to this Section 7(c) until it has received such release, fully executed by Executive. For avoidance of doubt, nonrenewal of this Agreement pursuant to Section 2 hereof shall not constitute a termination by the Company without Cause hereunder and shall not entitle Executive to receive any payments pursuant to this Section 7(c).

(d) The parties hereto agree that Executive may designate, by written notice to the Company, a beneficiary to receive the payments described in Sections 6 and 7 in the event of his death. The designation of any such beneficiary may be changed by Executive from time to time by written notice to the Company. In the event Executive fails to designate a beneficiary as herein provided, any payments which are otherwise to be made to a designated beneficiary under Sections 6 and 7 shall be made to the legal representative of Executive's estate.

8. Change of Control.

(a) For purposes of this Agreement, unless the Board of Directors of the Company determines otherwise, a "Change of Control" of the Company shall be deemed to have occurred at such time as:

(i) any "person" (as the term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of voting securities of the Company representing more than 50% of the Company's outstanding voting securities or rights to acquire such securities, except for any voting securities issued or purchased under any employee benefit plan of the Company or its subsidiaries;

(ii) a plan of reorganization, merger, consolidation, sale of all or substantially all of the assets of the Company or similar transaction is approved or occurs or is effectuated pursuant to which the Company is not the resulting or surviving entity; provided, however, that such an event listed above will be deemed to have occurred or to have been effectuated only upon receipt of all required regulatory approvals not including the lapse of any required waiting periods; or

(iii) a plan of liquidation of the Company is adopted and completed or an agreement for the sale or liquidation of the Company is approved and completed.

(b) If, within the period ending twelve (12) months after the date of a Change of Control (the "Change Period"), Executive's employment with the Company is (i) terminated without Cause by the Company (or by the acquiring or successor business entity following a Change of Control), or (ii) terminated for Good Reason by Executive, the Company shall pay to Executive (A) Executive's Base Salary accrued through the date of termination, to the extent not theretofore paid, (B) reimbursement of any unreimbursed expenses, (C) a portion of the amount of the Performance Bonus equal to the maximum amount of the Performance Bonus multiplied by a fraction, (A) the numerator of which shall be the number of days elapsed from the beginning of the calendar year in which such termination occurs and (B) the denominator of which shall be the total number of days in the calendar year in which such termination occurs (being 365 in a full year and 102 in 2012) and (D) an amount equal to twenty-four (24) months of Executive's Base Salary, payable in a lump sum no later than thirty (30) days following such termination**.** Upon any such Change of Control, Executive's unvested options to purchase shares of the Company's common stock shall be one hundred percent (100%) vested, but shall otherwise continue to be governed by the terms and conditions of the Stock Option Agreement attached hereto as Exhibit B and any related stock option plan.

(c) Notwithstanding the foregoing, if, in connection with a transaction that technically meets, or may meet, the definition of Change of Control as set forth in Section 8(a) above, Executive's employment by the Company or a successor to the Company is terminated, but Executive is immediately re-hired as an employee of a successor to the Company or surviving company in such a transaction in a comparable position, with the same or greater total annual cash compensation, including bonus potential, and with an employment agreement containing substantially equivalent provisions as this Agreement with respect to termination of the Executive and severance, no benefits shall be payable to Executive under Section 8(b).

9. Definitions. The following defined terms shall have the meanings ascribed below. All other terms shall be given their normal and common usage.

(a) "Company Business" shall mean the research and development of therapeutic agents whose primary pharmacological mechanisms of action modify galectins and are applicable in the treatment of fibrosis, cancer and related diseases.

(b) "Competing Business" shall mean any person or entity that engages in a commercial business that is the same or substantially similar to the Company Business.

(c) "Confidential Information" shall mean data and information: (i) relating to the Company Business, regardless of whether the data or information constitutes a trade secret as that term is defined in the Georgia Trade Secrets Act or any other applicable trade secrets law; (ii) disclosed to Executive or of which Executive became aware as a consequence of Executive's relationship with the Company; (iii) having value to the Company; (iv) not generally known to competitors of the Company; and (v) which includes trade secrets, methods of operation, names of customers, price lists, financial information and projections, route books, personnel data, and similar information; provided, however, that such term shall not mean data or information (A) which has been voluntarily disclosed to the public by the Company, except where such public disclosure has been made by Executive without authorization from the Company; (B) which has been independently developed and disclosed by others; or (C) which has otherwise entered the public domain through lawful means.

(d) “Key Employee” shall mean an employee who, by reason of the Company’s investment of time, training, money, trust, exposure to the public, or exposure to customers, vendors, or other business relationships during the course of the employee’s employment with the Company, has gained a high level of notoriety, fame, reputation, or public persona as the Company’s representative or spokesperson or has gained a high level of influence or credibility with the Company’s customers, vendors, or other business relationships or is intimately involved in the planning for or direction of the Company Business or a defined unit of the Company Business. Such term shall also mean an employee in possession of selective or specialized skills, learning, or abilities or customer contacts or customer information who has obtained such skills, learning, abilities, contacts, or information by reason of having worked for the Company.

(e) “Material Contact” shall mean the contact between Executive and each customer or potential customer of the Company: (i) with whom or which Executive dealt on behalf of the Company; (ii) whose dealings with the Company were coordinated or supervised by Executive; (iii) about whom Executive obtained Confidential Information in the ordinary course of business as a result of Executive’s association with the Company; or (iv) who receives products and services authorized by the Company, the sale or provision of which results or resulted in compensation, commissions, or earnings for Executive within two (2) years prior to the date of the separation of Executive’s employment with the Company.

(f) “Professional” shall mean an employee who has as a primary duty the performance of work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction or requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor. Such term shall not include employees performing technician work using knowledge acquired through on-the-job and classroom training, rather than by acquiring the knowledge through prolonged academic study, such as might be performed, without limitation, by a mechanic, a manual laborer, or a ministerial employee.

(g) “Territory” shall mean the geographic area where Executive is working at the time of the separation of Executive’s employment with the Company.

10. Representations by Executive.

(a) Executive hereby represents and warrants that he will take the time to fully understand the scope of the Company Business as soon as reasonably possible after the Commencement Date.

(b) Executive represents and warrants that Executive will engage in at least one of the following activities or sets of activities on behalf of the Company: (i) customarily and regularly solicits for the Company customers or prospective customers; (ii) customarily and regularly engages in making sales or obtaining orders or contracts for products or services to be performed by others; (iii) performs the following duties: (A) has a primary duty of managing the enterprise in which Executive is employed or of a customarily recognized department or subdivision thereof, (B) customarily and regularly directs the work of two or more employees, and (C) has the authority to hire or fire other employees or has particular weight given to suggestions and recommendations as to the hiring, firing, advancement, promotion, or any other change of status of other employees; or (iv) performs the duties of a Key Employee or of a Professional.

(c) Executive represents and warrants that the limited covenants contained in Section 11 below: (i) are fair and reasonable in that they are required for the protection of the legitimate business interests of the Company, including its customer relationships and Confidential Information; (ii) are not greater than are necessary for the protection of the Company in light of the substantial harm that the

Company will suffer should Executive breach any of the provisions of said covenants or agreements; (iii) form material consideration for this Agreement; and (iv) do not prohibit Executive from engaging in his business, trade or profession, or from becoming gainfully employed in such a way as to provide a standard of living for himself, the members of his family, and those dependent upon him, to which he and they have become accustomed and may expect.

(d) After consulting with an attorney or freely choosing not to consult with an attorney, Executive hereby represents and warrants as to the reasonableness of each of the covenants set forth in Section 11 below, and agrees that he will not, in any action, suit or other proceeding, deny the reasonableness of, or assert the unreasonableness of, the purpose, consideration for or scope of any or all of the covenants set forth in Section 11 below.

(e) Executive acknowledges the duty and responsibility to maintain and safeguard all Company property issued and/or provided to Executive, which includes all Confidential Information in any medium. Executive further acknowledges that such property is and shall always remain the property of the Company and is to be returned to the Company promptly, upon request, and immediately upon the separation of Executive's employment with the Company at the Company's expense and in a manner approved by the Company. If the event that Executive does not return such property to the Company upon the separation of Executive's employment, Executive understands and hereby expressly consents that the Company, at its sole election, may debit against any monies owed to Executive the full replacement cost of such property, subject to any and all applicable law.

11. Covenants Necessary to the Company's Business.

(a) Restrictions on Competition During Employment. Executive hereby covenants and agrees that, at any and all times during the term of Executive's employment with the Company, Executive will not, on behalf of any Competing Business, engage in any act of competition against the interests of the Company or any of its affiliates, assigns or successors, as applicable, in any geographic territory wherein the Company engages in the Company Business, regardless of the capacity in which Executive is acting on behalf of the Competing Business. With respect to this covenant restricting Executive's behavior during the Term of Executive's employment only, prohibited acts of competition include, without limitation, the following: (i) performing any services for a Competing Business; (ii) soliciting or recruiting any customer or prospective customer of the Company for a Competing Business; and/or (iii) hiring, recruiting or soliciting any employee of the Company for a Competing Business. For purposes of this Agreement, references to "affiliates" of the Company shall mean any party that controls, is under common control with, or is controlled by, the Company.

(b) Non-Solicitation of Customers Following Employment. Executive covenants and agrees that, for a period of eighteen (18) months following the separation of Executive's employment with the Company, regardless of the reason for separation, Executive will not, either directly or indirectly, in competition with the Company Business, solicit, entice or recruit for a Competing Business, attempt to solicit, entice or recruit for a Competing Business, or attempt to divert or appropriate to a Competing Business, any actual or prospective customer of the Company with whom Executive had Material Contact on behalf of the Company; provided that this Section 11(b) shall terminate thirty (30) days after termination of Executive's employment unless the Company provides a written list of actual or prospective customers of the Company with which it believes Executive had Material Contact; provided further, that Executive shall review such list of actual or prospective customers and, within ten (10) days after delivery thereof to Executive, confirm in writing to the Company that such list is accurate and complete or, if Executive does not agree with such list, advise the Company as to any such disagreement. Executive and the Company agree to use their good faith best efforts to resolve any disagreement as to the contents of the list specified herein.

(c) Non-Competition Following Employment. Executive covenants and agrees that, for a period of eighteen (18)months following the separation of Executive's employment with the Company, regardless of the reason for separation, Executive shall not, within the Territory and on behalf of a Competing Business, either directly or indirectly (whether through affiliates, subsidiaries or otherwise), perform any duties that are the same or similar to those that he performed for the Company within two (2) years prior to the separation of Executive's employment. Executive further covenants and agrees that, for a period of eighteen (18)months following the separation of Executive's employment with the Company, he shall not, either directly or indirectly (whether through affiliates, subsidiaries or otherwise), perform any duties that are the same or similar to those that he performed for the Company within two (2) years prior to the separation of Executive's employment on behalf of the entities engaged in a Competing Business. Notwithstanding the foregoing, nothing contained in this Subsection (c) shall be deemed or interpreted to prevent Executive from accepting a position with an employer that is engaged in business that includes, but is not limited to, a Competing Business so long as Executive's duties, responsibilities and/or activities for such employer during the time period specified herein do not include, directly or indirectly, duties, responsibilities or activities involving the Competing Business portion of such employer's business.

(d) Non-Solicitation of Employees Following Employment. Executive covenants and agrees that, for a period of eighteen (18)months following the separation of Executive's employment with the Company, regardless of the reason for separation, Executive will not, either directly or indirectly, solicit, entice, encourage, cause, or recruit any person employed by the Company and with whom Executive had contact during Executive's employment with the Company to leave such person's employment with the Company to join a Competing Business; provided that general solicitations of employment through media of general circulation and not directly targeting the Company's employees shall not be a breach of this provision.

(e) Protection of Confidential Information. Executive recognizes the interest of the Company in maintaining the confidential nature of its Confidential Information. Accordingly, and in addition to the covenants described in subparagraphs (a) through (d) above, Executive covenants and agrees that Executive will not, at any time, other than in the performance of Executive's duties for the Company, both during and after Executive's employment with the Company, communicate or disclose to any person or entity, or use for Executive's benefit, or for the benefit of any other person or entity, including any Competing Business, either directly or indirectly, any of the Company's Confidential Information.

12. Legal Remedies. Executive acknowledges and agrees that by virtue of the duties and responsibilities attendant to Executive's employment with the Company and Executive's access to Confidential Information, the Company will suffer irreparable loss and damage if Executive should breach or violate any of the covenants and agreements contained in Section 11 of this Agreement. Executive therefore agrees and consents that, in addition to any other remedies available to the Company, the Company shall be entitled to a temporary restraining order, preliminary injunction and/or permanent injunction, without any bond or other security being required, to prevent a breach or contemplated breach by Executive and by any person or entity to whom Executive provides or proposes to provide any services in violation of any of the covenants or agreements contained in Section 11 of this Agreement. Any rights created by this Agreement shall be in addition to, and not in lieu of, any other remedies that may exist under any applicable law or in equity.

13. Governing Law. The laws of the state of Georgia, including without limitation those contained in O.C.G.A. §§ 13-8-50 *et seq.*, shall govern the validity, interpretation, construction, performance and enforcement of this Agreement.

14. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

15. Waiver. The waiver by one party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach of the same or any other provision by the other party. The failure of a party at any time to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same.

16. Severability. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it valid, enforceable and legal; provided, however, if the provision so held to be invalid, unenforceable or otherwise illegal cannot be reformed so as to be valid and enforceable, then it shall be severed from, and shall not affect the enforceability of, the remaining provisions of the Agreement.

17. Construction. The parties acknowledge that they have fully read, understood and unconditionally accepted this Agreement, after having the opportunity to consult with an attorney, and acknowledge that this Agreement is mutual and binding upon all parties hereto.

18. Notices. All notices, requests, demands, claims or other communications hereunder will be in writing and shall be deemed duly given if personally delivered, sent by telefax, "pdf" or sent by a recognized overnight delivery service which guarantees next day delivery ("Overnight Delivery"), or mailed registered or certified mail, return receipt requested, postage prepaid, transmitted or addressed to the intended recipient as set forth below:

in the case of the Company to:	Galectin Therapeutics Inc. c/o Arnall Golden Gregory LLP 171 17th Street NW, Suite 2100 Atlanta, GA 30363 Facsimile: 404-873-8629 Attn: Adam S. Skorecki, Esq.
with a copy to:	Arnall Golden Gregory LLP 171 17th Street NW, Suite 2100 Atlanta, GA 30363 Facsimile: 404-873-8629 Attn: Adam S. Skorecki, Esq.
and in the case of Executive to:	Harold Shlevin 1827 Durand Mill Drive NE Atlanta, GA 30307-1171 Facsimile:
with a copy to:	Wyrick Robbins Yates & Ponton LLP 4101 Lake Boone Trail, Suite 300 Raleigh, NC 27607 Facsimile: 919-781-4865 Attn: W. David Mannheim

or at such other addresses as any party hereto notifies the other parties hereof in writing in accordance with this Section. The parties hereto agree that notices or other communications that are sent in accordance herewith (a) by personal delivery, telefax or "pdf", will be deemed received on the day sent or on the first business day thereafter if not sent on a business day, (b) by Overnight Delivery, will be deemed received on the first business day immediately following the date sent, and (c) by U.S. mail, will be deemed received three (3) business days immediately following the date sent.

19. Benefit. This Agreement is not assignable or delegable, in whole or in part, by Executive without the prior written consent of the Company. Notwithstanding the foregoing, the covenants of Executive contained in this Agreement shall be binding upon Executive's heirs and legal representatives and shall survive the termination of this Agreement. The rights and obligations of the Company under this Agreement shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company. Furthermore, the Company shall have the right to assign this Agreement to its successors and assigns, and all covenants herein shall inure to the benefit of, and be enforceable by, said successors and assigns.

20. Modification. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and may be amended or superseded only by an agreement in writing signed by the parties hereto. No action or course of conduct shall constitute a waiver of any of the terms and conditions hereof, unless such waiver is specified in writing and, in the case of such action by the Company, approved by the Reporting Officer, and then only to the extent so specified.

21. Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

22. Litigation Assistance. Executive agrees that following the termination of his employment hereunder, regardless of the reason for or manner of such termination, other than death or a disability that prevents his cooperation, he shall, upon reasonable notice, furnish such information and give such assistance to the Company in any controversy or matter involving litigation as may reasonably be requested by the Company. The Company shall compensate Executive for all reasonable out-of-pocket expenses incurred while so assisting the Company and shall pay Executive a per diem equal to the Executive's last Base Salary under this Agreement divided by two hundred twenty three (223). Executive is not obligated to assist in any controversy or litigation between the Company and Executive.

23. Interpretation. Should any provision of this Agreement require a judicial interpretation, it is agreed that the judicial body interpreting or construing this Agreement shall not apply the assumption that the terms of this Agreement shall be more strictly construed against one party by reason of the rule of legal construction that an instrument is to be construed more strictly against the party which itself or through its agents prepared the agreement. The parties acknowledge and agree that they and their agents have each had the opportunity to participate equally in the negotiations and preparation of this Agreement, and Executive acknowledges that he has had the opportunity to consult legal counsel regarding the terms hereof.

24. No Limitation. Notwithstanding anything to the contrary, nothing in this Agreement shall be construed to limit the common law rights of the Company and/or its affiliates with respect to their Confidential Information.

25. Intentionally Omitted.

26. Survival. Sections 9 through 26 hereof shall survive the termination of this Agreement.

[Signatures begin on following page]

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

COMPANY:

GALECTIN THERAPEUTICS INC.

By: /s/ Peter G. Traber
Name: Peter G. Traber, MD
Title: President, CEO and CMO

EXECUTIVE:

/s/ Harold Shlevin
Harold Shlevin

[Signature page to Employment Agreement]

EXHIBIT A
Annual Performance Bonus

First Full Calendar Year of Initial Term (2013)

Executive shall be entitled to receive up to a total amount of Forty Thousand and No/100 Dollars ($40,000.00) during calendar year 2013, as follows: (a) the Guaranteed Performance Bonus, payable in quarterly installments within thirty (30) days after the end of each calendar quarter during calendar year 2013, plus (b) up to an additional Twenty Thousand and No/100 Dollars ($20,000.00), payable within thirty (30) days of the end of calendar year 2013, based on the achievement of individual performance goals determined by the Compensation Committee of the Board of Directors of the Company, in its sole and absolute discretion. Such goals shall be developed and put in place by December 31, 2012.

Second Full Calendar Year of Initial Term (2014)

Executive shall be entitled to receive up to a total amount of Fifty Thousand and No/100 Dollars ($50,000.00) during calendar year 2014, as follows: (a) up to Twenty-Five Thousand and No/100 Dollars ($25,000.00), payable within thirty (30) days of the end of calendar year 2014, based on the achievement of Company performance goals determined by the Compensation Committee of the Board of Directors of the Company, in its sole and absolute discretion, plus, (b) up to Twenty-Five Thousand and No/100 Dollars ($25,000.00), payable within thirty (30) days of the end of the calendar year 2014, based on the achievement of individual performance goals determined by the Compensation Committee of the Board of Directors of the Company, in its sole and absolute discretion. Such goals shall be developed and put in place by December 31, 2013.

Renewal Terms

Following the Initial Term, the amount of the Annual Performance Bonus**,** and the performance goals Executive and/or the Company must achieve in order for Executive to earn all or any portion of such Performance Bonus**,** shall be determined jointly by the CEO, Executive and the Compensation Committee of the Board of Directors of the Company; provided, however, that in no event shall the amount of the Annual Performance Bonus be less than twenty-five percent (25%) of the Base Salary for the year to which the Annual Performance Bonus relates**.**

EXHIBIT B
Stock Option Agreement

[See attached.]

STOCK OPTION AGREEMENT

GALECTIN THERAPEUTICS INC.

INCENTIVE STOCK OPTION AGREEMENT

FOR

HAROLD SHLEVIN

AGREEMENT

1. ***Grant of Option***. Galectin Therapeutics Inc., a Nevada corporation (the "Company") hereby grants, as of August 27, 2012 ("Date of Grant"), to Harold Shlevin (the "Optionee") an option (the "Option") to purchase up to two hundred fifty thousand (250,000) shares of the Company's common stock, $0.01 par value per share (the "Shares"), at an exercise price per share equal to $2.32 (the "Exercise Price"). The Option shall be subject to the terms and conditions set forth herein. The Option is being issued pursuant to the Company's 2009 Incentive Compensation Plan (the "Plan"), which is incorporated herein for all purposes. The Option is an Incentive Stock Option and not a Non-Qualified Stock Option. The Optionee hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all of the terms and conditions hereof and thereof and all applicable laws and regulations.

2. ***Definitions***. Unless otherwise provided herein, terms used herein that are defined in the Plan and not defined herein shall have the meanings attributed thereto in the Plan.

3. ***Exercise Schedule***. Except as otherwise provided in Sections 6 or 9 of this Agreement, or in the Plan, the Option is exercisable in installments as provided below, which shall be cumulative. To the extent that the Option has become exercisable with respect to a specified number of Shares as provided below, the Option may thereafter be exercised by the Optionee, in whole or in part, at any time or from time to time prior to the expiration of the Option as provided herein. The following table indicates each date (the "Vesting Date") upon which the Optionee shall be entitled to exercise the Option with respect to the number of Shares granted as indicated beside the date, provided that the Continuous Service of the Optionee continues through and on the applicable Vesting Date:

Number of Shares	Vesting Date
50,000	Upon execution of Employment Agreement by Optionee and the Company
50,000	December 31, 2012
75,000	December 31, 2013
75,000	December 31, 2014

For the avoidance of doubt, in the event the Optionee's employment ends on December 31, 2014 other than termination for Cause (as defined in that certain Employment Agreement between the Company and Optionee, dated August 27, 2012), Optionee shall be deemed to have satisfied the Continuous Service requirement through such date and this Option shall be fully vested.

Except as otherwise specifically provided herein, there shall be no proportionate or partial vesting in the periods prior to each Vesting Date, and all vesting shall occur only on the appropriate Vesting Date. Except as otherwise specifically provided herein, upon the termination of the Optionee's Continuous Service, any unvested portion of the Option shall terminate and be null and void.

4. ***Method of Exercise***. The vested portion of this Option shall be exercisable in whole or in part in accordance with the exercise schedule set forth in Section 3 hereof by written notice which shall state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised, and such other representations and agreements as to the holder's investment intent with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. Such written notice shall be signed by the Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The written notice shall be accompanied by payment of the Exercise Price as determined pursuant to Section 5 hereof. This Option shall be deemed to be exercised after both (a) receipt by the Company of such written notice accompanied by the Exercise Price and (b) arrangements that are satisfactory to the Committee in its sole discretion have been made for Optionee's payment to the Company of the amount, if any, that is necessary to be withheld in accordance with applicable Federal or state withholding requirements. No Shares shall be issued pursuant to the Option unless and until such issuance and such exercise shall comply with all relevant provisions of applicable law, including the requirements of any stock exchange upon which the Shares then may be traded.

5. ***Method of Payment***. Payment of the Exercise Price shall be by any of the following, or a combination thereof, at the election of the Optionee: (a) cash; (b) check; or (c) with Shares owned by the Optionee, or the withholding of Shares that otherwise would be delivered to the Optionee as a result of the exercise of the Option or (d) pursuant to a "cashless exercise" procedure, by delivery of a properly executed exercise notice together with such other documentation, and subject to such guidelines, as the Committee shall require to effect an exercise of the Option and delivery to the Company by a licensed

broker acceptable to the Company of proceeds from the sale of Shares, or (e) such other consideration or in such other manner as may be determined by the Committee in its absolute discretion.

6. ***Termination of Option***.

(a) ***General***. Any unexercised portion of the Option shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(i) unless the Committee otherwise determines in writing in its sole discretion (see Attachment A), three (3) months after the date on which the Optionee's Continuous Service is terminated other than by reason of (A) by the Company or a Related Entity for Cause, (B) a Disability of the Optionee as determined by a medical doctor satisfactory to the Committee, or (C) the death of the Optionee;

(ii) immediately upon the termination of the Optionee's Continuous Service by the Company or a Related Entity for Cause;

(iii) twelve (12) months after the date on which the Optionee's Continuous Service is terminated by reason of a Disability as determined by a medical doctor satisfactory to the Committee;

(iv) twelve (12) months after the date of termination of the Optionee's Continuous Service by reason of the death of the Optionee;

(v) the tenth (10^{th}) anniversary of the date as of which the Option is granted.

(b) ***Cancellation***. To the extent not previously exercised, (i) the Option shall terminate immediately in the event of (A) the liquidation or dissolution of the Company, or (B) any reorganization, merger, consolidation or other form of corporate transaction in which the Company does not survive or the Shares are exchanged for or converted into securities issued by another entity, or an affiliate of such successor or acquiring entity, unless the successor or acquiring entity, or an affiliate thereof, assumes the Option or substitutes an equivalent option or right pursuant to Section 10(c)(ii) of the Plan, and (ii) the Committee in its sole discretion may by written notice ("cancellation notice") cancel, effective upon the consummation of any transaction that constitutes a Change in Control, the Option (or portion thereof) that remains unexercised on such date. The Committee shall give written notice of any proposed transaction referred to in this Section 6(b) a reasonable period of time prior to the closing date for such transaction (which notice may be given either before or after approval of such transaction), in order that the Optionee may have a reasonable period of time prior to the closing date of such transaction within which to exercise the Option if and to the extent that it then is exercisable (including any portion of the Option that may become exercisable upon the closing date of such transaction). The Optionee may condition his exercise of the Option upon the consummation of a transaction referred to in this Section 6(b).

7. ***Transferability***. Unless otherwise determined by the Committee, the Option granted hereby is not transferable otherwise than by will or under the applicable laws of descent and distribution, and during the lifetime of the Optionee the Option shall be exercisable only by the Optionee, or the Optionee's guardian or legal representative. In addition, the Option shall not be assigned, negotiated, pledged or hypothecated in any way (whether by operation of law or otherwise), and the Option shall not be subject to execution, attachment or similar process. Upon any attempt to transfer, assign, negotiate, pledge or hypothecate the Option, or in the event of any levy upon the Option by reason of any execution, attachment or similar process contrary to the provisions hereof, the Option shall immediately become null and void. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

8. ***No Rights of Stockholders***. Neither the Optionee nor any personal representative (or beneficiary) shall be, or shall have any of the rights and privileges of, a stockholder of the Company with respect to any Shares purchasable or issuable upon the exercise of the Option, in whole or in part, prior to the date on which the Shares are issued.

9. ***Acceleration of Exercisability of Option***.

(a) ***Acceleration Upon Certain Terminations or Cancellations of Option***. So long as this Option has not terminated pursuant to Section 6(a) hereof, this Option shall become immediately fully exercisable immediately prior to the occurrence of any event that would result in (i) the Option being terminated pursuant to Section 6(b)(i) hereof, or (ii) the Company exercising its discretion to provide a cancellation notice with respect to the Option pursuant to Section 6(b)(ii) hereof.

(b) ***Acceleration Upon Change in Control***. Subject to Section 9(a) above and so long as this Option has not terminated pursuant to Section 6(a) hereof, this Option shall become immediately fully exercisable immediately prior to the occurrence of any event that qualifies as a "Change in Control", as defined in Section 9(b) of the Plan.

10. ***No Right to Continued Employment***. Neither the Option nor this Agreement shall confer upon the Optionee any right to continued employment or service with the Company.

11. ***Law Governing***. This Agreement shall be governed in accordance with and governed by the internal laws of the State of Massachusetts.

12. ***Incentive Stock Option Treatment***. The terms of this Option shall be interpreted in a manner consistent with the intent of the Company and the Optionee that the Option qualify as an Incentive Stock Option under Section 422 of the Code. If any provision of the Plan or this Agreement shall be impermissible in order for the Option to qualify as an Incentive Stock Option, then the Option shall be construed and enforced as if such provision had never been included in the Plan or the Option. If and to the extent that the number of Options granted pursuant to this Agreement exceeds the limitations contained in Section 422 of the Code on the value of Shares with respect to which this Option may qualify as an Incentive Stock Option, this Option shall be a Non-Qualified Stock Option.

13. ***Interpretation / Provisions of Plan Control***. This Agreement is subject to all the terms, conditions and provisions of the Plan, including, without limitation, the amendment provisions thereof, and to such rules, regulations and interpretations relating to the Plan adopted by the Committee as may be in effect from time to time. If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of the Plan, the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Optionee accepts the Option subject to all of the terms and provisions of the Plan and this Agreement. The undersigned Optionee hereby accepts as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan and this Agreement, unless shown to have been made in an arbitrary and capricious manner.

14. ***Notices***. Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Company, to the Company's Secretary at , or if the Company should move its principal office, to such principal office, and, in the case of the Optionee, to the Optionee's last permanent address as shown on the Company's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

15. ***Section 409A***.

(a) It is intended that the Option awarded pursuant to this Agreement be exempt from Section 409A of the Code ("Section 409A") because it is believed that (i) the Exercise Price may never be less than the Fair Market Value of a Share on the Grant Date and the number of shares subject to the Option is fixed on the original Date of Grant, (ii) the transfer or exercise of the Option is subject to taxation under Section 83 of the Code and Treas. Reg. 1.83-7, and (iii) the Option does not include any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Option. The provisions of this Agreement shall be interpreted in a manner consistent with this intention, and the provisions of this Agreement may not be amended, adjusted, assumed or substituted for, converted or otherwise modified without the Optionee's prior written consent if and to the extent that the Company believes or reasonably should believe that such amendment, adjustment, assumption or substitution, conversion or modification would cause the award to violate the requirements of Section 409A. In the event that either the Company or the Optionee believes, at any time, that any benefit or right under this Agreement is subject to Section 409A, then the Committee may (acting alone and without any required consent of the Optionee) amend this Agreement in such manner as the Committee deems necessary or appropriate to be exempt from or otherwise comply with the requirements of Section 409A (including without limitation, amending the Agreement to increase the Exercise Price to such amount as may be required in order for the Option to be exempt from Section 409A).

(b) Notwithstanding the foregoing, the Company does not make any representation to the Optionee that the Option awarded pursuant to this Agreement is exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no

liability or other obligation to indemnify or hold harmless the Optionee or any Beneficiary for any tax, additional tax, interest or penalties that the Optionee or any Beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto, that either is consented to by the Optionee or that the Company reasonably believes should not result in a violation of Section 409A, is deemed to violate any of the requirements of Section 409A.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the 27 August 2012.

COMPANY:

GALECTIN THERAPEUTICS INC., a Nevada corporation

By: /s/ Peter G. Traber

Name: Peter G. Traber, MD

Title: President, CEO and CMO

The Optionee acknowledges receipt of a copy of the Plan and represents that he has reviewed the provisions of the Plan and this Option Agreement in their entirety, is familiar with and understands their terms and provisions, and hereby accepts this Option subject to all of the terms and provisions of the Plan and the Option Agreement. The Optionee further represents that he has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement.

Dated: 27 August 2012

OPTIONEE:

By: /s/ Harold Shlevin

Harold Shlevin

Exhibit 31.1

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Peter G. Traber, certify that:

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

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our 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;

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

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

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

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

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

Date: November 9, 2012

/s/ Peter G. Traber

Name: Peter G. Traber, M.D.
Title: Chief Executive Officer and President
(principal executive officer)

Exhibit 31.2

Certification Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934

I, Thomas A. McGauley, certify that:

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

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

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

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

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

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our 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;

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

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

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

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

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

Date: November 9, 2012

/s/ Thomas A. McGauley

Name: Thomas A. McGauley
Title: Chief Financial Officer
(principal financial and accounting officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Galectin Therapeutics Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter G. Traber, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: November 9, 2012

/s/ Peter G. Traber

Name: Peter G. Traber, M.D.
Title: Chief Executive Officer and President
(principal executive officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Galectin Therapeutics Inc. and will be retained by Galectin Therapeutics Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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

In connection with the Quarterly Report of Galectin Therapeutics Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas A. McGauley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: November 9, 2012

/s/ Thomas A. McGauley

Name: Thomas A. McGauley
Title: Chief Financial Officer
(principal financial and accounting officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Galectin Therapeutics Inc. and will be retained by Galectin Therapeutics Inc. and furnished to the Securities and Exchange Commission or its staff upon request.