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

FORM 10-K

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

For the fiscal year ended May 31, 2013

or

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-49908

CYTODYN INC.

(Exact name of registrant as specified in its charter)

Colorado	**75-3056237**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
5 Centerpointe Drive, Suite 400, Lake Oswego, Oregon	**97035**
(Address of principal executive offices)	**(Zip Code)**

Registrant's Telephone Number, including area code: (971) 204-0382

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of class

Common Stock, no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 checkmark 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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by checkmark 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 ☐	Smaller reporting company ☒

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $43,356,952 (as of November 30, 2012).

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of July 31, 2013, the registrant had 30,798,150 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts Into Which Incorporated
Portions of Proxy Statement for the 2013 Annual Meeting of Shareholders ("Proxy Statement")	Part III

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CYTODYN INC.

FORM 10-K FOR THE YEAR ENDED MAY 31, 2013

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THROUGHOUT THIS FILING, WE MAKE FORWARD-LOOKING STATEMENTS. THE WORDS "ANTICIPATE," "BELIEVE," "EXPECT," "INTEND," "PREDICT," "PLAN," "SEEK," "ESTIMATE," "PROJECT," "WILL," "CONTINUE," "COULD," "MAY," AND SIMILAR TERMS AND EXPRESSIONS WILL FREQUENTLY IDENTIFY FORWARD-LOOKING STATEMENTS. THESE STATEMENTS INCLUDE, AMONG OTHERS, INFORMATION REGARDING FUTURE OPERATIONS, FUTURE CAPITAL NEEDS, EXPENDITURES AND ADEQUACY, AND FUTURE NET CASH FLOWS. SUCH STATEMENTS REFLECT THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES, INCLUDING, WITHOUT LIMITATION, RISKS AND UNCERTAINTIES RELATING TO (i) GENERAL ECONOMIC AND BUSINESS CONDITIONS, (ii) CHANGES IN FOREIGN, POLITICAL, AND SOCIAL CONDITIONS, (iii) REGULATORY INITIATIVES, COMPLIANCE WITH GOVERNMENTAL REGULATIONS AND THE REGULATORY APPROVAL PROCESS, (iv) OUR ABILITY TO DEVELOP AND ACHIEVE APPROVAL OF A MARKETABLE PRODUCT, (v) DESIGN, IMPLEMENTATION AND CONDUCT OF CLINICAL TRIALS, (vi) THE POSSIBILITY OF UNFAVORABLE CLINICAL TRIAL RESULTS, (vii) THE SPECIFIC RISK FACTORS DISCUSSED IN ITEM 1A. BELOW, AND (viii) VARIOUS OTHER MATTERS, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES DEVELOP, OR SHOULD UNDERLYING ASSUMPTIONS PROVE TO BE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY AND ADVERSELY FROM THOSE ANTICIPATED, BELIEVED, ESTIMATED, OR OTHERWISE INDICATED BY OUR FORWARD–LOOKING STATEMENTS.

PART I

Item 1. Business.

Overview / Corporate History

CytoDyn Inc. (the "Company") is a Colorado corporation, with its principal business office at 5 Centerpointe Drive, Suite 400, Lake Oswego, Oregon 97035; telephone: (971) 204-0382, and website address: www.cytodyn.com. Unless the context otherwise requires, references in this report to "CytoDyn," "our," "we," "us," or the "Company" are to CytoDyn Inc. and its subsidiaries.

We are a publicly traded development stage biotechnology company focused on developing and potentially marketing a class of therapeutic monoclonal antibodies to treat Human Immunodeficiency Virus ("HIV") infection. Our lead product candidate, PRO 140, belongs to a class of HIV therapies known as entry inhibitors. These therapies potentially block HIV from entering into and infecting certain cells. Although CytoDyn intends to focus its efforts on PRO 140, the Company also holds certain rights in two proprietary platform technologies: Cytolin®, a monoclonal antibody targeting HIV with a mechanism of action which may prove to be synergistic to that of PRO 140 and other treatments, and CytoFeline™, a monoclonal antibody targeting Feline Immunodeficiency Virus ("FIV").

PRO 140

We believe the PRO 140 antibody shows promise as a powerful anti-viral agent while not being a drug, which means fewer side effects and less frequent dosing requirements as compared to daily drug therapies currently in use. The PRO 140 antibody belongs to a class of HIV therapies known as entry inhibitors that block HIV from entering into and infecting certain cells. PRO 140 blocks HIV from entering a cell by binding to a molecule called CCR5, a normal cell surface receptor protein to which HIV attaches as part of HIV's entry into a cell.

PRO 140 is an antibody and not a drug, and through preliminary, short-term trials it has demonstrated efficacy without issues relating to toxicity and autoimmune resistance. Moreover, these trials suggested that PRO 140 does not affect the normal function of the CCR5 receptor. Instead, PRO 140 binds to a precise site on CCR5 that HIV uses to enter the cell and, in doing so, inhibits the ability of HIV to infect the cell without affecting the cell's normal function.

PRO 140 was originally developed by Progenics Pharmaceuticals, Inc. ("Progenics"). Progenics led, and contributed to funding of, PRO 140 development and trials through 2011. We acquired the asset from Progenics in October 2012. Current collaborative research relating to PRO 140 planned for late 2013 is being conducted by Jeffrey M. Jacobson, M.D., Professor of Medicine, Microbiology and Immunology, Chief, Drexel University College of Medicine ("Drexel"), and is partially funded through two grants awarded to Drexel and Dr. Jacobson by the National Institutes of Health ("NIH").

To date, PRO 140 has only been tested and administered to test subjects either intravenously or as a subcutaneous injection. We believe, however, that, if PRO 140 is approved for use as an injectible by the U.S. Food and Drug Administration (the "FDA"), it may be an attractive and marketable therapeutic option (for patients with healthy CCR5) particularly in the following scenarios:

- Patients with multi-drug resistant viruses;
- Patients with difficulty adhering to daily drug regimens;
- Patients who poorly tolerate existing therapies;
- Patients with compromised organ function, such as HCV co-infection; and
- Patients with complex concomitant medical requirements.

We believe PRO 140 has demonstrated potent, long-lived (as compared to existing treatments) antiretroviral activity and an encouraging safety profile in initial clinical testing, that PRO 140 has the potential to be the first long-acting (weekly or every other week), self-administered HIV therapy, and that PRO 140 may inhibit CCR5-tropic HIV while preserving CCR5's natural activity. PRO 140 also appears to broadly inhibit drug-resistant CCR5-tropic HIV viruses, including those resistant to small-molecule anti-CCR5 HIV therapies. It has no effect on strains of HIV that enter through the CXCR4 cell portal. Overall, we believe PRO 140 represents a distinct class of CCR5 inhibitors with unique virological and immunological properties and may provide another distinct tool to treat HIV-infected subjects developing resistance to other therapies.

The Company acquired PRO 140, as well as certain other related assets, including the existing inventory of PRO 140 bulk drug substance, intellectual property, and FDA regulatory filings, pursuant to an Asset Purchase Agreement, dated as of July 25, 2012, (the "Progenics Agreement") between CytoDyn and Progenics. The terms of the Progenics Agreement provided for an initial cash payment of $3,500,000, which was paid at closing in October 2012, as well as the following milestone payments and royalties to be paid to Progenics in the future: (i) $1,500,000 at the time of the first dosing in a U.S. Phase III trial or non-U.S. equivalent; (ii) $5,000,000 at the time of FDA approval of the first U.S. new drug application or other non-U.S. approval for the sale of PRO 140; and (iii) royalty payments of 5% of net sales during the period beginning on the date of the first commercial sale of PRO 140 until the later of (a) the expiration of the last to expire patent included in the acquired assets, and (b) 10 years following the first commercial sale of PRO 140, in each case determined on a country-by-country basis.

In connection with the Progenics Agreement, the Company assumed Progenics' rights and obligations under an additional license agreement (the "PDL License") with Protein Design Labs, Inc. (now AbbVie, Inc.), pursuant to which CytoDyn is required to pay the following milestone payments and royalties: (i) $1,000,000 upon initiation of a Phase III clinical trial of a licensed product; (ii) $500,000 at filing a new drug application for PRO 140 in the U.S. or non-U.S. equivalent; (iii) $500,000 at the time of FDA approval of the first U.S. new drug application or other approval for sale by certain non-U.S. regulatory bodies; and (iv) royalties of up to seven and one-half percent (7.5%) of net sales payable to licensors or sublicensees during the period beginning on the date of the first commercial sale of PRO 140 until the later of (a) the expiration of the last to expire patent licensed and (b) 10 years following the first commercial sale of PRO 140. The PDL License also provides for an annual maintenance fee of $150,000 until royalties exceed that amount.

As an integral part of CytoDyn's acquisition of PRO 140, we entered into a collaboration agreement with Drexel, whereby CytoDyn will provide Drexel with the necessary quantity of PRO 140 to conduct the clinical trials and CytoDyn will have access to all clinical trial data and the right to use such data to maintain the IND (Investigational New Drug application) for PRO 140 and to support its application to the FDA.

Other Product Candidates

A second product candidate, Cytolin, is also a monoclonal antibody. It targets a normal cell molecule called CD11a, part of the heterodimer that makes up the cell adhesion molecule lymphocyte function cell associated antigen. Published reports have suggested that blocking or engaging CD11a might limit or prevent HIV infection of CD4 cells and monocytes. We acquired rights to Cytolin in October 2003 pursuant to an agreement with CytoDyn of New Mexico, Inc. ("CytoDyn NM"). As part of the transaction, we acquired the drug candidate Cytolin and were assigned rights under the patent license agreement dated July 1, 1994, between CytoDyn NM and Allen D. Allen, covering United States Patent No. 5,651,970 (which describes a method for treating HIV disease with the use of monoclonal antibodies), including the worldwide, exclusive right to develop, market and sell compounds disclosed by the patent, to practice methods taught by the patent, and to exploit specified technology related to the patent. This patent is for a murine (mouse) version of the drug. The license agreement expires on the original expiration date of the patent in July 2014. On September 23, 2011, the Company filed a provisional patent application (Serial No. 61/534,942) in the United States for its humanized version of Cytolin, a monoclonal antibody for the treatment of HIV infection. On September 13, 2012, we filed an international patent application (Serial No. PCT/US2012/055132) claiming priority to a United States provisional patent application for our humanized version of Cytolin.

In May 2011, we formed CytoDyn Veterinary Medicine LLC ("CVM") to explore the possible application of feline reactive monoclonal antibodies for the treatment of FIV. On June 17, 2011, the Company filed a provisional patent application in the United States (Serial No. 61/498,029) for the use of these antibodies, as well as selected small molecule antagonists and agonists for the treatment of FIV. On June 15, 2012, the Company filed an international patent application (Serial No. PCT/US2012/042693) claiming priority to this provisional patent application.

Until the clinical trials for PRO 140 commence, we plan to devote only a modest amount of resources towards the approval or commercialization of Cytolin or CytoFeline.

Product Development and Research Status of PRO 140

Phase I and IIa clinical trials of PRO 140 were completed by Dr. Jacobson of Drexel prior to our acquisition of PRO 140. A total of 113 subjects were treated for a period of up to three weeks with as much as a 324 mg dose of PRO 140 administered weekly subcutaneously and 10mg/kg intravenously. Clinical results indicated a reduction of circulating HIV RNA—an index of circulating virus—of up to 2.17 logs intravenously and 1.77 logs subcutaneously (nearly a factor of a hundred) that persists for at least two weeks between injections at the 324 mg dose level. This response is similar in magnitude to that seen with any other single anti-HIV therapeutic agent. With respect to subcutaneously-administered trials, no significant safety signals were observed, with only minor irritation at the injection site in some subjects. While all protein therapeutic products are likely to have some immunogenicity—that is, to cause the recipient to make antibodies against the protein therapeutic product—only mild immunogenic responses were seen in a small number of subjects, and none of the immune response was associated with adverse effects or with an interference in the ability of PRO 140 to bind to its intended CCR5 target. Further trials are needed to determine the exposure time required for immunogenic responses to become significant.

Information regarding past and current study design, objectives and results are available at www.clinicaltrials.gov. To review these records, enter "PRO 140" as the search term.

As clinical protocols are finalized for planned clinical trials expected to commence in late 2013, management, its clinical advisors, and Dr. Jacobson intend to meet with the FDA to ensure that the final clinical protocols are fully aligned with the FDA's prior guidance to Progenics, wherein the FDA designated PRO 140 as a candidate for fast track approval, and to independently confirm that such protocols are fully aligned with what is believed to be the most important clinical evaluation criteria supporting the highest commercial opportunities for PRO 140.

Research History of Cytolin Compound

In 1993, six HIV-infected patients were treated with murine Cytolin. Blood and skin tests of these patients suggested that the antibody might be producing improvements in the immune function of each patient.

Based on the results of this pilot study, a compassionate use trial was initiated. In this study a relatively small number of physicians in the United States administered Cytolin to their HIV-infected patients over two years. As results from this initial use became available, other physicians obtained and administered Cytolin to their patients as well. Four of the doctors using Cytolin allowed the Company's predecessor to send in an independent Institutional Review Board to inspect the medical records of approximately 200 patients treated with Cytolin once or twice a month over 18 months. Data were recorded and summarized and formed part of the material presented to the FDA as an early indication of the safety and potential efficacy of Cytolin.

To date, only the murine version of Cytolin has been tested in clinical, research and development studies. The Company understands that registrational studies will require similar testing and confirmation of activity with its proprietary humanized version of Cytolin should it want to pursue this product.

The Company may explore the initiation of a study of Cytolin and PRO 140 used in combination to evaluate the possibility of collaborating with other companies in an effort to develop a course of treatment similar to the current standard known as HAART—Highly Active Antiretroviral Therapy—based on antibodies. Current business plans, however, are focused on PRO 140.

Under a Clinical Trial Agreement dated September 28, 2009 and as amended to date (the "Clinical Trial Agreement"), in exchange for a research grant by the Company, Massachusetts General Hospital ("MGH") in Boston, Massachusetts conducted an ex-vivo study of murine Cytolin in accordance with a study protocol entitled "An observational study to determine the in-vitro immunologic and virology activity of Cytolin" (the "Study"). In addition to providing financial support for the Study, the Company agreed to provide MGH with supplies of Cytolin needed for the Study. Under the Clinical Trial Agreement, Eric S. Rosenberg, M.D. was designated as the Principal Investigator for the Study.

Ten adults with early HIV infection and 10 healthy adults were enrolled in the Study, all of whom were required to participate for six months. Each patient enrolled in the study donated blood to allow the study of the effects of Cytolin when it was added in the test tube to their peripheral blood mononuclear cells. The Study design and objectives are available at www.clinicaltrials.gov, ID NCT01048372. To review public records for the Study on the government's website, enter "Cytolin" as the search term (case sensitive).

The Study was completed in December 2012. Dr. Rosenberg submitted a manuscript detailing his results, which can be found at Rychert J, Jones L, McGrath G, et al. A monoclonal antibody against lymphocyte function-associated antigen-1 decreases HIV-1 replication by inducing the secretion of an antiviral soluble factor. J Virol. 2013; 10:120. The release of this or any data from the Study is entirely dependent on Dr. Rosenberg.

The Study was a science-intensive research study and was not intended to function as a registrational study (see "Registrational Clinical Trials Process" below). A clinical trial would be necessary to continue to explore Cytolin and none is currently planned. The Company will determine if clinical trials with the humanized version of Cytolin are warranted based on results from studies with the murine molecule and available resources.

Patents and Proprietary Technology

Protection of our intellectual property rights is important to our business. We may file patent applications in the U.S., Canada, Japan, European countries that are party to the European Patent Convention and other countries on a selective basis in order to protect inventions we consider to be important to the development of our business.

Generally, patents issued in the U.S. are effective for either (i) 20 years from the earliest asserted filing date, if the application was filed on or after June 8, 1995, or (ii) the longer of 17 years from the date of issue or 20 years from the earliest asserted filing date, if the application was filed prior to that date, subject to a five-year extension in certain instances. The duration of foreign patents varies in accordance with the provisions of applicable local law, although most countries provide for patent terms of 20 years from the earliest asserted filing date and allow patent extensions similar to those permitted in the U.S.

Patents may not enable us to preclude competitors from commercializing drugs in direct competition with our products, and consequently may not provide us with any meaningful competitive advantage. See Item 1A below. We

may also rely on trade secrets and proprietary know-how to develop and attempt to achieve a competitive position in our product areas. We generally require our employees, consultants and partners who have access to our proprietary information to sign confidentiality agreements in an effort to protect our intellectual property.

Information with respect to our current patent portfolio is set forth below.

	Number of Patents			Number of Patent Applications	
Product Candidates	U.S.	International	Expiration Dates[1]	U.S.	International
PRO 140	15	18	2015-2031	6	17
Cytolin[2]	1	—	2014	1	1
CytoFeline[2]	—	—	—	—	1

(1) Patent term extensions and pending patent applications may extend periods of patent protection.

(2) Our former patent counsel has filed liens against two applications relating to humanized Cytolin (PCT/US2012/055132) and to CytoFeline (PCT/US2012/042693) based on related unpaid legal fees.

Additional detail regarding our patents and patent applications is available upon request. In connection with our acquisition of rights to PRO 140, our patent counsel conducted a freedom-to-operate search that identified other patents that could relate to our proposed PRO 140 drug candidate. Sufficient research and analysis was conducted to enable us to reach the conclusion that PRO 140 likely does not infringe those patent rights. However, we did not have an exhaustive analysis conducted as to the identified patent rights because doing so would have been more costly than appeared to be justified. The validity of issued patents, patentability of claimed inventions in pending applications and applicability of any of our development programs are uncertain and subject to change, and patent rights asserted against us could adversely affect our ability to commercialize or collaborate with others on specific products. See Item 1A below.

Research, development and commercialization of a biopharmaceutical product often require choosing between alternative development and optimization routes at various stages in the development process. Preferred routes depend upon current—and may be affected by subsequent—discoveries and test results, availability of financial resources, and other factors, and cannot be identified with certainty. There are numerous third-party patents in fields in which we work, and we may need to obtain licenses under patents of others in order to pursue a preferred development route of one or more of our product candidates. The need to obtain a license would decrease the ultimate value and profitability of an affected product. If we cannot negotiate such a license, we might have to pursue a less desirable development route or terminate the program altogether.

Government Regulation

Regulation of Health Care Industry

The health care industry is highly regulated, and state and federal health care laws and regulations are applicable to certain aspects of our business. For example, there are federal and state health care laws and regulations that apply to the operation of clinical laboratories, the business relationships between health care providers and suppliers, the privacy and security of health information and the conduct of clinical research.

Regulation of Products

The design, testing, manufacture, safety, effectiveness, labeling, storage, record keeping, approval, advertising and promotion of our products is regulated by numerous third parties, including the FDA, foreign governments, independent standards auditors and our customers.

In the United States, biological products have long been subject to regulation by various federal and state agencies, primarily as to product safety, efficacy, manufacturing, advertising, labeling, import, export and safety reporting. The exercise of broad regulatory powers by the FDA through its Center for Devices and Radiological

Health and its Center for Biological Evaluation and Research continues to result in increases in the amounts of testing and documentation for FDA clearance of current and new biologic products. The FDA can ban certain biological products; detain or seize adulterated or misbranded biological products; order repair, replacement or refund of these products; and require notification of health professionals and others with regard to biological products that present unreasonable risks of substantial harm to the public health. The FDA may also enjoin and restrain certain violations of the Federal Food, Drug and Cosmetic Act, as amended, or the Public Health Service Act pertaining to certain biological products or initiate action for criminal prosecution of such violations.

The lengthy process of seeking drug approvals, and the subsequent compliance with applicable statutes and regulations, require the expenditure of substantial resources. Failure to comply with applicable regulations can result in refusal by the FDA to approve product license applications. The FDA also has the authority to revoke previously granted product approvals.

Regulation of Laboratory Operations

Clinical laboratories that perform laboratory testing (except for research purposes only) on human subjects are subject to regulation under Clinical Laboratory Improvement Amendments ("CLIA"). CLIA regulates clinical laboratories by requiring that the laboratory be certified by the federal government, licensed by the state and comply with various operational, personnel and quality requirements intended to ensure that clinical laboratory test results are accurate, reliable and timely. State law and regulations also apply to the operation of clinical laboratories.

State Governments

Most states in which we operate have regulations that parallel federal regulations. Most states conduct periodic unannounced inspections and require licensing under such state's procedures. Our research and development activities and the manufacture and marketing of our products are and will be subject to rigorous regulations relating to product safety and efficacy by numerous governmental authorities in the United States and other countries.

Other Laws and Regulations

We are subject to various laws and regulations relating to safe working conditions, clinical, laboratory and manufacturing practices, the experimental use of animals and the use and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents, used in connection with our research. The extent of government regulation applying to our business that might result from any legislative or administrative action cannot be accurately predicted.

Environmental

We are subject to a variety of federal, state and local environmental protection measures. We believe that our operations comply in all material respects with applicable environmental laws and regulations. Our compliance with these regulations did not have during the past year and is not expected to have a material effect upon our capital expenditures, cash flows, earnings or competitive position.

Registrational Clinical Trials Process

Described below is the traditional registrational drug development track. Under the Company's current business plan, most of this initial work may be sponsored and conducted by Drexel, or a different clinical trial research facility, as determined at some point in the future. After these trials have been initiated, the Company could enter into a strategic alliance with a larger pharmaceutical company after development has progressed to a certain point.

Phase I

Phase I includes the initial introduction of an investigational new drug or biologic into humans. These studies are closely monitored and may be conducted in patients, but are usually conducted in a small number of healthy volunteer subjects. These studies are designed to determine the metabolic and pharmacologic actions of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness. During Phase I, sufficient information about the investigational product's pharmacokinetics and pharmacological effects are obtained to permit the design of well-controlled, scientifically valid, Phase II studies.

Phase II

Phase II includes the early controlled clinical studies conducted to obtain some preliminary data on the effectiveness of the drug for a particular indication or indications in patients with the disease or condition. This phase of testing also helps determine the common short-term side effects and risks associated with the drug. Phase II studies are typically well-controlled, closely monitored, and conducted in a relatively small number of patients, usually involving several hundred people. In some cases, depending upon the need for a new drug, it may be licensed for sale in interstate commerce after a "pivotal" Phase II trial.

Phase II is often broken into Phase IIa, which can be used to refer to "pilot trials," or more limited trials evaluating exposure response in patients, and Phase IIb trials that are designed to evaluate dosing efficacy and ranges. We believe trials to be commenced in late 2013 under the direction of Dr. Jacobson at Drexel will collectively constitute a Phase IIb trial.

Phase III

Phase III studies are expanded controlled clinical studies. They are performed after preliminary evidence suggesting effectiveness of the drug has been obtained in Phase II, and are intended to gather the additional information about effectiveness and safety that is needed to evaluate the overall benefit/risk relationship of the drug. Phase III studies also provide an adequate basis for extrapolating the results to the general population and transmitting that information in the physician labeling. Phase III studies usually include several hundred to several thousand people.

As described above, we are currently working with Dr. Jacobson to begin two additional clinical trials of PRO 140, which we believe will satisfy requirements for Phase IIb study of the product candidate. Dr. Jacobson has received two NIH grants to fund these clinical trials. It is critical to our business strategy and estimated capital requirements that the current clinical trials by Dr. Jacobson both be fully funded by the existing NIH grants and achieve results that enable us to proceed further along the regulatory approval process and maintain PRO 140's status as a candidate for fast track consideration by the FDA.

Competition

The pharmaceutical and biotechnology industries are characterized by rapidly evolving technology and intense competition. We compete with other more established biotechnology companies that have greater financial and managerial resources than we do.

Our current focus is on developing PRO 140 and, to a lesser extent, Cytolin, which are both monoclonal antibodies that have been shown to act as HIV entry inhibitors in preliminary testing. PRO 140 blocks a cell receptor called CCR5, which is the entry point for most strains of HIV virus. Pfizer's maraviroc (Selzentry®) is the only currently approved CCR5 blocking agent. Another recent entry into the HIV treatment space is Truvada, an HIV drug produced by Gilead Sciences, Inc. Both of these drugs must be taken daily and have significant side effects. For these reasons, we believe that our monoclonal antibody products may prove to be useful in patients that cannot tolerate existing HIV therapies. Nonetheless, manufacturers of current therapies, such as Pfizer and Gilead Sciences, are very large, multi-national corporations with significant resources. We expect that these companies will compete fiercely to defend and expand their market share.

Our potential competitors include entities that develop and produce therapeutic agents. These include numerous public and private academic and research organizations and pharmaceutical and biotechnology companies pursuing production of, among other things, biologics from cell cultures, genetically engineered drugs and natural and chemically synthesized drugs. All of these potential competitors have substantially greater capital resources, management expertise, research and development capabilities, manufacturing and marketing resources and experience than we do.

Our competitors may succeed in developing potential drugs or processes that are more effective or less costly than any that may be developed by us, or that gain regulatory approval prior to our potential drugs. Worldwide, there are many antiviral drugs for treating HIV. In seeking to manufacture, distribute and market the various potential drugs we intend to develop, we face competition from established pharmaceutical companies. All of our potential competitors in this field have considerably greater financial and management resources than we possess. We also expect that the number of our competitors and potential competitors will increase as more potential drugs receive commercial marketing approvals from the FDA or analogous foreign regulatory agencies. Any of these competitors may be more successful than us in manufacturing, marketing and distributing our potential drugs.

Research and Development Costs

Our sponsored research and development expenses were $619,838, $530,027 and $3,379,333 in fiscal 2013, 2012 and for the period October 28, 2003 through May 31, 2013, respectively. We expect that research and development expenses will continue to be a significant expense as we seek to develop our current and future product pipeline.

Employees and Consultants

We have two full-time employees, our CEO and CFO, as well as several independent consultants assisting us with preparations for our Phase IIb clinical trials of PRO 140. There can be no assurance that we will be able to identify or hire and retain additional employees or consultants on acceptable terms in the future.

Item 1A. Risk Factors.

The risks enumerated below are not the only risks we face. The risk factors are not intended to be an all-inclusive discussion of all of the potential risks relating to CytoDyn. Any of the risk factors described below could significantly and adversely affect our business, prospects, financial condition and results of operations. Additional risks and uncertainties not currently known or that are currently considered to be immaterial may also materially and adversely affect our business.

We are a development-stage company and have a history of significant operating losses; we expect to continue to incur operating losses, and we may never achieve or maintain profitability.

We have not generated any revenue from product sales or licensing to date. Since our inception, we have incurred operating losses in each year due to costs incurred in connection with our collaborative research and development activities and general and administrative expenses associated with our operations. Our drug candidates are in the early stages of testing, and we or our current and future partners must conduct significant additional clinical trials before we can seek the regulatory approvals necessary to begin commercial sales of our products. We expect to incur losses for at least several more years as we continue development of, and seek regulatory approvals for, our drug candidates and commercialize any approved products. If our drug candidates fail or do not gain regulatory approval, or if our products do not achieve market acceptance, we will not be profitable, nor be able to explore other opportunities to enhance shareholder value. If we fail to become and remain profitable, or if we are unable to fund our continuing losses, our shareholders could lose all or part of their investments.

We will need substantial additional funding, which may not be available or, if it is available, such financing may substantially dilute our existing shareholders.

The discovery, development, and commercialization of new treatments, such as our PRO 140 product candidate, is costly. As a result, to the extent continued review of our product candidate by us or our partners is promising and we elect to fund the development or commercialization of a product, we will need to raise additional capital, or enter into strategic partnerships, to enable us to:

- fund clinical trials and seek regulatory approvals;
- build or access manufacturing and commercialization capabilities;
- develop, test, and market our product candidates;
- implement additional internal systems and infrastructure; and

- hire and support additional management and scientific personnel.

Until we can generate a sufficient amount of product revenue to finance our cash requirements, which we may never achieve, we expect to finance our cash needs primarily through public or private equity offerings, debt financings or through strategic alliances. We cannot be certain that additional funding will be available on acceptable terms or at all. If we are not able to secure additional funding when needed, we may have to delay, reduce the scope of or eliminate one or more of our clinical trials, collaborative development programs or future commercialization initiatives. In addition, any additional funding that we do obtain will dilute the ownership held by our existing security holders. The amount of this dilution may be substantially increased if the trading price of our common stock is lower at the time of any financing then it is now or was at the time shares were acquired. Any debt financing could involve substantial restrictions on activities and creditors could seek a pledge of some or all of our assets. We have not identified the sources for the additional financing that we will require, and we do not have commitments from any third parties to provide this future financing. If we fail to obtain additional funding as needed, we may be forced to cease or scale back operations, and our results, financial condition and stock price would be adversely affected.

The amount of financing we require will depend on a number of factors, many of which are beyond our control. Our results of operations, financial condition and stock price are likely to be adversely affected if our funding requirements increase or are otherwise greater than we expect.

Our future funding requirements will depend on many factors, including, but not limited to:

- our stock price, which, if it stays flat or declines, would serve as a disincentive to holders of the Company's convertible promissory notes, totaling approximately $7.2 million at July 31, 2013, to exercise their conversion rights, thereby prolonging our interest expense burden and increasing the probability that repayment of principal of $1.8 million will be required in fiscal 2014, none in fiscal 2015, and $5.4 million in fiscal 2016;
- the rate of progress and costs borne by us related to clinical trials of PRO 140 being conducted at Drexel and other development activities;
- our ability to attract strategic partners to pay for or share costs related to our product development efforts;
- the costs and timing of seeking and obtaining regulatory approvals and related milestone payments due to Progenics and other third parties;
- the costs of filing, prosecuting, maintaining and enforcing patents and other intellectual property rights and defending against potential claims of infringement;
- whether or not we decide to hire additional scientific or administrative personnel or consultants; and
- the presence or absence of adverse developments in our collaborative research program.

If any of these factors cause our funding needs to be greater than expected, our operations, financial condition, ability to continue operations and stock price may be adversely affected.

Our future cash requirements may differ significantly from our current estimates.

We recognize that we will need to raise a significant amount of capital now and in the future in order to pursue our business plans. Our cash requirements may differ significantly from our estimates from time to time, depending on a number of factors, including:

- The ability to maintain and benefit from our Clinical Research Collaboration Agreement with Drexel;
- the results of clinical trials to be performed with PRO 140;
- the time and costs involved in obtaining regulatory approvals, if any are sought;

- whether or not we receive additional cash upon the exercise of our outstanding common stock warrants;
- whether or not we are required to pay our debt obligations, including repayment of our outstanding promissory notes totaling approximately $7.7 million at July 31, 2013, in cash, which will depend on whether noteholders exercise rights to convert their notes into other securities;
- the ability to obtain funding under future licensing agreements, strategic partnerships, or other collaborative relationships, if any;
- the costs involved in obtaining and maintaining patents or pursuing or defending litigation regarding intellectual property rights;
- the costs of compliance with laws, regulations, or judicial decisions applicable to us, including federal and state securities laws; and
- the costs of general and administrative infrastructure required to manage our business and protect shareholder assets.

If we cannot raise the funds we need to pursue our business strategies and operate our business, we will need to scale back our business plans or may even be forced to discontinue our operations. Our business, financial condition, and stock price would be negatively affected by any of these outcomes.

We have significant debt as a result of prior financings, all of which is scheduled to mature at various dates over the next three years. Our substantial indebtedness could adversely affect our business, financial condition and results of operations.

Our level of debt, which includes convertible promissory notes totaling $7.2 million and other promissory notes in the amount of $0.5 million at July 31, 2013, could have significant consequences on our future operations, including, among others:

- making it more difficult for us to meet our other obligations or raise additional capital;
- resulting in an event of default, if we fail to comply with our payment obligations;
- reducing the availability of any financing proceeds to fund operating expenses, debt repayment, and working capital, particularly if we are required to repay notes in the amounts of (i) $1.1 million, at maturities scheduled to occur before the close of fiscal 2014, and (ii) $1.2 million on February 1, 2014, or earlier certain rights to require repayment are triggered and exercised;
- limiting our financial flexibility and hindering our ability to obtain additional financing; and
- placing us at a disadvantage compared to our competitors that have less debt or are less leveraged.

Any of the above-listed factors could have a material adverse effect on our business, financial condition, results of operations, and ability to continue as a going concern.

Our ability to make interest and principal payments on our outstanding promissory notes will depend entirely on our ability to raise sufficient funds to satisfy our debt service obligations and our noteholders' willingness to convert their notes to common shares, which will likely depend on our stock price from time to time. If noteholders do not elect to convert, it is likely that we will need to borrow or raise additional funds to make required principal and interest payments, as such payment become due and payable, or undertake alternative financing plans, such as refinancing or restructuring our debt, selling additional shares of capital stock, selling assets or reducing or delaying investments in our business. Additional funds or alternative financing may not be available to us. Any inability to obtain additional funds or alternative financing on acceptable terms would likely cause us to be unable to meet our payment obligations, which could have a material adverse effect on our business, financial condition and results of operations and our ability to continue to operate.

The Progenics Agreement and related license agreements assumed in the PRO 140 acquisition require us to make significant milestone, royalty, and other payments, which will require additional financing and, in the event we do commercialize our PRO 140 product, decrease the revenues we may ultimately receive on sales.

Under the Progenics Agreement, we must pay to Progenics and third party licensors significant milestone payments and royalties as described in Item 1 above. For more information, please see the Progenics Agreement, which is attached as an exhibit to the Company's Current Report on Form 8-K filed with the SEC on July 30, 2012, and PDL License, which is filed as an exhibit to this report. In order to make the various milestone payments that are required, we will need to raise additional funds. In addition, our royalty obligations will reduce the economic benefits to us of future sales if we do receive regulatory approval and seek to commercialize PRO 140.

Our proposed clinical trials of PRO 140 depend on funding from the NIH grants awarded to Drexel and its principal investigator, Dr. Jacobson.

Prior to our acquisition of PRO 140, Progenics and Drexel and its principal investigator, Dr. Jacobson, were awarded various grants from the NIH to fund clinical trials of PRO 140, including two grants that remain open. In order to benefit from this continued funding, we are dependent on Dr. Jacobson's cooperation in structuring the protocols for the NIH-funded clinical trials in a manner that facilitates efforts to maintain PRO 140's "fast track" drug candidate designation by the FDA and obtain regulatory approval of commercially viable uses of PRO 140 in HIV-infected patients. We believe these clinical trials will constitute a Phase IIb study of PRO 140, but there can be no assurance that will be the case. If study protocols are not designed in a manner that provides commercial and regulatory benefits for us or if NIH funding is not awarded, withdrawn, or proves insufficient, we will need significant additional financing to self-fund our trials, and our expected costs and time to completion would increase significantly.

Clinical trials are expensive, time-consuming and subject to delay.

Clinical trials are subject to rigorous regulatory requirements and are expensive and time-consuming to design and implement. The length of time and number of trial sites and patients required for clinical trials vary substantially based on the type, complexity, novelty, intended use and any safety concerns relating to a drug candidate. We estimate that the clinical trials of our current drug candidate and any other drug candidates we decide to pursue will require several years to complete. Specifically, we estimate that it will take at least three years to complete the necessary clinical trials, obtain regulatory approval from the FDA or other non-U.S. regulatory agency, and begin to commercialize PRO 140. Clinical trials for our other drug candidates, including Cytolin, may take significantly longer to complete, if they are pursued at all.

The commencement and completion of our clinical trials could be delayed or prevented by many factors, including, but not limited to:

- our ability to obtain regulatory or other approvals to commence and conduct clinical trials in the manner we or our partners consider appropriate for timely development;
- our ability to identify and reach agreement on acceptable terms with prospective clinical trial sites and entities involved in the conduct of our clinical trials;

- slower than expected rates of patient recruitment and enrollment, including as a result of competition with other clinical trials for patients; limited numbers of patients that meet the enrollment criteria; or the introduction of alternative therapies or drugs by others;
- delays in reaching agreement with our partners, such as Drexel, as to appropriate clinical development strategies or funding requirements;
- delays in paying third-party vendors of biopharmaceutical services;
- lack of effectiveness of our drug candidates during clinical trials;
- unforeseen safety issues; or
- inadequate supply of clinical trial materials.

Testing of our primary product candidate, PRO 140, is in early stages and our clinical trial results may not ultimately confirm initial positive indications, which would materially and adversely affect our business, financial condition and stock price.

Our efforts to commercialize PRO 140 are dependent on obtaining FDA or other non-U.S. regulatory agency approval of its use in HIV-infected patients. Although early test results are positive, the process of obtaining approval of a drug product for use in humans is extremely lengthy and time-consuming, and numerous factors may prevent our successful development of PRO 140, including negative results in future clinical trials, the development of other products with equal or better results by competitors, or inability to obtain sufficient additional funding to continue to pursue development. In addition, although PRO 140 has not demonstrated significant immunogenic response in trials conducted to date, these trials have been quite short (up to three weeks) and further trials are needed to determine whether the length of time until development of immunogenic response in humans is long enough for PRO 140 to be a viable treatment regimen. Failure to successfully develop PRO 140 would have a material and adverse effect on our business, financial condition and stock price, and would threaten our ability to continue to operate our business, particularly since PRO 140 is the only product candidate we are actively pursuing at this time.

Although PRO 140 has been designated as a candidate for fast track approval by the FDA, our ability to obtain accelerated approval may be lost.

The FDA designated PRO 140 as a candidate for fast track consideration in 2006. The letter ascribing this designation stated that, if the clinical development program pursued for PRO 140 did not continue to meet the criteria for fast track designation, the Investigational New Drug ("IND") application would not be reviewed under the fast track program. There is no assurance that the FDA will ultimately consider PRO 140 for approval on an accelerated basis. Any failure to maintain eligibility for fast track review will likely result in requirements for longer or additional clinical trials and a slower approval process, resulting in additional costs and further delay in the potential realization of revenues from commercialization of PRO 140.

Any failure to attract and retain skilled directors, executives, employees and consultants could impair our drug development and commercialization activities.

Our business depends on the skills, performance, and dedication of our directors, executive officers and key scientific and technical advisors. Currently, we have only two employees, our President and Chief Executive Officer and our Chief Financial Officer. All of our current scientific advisors are independent contractors and are either self-employed or employed by other organizations. As a result, they may have conflicts of interest or other commitments, such as consulting or advisory contracts with other organizations, which may affect their ability to provide services to us in a timely manner. We may need to recruit additional directors, executive management employees, and advisers, particularly scientific and technical personnel, which will require additional financial resources. In addition, there is currently intense competition for skilled directors, executives and employees with relevant scientific and technical expertise, and this competition is likely to continue. If we are unable to attract and retain persons with sufficient scientific, technical and managerial experience, we may be forced to limit or delay our product development activities or may experience difficulties in successfully conducting our business, which would adversely affect our operations and financial condition.

We do not have a chief medical officer, internal research and development operations, or a sales and marketing staff, which will increase our dependence on consulting relationships and strategic alliances with industry partners.

We currently have no chief medical officer, research and development staff or coordinators, or internal sales, marketing or distribution capabilities. We rely and intend to continue to rely on third parties for many of these functions. As a result, we will be dependent on consultants and strategic partners in our development and commercialization activities, and it may be administratively challenging to monitor and coordinate these relationships. If we are unable to successfully manage our relationships with third parties, we may not be able to successfully manage development and approval of our PRO 140 drug candidate or other products or commercialize any products that are approved.

We may not be able to identify, negotiate and maintain the strategic alliances necessary to develop and commercialize our products and technologies, and we will be dependent on our corporate partners if we do.

We may seek to enter into a strategic alliance with a pharmaceutical company for the further development and approval of one or more of our product candidates. Strategic alliances potentially provide us with additional funds, expertise, access, and other resources in exchange for exclusive or non-exclusive licenses or other rights to the technologies and products that we are currently developing or may explore in the future. We cannot give any assurance that we will be able to enter into additional strategic relationships with a pharmaceutical company or others in the near future or at all, or maintain our current relationships. In addition, we cannot assure you that any agreements we do reach will achieve our goals or be on terms that prove to be economically beneficial to us. When we do enter into strategic or contractual relationships, we become dependent on the successful performance of our partners or counter-parties. If they fail to perform as expected, such failure could adversely affect our financial condition, lead to increases in our capital needs, or hinder or delay our development efforts.

We will need to outsource and rely on third parties for the clinical development and manufacture, sales and marketing of product candidates, and our future success will be dependent on the timeliness and effectiveness of the efforts of these third parties.

We are dependent on third parties, such as Drexel, for important aspects of our product development strategy. We do not have the required financial and human resources to carry out independently the pre-clinical and clinical development for our product candidate, and do not have the capability or resources to manufacture, market or sell our current product candidates. As a result, we contract with and rely on third parties for important functions, including testing, storing, and manufacturing our products and managing and conducting clinical trials from which we may obtain a benefit. We have recently entered into several agreements with third parties for such services. In addition, we are dependent on clinical trials to be conducted by Dr. Jacobson at Drexel for completion of Phase IIb clinical trials that may enable us to proceed further in the regulatory approval process. If problems develop in our relationships with third parties, or if such parties fail to perform as expected, it could lead to delays or lack of progress, significant cost increases, changes in our strategies, and even failure of our product initiatives.

Clinical trials may fail to demonstrate the desired safety and efficacy of our drug candidates, which could prevent or significantly delay completion of clinical development and regulatory approval.

Prior to receiving approval to commercialize PRO 140 or any other drug candidates, we must adequately demonstrate to the FDA and any foreign regulatory authorities in jurisdiction in which we seek approval that it or any other product candidate is sufficiently safe and effective with substantial evidence from well-controlled clinical trials. In clinical trials, we will need to demonstrate efficacy for the treatment of specific indications and monitor safety throughout the clinical development process and following approval. If clinical work by us or others leads to undesirable adverse effects in patients, it could delay or prevent the filing of an Investigational New Drug application with respect to our potential drug candidates or cause us to cease clinical trials with respect to any drug candidate. If our current or future preclinical studies or clinical trials are unsuccessful, our business will be significantly harmed and our stock price would be negatively affected.

Our drug candidates are subject to the risks of failure inherent in drug-related product development. Preclinical studies may not yield results that adequately support an IND application. Even if these applications are filed with respect to our drug candidates, the results of preclinical studies do not necessarily predict the results of clinical trials. In addition, even if we believe the data collected from clinical trials of our drug candidates are promising, these data may not be sufficient to support approval by the FDA or foreign regulatory authorities. If regulatory authorities do not approve our products or if we fail to maintain regulatory compliance, we would be unable to commercialize our products, and our business, results of operations and financial condition would be harmed.

Even if we obtain regulatory approvals, our products will be subject to ongoing regulatory review.

Following any initial regulatory approval of any products we may develop, we will also be subject to continuing regulatory review, including the review of adverse drug experiences and clinical results that are reported after our products are made commercially available. This would include results from any post-marketing tests or vigilance required as a condition of approval. The manufacturer and manufacturing facilities we use to make any of our products will also be subject to periodic review and inspection by the FDA. The discovery of any previously unknown problems with the product, manufacturer or facility may result in restrictions on the product or manufacturer or facility, including withdrawal of the product from the market. Reliance on third-party manufacturers entails risks, including the continuation of a contractual or other relationship with the third-party manufacturer, and reliance on the third-party manufacturer for regulatory compliance. Our product promotion and advertising also will be subject to regulatory requirements and continuing FDA review.

Our competitors may develop drugs that are more effective, safer and less expensive than ours, which may diminish or eliminate the commercial success of any drug candidates that we may commercialize.

We are engaged in the HIV treatment sector of the biopharmaceutical industry, which is intensely competitive and changes rapidly. We expect that new developments by other companies and academic institutions in the areas of HIV treatment will continue. If approved for marketing by the FDA, depending on the approved clinical indication, our drug candidates may be competing with existing and future antiviral treatments for HIV.

Our competitors may:

- develop drug candidates and market drugs that are less expensive or more effective than our drugs;
- commercialize competing drugs before we or our partners can launch any products developed from our drug candidates;
- hold or obtain proprietary rights that could prevent us from commercializing our products;
- develop drug candidates and market drugs that increase the levels of safety or efficacy that our drug candidates will need to show in order to obtain regulatory approval; or
- introduce therapies or market drugs that render our potential drugs obsolete.

We will compete against large pharmaceutical and biotechnology companies and smaller companies that are collaborating with larger pharmaceutical companies, new companies, academic institutions, government agencies and other public and private research organizations. These competitors in nearly all cases operate research and development programs and have substantially greater financial resources than we do. Our competitors also have significantly greater experience in:

- developing drug candidates;
- undertaking preclinical testing and clinical trials;
- building relationships with key customers and opinion-leading physicians;
- obtaining and maintaining FDA and other regulatory approvals;
- formulating and manufacturing drugs;
- launching, marketing and selling drugs; and
- providing management oversight for all of the above-listed operational functions.

If our competitors market drugs that are less expensive, safer or more efficacious than our potential drugs, or that reach the market sooner or gain or maintain greater market acceptance, we may not achieve commercial success. In addition, if we fail to achieve technical superiority over other treatments, we may be unable to compete effectively.

We expect to rely on third party manufacturers and will be dependent on their quality and effectiveness.

Our primary drug candidate and potential drug candidates require precise, high-quality manufacturing. The failure to achieve and maintain high manufacturing standards, including failure to detect or control anticipated or unanticipated manufacturing errors or the frequent occurrence of such errors, could result in patient injury or death, discontinuance or delay of ongoing or planned clinical trials, delays or failures in product testing or delivery, cost overruns, product recalls or withdrawals and other problems that could seriously hurt our business. Contract drug manufacturers often encounter difficulties involving production yields, quality control and quality assurance and shortages of qualified personnel. These manufacturers are subject to stringent regulatory requirements, including the FDA's current good-manufacturing-practices regulations and similar foreign laws and standards.

If one of our contract manufacturers fails to maintain ongoing compliance at any time, the production of our drug candidates could be interrupted, resulting in delays or discontinuance of our clinical trials, additional costs and loss of potential revenues. In addition, failure of any third-party manufacturers, or us, to comply with applicable regulations could result in sanctions. These sanctions could include fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approval of our products, delay, suspension or withdrawal of approvals, license revocation, product seizures or recalls, operational restrictions and criminal prosecutions, any of which could significantly and adversely affect our business.

We may not be able to successfully scale-up manufacturing of our drug candidates in sufficient quality and quantity, which would delay or prevent us from developing our drug candidates and commercializing resulting approved drugs, if any.

To date, our drug candidates have been manufactured in small quantities for preclinical studies and early-stage clinical trials. In order to conduct larger-scale or late-stage clinical trials for a drug candidate and for commercialization of the resulting product, if that drug candidate is approved for sale, we will need to manufacture it in larger quantities. We may not be able to successfully increase the manufacturing capacity for any of our drug candidates, whether in collaboration with third-party manufacturers or on our own, in a timely or cost-effective manner or at all. In addition, quality issues may arise during those scale-up activities. If we are unable to successfully scale up the manufacture of any of our drug candidates in sufficient quality and quantity, the development and testing of that drug candidate and regulatory approval or commercial launch of any resulting drugs may be delayed, which could significantly harm our business.

There is uncertainty relating to our drug candidate Cytolin, and our business may be adversely affected if it later proves not to have the novel and beneficial characteristics we currently believe it to possess.

Until late 2012, the primary focus of our business was on the development of Cytolin, a monoclonal antibody that has, what we believe, are novel mechanisms of action directed against the replication of HIV. We do not understand all of the biomechanical mechanisms of Cytolin at this time and we are not actively pursuing its development and review at this time. If we cannot determine how Cytolin acts to reduce the viral load of HIV infection, we may not seek or be able to obtain regulatory approval of its use in human patients.

We may be subject to potential product liability and other claims that could materially impact our business and financial condition.

The development and sale of medical products exposes us to the risk of significant damages from product liability and other claims. The use of our drug candidates in clinical trials may result in adverse effects. We cannot predict all the possible harms or adverse effects that may result. We do not maintain product liability insurance, but plan to obtain product liability insurance prior to the commencement of further clinical trials of PRO 140. We may

not have sufficient resources to pay for any liabilities resulting from a personal injury or other claim, even if we do later become insured. In addition to the possibility of direct claims, we may be required to indemnify third parties against damages and other liabilities arising out of our development, commercialization and other business activities, which would increase our liability exposure. If third parties that have agreed to indemnify us fail to do so, we may be held responsible for those damages and other liabilities as well.

Legislative, regulatory, or medical cost reimbursement changes may adversely impact our business.

New laws, regulations and judicial decisions, or new interpretations of existing laws, regulations and decisions, that relate to the health care system in the U.S. and in other jurisdictions may change the nature of and regulatory requirements relating to drug discovery, clinical testing and regulatory approvals, limit or eliminate payments for medical procedures and treatments, or subject the pricing of pharmaceuticals to government control. Outside the U.S., and particularly in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In addition, third-party payers in the U.S. are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement of new drug products. Consequently, significant uncertainty exists as to the reimbursement status of newly approved health care products. Significant changes in the health care system in the U.S. or elsewhere, including changes resulting from adverse trends in third-party reimbursement programs, could have a material adverse effect on our projected future operating results and our ability to raise capital, commercialize products, and remain in business.

If we are unable to effectively implement or maintain a system of internal control over financial reporting, we may not be able to accurately or timely report our financial results and our stock price could be adversely affected.

Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations require us to evaluate the effectiveness of our internal control over financial reporting as of the end of each fiscal year, and to include a management report assessing the effectiveness of our internal control over financial reporting in our Annual Report on Form 10-K for that fiscal year. Management determined that as of both May 31, 2012, and May 31, 2013, our disclosure controls and procedures and internal control over financial reporting were not effective due to material weaknesses in our internal control over financial reporting related to inadequate segregation of duties over authorization, review and recording of transactions as well as the financial reporting of such transactions. Any failure to implement new or improved controls necessary to remedy the material weaknesses described above, or difficulties encountered in the implementation or operation of these controls, could harm our operations, decrease the reliability of our financial reporting, and cause us to fail to meet our financial reporting obligations, which could adversely affect our business and reduce our stock price.

Our success depends substantially upon our ability to obtain and maintain intellectual property protection relating to our drug candidates and research technologies.

Due to evolving legal standards relating to the patentability, validity and enforceability of patents covering pharmaceutical inventions and the claim scope of patents, our ability to enforce our existing patents and to obtain and enforce patents that may issue from any pending or future patent applications is uncertain and involves complex legal, scientific and factual questions. To date, no consistent policy has emerged regarding the breadth of claims allowed in biotechnology and pharmaceutical patents. Thus, we cannot be sure that any patents will issue from any pending or future patent applications owned by or licensed to us. Even if patents do issue, we cannot be sure that the claims of these patents will be held valid or enforceable by a court of law, will provide us with any significant protection against competing products, or will afford us a commercial advantage over competitive products. If one or more products resulting from our drug candidates is approved for sale by the FDA and we do not have adequate intellectual property protection for those products, competitors could duplicate them for approval and sale in the U.S. without repeating the extensive testing required of us or our partners to obtain FDA approval.

Known third party patent rights could delay or otherwise adversely affect our planned development and sale of PRO 140. We have identified but not exhaustively analyzed other patents that could relate to our proposed products.

We are aware of patent rights held by a third party that may cover certain compositions within our PRO 140 drug candidate. The patent holder has the right to prevent others from making, using, or selling a drug that incorporates the patented compositions, while the patent remains in force. We believe that the third party's patent rights will not affect our planned development, regulatory clearance, and eventual marketing, commercial production, and sale of PRO 140. The relevant patent expires before we expect to commercially introduce that drug candidate. In addition, the Hatch-Waxman exemption to U.S. patent law permits all uses of compounds in clinical trials and for other purposes reasonably related to obtaining FDA clearance of drugs that will be sold only after patent expiration, so our use of PRO 140 in those FDA-related activities does not infringe the patent holder's rights. However, were the patent holder to assert its rights against us before expiration of the patent for activities unrelated to FDA clearance, the development and ultimate sale of a PRO 140 product could be significantly delayed, and we could incur the expense of defending a patent infringement suit and potential liability for damages for periods prior to the patent's expiration.

In connection with our acquisition of rights to PRO 140, our patent counsel conducted a freedom-to-operate search that identified other patents that could relate to our proposed PRO 140 drug candidate. Sufficient research and analysis was conducted to enable us to reach the conclusion that PRO 140 likely does not infringe those patent rights. However, we did not have an exhaustive analysis conducted as to the identified patent rights, because doing so would have been more costly than appeared to be justified. If any of the holders of the identified patents were to assert patent rights against us, the development and sale of PRO 140 could be delayed, we could be required to spend time and money defending patent litigation, and we could incur liability for infringement or be enjoined from producing our products if the patent holders prevailed in an infringement suit.

If we are sued for infringing on third-party intellectual property rights, it will be costly and time-consuming, and an unfavorable outcome would have a significant adverse effect on our business.

Our ability to commercialize our product candidates depends on our ability to use, manufacture and sell those products without infringing the patents or other proprietary rights of third parties. Numerous U.S. and foreign issued patents and pending patent applications owned by third parties exist in the monoclonal antibody therapeutic area in which we are developing drug candidates and seeking new potential drug candidates. There may be existing patents, unknown to us, on which our activities with our drug candidates could infringe.

If a third party claims that our actions infringe on its patents or other proprietary rights, we could face a number of issues that could seriously harm our competitive position, including, but not limited to:

- infringement and other intellectual property claims that, even if meritless, can be costly and time-consuming, delay the regulatory approval process and divert management's attention from our core business operations;
- substantial damages for infringement, if a court determines that our drugs or technologies infringe a third party's patent or other proprietary rights;
- a court prohibiting us from selling or licensing our products or technologies unless the holder licenses the patent or other proprietary rights to us, which it is not required to do; and
- even if a license is available from a holder, we may have to pay substantial royalties or grant cross-licenses to our patents or other proprietary rights.

If any of these events occur, it could significantly harm our operations and financial condition and negatively affect our stock price.

We may undertake infringement or other legal proceedings against third parties, causing us to spend substantial resources on litigation and exposing our own intellectual property portfolio to challenge.

We may come to believe that third parties are infringing on our patents or other proprietary rights. To prevent infringement or unauthorized use, we may need to file infringement and/or misappropriation suits, which are very expensive and time-consuming and would distract management's attention. Also, in an infringement or misappropriation proceeding a court may decide that one or more of our patents is invalid, unenforceable, or both, in which case third parties may be able to use our technology without paying license fees or royalties. Even if the validity of our patents is upheld, a court may refuse to stop the other party from using the technology at issue on the ground that the other party's activities are not covered by our patents.

We may become involved in disputes with our present or future contract partners over intellectual property ownership or other matters, which would have a significant effect on our business.

Inventions discovered in the course of performance of contracts with third parties, may become jointly owned by our strategic partners and us, in some cases, and the exclusive property of one of us, in other cases. Under some circumstances, it may be difficult to determine who owns a particular invention or whether it is jointly owned, and disputes could arise regarding ownership or use of those inventions. Other disputes may also arise relating to the performance or alleged breach of our agreements with third parties. Any disputes could be costly and time-consuming, and an unfavorable outcome could have a significant adverse effect on our business.

The significant number of common shares issuable upon conversion of outstanding notes and exercise of outstanding warrants could adversely affect the trading price of our common shares.

Conversion of outstanding notes into common shares and the sale of such shares into the trading market of common shares or exercise of our warrants could depress the market price of our common shares.

Our auditors have issued a going concern opinion and it is likely we will not be able to achieve our objectives and will have to cease operations unless our future attempts to raise capital are successful.

Our auditors issued a going concern opinion in connection with the audit of our annual financial statements for the fiscal year ended May 31, 2013. A going concern opinion means that there is doubt that the company can continue as an ongoing business for the next 12 months. We will need to raise additional funds within the next three to six months in order to continue our business operations. There is no assurance that we will be able to adequately fund our operations.

The market price for our common shares has been and is likely to continue to be volatile.

The market price for our common shares has been and is likely to continue to be volatile. The volatile nature of our common share price may cause investment losses for our shareholders. The market price of stock in a development stage biotech company may often be driven by investor sentiment, expectation and perception, all of which are independent of fundamental valuation metrics or traditional financial performance metrics, thereby exacerbating volatility. In addition, our common shares are quoted on the OTCQB of the OTC Markets marketplace, which may increase price quotation volatility and could limit liquidity, all of which may adversely affect the market price of our shares—and thus, the economic incentive for noteholders to convert into common shares—and our ability to raise additional capital. The stock market has experienced significant volatility, particularly with respect to pharmaceutical, biotechnology and other life sciences company stocks.

You may experience dilution of your ownership because of the future issuance of additional common shares or other securities.

We may conduct sales of our securities at prices per share below the current market price for our common stock, resulting in dilution to shareholders at the time. Sales of substantial amounts of shares in the public market, or the perception that such sales could occur, may adversely affect the prevailing market price of our common stock and make it more difficult for us to raise additional capital.

We do not expect any cash dividends to be paid on our shares in the foreseeable future.

We have never declared or paid a cash dividend and we do not anticipate declaring or paying dividends for the foreseeable future. We expect to use future financing proceeds and earnings, if any, to fund operating expenses. Consequently, shareholders' only opportunity to achieve a return on their investment is, if the price of our stock appreciates and they sell their shares at a profit. We cannot assure shareholders of a positive return on their investment when they sell their shares, nor can we assure that shareholders will not lose the entire amount of their investment.

If the beneficial ownership of our stock continues to be highly concentrated, it may prevent you and other shareholders from influencing significant corporate decisions.

Our significant shareholders may exercise substantial influence over the outcome of corporate actions requiring shareholder approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transactions. These shareholders may also vote against a change of control, even if such a change of control would benefit our other shareholders.

Our common shares are classified as "penny stock" and trading of our shares may be restricted by the SEC's penny stock regulations.

Rules 15g-1 through 15g-9 promulgated under the Exchange Act impose sales practice and disclosure requirements on certain brokers-dealers who engage in transactions involving a "penny stock." The SEC has adopted regulations which generally define "penny stock" to be any equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our common shares are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors." The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that, prior to a transaction in a penny stock that is not otherwise exempt, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules may discourage investor interest in and limit the marketability of our common shares.

We may continue to have potential liability with respect to the rights of some shareholders to rescind their investment in our securities.

In March 2011, we disclosed that certain of our shares sold between 2008 and the date of disclosure may have been sold in violation of the federal securities laws of the United States. For further information on the sale of securities in violation of federal and state securities laws, please see Note 3 to our Consolidated Financial Statements included in Item 8 of this report. Management's analysis, based upon various statutes of limitations,

among other issues, indicates that the Company's estimated rescission liability as of May 31, 2013, has declined to a total of $536,500. Since the issue of potential rescission liability was first disclosed by the Company in early 2011, no investor has asserted rescission rights.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

On October 25, 2012, the Board approved relocating the Company's principal offices to Lake Oswego, Oregon, a suburb of Portland. We presently lease approximately 617 square feet in a full service office suite pursuant to a lease that expires on October 31, 2013 at a cost of $4,149 per month, plus voice and data line expenses.

Item 3. Legal Proceedings.

From time to time, the Company is involved in claims and suits that arise in the ordinary course of its business. Management currently believes that resolving any such claims against us will not have a material adverse effect on our business, financial condition or results of operations.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is presently quoted on the OTCQB of the OTC Markets marketplace under the trading symbol CYDY. Historically, trading in our stock has been very limited and the trades that have occurred cannot be characterized as amounting to an established public trading market. As a result, the trading prices of our common stock may not reflect the price that would result if our stock was actively traded.

The following are high and low bid prices quoted on the OTCQB during the periods indicated. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions:

	High	Low
Fiscal Year Ended May 31, 2013		
First quarter ended August 31, 2012	$1.55	$0.62
Second quarter ended November 30, 2012	$2.10	$0.67
Third quarter ended February 28, 2013	$1.60	$0.76
Fourth quarter ended May 31, 2013	$0.96	$0.41
Fiscal Year Ended May 31, 2012		
First quarter ended August 31, 2011	$2.75	$1.70
Second quarter ended November 30, 2011	$3.00	$1.85
Third quarter ended February 29, 2012	$4.40	$2.52
Fourth quarter ended May 31, 2012	$2.80	$1.46

Holders

The number of record holders of our common stock on May 31, 2013, was approximately 200.

Dividends

Holders of our common stock are entitled to receive dividends as may be declared from time to time by our Board. We have not paid any cash dividends since inception on our common stock and do not anticipate paying any in the foreseeable future. Management's current policy is to retain earnings, if any, for use in our operations.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

There were no repurchases of our equity securities during the three months ended May 31, 2013.

Item 6. Selected Financial Data.

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the other sections of this Annual Report, including our consolidated financial statements and related notes set forth in Item 8. This discussion and analysis contains forward-looking statements, including information about possible or assumed results of our financial condition, operations, plans, objectives and performance that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated and set forth in such forward-looking statements.

Results of Operations

Results of operations for the year ended May 31, 2013, compared to May 31, 2012 are as follows:

For the years ended May 31, 2013 and 2012, we had no activities that produced revenues from operations.

For the years ended May 31, 2013 and 2012, we had net losses of approximately $9.6 million and $7.5 million, respectively. The increase in net loss of approximately $2.1 million for fiscal 2013 over fiscal 2012 was primarily attributable to increased amortization of discount on convertible debt, which is reported as interest expense, coupled with higher general and administrative expenses.

The operating expenses for the years ended May 31, 2013 and 2012, are as follows:

	2013	2012
Accounting and consulting	$ 421,000	$ 524,000
Stock-based compensation	3,262,000	2,858,000
Legal	946,000	1,469,000
Salaries and other compensation	1,411,000	1,623,000
Research and development	620,000	530,000
Depreciation and amortization	223,000	2,000
Other	1,110,000	450,000
Total	$7,993,000	$7,456,000

The increase in fiscal 2013 operating expenses of approximately $537,000 over fiscal 2012 was primarily related to higher stock-based compensation, patent amortization, which was attributable to our recently acquired PRO 140 patent portfolio, and increased research and development expenditures. These comparably higher expenses for fiscal 2013 were offset, in part, by lower legal expenses, salaries, accounting and consulting as compared to fiscal 2012.

Accounting and consulting expenses decreased approximately $103,000 from $524,000 in fiscal year 2012 to approximately $421,000 for the year ended May 31, 2013. The decrease in accounting and consulting expenses for fiscal 2013 as compared to fiscal 2012 reflects a more efficient utilization of third party resources.

Stock-based compensation increased approximately $404,000 from approximately $2,858,000 for the year ended May 31, 2012, to $3,262,000 for the year ended May 31, 2013. The increase relates to the acceleration of

vesting of certain options granted to the Company's former CEO in connection with his Transition Agreement, and option grants made to other Company executives, as well as warrants granted to certain consultants with immediate vesting rights. Additionally, as disclosed in Notes 9 and 11 to the consolidated financial statements in Item 8, the Company granted warrants and common stock pursuant to the Settlement Agreement during fiscal 2012.

Legal expenses decreased approximately $523,000 from approximately $1,469,000 for the year ended May 31, 2012, to $946,000 for the year ended May 31, 2013. The trend in the Company's legal expenses will depend on the Company's future capital raising efforts, complexity of certain regulatory filings, effective management of intellectual property, and continued strengthening of the internal staff.

Salaries and other compensation decreased approximately $212,000 from approximately $1,623,000 in fiscal year 2012, to $1,411,000 for the year ended May 31, 2013. The decrease in fiscal 2013 from fiscal 2012 is directly attributable to significant reductions in staffing levels and incentive compensation. Incentive compensation accrued in fiscal 2013 for executives was based upon achievement of certain corporate performance goals, in addition to specific individual performance goals for each executive. The performance evaluations of each executive against their respective annual goals were approved by the compensation committee of the board of directors.

Research and development expenses for fiscal 2013 increased approximately $90,000 over fiscal 2012. While the advancement of PRO 140 is the Company's highest priority, increased expenditures to further the preparation of PRO 140 for clinical trials were nearly offset by a significant reduction of expenditures in fiscal 2013 for Cytolin, as compared to fiscal 2012.

Other operating expenses of $1,110,000 for fiscal 2013 were approximately $660,000 higher than fiscal 2012 owing to increased expense levels for travel, investor relations, insurance and corporate governance, among others, as compared to fiscal 2012.

For fiscal 2013, the Company realized a gain of approximately $373,000 in connection with the negotiated settlements of previously accrued expenses, for which approximately $322,000 was related to legal fees and $50,000 for consulting services.

The increase in interest expense of approximately $1.9 million in fiscal 2013 over fiscal 2012 was primarily attributable to the Company's private placement of convertible promissory notes totaling approximately $6.6 million. In addition to the stated rate of interest, which ranges from 5% to 10% per annum, generally accepted accounting principles require the recognition of a debt discount, which must be amortized over the term of the note. The debt discount is defined by the sum of the intrinsic value of the beneficial conversion feature of the notes and the fair value of the attached warrants, for which the amortization of both elements is reported as a component of interest expense.

The future trends in all of our expenses will be driven, in part, by the future outcomes of the clinical trials and the correlative effect on general and administrative expenses, especially FDA regulatory requirements, in addition to the possibility that all or a portion of the holders of the Company's outstanding convertible notes may elect to convert their notes into common stock, which would reduce future interest expense. See, in particular, Item 1A Risk Factors.

Liquidity and Capital Resources

We had cash and cash equivalents of approximately $0.6 million as of May 31, 2013, compared with $0.3 million as of May 31, 2012. The net increase in our cash and cash equivalents over a year ago was attributable primarily to proceeds from the issuance of promissory notes totaling approximately $7.1 million, which was reduced by our payment of $3.5 million to acquire PRO 140, along with cash used by operating activities of approximately $3.4 million.

As of May 31, 2013, the Company had negative working capital of approximately $2.4 million, which compares to negative working capital a year ago of $4.0 million.

Cash Flows

Net cash used in operating activities was approximately $3.4 million during fiscal year 2013, which represents a decrease of approximately $1.0 million from net cash used in operating activities of approximately $4.4 million in fiscal 2012. The decrease in the net cash used in operating activities for fiscal 2013 as compared to fiscal 2012 was primarily attributable to higher amortization of discount on convertible debt and stock-based compensation, together with increases in accounts payable and accrued interest, offset in part by a higher net loss.

The increase in cash used in investing activities for fiscal 2013 over fiscal 2012 represents the purchase of PRO 140 in October 2012.

Cash flows provided by financing activities of approximately $7.2 million during fiscal 2013 increased approximately $3.6 million over fiscal 2012. The increase in cash provided by financing activities was attributable primarily to the proceeds from the sale of approximately $6.6 million of convertible notes payable, $0.5 million of one note payable to a related party, offset by an approximate $3.4 million reduction in proceeds from the sale of common stock, which only occurred in fiscal 2012.

As shown in the accompanying consolidated financial statements in Item 8, for the years ended May 31, 2013 and 2012, and since October 28, 2003 through May 31, 2013, we incurred net losses of approximately $9,568,000 and $7,474,000 and $32,401,000, respectively. As of May 31, 2013, we have not emerged from the development stage. In view of these matters, our ability to continue as a going concern is dependent upon our ability to begin operations and to achieve a level of profitability. Since inception, we have financed our activities principally from the sale of public and private equity securities and proceeds from notes payable. We intend to finance our future development activities and our working capital needs largely from the sale of equity securities with some additional funding from other traditional financing sources.

As previously mentioned, since October 28, 2003, we have financed our operations largely from the sale of common stock and preferred stock and proceeds from notes payable. From October 28, 2003 through May 31, 2013 we raised cash of approximately $10,504,000 (net of offering costs) through private placements of common stock and preferred stock financings, and $8,165,000 through the issuance of related party notes payable and convertible notes. The Company has raised approximately $612,000 from the issuance of common stock and preferred stock in conjunction with certain acquisitions in prior years. Additionally, the Company raised approximately $556,000 from the exercise of common stock options and warrants. We intend to continue to finance our operations through the sale of our shares.

Since October 28, 2003 through May 31, 2013, we have incurred approximately $3,379,000 of research and development costs and approximately $30,288,000 in operating expenses. We have incurred significant net losses and negative cash flows from operations since our inception. As of May 31, 2013, we had an accumulated deficit of approximately $34,003,000 and negative working capital of approximately $2,388,000.

Recent Sales of Convertible and Other Notes

During the period from October 1, 2012, to November 30, 2012, we raised a total of $5,648,250 through the sale of unsecured convertible promissory notes in a private placement. These notes bear interest at an annual rate ranging from 5% to 10% payable semi-annually, are convertible into common shares at a price of $0.75 per share, and mature three years from the date of issuance. A portion of the proceeds from the sale of the notes was used to pay the purchase price due under the Progenics Agreement. Of these notes, notes with a total principal amount of $567,000 were converted into common shares in December 2012. In connection with sale of the notes, we issued two-year warrants to purchase a total of 7,530,676 common shares. Of these warrants, 3,000,000 are exercisable at a price of $1.50 per share and 4,530,676 are exercisable at a price of $2.00 per share. Holders must pay cash to exercise the warrants.

Between December 1, 2012, and March 31, 2013, we raised a total of $560,000 through the sale of additional convertible promissory notes on similar terms, except that one note in the amount of $250,000 matures one year from the date of issuance. We issued two-year warrants to purchase a total of 705,001 common shares in these transactions exercisable at a price of $2.00 per share.

On April 11, 2013, Jordan Naydenov, a director, purchased an unsecured promissory note in the principal amount of $500,000. The principal of the note is due on April 11, 2014, and bears interest at the annual rate of 15%. Accrued interest is payable semi-annually in common shares at a rate of $0.50 per share, up to a total of 150,000 shares.

Effective May 31, 2013, we raised a total of $380,000 through the sale of additional unsecured convertible promissory notes bearing interest at an annual rate of 5%, with a conversion price of $0.65 per share, and maturing six months from the date of issuance. In connection with these note sales, we issued two-year warrants to purchase a total of 292,307 common shares exercisable at a price of $0.75 per share.

On July 31, 2013, we completed a financing transaction, in connection with which we raised an additional $1,200,000 through the sale of unsecured convertible promissory notes with an annual interest rate of 5%, a conversion price of $0.65 per share, and a maturity date of February 1, 2014. In the event of default in repayment, the conversion price will decrease by $0.10 per share, to a minimum of $0.35 per share, for each month that the default continues. Until October 1, 2013, holders of the notes have the right to convert the principal amount of the notes plus accrued but unpaid interest into Units consisting of two shares of common stock plus a warrant to purchase one share of common stock. Each Unit is valued at $1.30 for purposes of this conversion right. Each Unit warrant, if any, issued upon conversion will have an exercise price of $0.75 per share and a five-year term. If we raise $3,000,000 on or after August 1, 2013, holders of notes may, within 15 days of announcement, require payment in full of their notes. The notes were placed by a placement agent, who received a cash fee equal to 10% of the amount raised. In connection with these note sales, we issued three-year warrants to purchase a total of 923,072 common shares exercisable at a price of $0.50 per share.

The Company is current with its interest payment obligations to all note holders and is in compliance with all other terms of outstanding promissory notes. As of July 31, 2013, the Company had a total of approximately $7.7 million outstanding in promissory notes; of these, $7.2 million is convertible into shares of common stock, and $0.5 million is not convertible into common stock and matures in the fourth quarter of fiscal 2014. In the event our promissory notes, which mature as early as November 30, 2013, do not convert into shares of common stock, the Company's ability to continue as a going concern will be contingent upon its ability to raise additional capital to meet these obligations. If the Company is unsuccessful in raising additional capital in the future, it may be required to cease its operations.

We have not generated revenue to date, and will not generate product revenue in the foreseeable future. We may incur increased operating losses as we proceed with our collaborative research efforts with respect to PRO 140 and continue to advance it through the product development and regulatory process. In addition to increasing research and development expenses, we expect general and administrative costs to increase, as we add personnel and other administrative expenses associated with our current efforts.

Going Concern

We will require additional funding in order to continue with research and development efforts.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, the Company is currently in the development stage with losses for all periods presented. As of May 31, 2013, these factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to obtain additional operating capital, complete development of its product candidates, obtain FDA approval, outsource manufacturing of its products, and ultimately to attain profitability. The Company intends to seek additional funding through equity offerings or licensing agreements to fund its business plan. There is no assurance that the Company will be successful in these endeavors.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies and Estimates

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

We believe that the following critical policies affect our more significant judgments and estimates used in preparation of our consolidated financial statements.

We use the Black-Scholes option pricing model to estimate the fair value of stock-based awards on the date of grant utilizing certain assumptions that require judgments and estimates. These assumptions include estimates for volatility, expected term, and risk-free interest rates in determining the fair value of the stock-based awards.

We issue common stock to consultants for various services. Costs for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more readily measurable. This determination requires judgment in terms of the consideration being measured.

We issue convertible promissory notes with detachable warrants to purchase common stock. The conversion options are fixed, but beneficial to the note holders at the respective commitment dates. The valuation of the warrants to record the debt discount requires the use of certain assumptions inherent in the Black-Scholes option pricing model, which requires judgments and estimates.

We estimated an amount that is a probable indicator of our rescission liability and recorded rescission liabilities for May 31, 2013 and May 31, 2012 of $536,500 and $3,749,000, respectively. These amounts represent the believed potential rescission liability as of the dates presented, including any contingent interest payable to investors who accept the rescission right, and forfeit their shares. For the purpose of calculating and disclosing rescission liability, the Company has assumed that portions of the state claims are barred by the statutes of limitations of certain states. Although the Company has assumed that affirmative defenses based upon the expiration of the statutes of limitations in these states may be generally available to bar these state claims, it has not had legal counsel undertake a detailed analysis of case law that might apply to defer or avoid application of a bar to such claims; thus, if rescission claims are made for those assumed to be barred by a statute of limitations and such claims are contested by the Company, until such affirmative defenses are ruled upon in a proceeding adjudicating the rights at issue, no assurances can be made that, if asserted, such defenses would actually bar the rescission claims in these states. See Note 3 to our consolidated financial statements in Item 8 for further information.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

This item is not required for smaller reporting companies.

Item 8. Financial Statements and Supplementary Data.

CYTODYN INC.
(A DEVELOPMENT STAGE COMPANY)

CONTENTS PAGE

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
CytoDyn Inc. (A Development Stage Company)
Lake Oswego, Oregon

We have audited the accompanying consolidated balance sheet of CytoDyn Inc. (a development stage company) as of May 31, 2013, and the related consolidated statements of operations, changes in stockholders' (deficit), and cash flows for the year then ended and the period from October 28, 2003 through May 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required at this time, to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CytoDyn Inc. as of May 31, 2013 and the results of its operations and its cash flows for the year then ended and the period from October 28, 2003 through May 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company incurred a net loss of $9,568,301 for the year ended May 31, 2013, has a working capital deficit of $2,388,138, and has an accumulated deficit of $34,002,819 through May 31, 2013, which raises a substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Warren Averett, LLC

Warren Averett, LLC
Certified Public Accountants
Tampa, Florida
August 29, 2013

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
CytoDyn Inc. (A Development Stage Company)
Lutz, Florida

We have audited the accompanying consolidated balance sheet of CytoDyn Inc. (a development stage company) as of May 31, 2012 and the related consolidated statements of operations, changes in stockholders' (deficit), and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required at this time, to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CytoDyn Inc. as of May 31, 2012 and the results of its operations and its cash flows for the years then ended and the period from October 28, 2003 through May 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company incurred a net loss of $7,474,224 for the year ended May 31, 2012, has a working capital deficit of $4,015,969, which raises a substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Pender Newkirk & Company LLP

Pender Newkirk & Company LLP
Certified Public Accountants
Tampa, Florida
August 21, 2012

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CytoDyn Inc.
(A Development Stage Company)
Consolidated Balance Sheets

	May 31, 2013	May 31, 2012
Assets		
Current Assets:		
Cash	$ 603,681	$ 284,991
Prepaid expenses	139,849	65,982
Deferred offering costs	96,930	677,327
Total current assets	840,460	1,028,300
Intangible assets, net	3,317,239	38,610
Furniture and equipment, net	—	800
Other assets	—	3,125
	$ 4,157,699	$ 1,070,835
Liabilities and Shareholders' (Deficit)		
Current liabilities:		
Accounts payable	$ 1,111,285	$ 831,336
Accrued liabilities	321,884	150,573
Accrued salaries and severance	364,698	189,249
Indebtedness to related parties	509,000	83,493
Accrued interest payable	56,884	40,618
Convertible notes payable, net	328,347	—
Stock rescission liability	536,500	3,749,000
Total current liabilities	3,228,598	5,044,269
Long-term liabilities		
Convertible notes payable, net	1,153,017	—
Total liabilities	4,381,615	5,044,269
Shareholders' (deficit):		
Series B Convertible Preferred Stock, no par value; 400,000 shares authorized, 95,100 and 98,900 shares issued and outstanding at May 31, 2013 and 2012, respectively	274,091	451,993
Common stock, no par value; 100,000,000 shares authorized, 30,798,150 and 28,636,530 outstanding at May 31, 2013 and 2012, respectively; 30,998,150 and 28,836,530 issued at May 31, 2013 and May 31, 2012, respectively	16,244,673	15,150,261
Common stock payable	117,778	388,000
Additional paid-in capital	17,523,796	8,020,533
Common and Preferred Stock subject to rescission	(536,500)	(3,749,000)
Treasury stock, at cost, 200,000 and 200,000 shares held at May 31, 2013 and 2012, respectively	(100,000)	(100,000)
Additional paid-in capital - treasury stock	255,065	299,297
Accumulated deficit on unrelated dormant operations	(1,601,912)	(1,601,912)
Deficit accumulated during development stage	(32,400,907)	(22,832,606)
Total shareholders' (deficit)	(223,916)	(3,973,434)
	$ 4,157,699	$ 1,070,835

See accompanying notes to consolidated financial statements.

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CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Operations

	Year ended May 31,		October 28, 2003 through
	2013	2012	May 31, 2013
Operating expenses:			
General and administrative	$ 6,204,865	$ 5,454,477	$ 22,666,757
Amortization / depreciation	222,684	2,013	405,546
Research and development	619,838	530,027	3,379,333
Legal fees	946,030	1,469,129	3,836,661
Total operating expenses	7,993,417	7,455,646	30,288,297
Operating loss	(7,993,417)	(7,455,646)	(30,288,297)
Interest income	1,167	—	2,794
Gain on settlement of accounts payable	372,759	—	710,101
Interest expense:			
Amortization of discount on convertible debt	(1,703,616)	(2,063)	(2,440,542)
Interest on notes payable	(245,194)	(16,515)	(384,963)
Loss before income taxes	(9,568,301)	(7,474,224)	(32,400,907)
Income tax provision	—	—	—
Net loss	$ (9,568,301)	$ (7,474,224)	$ (32,400,907)
Constructive preferred stock dividends	$ —	$ —	$ (6,000,000)
Convertible preferred stock dividends	$ (2,190)	$ (88,743)	$ (99,483)
Net loss applicable to common shareholders	$ (9,570,491)	$ (7,562,967)	$ (38,500,390)
Basic and diluted loss per share	$ (0.32)	$ (0.31)	$ (2.43)
Basic and diluted weighted average common shares outstanding	29,942,393	24,618,812	15,843,957

See accompanying notes to consolidated financial statements.

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CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock		Additional	Subject to
	Shares	Amount	Shares	Amount	Paid-In Capital	Rescission
Balance at October 28, 2003, following recapitalization	—	$ —	6,252,640	$1,425,334	$ 23,502	$ —
February through April 2004, sale of common stock less offering costs of $54,000 ($.30/share)	—	—	1,800,000	486,000	—	—
February 2004, shares issued to former officer as payment for working capital advance ($.30/share)	—	—	16,667	5,000	—	—
Net loss for year ended May 31, 2004	—	—	—	—	—	—
Balance at May 31, 2004	—	—	8,069,307	1,916,334	23,502	—
July 2004, capital contribution by an officer	—	—	—	—	512	—
November 2004, common stock warrants granted	—	—	—	—	11,928	—
February 2005, capital contribution by an officer	—	—	—	—	5,000	—
Net loss for year ended May 31, 2005	—	—	—	—	—	—
Balance at May 31, 2005	—	—	8,069,307	1,916,334	40,942	—

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
Balance at October 28, 2003, following recapitalization	$ —	—	$(1,594,042)	$ —	$(145,206)
February through April 2004, sale of common stock less offering costs of $54,000 ($.30/share)	—	—	—	—	486,000
February 2004, shares issued to former officer as payment for working capital advance ($.30/share)	—	—	—	—	5,000
Net loss for year ended May 31, 2004	—	—	(7,870)	(338,044)	(345,914)
Balance at May 31, 2004	—	—	(1,601,912)	(338,044)	(120)
July 2004, capital contribution by an officer	—	—	—	—	512
November 2004, common stock warrants granted	—	—	—	—	11,928
February 2005, capital contribution by an officer	—	—	—	—	5,000
Net loss for year ended May 31, 2005	—	—	—	(777,083)	(777,083)
Balance at May 31, 2005	—	—	(1,601,912)	(1,115,127)	(759,763)

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock		Additional
	Shares	Amount	Shares	Amount	Paid-In Capital
June through July 2005, sale of common stock less offering costs of $27,867 ($.75/share)	—	—	289,890	189,550	—
August 2005, common shares issued to extinguish promissory notes payable and related interest ($.75/share)	—	—	160,110	120,082	—
May 2006, common shares issued to extinguish convertible debt	—	—	350,000	437,500	—
November 2005, 94,500 warrants exercised ($.30/share)	—	—	94,500	28,350	—
January through April 2006, common shares issued for prepaid services	—	—	183,857	370,750	—
Amortization of prepaid stock services	—	—	—	—	—
January through May 2006, warrants issued with convertible debt	—	—	—	—	274,950
January through May 2006, beneficial conversion feature of convertible debt	—	—	—	—	234,550
March through May 2006, stock options granted to consultants	—	—	—	—	687,726

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
June through July 2005, sale of common stock less offering costs of $27,867 ($.75/share)	—	—	—	—	189,550
August 2005, common shares issued to extinguish promissory notes payable and related interest ($.75/share)	—	—	—	—	120,082
May 2006, common shares issued to extinguish convertible debt	—	—	—	—	437,500
November 2005, 94,500 warrants exercised ($.30/share)	—	—	—	—	28,350
January through April 2006, common shares issued for prepaid services	—	(370,750)	—	—	—
Amortization of prepaid stock services	—	103,690	—	—	103,690
January through May 2006, warrants issued with convertible debt	—	—	—	—	274,950
January through May 2006, beneficial conversion feature of convertible debt	—	—	—	—	234,550
March through May 2006, stock options granted to consultants	—	—	—	—	687,726

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock		Additional
	Shares	Amount	Shares	Amount	Paid-In Capital
March 2006, stock options issued to extinguish debt	—	—	—	—	86,341
Net loss for year ended May 31, 2006	—	—	—	—	—
Balance at May 31, 2006	—	—	9,147,664	3,062,566	1,324,509
Common stock issued to extinguish convertible debt	—	—	119,600	149,500	—
Common stock issued for AITI acquisition	—	—	2,000,000	934,399	—
Amortization of prepaid stock services	—	—	—	—	—
Common stock payable for prepaid services	—	—	—	—	120,000
Stock-based compensation	—	—	—	—	535,984
Warrants issued with convertible debt	—	—	—	—	92,500
Common stock issued for services	—	—	30,000	26,400	—
Preferred shares issued to AGTI	100,000	167,500	—	—	—
Net loss for year ended May 31, 2007	—	—	—	—	—
Balance at May 31, 2007	100,000	167,500	11,297,264	4,172,865	2,072,993

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
March 2006, stock options issued to extinguish debt	—	—	—	—	86,341
Net loss for year ended May 31, 2006	—	—	—	(2,053,944)	(2,053,944)
Balance at May 31, 2006	—	(267,060)	(1,601,912)	(3,169,071)	(650,968)
Common stock issued to extinguish convertible debt	—	—	—	—	149,500
Common stock issued for AITI acquisition	—	—	—	—	934,399
Amortization of prepaid stock services	—	267,060	—	—	267,060
Common stock payable for prepaid services	—	(106,521)	—	—	13,479
Stock-based compensation	—	—	—	—	535,984
Warrants issued with convertible debt	—	—	—	—	92,500
Common stock issued for services	—	—	—	—	26,400
Preferred shares issued to AGTI	—	—	—	—	167,500
Net loss for year ended May 31, 2007	—	—	—	(2,610,070)	(2,610,070)
Balance at May 31, 2007	—	(106,521)	(1,601,912)	(5,779,141)	(1,074,216)

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock		Additional	Subject to
	Shares	Amount	Shares	Amount	Paid-In Capital	Rescission
Amortization of prepaid stock for services	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	461,602	—
Common stock issued to extinguish convertible debt	—	—	750,000	75,000	—	—
Rescission of common stock issued for services	—	—	(142,857)	(100,000)	—	—
Original issue discount convertible debt with warrants	—	—	—	—	3,662	—
Original issue discount convertible debt with beneficial conversion feature	—	—	—	—	75,000	—
Stock issued for cash ($.50/share)	—	—	642,000	321,000	—	(321,000)
Net loss for year ended May 31, 2008	—	—	—	—	—	—
Balance at May 31, 2008	100,000	167,500	12,546,407	4,468,865	2,613,257	(321,000)

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
Amortization of prepaid stock for services	—	106,521	—	—	106,521
Stock-based compensation	—	—	—	—	461,602
Common stock issued to extinguish convertible debt	—	—	—	—	75,000
Rescission of common stock issued for services	—	—	—	—	(100,000)
Original issue discount convertible debt with warrants	—	—	—	—	3,662
Original issue discount convertible debt with beneficial conversion feature	—	—	—	—	75,000
Stock issued for cash ($.50/share)	—	—	—	—	—
Net loss for year ended May 31, 2008	—	—	—	(1,193,684)	(1,193,684)
Balance at May 31, 2008	—	—	(1,601,912)	(6,972,825)	(1,646,115)

See accompanying notes to consolidated financial statements.

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CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock		Additional	Subject to
	Shares	Amount	Shares	Amount	Paid-In Capital	Rescission
Stock issued for cash ($.50/share)	—	—	3,023,308	1,511,654	—	(1,494,000)
Stock issued for services ($.50/share)	—	—	388,200	194,100	—	—
Stock issued for services ($.37/share)	—	—	150,000	55,500	—	—
Stock-based compensation	—	—	—	—	371,996	—
Stock issued in payment of accounts payable ($.50/share)	—	—	98,000	49,000	—	—
Stock issued for services ($.42/share)	—	—	15,400	6,468	—	—
Capital contribution	—	—	—	—	8,900	—
Net loss for year ended May 31, 2009	—	—	—	—	—	—
Balance at May 31, 2009	100,000	167,500	16,221,315	6,285,587	2,994,153	(1,815,000)
Stock issued for cash ($.50/share)	—	—	236,400	118,200	—	(118,200)
Stock issued for cash ($.50/share)	—	—	632,000	290,500	—	(290,500)
Stock issued for cash ($.50/share)	—	—	304,580	137,061	—	(137,061)
Conversion of debt to common stock ($.45/share)	—	—	325,458	146,456	—	—

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock						
	Shares	Amount	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
Stock issued for cash ($.50/share)	—	—	—	—	—	—	17,654
Stock issued for services ($.50/share)	—	—	—	—	—	—	194,100
Stock issued for services ($.37/share)	—	—	—	—	—	—	55,500
Stock-based compensation	—	—	—	—	—	—	371,996
Stock issued in payment of accounts payable ($.50/share)	—	—	—	—	—	—	49,000
Stock issued for services ($.42/share)	—	—	—	—	—	—	6,468
Capital contribution	—	—	—	—	—	—	8,900
Net loss for year ended May 31, 2009	—	—	—	—	—	(1,306,004)	(1,306,004)
Balance at May 31, 2009	—	—	—	—	(1,601,912)	(8,278,829)	(2,248,501)
Stock issued for cash ($.50/share)	—	—	—	—	—	—	—
Stock issued for cash ($.50/share)	—	—	—	—	—	—	—
Stock issued for cash ($.50/share)	—	—	—	—	—	—	—
Conversion of debt to common stock ($.45/share)	—	—	—	—	—	—	146,456

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock		Additional	Subject to
	Shares	Amount	Shares	Amount	Paid-In Capital	Rescission
Conversion of preferred stock to common stock	(100,000)	(167,500)	2,356,142	167,500	—	—
Stock-based compensation	—	—	—	—	1,671,118	—
Original issue discount convertible debt with beneficial conversion feature	—	—	—	—	38,604	—
Expiration of rescission liabilities	—	—	—	—	—	903,550
Repurchase of common stock ($.28/share)	—	—	—	—	—	—
Repurchase of common stock ($.50/share)	—	—	—	—	—	—
Stock issued for cash ($.50/share)	—	—	—	—	—	(277,000)
Stock issued for services ($1.45/share)	—	—	—	—	—	—
Stock issued for cash ($.50/share)	—	—	—	—	—	(253,789)

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock						
	Shares	Amount	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
Conversion of preferred stock to common stock	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	1,671,118
Original issue discount convertible debt with beneficial conversion feature	—	—	—	—	—	—	38,604
Expiration of rescission liabilities	—	—	—	—	—	—	903,550
Repurchase of common stock ($.28/share)	(1,200,000)	(336,000)	—	—	—	—	(336,000)
Repurchase of common stock ($.50/share)	(200,000)	(100,000)	—	—	—	—	(100,000)
Stock issued for cash ($.50/share)	550,000	154,000	123,000	—	—	—	—
Stock issued for services ($1.45/share)	81,580	22,842	95,449	(118,291)	—	—	—
Stock issued for cash ($.50/per share)	568,420	159,158	94,631	—	—	—	—

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock			
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Subject to Rescission Amount
Amortization of prepaid stock for services	—	—	—	—	—	—
Series B Convertible Preferred Stock issued for cash ($5.00/share)	400,000	2,009,000	—	—	—	(2,009,000)
Net loss for year ended May 31, 2010	—	—	—	—	—	—
Balance at May 31, 2010	400,000	2,009,000	20,075,895	7,145,304	4,703,875	(3,997,000)
Conversion of Series B Convertible Preferred Stock to Common Stock	(88,200)	(442,984)	882,000	442,984	—	—
Stock issued for services ($1.23/share)	—	—	150,000	184,500	—	—
Capital contribution	—	—	—	—	229,500	—
Stock issued for cash ($1.00/share)	—	—	1,365,987	1,365,987	—	(1,365,987)
Series B Convertible Preferred Stock dividends	—	—	17,100	8,550	(8,550)	—
Stock-based compensation	—	—	—	—	952,316	—
Rescission expirations and exclusions	—	—	—	—	—	511,987
Amortization of prepaid stock for services	—	—	—	—	—	—
Net loss for year ended May 31, 2011	—	—	—	—	—	—
Balance at May 31, 2011	311,800	1,566,016	22,490,982	9,147,325	5,877,141	(4,851,000)

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock						
	Shares	Amount	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
Amortization of prepaid stock for services	—	—	—	69,003	—	—	69,003
Series B Convertible Preferred stock issued for cash ($5.00/share)	—	—	—	—	—	—	—
Net loss for year ended May 31, 2010	—	—	—	—	—	(3,359,865)	(3,359,865)
Balance at May 31, 2010	(200,000)	(100,000)	313,080	(49,288)	(1,601,912)	(11,638,694)	(3,215,635)
Conversion of Series B Convertible Preferred Stock to Common Stock	—	—	—	—	—	—	—
Stock issued for services ($1.23/share)	—	—	—	—	—	—	184,500
Capital contribution	—	—	—	—	—	—	229,500
Stock issued for cash ($1.00/share)	—	—	—	—	—	—	—
Series B Convertible Preferred Stock dividends							
Stock-based compensation	—	—	—	—	—	—	952,316
Rescission expirations and exclusions	—	—	—	—	—	—	511,987
Amortization of prepaid stock for services	—	—	—	49,288	—	—	49,288
Net loss for year ended May 31, 2011	—	—	—	—	—	(3,719,688)	(3,719,688)
Balance at May 31, 2011	(200,000)	(100,000)	313,080	—	(1,601,912)	(15,358,382)	(5,007,732)

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock		Common Stock Payable	Additional Paid-In Capital	Subject to Rescission Amount
	Shares	Amount	Shares	Amount			
Rescission expirations and exclusions	—	—	—	—	—	—	1,102,000
Conversion of Series B Convertible Preferred Stock to Common Stock	(212,900)	(1,064,500)	2,129,000	1,064,500	—	—	—
Series B Convertible Preferred Stock Dividends	—	—	177,485	88,743	—	(88,743)	—
Series B Convertible Preferred Stock Cash Dividends	—	—	—	—	—	(1,500)	—
Common Stock issued to consultants for services ($2.55-$2.80/share)	—	—	72,500	203,000	—	—	—
Common Stock issued to directors for services ($2.07/share)	—	—	16,675	34,560	—	—	—
Common Stock issued for cash ($1.50/share)	—	—	1,997,388	2,996,024	—	—	—
Exercise of Common Stock options ($.30-$1.00/share)	—	—	527,500	326,900	—	—	—
Common shares issued from escrow liability ($1.00/share)	—	—	1,425,000	1,425,000	—	—	—
Common stock to be issued related to legal settlement ($0.97/share)	—	—	—	—	388,000	—	—
Amortization of deferred offering costs related to rescission liability	—	(49,523)	—	(135,791)	—	—	—
Capital Contribution	—	—	—	—	—	1,336	—
Stock-based compensation	—	—	—	—	—	1,692,290	—
Warrants to be issued related to legal settlement	—	—	—	—	—	540,009	—
Net loss for year ended May 31, 2012	—	—	—	—	—	—	—
Balance at May 31, 2012	98,900	$ 451,993	28,836,530	$15,150,261	$388,000	$ 8,020,533	$(3,749,000)

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock						
	Shares	Amount	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
Rescission expirations and exclusions	—	—	—	—	—	—	1,102,000
Conversion of Series B Convertible Preferred Stock to Common Stock	—	—	—	—	—	—	—
Series B Convertible Preferred Stock Dividends	—	—	—	—	—	—	—
Series B Convertible Preferred Stock Cash Dividends	—	—	—	—	—	—	(1,500)
Common Stock issued to consultants for services ($2.55-$2.80/share)	—	—	—	—	—	—	203,000
Common Stock issued to directors for services ($2.07/share)	—	—	—	—	—	—	34,560
Common Stock issued for cash ($1.50/share)	—	—	—	—	—	—	2,996,024
Exercise of Common Stock options ($.30-1.00/share)	—	—	—	—	—	—	326,900
Common shares issued from escrow liability ($1.00/share)	—	—	—	—	—	—	1,425,000
Common stock to be issued related to legal settlement ($0.97/share)	—	—	—	—	—	—	388,000
Amortization of deferred offering costs related to rescission liability	—	—	(13,783)	—	—	—	(199,097)
Capital Contribution	—	—	—	—	—	—	1,336
Stock based compensation	—	—	—	—	—	—	1,692,290
Warrants to be issued related to legal settlement	—	—	—	—	—	—	540,009
Net loss for year ended May 31, 2012	—	—	—	—	—	(7,474,224)	(7,474,224)
Balance at May 31, 2012	(200,000)	$(100,000)	$299,297	—	$(1,601,912)	$(22,832,606)	$(3,973,434)

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Preferred Stock		Common Stock		Common Stock Payable	Additional Paid-In Capital	Rescission Amount
	Shares	Amount	Shares	Amount			
Rescission expirations and exclusions	—	—	—	—	—	—	3,212,500
Amortization of deferred offering costs related to rescission liability	—	(158,902)	—	(377,258)	—	—	—
Conversion of Series B Convertible Preferred Stock to Common Stock	(3,800)	(19,000)	38,000	19,000	—	—	—
Series B Convertible Preferred Stock Dividends	—	—	4,380	2,190	—	(2,190)	—
Common Stock issued related to legal settlement ($.97/share)	—	—	400,000	388,000	(388,000)	—	—
Common Stock issued to consultants for services ($2.68/share)	—	—	60,000	160,800	—	—	—
Amortization of prepaid stock service	—	—	—	—	—	—	—
Common Stock issued to directors for services ($1.60/share)	—	—	7,810	12,496	—	—	—
Common Stock issued to directors for services ($.77/share)	—	—	16,230	12,497	—	—	—
Common Stock issued to directors for services ($1.00/share)	—	—	12,500	12,500	—	—	—
Common Stock issued to directors for services ($.80/share)	—	—	14,980	11,984	—	—	—
Exercise of Common Stock warrants ($.25/share)	—	—	750,000	187,500	—	—	—
Exercise of Common Stock warrants ($1.00/share)	—	—	5,000	5,000	—	—	—
Exercise of Common Stock options ($.34/share)	—	—	25,000	8,500	—	—	—
Conversion of convertible debt to common stock ($.75/share)	—	—	756,000	567,000	—	—	—
Conversion of accrued interest on convertible debt to common stock ($.75/share)	—	—	5,604	4,203	—	—	—
Issuance of common stock for accounts payable ($1.21/share)	—	—	66,116	80,000	—	—	—
Common stock issuable for accrued interest	—	—	—	—	10,278	—	—
Common stock issuable for bonuses	—	—	—	—	107,500		—
Stock-based compensation	—	—	—	—	—	3,261,951	—
Debt discount related to warrants and beneficial conversion feature associated with convertible debt	—	—	—	—	—	6,243,502	—
Net Loss for year ended May 31, 2013	—	—	—	—	—	—	—
Balance at May 31, 2013	95,100	$ 274,091	30,998,150	$16,244,673	$ 117,778	$17,523,796	$ (536,500)

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Changes in Shareholders' (Deficit)
Period October 28, 2003 through May 31, 2013

	Treasury Stock						
	Shares	Amount	Treasury Stock APIC	Stock for Prepaid Services	Accumulated Deficit	Deficit Accumulated During Development Stage	Total
Rescission expirations and exclusions	—	—	—	—	—	—	3,212,500
Amortization of deferred offering costs related to rescission liability	—	—	(44,232)	—	—	—	(580,392)
Conversion of Series B Convertible Preferred Stock to Common Stock	—	—	—	—	—	—	—
Series B Convertible Preferred Stock Dividends	—	—	—	—	—	—	—
Common Stock issued related to legal settlement ($.97/share)	—	—	—	—	—	—	—
Common Stock issued to consultants for services ($2.68/share)	—	—	—	(160,800)	—	—	
Amortization of prepaid stock service	—	—	—	160,800	—	—	160,800
Common Stock issued to directors for services ($1.60/share)	—	—	—	—	—	—	12,496
Common Stock issued to directors for services ($.77/share)	—	—	—	—	—	—	12,497
Common Stock issued to directors for services ($1.00/share)	—	—	—	—	—	—	12,500
Common Stock issued to directors for services ($.80/share)	—	—	—	—	—	—	11,984
Exercise of Common Stock warrants ($.25/share)	—	—	—	—	—	—	187,500
Exercise of Common Stock warrants ($1.00/share)	—	—	—	—	—	—	5,000
Exercise of Common Stock options ($.34/share)	—	—	—	—	—	—	8,500
Conversion of convertible debt to common stock ($.75/share)	—	—	—	—	—	—	567,000
Conversion of accrued interest on convertible debt to common stock ($.75/share)	—	—	—	—	—	—	4,203
Issuance of common stock for accounts payable ($1.21/share)	—	—	—	—	—	—	80,000
Common stock issuable for accrued interest	—	—	—	—	—	—	10,278
Common stock issuable for bonuses	—	—	—	—	—	—	107,500
Stock-based compensation	—	—	—	—	—	—	3,261,951
Debt discount related to warrants and beneficial conversion feature associated with convertible debt		—	—	—	—	—	6,243,502
Net Loss for the year ended May 31, 2013	—	—	—	—	—	(9,568,301)	(9,568,301)
Balance at May 31, 2013	(200,000)	$(100,000)	$255,065	—	$(1,601,912)	$(32,400,907)	$ (223,916)

See accompanying notes to consolidated financial statements.

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Cash Flows

	Year Ended May 31,		October 28, 2003
	2013	2012	through May 31, 2013
Cash flows from operating activities			
Net loss	$(9,568,301)	$(7,474,224)	$ (32,400,907)
Adjustments to reconcile net loss to net cash used by operating activities:			
Amortization / depreciation	222,684	2,013	405,546
Loss on disposal of furniture and equipment	—	2,560	2,560
Amortization of discount on convertible debt	1,703,616	2,063	2,422,881
Gain on settlement of accounts payable	(372,759)	—	(710,101)
Purchased in process research and development	—	—	274,399
Stock-based compensation	3,590,011	2,857,859	12,167,995
Changes in current assets and liabilities:			
Increase in accrued salaries	175,449	189,249	364,698
Increase in prepaid expenses	(73,867)	(6,707)	(139,849)
(Increase) decrease in other assets	5,744	(25,987)	—
Increase in accounts payable, accrued interest and accrued liabilities	924,490	62,079	2,210,482
Net cash used in operating activities	(3,392,933)	(4,391,095)	(15,402,296)
Cash flows from investing activities:			
Asset acquisition of intangibles	(3,500,000)	—	(3,500,000)
Furniture and equipment purchases	(3,135)	—	(24,218)
Net cash used in investing activities	(3,503,135)	—	(3,524,218)
Cash flows from financing activities:			
Capital contributions by executive	—	1,336	15,748
Preferred stock dividends	—	(1,500)	(1,500)
Proceeds from notes payable to related parties	500,000	—	1,205,649
Payments on notes payable to related parties	(74,492)	(74,492)	(314,482)
Proceeds from notes payable issued to individuals	—	—	145,000
Payments on notes payable issued to individuals	—	—	(34,500)
Proceeds from convertible notes payable	6,588,250	—	7,274,250
Proceeds from sale of common stock	—	3,386,024	8,966,072
Proceeds from Series B preferred stock	—	—	2,009,000
Purchase of treasury stock	—	—	(436,000)
Proceeds from sale of treasury stock	—	—	559,210
Deferred offering costs	—	—	(1,029,940)
Proceeds from issuance of stock in AITI acquisition	—	—	512,200
Proceeds from issuance of stock in AGTI acquisition	—	—	100,000
Proceeds from exercise of warrants and options	201,000	326,900	556,250
Net cash provided by financing activities	7,214,758	3,638,268	19,526,957
Net change in cash	318,690	(752,827)	600,443
Cash, beginning of period	284,991	1,037,818	3,238
Cash, end of period	$ 603,681	$ 284,991	$ 603,681
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Income taxes	$ —	$ —	$ —
Interest	$ 224,724	$ 2,593	$ 251,481

CytoDyn Inc.
(A Development Stage Company)
Consolidated Statements of Cash Flows

	Year Ended May 31,		October 28, 2003
	2013	2012	through May 31, 2013
Non-cash investing and financing transactions:			
Net assets acquired in exchange for common stock in CytoDyn/Rexray business combination	$ —	$ —	$ 7,542
Common stock issued to former officer to repay working capital advance	$ —	$ —	$ 5,000
Common stock issued for convertible debt	$ 567,000	$ —	$ 1,229,000
Common stock issued for debt	$ —	$ —	$ 245,582
Common stock issued for accrued interest payable	$ 4,205	$ —	$ 25,161
Options to purchase common stock issued for debt	$ —	$ —	$ 62,341
Original issue discount and intrinsic value of beneficial conversion feature related to convertible debt issued with warrants	$6,243,502	$ —	$ 6,962,768
Common stock issued for preferred stock	$ —	$ —	$ 167,500
Treasury stock issued for prepaid services	$ —	$ —	$ 118,291
Common stock issued on settlement of accounts payable	$ 80,000	$ —	$ 129,000
Preferred and common stock subject to rescission	$3,212,500	$1,102,000	$ 536,500
Accrued stock incentive and deferred offering costs	$ —	$ —	$ 1,717,000
Common stock issued for Series B preferred stock	$ 19,000	$1,064,500	$ 1,526,484
Series B preferred stock dividends	$ 2,190	$ 88,743	$ 99,483
Accrued salaries related party contributed as capital	$ —	$ —	$ 229,500
Reversal of accrued stock incentive and deferred offering costs	$ —	$ —	$ 1,717,000
Constructive dividend	$ —	$ —	$ 6,000,000
Amortization of deferred offering costs related to rescission liability	$ 580,398	$ 199,097	$ 779,495
Common shares issued from escrow liability	$ —	$1,425,000	$ 1,425,000

See accompanying notes to consolidated financial statements.

CYTODYN INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MAY 31, 2013

1 - Organization

CytoDyn Inc. (the "Company") was incorporated under the laws of Colorado on May 2, 2002 under the name Rexray Corporation ("Rexray"). In October 2003, the Company (under its previous name RexRay Corporation) entered into an Acquisition Agreement with CytoDyn of New Mexico, Inc. Pursuant to the acquisition agreement, the Company acquired assets related to its drug candidate Cytolin, including the assignment of the patent license agreement dated July 1, 1994 between CytoDyn of New Mexico, Inc. and Allen D. Allen covering three United States patents along with foreign counterpart patents which describe a method for treating Human Immunodeficiency Virus ("HIV") disease with the use of monoclonal antibodies.

CytoDyn Inc. is developing a class of therapeutic monoclonal antibodies to address significant unmet medical needs in the areas of HIV and Acquired Immune Deficiency Syndrome ("AIDS").

The Company entered the development stage effective October 28, 2003 upon the reverse merger and recapitalization of the Company and follows Financial Standard Accounting Codification No. 915, Development Stage Entities.

Advanced Genetic Technologies, Inc. ("AGTI") was incorporated under the laws of Florida on December 18, 2006 pursuant to an acquisition during 2006.

On May 16, 2011, the Company formed a wholly owned subsidiary, CytoDyn Veterinary Medicine LLC ("CVM"), to explore the possible application of the Company's existing proprietary monoclonal antibody technology to the treatment of Feline Immunodeficiency Virus ("FIV"). The Company views the formation of CVM as an effort to strategically diversify the use of its proprietary monoclonal antibody technology.

2 - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries; AGTI and CVM. All intercompany transactions and balances are eliminated in consolidation.

Reclassifications

Certain prior year amounts shown in the accompanying consolidated financial statements have been reclassified to conform to the 2013 presentation. These reclassifications did not have any effect on total current assets, total assets, total current liabilities, total liabilities, total shareholders'(deficit), or net loss.

Going Concern

The consolidated accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying consolidated financial statements, the Company is currently in the development stage with losses for all periods presented. The Company incurred a net loss of $9,568,301 for the period ended May 31, 2013, has an accumulated deficit of $34,002,819, and a working capital deficit of $2,388,138 as of May 31, 2013. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to obtain additional operating capital, complete development of its product candidates, obtain U.S. Food & Drug Administration ("FDA") approval, outsource manufacturing of the product candidates, and ultimately attain profitability. The Company intends to seek additional funding through equity and debt offerings to fund its business plan. There can be no assurance, however, that the Company will be successful in these endeavors.

Use of Estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

The Company considers all highly liquid debt instruments with original maturities of three months or less when acquired to be cash equivalents. The Company had no cash equivalents as of May 31, 2013 or May 31, 2012. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances.

Identified Intangible Assets

The Company follows the provisions of FASB ASC Topic 350 Intangibles—Goodwill and Other, which establishes accounting standards for the impairment of long-lived assets such as intangible assets subject to amortization. The Company reviews long-lived assets to be held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset group is less than its carrying value, the asset is considered impaired. Impairment losses are measured as the amount by which the carrying amount of the asset group exceeds the fair value of the asset (See Note 11 for acquisition of patents). There were no impairment charges for the years ended May 31, 2013 and 2012, or for the period October 28, 2003 through May 31, 2013. The value of the Company's patents would be significantly impaired by any adverse developments as they relate to the clinical trials pursuant to the patents acquired as discussed in Notes 9 and 11.

Research and Development

Research and development costs are expensed as incurred.

Stock-Based Compensation

U.S. GAAP requires companies to measure the cost of employee services received in exchange for the award of equity instruments based on the fair value of the award at the date of grant. The expense is to be recognized over the period during which an employee is required to provide services in exchange for the award (requisite service period).

The Company accounts for common stock options and common stock warrants granted based on the fair market value of the instrument using the Black-Scholes option pricing model utilizing certain weighted average assumptions such as expected stock price volatility, term of the options and warrants, risk-free interest rates, and expected dividend yield at the grant date. The risk-free interest rate assumption is based upon observed interest rates appropriate for the expected term of the stock options. The expected volatility is based on the historical volatility of the Company's common stock at consistent intervals. The Company has not paid any dividends on its common stock since its inception and does not anticipate paying dividends on its common stock in the foreseeable future. The computation of the expected option term is based on the "simplified method" as the Company's stock options are "plain vanilla" options and the Company has a limited history of exercise data. For common stock options and warrants with graded vesting, the Company recognizes the related compensation costs associated with these options and warrants on a straight-line basis over the requisite service period.

U.S. GAAP requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Based on limited historical experience of forfeitures, the Company estimated future unvested option forfeitures at 0% as of May 31, 2013 and May 31, 2012.

Preferred Stock

As of May 31, 2013, the Company's Board of Directors is authorized to issue up to 5,000,000 shares of preferred stock without shareholder approval. As of May 31, 2013, the Company has authorized the issuance of 400,000 shares of Series B convertible preferred stock (see Note 4). The remaining preferred shares authorized have no specified rights other than the shares are non-voting and no par value.

Deferred Offering Costs

In connection with a stock rescission liability as discussed at Note 3, the Company has recorded approximately $97,000 and $677,000 in deferred offering costs as of May 31, 2013 and May 31, 2012, respectively. These deferred offering costs have been recorded as a current asset for the respective periods. The asset is amortized and reduces equity on a pro rata basis with the decreases in the rescission liability. If investors exercise their rescission rights and forfeit their shares, the deferred offering costs would be expensed at that time.

Stock for Services

The Company issues common stock, warrants and common stock options to consultants for various services. Costs for these transactions are measured at the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The value of the common stock is measured at the earlier of (i) the date at which a firm commitment for performance by the counterparty to earn the equity instruments is reached or (ii) the date at which the counterparty's performance is complete.

(Loss) Per Common Share

Basic (loss) per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted (loss) per share is computed by dividing net (loss) by the weighted average common shares and potentially dilutive common share equivalents. The effects of potential common stock equivalents are not included in computations when their effect is anti-dilutive. Because of the net losses for all periods presented, the basic and diluted weighted average shares outstanding are the same since including the additional shares would have an anti-dilutive effect on the loss per share calculation. Common stock options and warrants to purchase 18,146,938, 10,327,664 and 18,146,938 shares of common stock were not included in the computation of diluted weighted average common shares outstanding for the periods ended May 31, 2013 and 2012 and for the period October 28, 2003 to May 31, 2013, respectively, as inclusion would be anti-dilutive for these periods. Additionally, as of May 31, 2013, 95,100 shares of Series B convertible stock can potentially convert into 951,000 shares of common stock, and $6,021,250 of convertible debt can potentially convert into 8,106,282 shares of common stock based on fixed conversion prices ranging from $.65 to $.75 per share.

Income Taxes

Deferred taxes are provided on the asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Future tax benefits for net operating loss carryforwards are recognized to the extent that realization of these benefits is considered more likely than not. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company follows the provisions of FASB ASC 740-10 "Uncertainty in Income Taxes" (ASC 740-10). A reconciliation of the beginning and ending amount of unrecognized tax benefits has not been provided since there are no unrecognized benefits at May 31, 2013 or 2012 and since the date of adoption. The Company has not recognized interest expense or penalties as a result of the implementation of ASC 740-10. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefit in interest expense and penalties in operating expenses. The Company is subject to examination by the Internal Revenue Service and state tax authorities for tax years ending after 2008.

3 - Rescission Liabilities

The Company's board of directors (the "Board") was advised by outside legal counsel that compensation the Company previously paid to an employee and certain other non-employees who were acting as unlicensed, non-exempt broker-dealers soliciting investors on behalf of the Company from April 15, 2008 to February 18, 2011 was a violation of certain state and possibly federal securities laws. As a result, such investors and potentially others have rescission or monetary claims ("Claims") against the Company, and the Company's liability for these potential Claims, originally estimated to total approximately $6.4 million, is now being properly reflected in the Company's financial statements. On March 16, 2011, the Company filed a Current Report on Form 8-K disclosing the potential rescission liability (the "Liability Disclosure"). On July 21, 2011, the Company filed a Current Report on Form 8-K disclosing its receipt of an SEC letter of inquiry and request for voluntary assistance in discovering information

related to the Liability Disclosure. By letter dated January 3, 2012, the Division of Enforcement of the Securities and Exchange Commission notified the Company that the SEC had completed its informal investigation of the Company and had recommended no enforcement action be taken against the Company, or its officers, directors, or employees.

Rescission rights for individual investors and subscribers vary, based upon the laws of the states in which the investors or subscribers reside. Investments and subscriptions that are subject to rescission are recorded separately in our financial statements from shareholders' deficiency in the Company's balance sheet. As the statutory periods for pursuing such rights expire in the respective states, such amounts for those shares are reclassified to shareholders' deficiency. Investors who have sold their shares of capital stock of the Company do not have rescission rights, but instead have claims for damages, to the extent their shares were sold at a net loss, which is determined by subtracting the purchase price plus statutory interest and costs, if any, from the sale price.

The Company estimates an amount that is a probable indicator of the rescission liability and recorded rescission liabilities for May 31, 2013 and May 31, 2012 of $537,000 and $3,749,000, respectively. These amounts represent the believed remaining potential rescission liability as of the dates presented, including any contingent interest payable to investors who pursue their rescission rights and forfeit their shares. For the purpose of calculating and disclosing rescission liability, the Company has assumed that portions of the state Claims are barred by the statutes of limitations of various states. Although the Company has assumed that affirmative defenses based upon the application of the statutes of limitations in these states may be generally available to bar these state Claims, it has not had legal counsel undertake a detailed analysis of case law that might apply to defer or avoid application of a bar to such Claims; thus, if rescission claims are made for those assumed to be barred by a statute of limitations and such claims are contested by the Company, until such affirmative defenses are ruled upon in a proceeding adjudicating the rights at issue, no assurances can be made that, if asserted, such defenses would actually bar the rescission claims in these states.

The Company considered methods to offer to rescind the previous investment purchase or subscription by persons who acquired or subscribed for investments during the period April 15, 2008 to February 18, 2011, but did not pursue any such methods.

The Company entered into a seven-year Personal Services Agreement on August 4, 2008 (the "Contract") with Nader Pourhassan, now the Company's President and Chief Executive Officer. It was subsequently determined that the compensation provided for under the Contract may have violated applicable securities laws. Such violations gave rise to the Company's rescission liability described above. It was unclear whether the Company had any defenses to payment, whether the Company had any rights to recover payments made to Dr. Pourhassan or others at his direction or as contemplated in the Contract (including payments in the form of securities), or whether, even if the Company did have such rights, Dr. Pourhassan (and perhaps others) would have certain equitable remedies that would entitle Dr. Pourhassan (and perhaps others) to set off against the Company's rights or would obligate the Company to make compensatory payments for services performed by Dr. Pourhassan (and others under his direction).

The Contract provided for compensation to Dr. Pourhassan at an annual salary of $200,000. Additionally, as incentive compensation, Dr. Pourhassan's personal assistant and one additional person were each to receive 50,000 common shares for every $500,000 in capital received by the Company through Dr. Pourhassan's efforts. On October 11, 2011, Dr. Pourhassan and the Company entered into a Mutual Release and Personal Services Termination Agreement (the "MRPSTA") which relieved the Company of liability for any claims of compensation under the Contract. Simultaneously with the signing of the MRPSTA, Dr. Pourhassan and the Company entered into a new Employment and Non-Compete Agreement whereby Dr. Pourhassan was appointed Managing Director of Business Development with an annual salary of $200,000. Upon the signing of the MRPSTA, the Company at May 31, 2011 reversed all accrued stock compensation and deferred offering costs, as the Company had no further obligations under the Contract.

4 - Convertible Instruments

During fiscal 2010, the Company authorized the issuance of 400,000 shares of Series B Convertible Preferred Stock (Series B) at $5.00 per share. During the year ended May 31, 2013, 3,800 shares of the Series B were converted into 38,000 shares of common stock. The Series B is convertible into ten shares of the Company's common stock including any accrued dividends, with an effective fixed conversion price of $0.50 per share. The holders of the Series B are able to convert their shares to common shares only if the Company has sufficient authorized common shares at the time of conversion. Accordingly, the conversion option was contingent upon the Company increasing

its authorized common shares, which occurred in April 2010 when the Company's shareholders approved an increase in the authorized common shares. At the commitment date, which occurred upon the shareholders approving the increase in the authorized shares, the conversion option related to the Series B was beneficial. The intrinsic value of the conversion option at the commitment date resulted in a constructive dividend to the Series B holders of approximately $6,000,000. The constructive dividend increased and decreased additional paid-in capital by the same amount. The Series B has liquidation preferences over the common shares at $5.00 per share plus any accrued dividends. Dividends are payable to the Series B holders when declared by the board of directors at the rate of $0.25 per share per annum. The Series B holders have no voting rights.

During the year ended May 31, 2013, the Company issued $6,588,250 in unsecured convertible notes (the "Notes") to investors for cash. Each Note is convertible at the election of the holder at any time into common shares at a fixed conversion price. Total principal of $6,208,250 is convertible at $.75 per share, and $380,000 is convertible at $.65 per share. The Notes are payable in full between November 30, 2013 and March 6, 2016. The Notes bear interest at rates that range from 5% to 10% per year, payable in cash semi-annually in arrears beginning on April 1, 2013. In connection with the sale of the Notes, detachable common stock warrants with a two-year term to purchase a total of 8,527,984 common shares at exercise prices ranging from $.75 to $2.00 per share were issued to the investors, The warrants are currently exercisable in full and will expire between October 1, 2014 and May 31, 2015. The Company determined the fair value of the warrants using the Black-Scholes option pricing model utilizing certain weighted average assumptions such as expected stock price volatility, term of the warrants, risk-free interest rates, and expected dividend yield at the grant date. Additionally, at the commitment date, the Company determined that the conversion option related to the Notes was beneficial to the investors. As a result, the Company determined the intrinsic value of the conversion option utilizing the fair value of the common stock at the commitment date and the effective conversion price after discounting the Notes for the fair value of the warrants. The fair value of the warrants and the intrinsic value of the conversion option were recorded as debt discounts to the Notes, and a corresponding increase to additional paid-in capital. The debt discounts are being amortized over the life of the Notes. At the time of conversion, any unamortized discounts associated with the Notes are fully amortized and recorded as interest expense. During the year ended May 31, 2013, activity related to the Notes was as follows:

Face amount of convertible notes	$ 6,588,250
Debt discounts	(6,243,502)
Amortization of debt discount	1,703,616
Conversions	(567,000)
Total carrying value of convertible notes	1,481,364
Short-term portion of convertible notes	(328,347)
Long-term portion of convertible notes	$ 1,153,017

The Company utilized the following weighted average assumptions to value the above warrants:

Expected dividend yield	-0-%
Stock price volatility	70 – 94%
Expected term	2 years
Risk-free interest rate	.28%
Grant-date fair value	$.11 - $1.10

5 - Stock Options and Warrants

The Company has one stock-based equity plan at May 31, 2013. Pursuant to the 2004 Stock Incentive Plan, as amended, which was originally adopted by the Company's shareholders in 2005, the Company was authorized to

issue options to purchase up to 7,600,000 shares of the Company's common stock. On December 12, 2012, the Company's shareholders approved the CytoDyn Inc. 2012 Equity Incentive Plan (the "2012 Plan"), which replaced the 2004 Stock Incentive Plan and provides for the issuance of up to 3,000,000 shares of common stock pursuant to various forms of incentive awards allowed under the 2012 Plan. As of May 31, 2013, the Company had 1,976,710 shares available for future stock-based grants under the 2012 Plan.

During the year ended May 31, 2013, the Company granted a total of 148,290 common stock options to directors with exercise prices ranging from $1.40 to $1.55 per share, which vest in quarterly increments over one year and have an expiration date of five years from the date of grant. The average grant date fair value related to these options was $.89 per share.

During the year ended May 31, 2013, the Company granted a total of 1,225,000 common stock options to employees with exercise prices ranging from $.80 to $1.80 per share. Of the options, 112,500 vested immediately, and 112,500 vest in October 2013. The remaining options vest annually over three years, beginning one year following the grant date. The options have expiration dates that range from three to five years from the date of grant. The average grant date fair value related to these options was $.60 per share.

During the year ended May 31, 2013, the Company granted a total of 515,000 common stock warrants to consultants with exercise prices ranging from $1.00 to $5.00 per share. The warrants have varying vesting terms, but were fully vested in April 2013. The expiration dates for the warrants range from September 2014 to October 2015. The average grant date fair value related to these warrants was $.56 per share.

On July 27, 2012, the Company entered into a Settlement Agreement and Mutual Release (the "Settlement Agreement") with William Carmichael and Mojdeh Javadi (the "Plaintiffs") with respect to a complaint filed in December 2011 alleging breach of contract for failure to issue warrants to purchase shares of the Company's common stock to the Plaintiffs pursuant to a contract entered into between the Company and the Plaintiffs in November 2007, as well as failure to pay compensation to which the Plaintiffs were allegedly entitled pursuant to the Contract described in Note 3 above. In the Settlement, the Company granted warrants to purchase a total of 750,000 common shares to the Plaintiffs at an exercise price of $.25 per share. All compensation expense associated with the warrants was recognized at May 31, 2012, totaling approximately $540,000. All the warrants were exercised during the year ended May 31, 2013. Ms. Javadi is the spouse of the Company's chief executive officer.

As discussed in Note 4, the Company issued warrants to purchase a total of 8,527,984 common shares to investors. The grant date fair value of the warrants was $.72 per share.

Net cash proceeds from the exercise of common stock warrants and options were $201,000 for the year ended May 31, 2013.

Compensation expense related to stock options and warrants was approximately $3,262,000 and $1,692,000 for the year ended May 31, 2013, and 2012, respectively. The grant date fair value of options and warrants vested during the year ended May 31, 2013 and 2012 was approximately $8,889,000 and $1,562,000, respectively. As of May 31, 2013 there was approximately $1,748,000 of unrecognized compensation costs related to share-based payments for unvested options, which is expected to be recognized over a weighted average period of 1.57 years.

The estimated fair value of options and warrants is determined using the Black-Scholes option valuation model with the following weighted-average assumptions for the periods ended May 31, 2013 and 2012:

	2013	2012
Risk free rate	0.12% - 0.70%	0.12% -.87%
Dividend yield	—	—
Volatility	87% - 102%	93% - 102%
Expected term	1 - 4 years	1 - 4 years

The following table represents stock option and warrants activity for the periods ended May 31, 2013 and 2012:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Options and warrants outstanding - May 31, 2011	7,473,576	$ 1.34	3.84	$10,495,913
Granted	3,456,088	$ 2.04	—	—
Exercised	(527,500)	$ .62	—	—
Forfeited/expired/cancelled	(74,500)	$ 2.49	—	—
Options and warrants outstanding - May 31, 2012	10,327,664	$ 1.60	3.20	$ 2,308,279
Granted	11,166,274	$ 1.61	—	—
Exercised	(780,000)	$ 0.26	—	—
Forfeited/expired/cancelled	(2,567,000)	$ 1.73	—	—
Options and warrants outstanding - May 31, 2013	18,146,938	$ 1.65	1.86	$ 140,321
Exercisable - May 31, 2013	16,253,188	$ 1.68	1.65	$ 140,321

6 - Common Stock and common stock payable issued for services

During the year ended May 31, 2013, the Company issued 51,520 fully vested shares of common stock at prices ranging from $.80 to $1.60 per share, and recognized approximately $49,000 in compensation expense to directors for past services. Compensation expense to directors related to common stock issuances was approximately $35,000 for the year ended May 31, 2012.

During the year ended May 31, 2013, the Company issued 60,000 shares of common stock to a consultant at $2.68 per share, which was the fair value at the commitment date, which was amortized over the requisite service period. During the year ended May 31, 2013 the Company recognized approximately $161,000 in stock-based compensation related to this grant. During the year ended May 31, 2012, compensation expense related to common stock issuances to consultants was approximately $203,000.

Effective December 28, 2012, the Company settled trade payable balances of approximately $447,000 owed to its previous principal law firm in exchange for a cash payment of $45,000 and 66,116 shares of Company common stock with a value of $80,000 as determined by the closing price of the stock on December 24, 2012. The Company recorded a gain on the satisfaction of the payables of approximately $322,000 for the year ended May 31, 2013.

At May 31, 2013, the Company is committed, subject to satisfaction of certain conditions, to issue approximately $108,000 of common stock to two executives of the Company for past services. This amount is included in common stock payable as of May 31, 2013. At May 31, 2013, the Company is committed to issue approximately $10,000 of common stock to a director of the Company related to accrued interest on a note payable (see Note 10). This amount is included in common stock payable. Pursuant to the Settlement Agreement described in Note 5, the Company issued 400,000 shares of common stock, which was recorded as common stock payable at May 31, 2012. The Company recognized approximately $388,000 in stock compensation expense during the year ended May 31, 2012 related to the issuance of this common stock.

7 - Recent Accounting Pronouncements

Recent accounting pronouncements issued by the FASB (including its EITF), the AICPA, and the SEC did not or are not believed by management to have a material effect on the Company’s present or future financial statements.

8 - Income Taxes

Deferred taxes are recorded for all existing temporary differences in the Company’s assets and liabilities for income tax and financial reporting purposes. Due to the valuation allowance for deferred tax assets, as noted below, there was no net deferred tax benefit or expense for the periods ended May 31, 2013 and 2012, or for the period ended October 28, 2003 through May 31, 2013.

Reconciliation of the federal statutory income tax rate of 34% to the effective income tax rate is as follows for all periods presented:

	2013	2012
Income tax provision at statutory rate	34.0%	34.0%
State income taxes, net	5.1	5.1
Rate change	0.0	0.0
Other	0.0	0.0
Valuation allowance	(39.1)	(39.1)
	0.0%	0.0%

Net deferred tax assets and liabilities are comprised of the following as of May 31, 2013 and 2012:

	2013	2012
Deferred tax asset (liability) current:		
Accrued salary and expenses	$ 291,100	$ 49,100
Debt discount amortization	(118,100)	—
Valuation allowance	(173,000)	(49,100)
Deferred tax asset (liability) non-current	$ —	$ —
Net operating loss	$ 8,256,000	$ 6,317,000
Debt discount	(1,659,300)	—
Expense on non-qualified stock options	2,928,000	2,093,100
Other	155,500	96,500
Valuation allowance	(9,680,200)	(8,506,600)
	$ —	$ —

The tax benefit for the period presented is offset by a valuation allowance established against deferred tax assets arising from operating losses and other temporary differences, the realization of which could not be considered more likely than not. In future periods, tax benefits and related tax deferred assets will be recognized when management considers realization of such amounts to be more likely than not.

At May 31, 2013, the Company had available net operating loss carryforwards of approximately $21,000,000 which expire beginning in 2022.

9 - Commitments and Contingencies

On July 25, 2012, the Company and Kenneth J. Van Ness entered into a Transition Agreement (the "Transition Agreement"). Pursuant to the Transition Agreement, Mr. Van Ness stepped down as the Chairman of the Board, effective immediately. In addition, Mr. Van Ness agreed to step down as the President and CEO of the Company. Mr. Van Ness ceased to be a director on December 12, 2012.

The Transition Agreement provided that, in lieu of any compensation otherwise payable to Mr. Van Ness under the Executive Employment Agreement, dated April 16, 2012, but effective as of August 9, 2011 (the "Employment Agreement"), by and between the Company and Mr. Van Ness, during the period beginning on July 18, 2012 through October 16, 2012 (the "Transition Period") Mr. Van Ness would be paid a salary equal to $13,890 per month and continue to receive, during the Transition Period, the fringe benefits, indemnification and miscellaneous business expense benefits provided for in the Employment Agreement. Mr. Van Ness is also entitled to (i) receive a cash severance payment equal to $13,890 per month for 33 months following the Transition Period, (ii) the opportunity to elect the timing of distribution of his account balance in the Company's 401(k) Plan, and (iii) reimbursement for continuing health care insurance coverage under COBRA for nine months.

The Transition Agreement also amended (A) the CytoDyn Inc. Stock Option Award Agreement, dated December 6, 2010, with Mr. Van Ness to provide for immediate vesting of all of the 500,000 options granted at $1.19 per share, and (B) the CytoDyn Inc. Stock Option Award Agreement, dated April 16, 2012, but effective as of August 9, 2011,

with Mr. Van Ness to provide for (i) immediate vesting of 750,000 of the 1,500,000 options granted at $2.00 per share, and (ii) forfeiture of the remaining 750,000 options. In addition, the expiration date of the 25,000 options granted to Mr. Van Ness on September 22, 2010, as well as the options described above, will be August 8, 2016.

Pursuant to the terms of the Transition Agreement described above, during the year ended May 31, 2013, the Company recognized approximately $479,000 in severance expense and has an accrued liability of approximately $365,000, which is included in accrued salaries and severance on the consolidated balance sheet as of May 31, 2013. The Company accrued for the severance to be paid to Mr. Van Ness, as Mr. Van Ness has no significant continuing service obligation to the Company. Additionally, related to the modification of the above stock option awards to Mr. Van Ness, the Company recognized approximately $1,128,000 of stock-based compensation expense during the year ended May 31, 2013. This amount was determined based on the provisions of the above Transition Agreement, including the impact of the accelerated vesting and forfeitures.

Under the Asset Purchase Agreement (the "Asset Purchase Agreement"), dated July 22, 2012, between the Company and Progenics Pharmaceuticals, Inc. ("Progenics"), the Company acquired from Progenics its proprietary HIV viral-entry inhibitor drug candidate PRO 140 ("PRO 140"), a humanized anti-CCR5 monoclonal antibody, as well as certain other related assets, including the existing inventory of bulk PRO 140 drug product, intellectual property, certain related licenses and sublicenses, and U.S. Food and Drug Administration ("FDA") regulatory filings. On October 16, 2012, the Company paid $3,500,000 in cash to Progenics to close the acquisition transaction. The Company is also required to pay Progenics the following milestone payments and royalties: (i) $1,500,000 at the time of the first dosing in a U.S. Phase III trial or non-US equivalent; (ii) $5,000,000 at the time of the first US new drug application approval by the FDA or other non-U.S. approval for the sale of PRO 140; and (iii) royalty payments of up to five percent (5%) on net sales during the period beginning on the date of the first commercial sale of PRO 140 until the later of (a) the expiration of the last to expire patent included in the acquired assets, and (b) 10 years, in each case determined on a country-by-country basis. Payments to Progenics are in addition to payments due under a Development and License Agreement, dated April 30, 1999 (the "PDL License"), between Protein Design Labs (now AbbVie Inc.) and Progenics, which was assigned to us in the PRO 140 transaction, pursuant to which we must pay additional milestone payments and royalties as follows: (i) $1,000,000 upon initiation of a Phase III clinical trial; (ii) $500,000 upon filing a Biologic License Application with the FDA or non-U.S. equivalent regulatory body; (iii) $500,000 upon FDA approval or approval by another non-U.S. equivalent regulatory body; and (iv) royalties of up to 7.5% of net sales for the longer of 10 years and the date of expiration of the last to expire licensed patent. Additionally, the PDL License provides for an annual maintenance fee of $150,000 until royalties paid exceed that amount. Such amount remains due for calendar year 2013 and the failure to pay such amount gives rise to a termination right after notice and an opportunity to cure.

In addition, from time to time, the Company is involved in claims and suits that arise in the ordinary course of business. Management currently believes that resolving any such claims against the Company will not have a material adverse effect on the Company's business, financial condition or results of operations.

10 - Related Party Transactions

During the year ended May 31, 2013, the Company issued a note payable to a director of the Company for $500,000. The note is included in Indebtedness to related parties on the consolidated balance sheet as of May 31, 2013. The note bears interest at an annual rate of 15%, and principal and interest are payable in full at the April 11, 2014 maturity date. At the election of the Company, interest may be paid in the form of shares of common stock not to exceed 150,000 shares at a fixed price of $.50 per share.

During the year ended May 31, 2013, the Company issued a convertible note (see Note 4) to the above director. The note has a face value of $1,000,000, and interest is payable at a rate of 5% in cash semi-annually in arrears beginning on April 1, 2013. The principal of the note is payable in full at the October 16, 2015 maturity date. The note is convertible into common shares at a fixed conversion price of $.75 per share at any time at the election of the holder of the note. In conjunction with the note, the Company issued 1,333,333 detachable common stock warrants at an exercise price of $2.00 per share. The warrants expire on October 16, 2014. The Company recorded debt discounts related to the fair value of the warrants and the intrinsic value of the beneficial conversion feature at the commitment date of the note. As of May 31, 2013, the carrying value of this convertible note was approximately $207,000, which is included in convertible notes payable, net in long-term liabilities on the consolidated balance sheet. During the year ended May 31, 2013, the Company recognized approximately $207,000 in interest expense related to the amortization of the above discounts.

See also the description of the Settlement Agreement with the spouse of the Company's chief executive officer and an unrelated party in Note 5 above.

The above terms and amounts are not necessarily indicative of the terms and amounts that would have been incurred had comparable transactions been entered into with independent parties.

11 - Acquisition of patents

As discussed in Note 9 above, the Company consummated an asset purchase on October 16, 2012 and paid $3,500,000 for certain assets, including intellectual property, certain related licenses and sublicenses, FDA filings and various forms of the PRO 140 drug product. The Company followed the guidance in Financial Accounting Standards topic 805 to determine if the Company acquired a business. Based on the prescribed accounting, the Company acquired assets, and not a business. As of May 31, 2013, the Company has recorded $3,500,000 of intangible assets in the form of patents. The Company estimates the patents have an estimated life of ten years. As of the date of this filing, management cannot reasonably estimate the likelihood of paying the milestone payments and royalties described in Note 9 and, accordingly, as of May 31, 2013, the Company has not accrued any liabilities related to these contingent payments, as more fully described above in Note 9.

The following presents intangible assets as of May 31, 2013:

Gross carrying amounts	$3,500,000
Accumulated amortization	(218,750)
Total amortizable intangible assets, net	3,281,250
Patents currently not amortized	35,989
Carrying value of intangibles, net	$3,317,239

Amortization expense related to intangible patents was approximately $219,000 for the year ended May 31, 2013. The estimated aggregate future amortization expense related to the Company's intangible assets with finite lives is estimated at approximately $350,000 per year for the next five years.

12 - Subsequent Events

Subsequent to year-end and effective July 31, 2013, the Company issued $1,200,000 in unsecured convertible promissory notes (the "Six-Month Notes") to investors. The Six-Month Notes bear simple interest at the annual rate of 5% payable on the maturity date of February 1, 2014, or earlier date of repayment. Each investor has the right to demand earlier repayment if the Company raises $3,000,000 or more in gross cash proceeds from the sale of equity securities after August 1, 2013. Each Six-Month Note is convertible at the election of the holder into shares of common stock at a price of $0.65 per share; provided that upon a default in repayment of a Six-Month Note, the conversion price will decrease by $0.10 per share, to a minimum of $0.35 per share, for each month that the default continues. In connection with the sale of the Six-Month Notes, the Company issued common stock warrants exercisable for three years to the investors to purchase a total of 923,072 shares at a price of $0.50 per share. Until October 1, 2013, each holder of a Note has the right to convert the principal amount of the Note plus accrued but unpaid interest into Units consisting of two shares of common stock plus a warrant to purchase one share of common stock. Each Unit is valued at $1.30 for purposes of this conversion right. Each Unit warrant, if any, issued upon conversion will have an exercise price of $0.75 per share and a five-year term. The Company paid a cash fee of $120,000 to a registered broker-dealer who acted as placement agent with respect to the Six-Month Notes and related warrants.

Subsequent to year-end and effective August 1, 2013, holders of $920,000 in principal amount of Notes (see Note 4) converted the aggregate principal amount, plus accrued but unpaid interest totaling $12,071, into common stock at a conversion price of $.75 per share, resulting in the issuance of a total of 1,242,762 shares.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Previous Independent Auditors

The Company was previously advised that, effective January 1, 2013, Pender Newkirk & Company LLP ("Pender Newkirk") discontinued its audit practice and the partners and employees of Pender Newkirk joined the firm of Warren Averett, LLC. Warren Averett has served as the Company's principal independent auditing firm since that time. The decision to retain Warren Averett as the Company's principal independent auditing firm was approved by the Company's Audit Committee of the Board of Directors.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

As of May 31, 2013, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, management has evaluated the effectiveness of the design and operations of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of May 31, 2013 as a result of the material weakness in internal control over financial reporting discussed below.

Internal Control Over Financial Reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the Company's transactions; (ii) provide reasonable assurance that transactions are recorded as necessary for preparation of our financial statements and that receipts and expenditures of the Company's assets are made in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's financial statements would be prevented or detected.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of May 31, 2013 using the criteria set forth in the Internal Control over Financial Reporting - Guidance for Smaller Public Companies issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon the evaluation, our management concluded that our internal control over financial reporting was not effective as of May 31, 2013 because of material weaknesses in our internal control over financial reporting. A material weakness is a control deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. Our management concluded that the Company has several material weaknesses in our internal control over financial reporting because of inadequate segregation of duties over authorization, review and recording of transactions, as well as the financial reporting of such transactions. Due to the Company's limited resources and staffing, management has not developed a plan to mitigate the above material weaknesses. Despite the existence of these material weaknesses, the Company believes the financial information presented herein is materially correct and in accordance with generally accepted accounting principles in the united States.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report is not subject to attestation by the Company's registered public accounting firm because the Company is not an accelerated filer under the Exchange Act.

Changes in Control Over Financial Reporting

No change in the Company's internal control over financial reporting occurred during the year ended May 31, 2013, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. During the fiscal year ended May 31, 2013, management has, however, implemented improved controls and procedures over cash disbursements and monthly internal financing reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by Item 10 relating to our directors, executive officers and corporate governance is incorporated herein by reference to our definitive proxy statement for the 2013 Annual Meeting of Shareholders, to be filed with the SEC within 120 days of May 31, 2013.

We have adopted a Code of Ethics for our Senior Executive Officers (the Chief Executive Officer, Chief Financial Officer, Treasurer, and Secretary), as well as an Insider Trading Policy for the Company. Copies are available on our website at www.cytodyn.com.

Item 11. Executive Compensation.

The information required by Item 11 relating to executive compensation is incorporated herein by reference to our definitive proxy statement for the 2013 Annual Meeting of Shareholders, to be filed with the SEC within 120 days of May 31, 2013.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 12 relating to security ownership of certain beneficial owners and management and related stockholders matters is incorporated herein by reference to our definitive proxy statement for the 2013 Annual Meeting of Shareholders, to be filed with the SEC within 120 days of May 31, 2013.

Item 13. Certain Relationships and Related Transactions and Director Independence.

The information required by Item 13 relating to certain relationships and related transactions and director independence is incorporated herein by reference to our definitive proxy statement for the 2013 Annual Meeting of Shareholders, to be filed with the SEC within 120 days of May 31, 2013.

Item 14. Principal Accountant Fees and Services.

The information required by Item 14 relating to principal accountant fees and services is incorporated herein by reference to our definitive proxy statement for the 2013 Annual Meeting of Shareholders, to be filed with the SEC within 120 days of May 31, 2013.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

The following are filed as part of this Annual Report on Form 10-K:

Consolidated Financial Statements

The Consolidated Financial Statements for the years ended May 31, 2013 and 2012 are included in Item 8 of this report starting on page 27.

Exhibits

Exhibits are listed in the Exhibit Index which appears immediately following the signature page of this report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: August 29, 2013

CYTODYN INC.
(Registrant)

By: /s/ Nader Z. Pourhassan
Nader Z. Pourhassan
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on August 29, 2013.

Principal Executive Officer and Director:

/s/ Nader Z. Pourhassan — President and Chief Executive Officer, Director
Nader Z. Pourhassan

Principal Financial and Accounting Officer:

/s/ Michael D. Mulholland — Chief Financial Officer, Treasurer and Corporate Secretary
Michael D. Mulholland

Remaining Directors:

* Anthony D. Caracciolo

* Gregory A. Gould

* Jordan Naydenov

* Michael Nobel

* By /s/ Michael D. Mulholland
Michael D. Mulholland
Attorney-In-Fact

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EXHIBIT INDEX

Exhibit Number	Description
	Plan of Acquisition
2.1	Asset Purchase Agreement, dated as of July 25, 2012, between CytoDyn Inc. and Progenics Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 30, 2012).
	Articles of Incorporation and Bylaws
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Form 10SB12G filed July 11, 2002).
3.2	Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed November 12, 2003).
3.3	Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.4 to the Registrant's Annual Report on Form 10-K filed March 12, 2010).
3.4	Amendment to Articles of Incorporation (incorporated by reference to Exhibit 3.5 to the Registrant's Current Report on Form 8-K filed April 29, 2010).
3.5	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed November 10, 2011).
	Instruments Defining Rights of Security Holders
4.1	Form of Convertible Promissory Note bearing interest at 10% per annum with related common stock warrant (incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q filed April 12, 2013).
4.2	Form of Convertible Promissory Note bearing interest at 5% per annum with related common stock warrant (incorporated by reference to Exhibit 4.2 to the Registrant's Quarterly Report on Form 10-Q filed April 12, 2013).
	Material Contracts
10.1	Patent License Agreement between Allen D. Allen and CytoDyn of New Mexico Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-KSB filed September 14, 2004).
10.2	Amendment to Patent License Agreement (incorporated by reference to Exhibit 10.6.1 to the Registrant's Form SB-2/A filed March 21, 2005).
10.3*	CytoDyn Inc. 401(k) Profit Sharing Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Amendment No. 1 to Annual Report on Form 10-K filed August 5, 2011).
10.4*	CytoDyn Inc. 2004 Stock Incentive Plan (the "2004 Plan") (incorporated by reference to Exhibit 10.10 to the Registrant's Amendment No. 1 to Annual Report on Form 10-K filed August 5, 2011).
10.5*	Form of Stock Option Award for Employees under the 2004 Plan.
10.6*	Form of Stock Option Award for Non-Employee Directors under the 2004 Plan.
10.7*	CytoDyn Inc. 2012 Equity Incentive Plan (the "2012 Plan") (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed December 18, 2012).
10.8*	Form of Stock Option Award Agreement for Employees under the 2012 Plan.
10.9*	Form of Stock Option Award Agreement for Non-Employee Directors under the 2012 Plan.
10.10*	Form of Stock Option Award Agreement for Employees granted under an arrangement not approved by the Registrant's shareholders.

Exhibit Number	Description
10.11*	Form of Stock Option Award Agreement for Non-Employee Directors granted under an arrangement not approved by the Registrant's shareholders.
10.12*	Form of Indemnification Agreement with directors and officers of the Registrant (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed January 14, 2013).
10.13*	Summary of Non-Employee Director Compensation Program Effective June 1, 2013.
10.14*	Transition Agreement, dated as of July 25, 2012, between CytoDyn Inc. and Kenneth J. Van Ness (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 25, 2012).
10.15*	Separation Agreement and Release, dated as of May 31, 2013, between CytoDyn Inc. and Richard J. Trauger (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed June 10, 2013).
10.16*	Employment Agreement and Non-Compete Agreement between CytoDyn Inc. and Nader Pourhassan dated October 17, 2011.
10.17*	Convertible Promissory Note dated October 16, 2012, in the principal amount of $1,000,000 issued to Jordan Naydenov, together with a related common stock warrant to purchase 1,333,333 shares of the Registrant's common stock (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed April 12, 2013).
10.18*	Promissory Note dated April 11, 2013, in the principal amount of $500,000 issued to Jordan Naydenov.
10.19*	Form of Common Stock Warrant Agreements for Jordan Naydenov covering a total of 303,200 shares of the Registrant's common stock and expiring March to May of 2014.
10.20*	Consulting Agreement between CytoDyn Inc. and Michael Nobel dated March 28, 2013.
10.21	Development and License Agreement between Protein Design Labs, Inc. (to which AbbVie Biotherapeutics Inc. is successor in interest) and Progenics Pharmaceuticals, Inc. (to which CytoDyn Inc. is successor in interest) effective as of April 30, 1999, as amended by letter agreement dated November 24, 2003.
10.22	Clinical Research Collaboration Agreement between CytoDyn Inc. and Philadelphia Health and Education Corporation dba Drexel University College of Medicine effective November 15, 2012.
	Other
21	Subsidiaries of the Registrant
23.1	Consent of Warren Averett LLP
23.2	Consent of Pender Newkirk & Company LLP
24	Power of Attorney of executive officers and directors
	Certifications
31.1	Certification of Chief Executive Officer under Rule 13a-14(a)
31.2	Certification of Chief Financial Officer under Rule 13a-14(a)
32	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
	XBRL
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Management contract or compensatory plan or arrangement

** These interactive data files shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

Note: All exhibits have SEC File No. 000-49908.

EXHIBIT 10.5

CYTODYN INC.

2004 STOCK INCENTIVE PLAN

FORM OF STOCK OPTION AWARD FOR EMPLOYEES

Grantee's Name and Address:

You (the "Grantee") have been granted an option to purchase shares of Common Stock, subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the CytoDyn, Inc. 2004 Stock Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number	
Vesting Commencement Date:	
Exercise Price per Share	$
Total Number of Shares Subject to the Option (the "Shares")	
Total Exercise Price	$
Type of Option:	
Expiration Date:	
Post-Termination Exercise Period:	3 months

Vesting Schedule:

Subject to the Grantee's Continuous Service and other limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule:

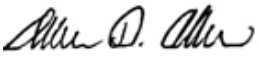
During any authorized leave of absence, the vesting of the Option as provided in this schedule shall be suspended. Vesting of the Option shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or a Related Entity. The Vesting Schedule of the Option shall be extended by the length of the suspension.

In the event of the Grantee's change in status from Employee to Consultant or from an Employee whose customary employment is 20 hours or more per week to an Employee whose customary employment is fewer than 20 hours per week, vesting of the Option shall continue only to the extent determined by the Administrator as of such change in status consistent with any minimum vesting requirements set forth in the Plan.

In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall terminate concurrently with the termination of the Grantee's Continuous Service, except as otherwise determined by the Administrator.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

CytoDyn, Inc.,
a Colorado corporation

By: 

Title: Chairman and CEO

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE RIGHT OF THE COMPANY OR RELATED ENTITY TO WHICH THE GRANTEE PROVIDES SERVICES TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

[Intentionally Blank]

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Option Agreement shall be resolved by the Administrator in accordance with Section 13 of the Option Agreement. The Grantee further agrees to the venue selection and waiver of a jury trial in accordance with Section 14 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: _____ Signed: _____

Grantee

Award Number: _____

CYTODYN INC. 2004 STOCK INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

1. Grant of Option. CytoDyn Inc., a Colorado corporation (the "Company"), hereby grants to the Grantee (the "Grantee") named in the Notice of Stock Option Award (the "Notice"), an option (the "Option") to purchase the Total Number of Shares of Common Stock subject to the Option (the "Shares") set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the "Exercise Price") subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the "Option Agreement") and the Company's 2004 Stock Incentive Plan, as amended from time to time (the "Plan"), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

If designated in the Notice as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by the Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company) exceeds $100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the date the Option with respect to such Shares is awarded.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Option shall be subject to the provisions of Section 11 of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction or Change in Control. The Grantee shall be subject to reasonable limitations on the number of requested exercises during any monthly or weekly period as determined by the Administrator. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A) or by such other procedure as specified from time to time by the Administrator which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The exercise notice shall be delivered in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of such notice accompanied by the Exercise Price.

(c) Taxes. No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax and employment tax withholding obligations, including, without limitation, such other tax obligations of the Grantee incident to the receipt of Shares or the disqualifying disposition of Shares received on exercise of an Incentive Stock Option. Upon exercise of the Option, the Company or the Grantee's employer may offset or withhold (from any amount owed by the Company or the Grantee's employer to the Grantee) or collect from the Grantee or other person an amount sufficient to satisfy such tax withholding obligations.

3. Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law:

(a) cash;

(b) check; or

(c) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised, provided, however, that Shares acquired under the Plan or any other equity compensation plan or agreement of the Company must have been held by the Grantee for a period of more than six months (and not used for another Award exercise by attestation during such period).

4. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company. If the exercise of the Option within the applicable time periods set forth in Section 5, 6 and 7 of this Option Agreement is prevented by the provisions of this Section 4, the Option shall remain exercisable until one month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice.

5. Termination or Change of Continuous Service. In the event the Grantee's Continuous Service terminates, other than for Cause, the Grantee may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was vested at the date of such termination (the "Termination Date"). The Post-Termination Exercise Period shall commence on the Termination Date. In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall, except as otherwise determined by the Administrator, terminate concurrently with the termination of the Grantee's Continuous Service (also the "Termination Date"). In no event, however, shall the Option be exercised later than the Expiration Date set forth in the Notice. In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Option shall remain in effect. In the event of the Grantee's change in status from Employee to Director or Consultant, vesting of the Option shall continue only to the

extent determined by the Administrator as of such change in status consistent with any minimum vesting requirements set forth in the Plan; provided, however, that with respect to any Incentive Stock Option that shall remain in effect after a change in status from Employee to Director or Consultant, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three months and one day following such change in status. Except as provided in Sections 6 and 7 below, to the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

6. Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within 12 months commencing on the Termination Date (but in no event later than the Expiration Date), exercise the portion of the Option that was vested on the Termination Date; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code and the Option is an Incentive Stock Option, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three months and one day following the Termination Date. To the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the time specified herein, the Option shall terminate. Section 22(e)(3) of the Code provides that an individual is permanently and totally disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

7. Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the Grantee's death during the Post-Termination Exercise Period or during the 12 month period following the Grantee's termination of Continuous Service as a result of his or her Disability, the person who acquired the right to exercise the Option pursuant to Section 8 may exercise the portion of the Option that was vested at the date of termination within 12 months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

8. Transferability of Option. The Option, if an Incentive Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Grantee only by the Grantee. The Option, if a Non-Qualified Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution, provided, however, that a Non-Qualified Stock Option may be transferred during the lifetime of the Grantee by gift or pursuant to a domestic relations order to members of the Grantee's Immediate Family to the extent and in the manner determined by the Administrator. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Incentive Stock Option or Non-Qualified Stock Option in the event of the Grantee's death on a beneficiary designation form provided by the Administrator. Following the death of the Grantee, the Option, to the extent provided in Section 7, may be exercised (a) by the person or persons designated under the deceased Grantee's beneficiary designation or (b) in the absence of an effectively designated beneficiary, by the Grantee's legal

representative or by any person empowered to do so under the deceased Grantee's will or under the then applicable laws of descent and distribution. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

9. Term of Option. The Option must be exercised no later than the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

10. Tax Consequences. Set forth below is a brief summary as of the date of this Option Agreement of some of the federal tax consequences of exercise of the Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

(a) Exercise of Incentive Stock Option. If the Option qualifies as an Incentive Stock Option, there will be no regular federal income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as income for purposes of the alternative minimum tax for federal tax purposes and may subject the Grantee to the alternative minimum tax in the year of exercise. However, the Internal Revenue Service issued proposed regulations which would subject the Grantee to withholding at the time the Grantee exercises an Incentive Stock Option for Social Security and Medicare based upon the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. These proposed regulations are subject to further modification by the Internal Revenue Service and, if adopted, would be effective only for the exercise of an Incentive Stock Option that occurs two years after the regulations are issued in final form.

(b) Exercise of Incentive Stock Option Following Disability. If the Grantee's Continuous Service terminates as a result of Disability that is not permanent and total disability as such term is defined in Section 22(e)(3) of the Code, to the extent permitted on the date of termination, the Grantee must exercise an Incentive Stock Option within three months of such termination for the Incentive Stock Option to be qualified as an Incentive Stock Option. Section 22(e)(3) of the Code provides that an individual is permanently and totally disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

(c) Exercise of Non-Qualified Stock Option. On exercise of a Non-Qualified Stock Option, the Grantee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If the Grantee is an Employee or a former Employee, the Company will be required to withhold from the Grantee's compensation or collect from the Grantee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(d) Disposition of Shares. In the case of a Non-Qualified Stock Option, if Shares are held for more than one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. In the case of an Incentive Stock Option, if Shares transferred pursuant to the Option are held for more than one year after receipt of the Shares and are disposed more than two years after the Date of Award, any gain realized on disposition of the Shares also will be treated as capital gain for federal income tax purposes and subject to the same tax rates and holding periods that apply to Shares acquired upon exercise of a Non-Qualified Stock Option. If Shares purchased under an Incentive Stock Option are disposed of prior to the expiration of such one-year or two-year periods, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the difference between the Exercise Price and the lesser of (i) the Fair Market Value of the Shares on the date of exercise, or (ii) the sale price of the Shares.

11. Entire Agreement: Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of Colorado without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Colorado to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Construction. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

13. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

14. Venue and Waiver of Jury Trial. The Company, the Grantee, and the Grantee's assignees pursuant to Section 8 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought in the United States District Court for New Mexico (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Colorado state court in the County of Santa Fe) and that the parties shall

submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 14 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

15. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

16. Confidentiality. The Company shall provide to the Grantee, during the period the Option is outstanding, copies of financial statements of the Company at least annually. The Grantee understands and agrees that such financial statements are confidential and shall not be disclosed by the Grantee, to any entity or person, for any reason, at any time, without the prior written consent of the Company, unless required by law. If disclosure of such financial statements is required by law, whether through subpoena, request for production, deposition, or otherwise, the Grantee promptly shall provide written notice to Company, including copies of the subpoena, request for production, deposition, or otherwise, within five (5) business days of their receipt by the Grantee and prior to any disclosure so as to provide Company an opportunity to move to quash or otherwise to oppose the disclosure. Notwithstanding the foregoing, the Grantee may disclose the terms of such financial statements to his or her spouse or domestic partner, and for legitimate business reasons, to legal, financial, and tax advisors.

END OF AGREEMENT

EXHIBIT A

CYTODYN INC. 2004 STOCK INCENTIVE PLAN

EXERCISE NOTICE

1. Exercise of Option. Effective as of today, , the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase shares of the Common Stock (the "Shares") of CytoDyn Inc. (the "Company") under and pursuant to the Company's 2004 Stock Incentive Plan, as amended from time to time (the "Plan") and the [ ] Incentive [ ] Non-Qualified Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award (the "Notice") dated , . Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section [ ] of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations. In the case of an Incentive Stock Option, the Grantee also agrees, as partial consideration for the designation of the Option as an Incentive Stock Option, to notify the Company in writing within 30 days of any disposition of any shares acquired by exercise of the Option if such disposition occurs within two years from the Date of Award or within one year from the date the Shares were transferred to the Grantee. If the Company is required to satisfy any foreign, federal, state or local income or employment tax withholding obligations as a result of such an early disposition, the Grantee agrees to satisfy the amount of such withholding in a manner that the Administrator prescribes.

7. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. This Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

8. Construction. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

9. Administration and Interpretation. The Grantee hereby agrees that any question or dispute regarding the administration or interpretation of this Exercise Notice shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

10. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of Colorado without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Colorado to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

12. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

13. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:

GRANTEE:

_____

(Signature)

Address:

_____

_____

Accepted by:

CytoDyn Inc.

By: _____

Title: _____

Address:

EXHIBIT 10.6

CYTODYN INC.

2004 STOCK INCENTIVE PLAN

FORM OF STOCK OPTION AWARD FOR NON-EMPLOYEE DIRECTORS

Grant Date _____, 20__

Grantee's Name and Address:

You (the "Grantee") have been granted an option to purchase shares of Common Stock, subject to the terms and conditions of this Notice of Stock Option Award (the "Notice"), the CytoDyn Inc. 2004 Stock Incentive Plan, as amended from time to time (the "Plan") and the Stock Option Award Agreement (the "Option Agreement") attached hereto, as follows. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Notice.

Award Number

Vesting Commencement Date:	Vesting commences one month after the Grant Date.
Exercise Price per Share	$____
Total Number of Shares Subject to the Option (the "Shares")	_____
Total Exercise Price	$_____
Type of Option:	Non-Qualified Stock Option
Expiration Date:	Four years following Grant Date
Post-Termination Exercise Period:	3 months

Vesting Schedule:

Subject to the limitations set forth in this Notice, the Plan and the Option Agreement, the Option may be exercised, in whole or in part, in accordance with the following schedule:

Vesting commences one month after the Grant Date. They will then vest monthly over 36 months.

During any authorized leave of absence, the vesting of the Option as provided in this schedule shall be suspended. Vesting of the Option shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or a Related Entity. The Vesting Schedule of the Option shall be extended by the length of the suspension.

In the event of the Grantee's change in status from Employee to Consultant or from an Employee whose customary employment is 20 hours or more per week to an Employee whose customary employment is fewer than 20 hours per week, vesting of the Option shall continue only to the extent determined by the Administrator as of such change in status consistent with any minimum vesting requirements set forth in the Plan.

In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall terminate concurrently with the termination of the Grantee's Continuous Service, except as otherwise determined by the Administrator.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Option is to be governed by the terms and conditions of this Notice, the Plan, and the Option Agreement.

CytoDyn Inc.,
a Colorado corporation

By: 

Title: Chairman and CEO

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE SHARES SUBJECT TO THE OPTION SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE OPTION AGREEMENT, OR THE PLAN SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE RIGHT OF THE COMPANY OR RELATED ENTITY TO WHICH THE GRANTEE PROVIDES SERVICES TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

[Intentionally Blank]

The Grantee acknowledges receipt of a copy of the Plan and the Option Agreement, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Option subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Plan, and the Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice, and fully understands all provisions of this Notice, the Plan and the Option Agreement. The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Option Agreement shall be resolved by the Administrator in accordance with Section 13 of the Option Agreement. The Grantee further agrees to the venue selection and waiver of a jury trial in accordance with Section 14 of the Option Agreement. The Grantee further agrees to notify the Company upon any change in the residence address indicated in this Notice.

Dated: Signed: _____, Grantee

Award Number:

CYTODYN INC. 2004 STOCK INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

1. Grant of Option. CytoDyn Inc., a Colorado corporation (the "Company"), hereby grants to the Grantee (the "Grantee") named in the Notice of Stock Option Award (the "Notice"), an option (the "Option") to purchase the Total Number of Shares of Common Stock subject to the Option (the "Shares") set forth in the Notice, at the Exercise Price per Share set forth in the Notice (the "Exercise Price") subject to the terms and provisions of the Notice, this Stock Option Award Agreement (the "Option Agreement") and the Company's 2004 Stock Incentive Plan, as amended from time to time (the "Plan"), which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Option Agreement.

If designated in the Notice as an Incentive Stock Option, the Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. However, notwithstanding such designation, to the extent that the aggregate Fair Market Value of Shares subject to Options designated as Incentive Stock Options which become exercisable for the first time by the Grantee during any calendar year (under all plans of the Company or any Parent or Subsidiary of the Company) exceeds $100,000, such excess Options, to the extent of the Shares covered thereby in excess of the foregoing limitation, shall be treated as Non-Qualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the date the Option with respect to such Shares is awarded.

2. Exercise of Option.

(a) Right to Exercise. The Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice and with the applicable provisions of the Plan and this Option Agreement. The Option shall be subject to the provisions of Section 11 of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction or Change in Control. The Grantee shall be subject to reasonable limitations on the number of requested exercises during any monthly or weekly period as determined by the Administrator. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A) or by such other procedure as specified from time to time by the Administrator which shall state the election to exercise the Option, the whole number of Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The exercise notice shall be delivered in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Administrator to the Company accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of such notice accompanied by the Exercise Price, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 3(d), below.

(c) Taxes. No Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax and employment tax withholding obligations, including, without limitation, such other tax obligations of the Grantee incident to the receipt of Shares or the disqualifying disposition of Shares received on exercise of an Incentive Stock Option. Upon exercise of the Option, the Company or the Grantee's employer may offset or withhold (from any amount owed by the Company or the Grantee's employer to the Grantee) or collect from the Grantee or other person an amount sufficient to satisfy such tax withholding obligations.

3. Method of Payment. Payment of the Exercise Price shall be made by any of the following, or a combination thereof, at the election of the Grantee; provided, however, that such exercise method does not then violate any Applicable Law:

(a) cash;

(b) check;

(c) surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate Exercise Price of the Shares as to which the Option is being exercised, provided, however, that Shares acquired under the Plan or any other equity compensation plan or agreement of the Company must have been held by the Grantee for a period of more than six months (and not used for another Award exercise by attestation during such period);

(d) payment through a broker-dealer sale and remittance procedure pursuant to which the Grantee (i) shall provide written instructions to a Company-designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (ii) shall provide written directives to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale transaction;

4. Restrictions on Exercise. The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. In addition, the Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company. If the exercise of the Option within the applicable time periods set forth in Section 5, 6 and 7 of this Option Agreement is prevented by the provisions of this Section 4, the Option shall remain exercisable until one month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date set forth in the Notice.

5. Termination or Change of Continuous Service. In the event the Grantee's Continuous Service terminates, other than for Cause, the Grantee may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was vested at the date of

such termination (the "Termination Date"). The Post-Termination Exercise Period shall commence on the Termination Date. In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall, except as otherwise determined by the Administrator, terminate concurrently with the termination of the Grantee's Continuous Service (also the "Termination Date"). In no event, however, shall the Option be exercised later than the Expiration Date set forth in the Notice. In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Option shall remain in effect. In the event of the Grantee's change in status from Employee to Director or Consultant, vesting of the Option shall continue only to the extent determined by the Administrator as of such change in status consistent with any minimum vesting requirements set forth in the Plan; provided, however, that with respect to any Incentive Stock Option that shall remain in effect after a change in status from Employee to Director or Consultant, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three months and one day following such change in status. Except as provided in Sections 6 and 7 below, to the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

6. Disability of Grantee. In the event the Grantee's Continuous Service terminates as a result of his or her Disability, the Grantee may, but only within 12 months commencing on the Termination Date (but in no event later than the Expiration Date), exercise the portion of the Option that was vested on the Termination Date; provided, however, that if such Disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code and the Option is an Incentive Stock Option, such Incentive Stock Option shall cease to be treated as an Incentive Stock Option and shall be treated as a Non-Qualified Stock Option on the day three months and one day following the Termination Date. To the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the time specified herein, the Option shall terminate. Section 22(e)(3) of the Code provides that an individual is permanently and totally disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

7. Death of Grantee. In the event of the termination of the Grantee's Continuous Service as a result of his or her death, or in the event of the Grantee's death during the Post-Termination Exercise Period or during the 12 month period following the Grantee's termination of Continuous Service as a result of his or her Disability, the person who acquired the right to exercise the Option pursuant to Section 8 may exercise the portion of the Option that was vested at the date of termination within 12 months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

8. Transferability of Option. The Option, if an Incentive Stock Option, may not be transferred in any manner other than by will or by the laws of descent and distribution and may be exercised during the lifetime of the Grantee only by the Grantee. The Option, if a Non-Qualified Stock Option, may not be transferred in any manner other than by will or by the laws

of descent and distribution, provided, however, that a Non-Qualified Stock Option may be transferred during the lifetime of the Grantee by gift or pursuant to a domestic relations order to members of the Grantee's Immediate Family to the extent and in the manner determined by the Administrator. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee's Incentive Stock Option or Non-Qualified Stock Option in the event of the Grantee's death on a beneficiary designation form provided by the Administrator. Following the death of the Grantee, the Option, to the extent provided in Section 7, may be exercised (a) by the person or persons designated under the deceased Grantee's beneficiary designation or (b) in the absence of an effectively designated beneficiary, by the Grantee's legal representative or by any person empowered to do so under the deceased Grantee's will or under the then applicable laws of descent and distribution. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

9. Term of Option. The Option must be exercised no later than the Expiration Date set forth in the Notice or such earlier date as otherwise provided herein. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

10. Tax Consequences. Set forth below is a brief summary as of the date of this Option Agreement of some of the federal tax consequences of exercise of the Option and disposition of the Shares. THIS SUMMARY IS NECESSARILY INCOMPLETE, AND THE TAX LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. THE GRANTEE SHOULD CONSULT A TAX ADVISER BEFORE EXERCISING THE OPTION OR DISPOSING OF THE SHARES.

(a) Exercise of Incentive Stock Option. If the Option qualifies as an Incentive Stock Option, there will be no regular federal income tax liability upon the exercise of the Option, although the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price will be treated as income for purposes of the alternative minimum tax for federal tax purposes and may subject the Grantee to the alternative minimum tax in the year of exercise. However, the Internal Revenue Service issued proposed regulations which would subject the Grantee to withholding at the time the Grantee exercises an Incentive Stock Option for Social Security and Medicare based upon the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. These proposed regulations are subject to further modification by the Internal Revenue Service and, if adopted, would be effective only for the exercise of an Incentive Stock Option that occurs two years after the regulations are issued in final form.

(b) Exercise of Incentive Stock Option Following Disability. If the Grantee's Continuous Service terminates as a result of Disability that is not permanent and total disability as such term is defined in Section 22(e)(3) of the Code, to the extent permitted on the date of termination, the Grantee must exercise an Incentive Stock Option within three months of such termination for the Incentive Stock Option to be qualified as an Incentive Stock Option. Section 22(e)(3) of the Code provides that an individual is permanently and totally disabled if he or she is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

(c) Exercise of Non-Qualified Stock Option. On exercise of a Non-Qualified Stock Option, the Grantee will be treated as having received compensation income (taxable at ordinary income tax rates) equal to the excess, if any, of the Fair Market Value of the Shares on the date of exercise over the Exercise Price. If the Grantee is an Employee or a former Employee, the Company will be required to withhold from the Grantee's compensation or collect from the Grantee and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise, and may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

(d) Disposition of Shares. In the case of a Non-Qualified Stock Option, if Shares are held for more than one year, any gain realized on disposition of the Shares will be treated as long-term capital gain for federal income tax purposes. In the case of an Incentive Stock Option, if Shares transferred pursuant to the Option are held for more than one year after receipt of the Shares and are disposed more than two years after the Date of Award, any gain realized on disposition of the Shares also will be treated as capital gain for federal income tax purposes and subject to the same tax rates and holding periods that apply to Shares acquired upon exercise of a Non-Qualified Stock Option. If Shares purchased under an Incentive Stock Option are disposed of prior to the expiration of such one-year or two-year periods, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the difference between the Exercise Price and the lesser of (i) the Fair Market Value of the Shares on the date of exercise, or (ii) the sale price of the Shares.

11. Entire Agreement: Governing Law. The Notice, the Plan and this Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan and this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. The Notice, the Plan and this Option Agreement are to be construed in accordance with and governed by the internal laws of the State of Colorado without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Colorado to the rights and duties of the parties. Should any provision of the Notice, the Plan or this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Construction. The captions used in the Notice and this Option Agreement are inserted for convenience and shall not be deemed a part of the Option for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

13. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

14. Venue and Waiver of Jury Trial. The Company, the Grantee, and the Grantee's assignees pursuant to Section 8 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Option Agreement shall be brought in the United States District Court for New Mexico (or should such court lack jurisdiction to hear such action, suit or proceeding, in a Colorado state court in the County of Santa Fe) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 14 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

15. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

16. Confidentiality. The Company shall provide to the Grantee, during the period the Option is outstanding, copies of financial statements of the Company at least annually. The Grantee understands and agrees that such financial statements are confidential and shall not be disclosed by the Grantee, to any entity or person, for any reason, at any time, without the prior written consent of the Company, unless required by law. If disclosure of such financial statements is required by law, whether through subpoena, request for production, deposition, or otherwise, the Grantee promptly shall provide written notice to Company, including copies of the subpoena, request for production, deposition, or otherwise, within five (5) business days of their receipt by the Grantee and prior to any disclosure so as to provide Company an opportunity to move to quash or otherwise to oppose the disclosure. Notwithstanding the foregoing, the Grantee may disclose the terms of such financial statements to his or her spouse or domestic partner, and for legitimate business reasons, to legal, financial, and tax advisors.

END OF AGREEMENT

EXHIBIT A

CYTODYN INC. 2004 STOCK INCENTIVE PLAN

EXERCISE NOTICE

1. Exercise of Option. Effective as of today, _____, ____ the undersigned (the "Grantee") hereby elects to exercise the Grantee's option to purchase _____shares of the Common Stock (the "Shares") of CytoDyn Inc. (the "Company") under and pursuant to the Company's 2004 Stock Incentive Plan, as amended from time to time (the "Plan") and the [ ] Incentive [ ] Non-Qualified Stock Option Award Agreement (the "Option Agreement") and Notice of Stock Option Award (the "Notice") dated _____, _____. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Exercise Notice.

2. Representations of the Grantee. The Grantee acknowledges that the Grantee has received, read and understood the Notice, the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

3. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

4. Delivery of Payment. The Grantee herewith delivers to the Company the full Exercise Price for the Shares, which, to the extent selected, shall be deemed to be satisfied by use of the broker-dealer sale and remittance procedure to pay the Exercise Price provided in Section 3(d) of the Option Agreement.

5. Tax Consultation. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

6. Taxes. The Grantee agrees to satisfy all applicable foreign, federal, state and local income and employment tax withholding obligations and herewith delivers to the Company the full amount of such obligations or has made arrangements acceptable to the Company to satisfy such obligations. In the case of an Incentive Stock Option, the Grantee also agrees, as partial consideration for the designation of the Option as an Incentive Stock Option, to notify the Company in writing within 30 days of any disposition of any shares acquired by exercise of the Option if such disposition occurs within two years from the Date of Award or within one year from the date the Shares were transferred to the Grantee. If the Company is required to satisfy any foreign, federal, state or local income or employment tax withholding obligations as a result of such an early disposition, the Grantee agrees to satisfy the amount of such withholding in a manner that the Administrator prescribes.

7. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this agreement shall inure to the benefit of the successors and assigns of the Company. This Exercise Notice shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

8. Construction. The captions used in this Exercise Notice are inserted for convenience and shall not be deemed a part of this agreement for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

9. Administration and Interpretation. The Grantee hereby agrees that any question or dispute regarding the administration or interpretation of this Exercise Notice shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

10. Governing Law; Severability. This Exercise Notice is to be construed in accordance with and governed by the internal laws of the State of Colorado without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of Colorado to the rights and duties of the parties. Should any provision of this Exercise Notice be determined by a court of law to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

12. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this agreement.

13. Entire Agreement. The Notice, the Plan and the Option Agreement are incorporated herein by reference and together with this Exercise Notice constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in the Notice, the Plan, the Option Agreement and this Exercise Notice (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties.

Submitted by:

GRANTEE:

_____

(Signature)

Address:

_____

_____

Accepted by:

CytoDyn Inc.

By: _____

Title: _____

Address:

EXHIBIT 10.8

CYTODYN INC.

2012 EQUITY INCENTIVE PLAN

FORM OF STOCK OPTION AWARD AGREEMENT
(FOR EMPLOYEES)

This STOCK OPTION AWARD AGREEMENT (this "Option Agreement") is made effective as of _____, 201_, by and between CytoDyn Inc., a Colorado corporation (the "Corporation"), and_____ (the "Participant").

1. Grant of Option.

The Corporation hereby grants to the Participant an option (the "Option") to purchase _____ shares of Common Stock (the "Shares") as of _____, 201_ (the "Date of Grant") at the exercise price per Share of $_____ (the "Exercise Price") subject to the terms and conditions of this Option Agreement.

2. Application of Plan Terms.

Unless otherwise defined herein, the capitalized terms in this Option Agreement will have the same defined meanings as set forth in the Corporation's 2012 Equity Incentive Plan (the "Plan").

3. Term.

The Option will automatically terminate on [five years following the Date of Grant] (the "Expiration Date"), to the extent not exercised, unless terminated earlier in accordance with this Option Agreement. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

4. Exercise of Option.

(a) Right to Exercise. The Option will become Vested and exercisable cumulatively according to the following Vesting Schedule:

Percentage of Option Vested and Exercisable	Vesting Date
33.3%	One year after Date of Grant
33.3%	Two years after Date of Grant
33.4%	Three years after Date of Grant

(b) Acceleration of Exercisability. Notwithstanding the schedule provided in subsection (a), the Option will become fully Vested (unless the Participant chooses to decline accelerated Vesting of all or any portion of the Option) upon the occurrence of a Change in Control Date.

(c) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A), stating the election to exercise the Option, the number of whole Shares in respect of which the Option is being exercised, the form of payment, and such other provisions as may be required by the Committee. The exercise notice shall be delivered to the Corporation in accordance with Section 15 below accompanied by full payment of the Exercise Price, which must be made by one or a combination of the following:

(1) Payment in cash;

(2) Delivery of previously owned Shares having a Fair Market Value equal to the exercise price; or

(3) Delivery of an irrevocable direction to a securities broker acceptable to the Committee (subject to the provisions of the Sarbanes-Oxley Act of 2002 and any other applicable statute or rule) to sell Shares subject to the Option and to pay a sufficient portion of the net proceeds of the sale to the Corporation in satisfaction of the Exercise Price.

The Option shall be deemed to be exercised upon receipt by the Corporation of such notice accompanied by the Exercise Price and Tax Payment (defined below).

(d) Taxes. No portion of the Option may be exercised and no Shares will be delivered to the Participant or other person pursuant to the exercise of the Option until the Participant or other person has made arrangements acceptable to the Committee for the satisfaction of applicable income tax and tax withholding obligations, if any, including, without limitation, such other tax obligations of the Participant incident to the receipt of Shares (the "Tax Payment"). Upon exercise of the Option, the Corporation may offset or withhold (from any amount owed by the Corporation to the Participant) or collect from the Participant or other person an amount sufficient to satisfy such Tax Payment obligation.

The Participant understands that the Participant may suffer adverse tax consequences as a result of the Participant's purchase or disposition of the Shares. The Participant represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the purchase or disposition of the Shares and that the Participant is not relying on the Corporation for any tax advice.

5. Restrictions on Exercise.

The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any applicable federal or state securities law. If the exercise of the Option within the time periods set forth in Sections 6, 7, or 8 of this Option Agreement is prevented by the provisions of this Section 5, the Option shall remain exercisable until one month after the date the Participant is notified by the Corporation that the Option is exercisable, but in any event no later than the Expiration Date.

6. Termination or Change of Continuous Service.

In the event the Participant's Continuous Service terminates, other than "for cause" (as defined in the Plan), the Participant may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was Vested at the date of such termination (the "Termination Date"). The "Post-Termination Exercise Period" is the period commencing on the Termination Date and continuing for three months thereafter. In the event of termination of the Participant's Continuous Service for Cause, the Participant's right to exercise the Option shall, except as otherwise determined by the Committee, terminate concurrently with the termination of the Participant's Continuous Service (also the "Termination Date"). In no event, however, shall the Option be exercised later than the Expiration Date.

In the event of the Participant's change in status from employee, Non-Employee Director or Consultant to any other status of employee, Non-Employee Director or Consultant, the Option shall remain in effect. In the event of the Participant's change in status from employee to Non-Employee Director or Consultant, Vesting of the Option shall continue only to the extent determined by the Committee as of such change in status. Except as provided in Sections 7 and 8 below, to the extent that the Option was unvested on the Termination Date, or if the Participant does not exercise the Vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

7. Death of Participant.

In the event of the Participant's death, the person who acquires the right to exercise the Option pursuant to will or the laws of descent and distribution may exercise the portion of the Option that was Vested on the date of death within 12 months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the Vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

8. Disability of Participant.

If the Participant's employment by the Corporation terminates as a result of the Participant's Disability, the Participant may exercise the portion of the Option that was Vested on the date of such termination of employment within 12 months commencing on the date of termination of employment (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of termination, or if the Vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

9. Transferability of Option.

Subject to restrictions on transferability set forth in the Plan, this Option Agreement will be binding upon and benefit the parties, their successors and assigns.

10. Engaging in Competition With the Corporation.

If the Participant terminates employment with the Corporation or an Affiliate for any reason whatsoever, and within 12 months after the date thereof accepts employment with any competitor of (or otherwise engages in competition with) the Corporation, the Committee, in its sole discretion, may require such Participant to return to the Corporation the economic value of any Award that is realized or obtained (measured at the date of exercise, Vesting, or payment) by such Participant at any time during the period beginning on the date that is one year prior to the date of such Participant's termination of employment with the Corporation.

11. Governing Law.

This Option Agreement will be administered, interpreted and enforced in accordance with the laws of the State of Oregon, without regard to principles of conflicts of laws.

12. Rights as Shareholder.

Until the stock certificate representing the Shares is issued, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Corporation shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Article 10 of the Plan.

13. Adjustments upon Changes in Capitalization.

The Option shall be subject to the provisions of Article 11 of the Plan relating to adjustments upon changes in capitalization and similar corporate events.

14. Venue and Waiver of Jury Trial.

The Corporation, the Participant, and the Participant's assignees pursuant to Section 9 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice or this Option Agreement shall be brought in the United States District Court for the District of Oregon (or should such court lack jurisdiction to hear such action, suit or proceeding, in an Oregon state court in the County of Multnomah) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 14 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

15. Notices.

Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (a) upon personal delivery, (b) one business day after deposit for overnight delivery by a nationally recognized air courier service, (c) five business days after deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, (d) on the date of facsimile transmission, with confirmed transmission, or (e) by email transmission, addressed to the party to be notified as follows:

If to the Corporation:
CytoDyn Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
Facsimile: (971) 204-0386
Attn: Secretary

If to the Participant:

or such other address as such party may designate by 10 days' advance written notice to the other party.

CYTODYN INC.	PARTICIPANT
By: _____	_____
Name:	
Title:	

EXHIBIT A

CYTODYN INC.
2012 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

CytoDyn Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
Telephone: (971) 204-0382
Facsimile: (971) 204-0386
Attention: Secretary

Participant: _____
Print Name

Mailing Address: _____

_____

_____

Telephone Number: _____

Option: The option evidenced by a Stock Option Award Agreement dated _____, ____.

OPTION EXERCISE

I hereby elect to exercise the Option to purchase shares ("Shares") of common stock of CytoDyn Inc. covered by the Option as follows:

Number of Shares Purchased (a) _____

Per-Share Option Price (b) $_____

Aggregate Purchase Price (a times b) $_____

Closing Date of Purchase _____

Form of Payment [Check One]:

☐ My check in the full amount of the Aggregate Purchase Price (as well as a check for any withholding taxes, if this box ☐ is checked). See "Instructions" below.

☐ Delivery of previously owned shares of CytoDyn common stock with a fair market value equal to the Aggregate Purchase Price. See "Instructions" below. Note that restricted shares acquired from CytoDyn under one of its stock plans may be used for this purpose only if such shares have become vested.

☐ My irrevocable direction to my securities broker (see below) to sell Shares subject to the Option and deliver a portion of the sales proceeds to CytoDyn Inc., in full payment of the Aggregate Purchase Price (as well as any withholding taxes, if this box ☐ is checked). See "Instructions" below. I hereby confirm that any sale of Shares will be in compliance with CytoDyn's policies on insider trading and Rule 144, if applicable. I HEREBY IRREVOCABLY AUTHORIZE _____ to
(*name of broker*)
transfer funds to CytoDyn Inc., from my account in payment of the Aggregate Purchase Price (and withholding taxes, if applicable) and CytoDyn Inc., is hereby directed to issue the Shares for my account with such broker and to transmit the Shares to the broker indicated above.

Instructions:

(1) If payment is to be by check, a certified or cashier's check for the amount of the Aggregate Purchase Price payable to CytoDyn Inc., should be submitted with this Notice. If you wish to pay by wire transfer, please contact CytoDyn Inc. for instructions.

(2) If payment is to be by surrender of previously owned shares or by attestation of ownership (see Attestation Form below), either a certificate for the shares accompanied by a stock power endorsed in blank or the completed Attestation Form should be submitted with this Notice. If applicable, a certificate for any shares in excess of those needed to satisfy the Aggregate Purchase Price will be returned to you with the certificate for your option shares. Any change in registration between the payment shares and the new shares will require a properly executed stock power that is guaranteed by an institution participating in a recognized medallion signature guarantee program.

(3) Withholding tax is due immediately upon exercise of a nonqualified stock option by an employee or former employee. Non-employee directors are not currently subject to withholding. If withholding tax is due at the time of exercise, you will be notified of the amount and satisfactory arrangements must be made for payment before a stock certificate for your option shares will be delivered to you (or your broker, if applicable).

ISSUANCE INSTRUCTIONS FOR STOCK CERTIFICATES

Please register the stock certificate(s) in the following name(s):

_____
_____
_____

If applicable, please check one: ☐ JT TEN ☐ TEN COM ☐ Other

Please deliver the stock certificate(s) to (check one):

☐ My brokerage account

_____
_____
_____
Attn: _____
Account No.: _____; or

☐ My mailing address set forth above.

Date

Signature of Participant

ATTESTATION FORM

As indicated above, I have elected to use shares of CytoDyn common stock that I already own to pay the Aggregate Purchase Price of the Option.

I attest to the ownership of the shares represented by the certificate(s) listed below or to the beneficial ownership of the shares held in the name of my broker, as indicated in the attached copy of my brokerage statement. I will be deemed to have delivered such shares to CytoDyn in connection with the exercise of my Option.

I understand that, because I (and any joint owner) will retain ownership of the shares (the "Payment Shares") deemed delivered to pay the Aggregate Purchase Price, the number of shares to be issued to me upon exercise of my Option will be reduced by the number of Payment Shares. I represent that I have full power to deliver and convey certificates representing the Payment Shares to CytoDyn and by such delivery and conveyance could have caused CytoDyn to become sole owner of the Payment Shares. The joint owner of the Payment Shares, if any, by signing this Form, consents to these representations and to the exercise of the Option by this attestation.

I certify that any Payment Shares originally issued to me as restricted shares are now fully vested.

List certificate(s) and number of shares covered, or attach a copy of your brokerage statement:

Common Stock Certificate Number	Number of Shares Covered

Date: _____

Print Name of Optionholder: _____

Signature of Optionholder: _____

Print Name of Joint Owner: _____

Signature of Joint Owner: _____

If you are attaching a copy of your brokerage statement, you must have your securities broker complete the following:

The undersigned hereby certifies that the foregoing attestation is correct.

_____

Name of Brokerage Firm

By: _____

_____

Print Name of Signing Broker

Date: _____

Telephone No.: _____

EXHIBIT 10.9

CYTODYN INC.

2012 EQUITY INCENTIVE PLAN

FORM OF STOCK OPTION AWARD AGREEMENT
(FOR NON-EMPLOYEE DIRECTORS)

This STOCK OPTION AWARD AGREEMENT (this "Option Agreement") is made effective as of _____, 201_, by and between CytoDyn Inc., a Colorado corporation (the "Corporation"), and _____ (the "Participant").

1. Grant of Option.

The Corporation hereby grants to the Participant an option (the "Option") to purchase _____ shares of Common Stock (the "Shares") as of _____, 201_ (the "Date of Grant") at the exercise price per Share of $_____(the "Exercise Price") subject to the terms and conditions of this Option Agreement.

2. Application of Plan Terms.

Unless otherwise defined herein, the capitalized terms in this Option Agreement will have the same defined meanings as set forth in the Corporation's 2012 Equity Incentive Plan (the "Plan").

3. Term.

The Option will automatically terminate on [five years following Date of Grant] (the "Expiration Date"), to the extent not exercised, unless terminated earlier in accordance with this Option Agreement. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

4. Exercise of Option.

(a) Right to Exercise. The Option will become Vested and exercisable cumulatively according to the following Vesting Schedule:

Percentage of Option Vested and Exercisable	Vesting Date
25%	3 months after Date of Grant
25%	6 months after Date of Grant
25%	9 months after Date of Grant
25%	One year after Date of Grant

(b) Acceleration of Exercisability. Notwithstanding the schedule provided in subsection (a), the Option will become fully Vested (unless the Participant chooses to decline accelerated Vesting of all or any portion of the Option) upon the occurrence of a Change in Control Date.

(c) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A), stating the election to exercise the Option, the number of whole Shares in respect of which the Option is being exercised, the form of payment, and such other provisions as may be required by the Committee. The exercise notice shall be delivered to the Corporation in accordance with Section 15 below accompanied by full payment of the Exercise Price, which must be made by one or a combination of the following:

(1) Payment in cash;

(2) Delivery of previously owned Shares having a Fair Market Value equal to the exercise price; or

(3) Delivery of an irrevocable direction to a securities broker acceptable to the Committee (subject to the provisions of the Sarbanes-Oxley Act of 2002 and any other applicable statute or rule) to sell Shares subject to the Option and to pay a sufficient portion of the net proceeds of the sale to the Corporation in satisfaction of the Exercise Price.

The Option shall be deemed to be exercised upon receipt by the Corporation of such notice accompanied by the Exercise Price and Tax Payment (defined below), if required.

(d) Taxes. No portion of the Option may be exercised and no Shares will be delivered to the Participant or other person pursuant to the exercise of the Option until the Participant or other person has made arrangements acceptable to the Committee for the satisfaction of applicable income tax and tax withholding obligations, if any, including, without limitation, such other tax obligations of the Participant incident to the receipt of Shares (the "Tax Payment"). Upon exercise of the Option, the Corporation may offset or withhold (from any amount owed by the Corporation to the Participant) or collect from the Participant or other person an amount sufficient to satisfy such Tax Payment obligation, if any.

The Participant understands that the Participant may suffer adverse tax consequences as a result of the Participant's purchase or disposition of the Shares. The Participant represents that the Participant has consulted with any tax consultants the Participant deems advisable in connection with the purchase or disposition of the Shares and that the Participant is not relying on the Corporation for any tax advice.

5. Restrictions on Exercise.

The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any applicable federal or state securities law. If the exercise of the Option within the time periods set forth in Sections 6, 7, or 8 of this Option Agreement is prevented by the provisions of this Section 5, the Option shall remain exercisable until one month after the date the Participant is notified by the Corporation that the Option is exercisable, but in any event no later than the Expiration Date.

6. Termination or Change of Continuous Service.

In the event the Participant's Continuous Service terminates, other than "for cause" (as defined in the Plan), the Participant may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was Vested at the date of such termination (the "Termination Date"). The "Post-Termination Exercise Period" is the period commencing on the Termination Date and continuing for three months thereafter. In the event of termination of the Participant's Continuous Service for cause, the Participant's right to exercise the Option shall, except as otherwise determined by the Committee, terminate concurrently with the termination of the Participant's Continuous Service (also the "Termination Date"). In no event, however, shall the Option be exercised later than the Expiration Date.

In the event of the Participant's change in status from Non-Employee Director, employee or Consultant to any other status of Non-Employee Director, employee or Consultant, the Option shall remain in effect. In the event of the Participant's change in status from Non-Employee Director to employee or Consultant, Vesting of the Option shall continue only to the extent determined by the Committee as of such change in status. Except as provided in Sections 7 and 8 below, to the extent that the Option was unvested on the Termination Date, or if the Participant does not exercise the Vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

7. Death of Participant.

In the event of the Participant's death, the person who acquires the right to exercise the Option pursuant to will or the laws of descent and distribution may exercise the portion of the Option that was Vested on the date of death within 12 months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the Vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

8. Disability of Participant.

If the Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise the portion of the Option that was Vested on the date of such termination of Continuous Service within three months commencing on the date of termination of Continuous Service (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of termination of Continuous Service, or if the Vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

9. Transferability of Option.

Subject to restrictions on transferability set forth in the Plan, this Option Agreement will be binding upon and benefit the parties, their successors and assigns.

10. Engaging in Competition With the Corporation.

If the Participant terminates Continuous Service with the Corporation or an Affiliate for any reason whatsoever, and within 12 months after the date thereof accepts employment with any competitor of (or otherwise engages in competition with) the Corporation, the Committee, in its sole discretion, may require such Participant to return to the Corporation the economic value of any Award that is realized or obtained (measured at the date of exercise, Vesting, or payment) by such Participant at any time during the period beginning on the date that is one year prior to the date of such Participant's termination of Continuous Service with the Corporation.

11. Governing Law.

This Option Agreement will be administered, interpreted and enforced in accordance with the laws of the State of Oregon, without regard to principles of conflicts of laws.

12. Rights as Shareholder.

Until the stock certificate representing the Shares is issued, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Corporation shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Article 10 of the Plan.

13. Adjustments upon Changes in Capitalization.

The Option shall be subject to the provisions of Article 11 of the Plan relating to adjustments upon changes in capitalization and similar corporate events.

14. Venue and Waiver of Jury Trial.

The Corporation, the Participant, and the Participant's assignees pursuant to Section 9 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice or this Option Agreement shall be brought in the United States District Court for the District of Oregon (or should such court lack jurisdiction to hear such action, suit or proceeding, in an Oregon state court in the County of Multnomah) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 14 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

15. Notices.

Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (a) upon personal delivery, (b) one business day after deposit for overnight delivery by a nationally recognized air courier service, (c) five business days after deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, (d) on the date of facsimile transmission, with confirmed transmission, or (e) by email transmission, addressed to the party to be notified as follows:

If to the Corporation:
CytoDyn Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
Facsimile: (971) 204-0386
Attn: Secretary

If to the Participant:
_____
_____
_____
Fax:_____

or such other address as such party may designate by 10 days' advance written notice to the other party.

CYTODYN INC.	PARTICIPANT
By: _____	_____
Name: _____	
Title:	

EXHIBIT A

CYTODYN INC.
2012 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

CytoDyn Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
Telephone: (971) 204-0382
Facsimile: (971) 204-0386
Attention: Secretary

Participant: _____
Print Name
Mailing Address: _____
_____
_____
Telephone Number: _____

Option:The option evidenced by a Stock Option Award Agreement dated _____, ____.

OPTION EXERCISE

I hereby elect to exercise the Option to purchase shares ("Shares") of common stock of CytoDyn Inc. covered by the Option as follows:

Number of Shares Purchased (a) _____

Per-Share Option Price (b) $_____

Aggregate Purchase Price (a times b) $_____

Closing Date of Purchase _____

Form of Payment [Check One]:

☐ My check in the full amount of the Aggregate Purchase Price (as well as a check for any withholding taxes, if this box ☐ is checked). See "Instructions" below.

☐ Delivery of previously owned shares of CytoDyn common stock with a fair market value equal to the Aggregate Purchase Price. See "Instructions" below. Note that restricted shares acquired from CytoDyn under one of its stock plans may be used for this purpose only if such shares have become vested.

☐ My irrevocable direction to my securities broker (see below) to sell Shares subject to the Option and deliver a portion of the sales proceeds to CytoDyn Inc., in full payment of the Aggregate Purchase Price (as well as any withholding taxes, if this box ☐ is checked). See "Instructions" below. I hereby confirm that any sale of Shares will be in compliance with CytoDyn's policies on insider trading and Rule 144, if applicable. I HEREBY IRREVOCABLY AUTHORIZE _____ to
(*name of broker*)
transfer funds to CytoDyn Inc., from my account in payment of the Aggregate Purchase Price (and withholding taxes, if applicable) and CytoDyn Inc., is hereby directed to issue the Shares for my account with such broker and to transmit the Shares to the broker indicated above.

Instructions:

(1) If payment is to be by check, a certified or cashier's check for the amount of the Aggregate Purchase Price payable to CytoDyn Inc., should be submitted with this Notice. If you wish to pay by wire transfer, please contact CytoDyn Inc. for instructions.

(2) If payment is to be by surrender of previously owned shares or by attestation of ownership (see Attestation Form below), either a certificate for the shares accompanied by a stock power endorsed in blank or the completed Attestation Form should be submitted with this Notice. If applicable, a certificate for any shares in excess of those needed to satisfy the Aggregate Purchase Price will be returned to you with the certificate for your option shares. Any change in registration between the payment shares and the new shares will require a properly executed stock power that is guaranteed by an institution participating in a recognized medallion signature guarantee program.

(3) Withholding tax is due immediately upon exercise of a nonqualified stock option by an employee or former employee. Non-employee directors are not currently subject to withholding. If withholding tax is due at the time of exercise, you will be notified of the amount and satisfactory arrangements must be made for payment before a stock certificate for your option shares will be delivered to you (or your broker, if applicable).

ISSUANCE INSTRUCTIONS FOR STOCK CERTIFICATES

Please register the stock certificate(s) in the following name(s):

_____

_____

_____

If applicable, please check one: ☐ JT TEN ☐ TEN COM ☐ Other

Please deliver the stock certificate(s) to (check one):

☐ My brokerage account

_____

_____

_____

Attn:_____

Account No.:_____; or

☐ My mailing address set forth above.

_____ _____

Date Signature of Participant

ATTESTATION FORM

As indicated above, I have elected to use shares of CytoDyn common stock that I already own to pay the Aggregate Purchase Price of the Option.

I attest to the ownership of the shares represented by the certificate(s) listed below or to the beneficial ownership of the shares held in the name of my broker, as indicated in the attached copy of my brokerage statement. I will be deemed to have delivered such shares to CytoDyn in connection with the exercise of my Option.

I understand that, because I (and any joint owner) will retain ownership of the shares (the "Payment Shares") deemed delivered to pay the Aggregate Purchase Price, the number of shares to be issued to me upon exercise of my Option will be reduced by the number of Payment Shares. I represent that I have full power to deliver and convey certificates representing the Payment Shares to CytoDyn and by such delivery and conveyance could have caused CytoDyn to become sole owner of the Payment Shares. The joint owner of the Payment Shares, if any, by signing this Form, consents to these representations and to the exercise of the Option by this attestation.

I certify that any Payment Shares originally issued to me as restricted shares are now fully vested.

List certificate(s) and number of shares covered, or attach a copy of your brokerage statement:

Common Stock Certificate Number	Number of Shares Covered

Date: _____

Print Name of Optionholder: _____

Signature of Optionholder: _____

Print Name of Joint Owner: _____

Signature of Joint Owner: _____

If you are attaching a copy of your brokerage statement, you must have your securities broker complete the following:

The undersigned hereby certifies that the foregoing attestation is correct.

_____

Name of Brokerage Firm

By: _____

_____

Print Name of Signing Broker

Date: _____

Telephone No.: _____

EXHIBIT 10.10

THIS STOCK OPTION AND THE COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR APPLICABLE STATE SECURITIES LAWS. NEITHER THIS STOCK OPTION NOR THE COMMON STOCK ISSUABLE UPON EXERCISE HEREOF MAY BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE APPLICABLE SECURITIES UNDER SUCH ACT OR LAWS OR AN OPINION OF COUNSEL FOR THE HOLDER REASONABLY SATISFACTORY TO THE ISSUER STATING THAT SUCH REGISTRATION IS NOT REQUIRED.

CYTODYN INC.

FORM OF STOCK OPTION AWARD AGREEMENT
(FOR EMPLOYEES)

This STOCK OPTION AWARD AGREEMENT (this "Option Agreement") is made effective as of _____, 201__, by and between CytoDyn Inc., a Colorado corporation (the "Company"), and _____ (the "Grantee").

1. Grant of Option.

The Company hereby grants to the Grantee an option (the "Option") to purchase _____ shares of Common Stock (the "Shares") as of _____, 201__ (the "Date of Grant") at the exercise price per Share of $_____ (the "Exercise Price") subject to the terms and conditions of this Option Agreement.

2. Application of Plan Terms.

Unless otherwise defined herein, the capitalized terms in this Option Agreement will have the same defined meanings as set forth in the Company's 2004 Stock Incentive Plan ("Plan"); provided, however, that the Option is not issued pursuant to the Plan and only certain provisions of the Plan, as specifically provided in this Option Agreement, apply to the Option and Shares.

3. Term.

The Option will automatically terminate on _____, 201__ (the "Expiration Date"), to the extent not exercised, unless terminated earlier in accordance with this Option Agreement. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

4. Exercise of Option.

(a) Right to Exercise. The Option will become vested and cumulatively exercisable according to the following Vesting Schedule:

Percentage of Option Vested and Exercisable	Vesting Date

The Option shall be subject to the provisions of Section 11 of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction or Change in Control. The Grantee shall be subject to reasonable limitations on the number of requested exercises during any monthly or weekly period as determined by the Administrator. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A), or by such other procedure as specified from time to time by the Administrator, which shall state the election to exercise the Option, the number of whole Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The exercise notice shall be delivered to the Company in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Administrator accompanied by payment of the Exercise Price and any cash needed to pay the Company's tax withholding obligation, if any, in accordance with Section 4(c). The Option shall be deemed to be exercised upon receipt by the Company of such notice accompanied by the Exercise Price and Tax Payment (defined below).

(c) Taxes. No portion of the Option may be exercised and no Shares will be delivered to the Grantee or other person pursuant to the exercise of the Option until the Grantee or other person has made arrangements acceptable to the Administrator for the satisfaction of applicable income tax and tax withholding obligations, if any, including, without limitation, such other tax obligations of the Grantee incident to the receipt of Shares (the "Tax Payment"). Upon exercise of the Option, the Company may offset or withhold (from any amount owed by the Company to the Grantee) or collect from the Grantee or other person an amount sufficient to satisfy such Tax Payment obligation.

The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

5. Method of Payment.

Payment of the Exercise Price shall made by wire transfer or by delivering a certified or cashier's check in the amount of the Aggregate Purchase Price as specified in the exercise notice to the Company.

6. Restrictions on Exercise.

The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. If the exercise of the Option within the time periods set forth in Sections 7 and 8 of this Option Agreement is prevented by the provisions of this Section 6, the Option shall remain exercisable until one month after the date the Grantee is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date.

7. Termination or Change of Continuous Service.

In the event the Grantee's Continuous Service terminates, other than for Cause, the Grantee may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was vested at the date of such termination (the "Termination Date"). The Post-Termination Exercise Period shall commence on the Termination Date and continue for a period of 90 days thereafter. In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall, except as otherwise determined by the Administrator, terminate concurrently with the termination of the Grantee's Continuous Service (also the "Termination Date"). In no event, however, shall the Option be exercised later than the Expiration Date.

In the event of the Grantee's change in status from Employee, Director or Consultant to any other status of Employee, Director or Consultant, the Option shall remain in effect. In the event of the Grantee's change in status from Employee to Director or Consultant, vesting of the Option shall continue only to the extent determined by the Administrator as of such change in status. Except as provided in Section 8 below, to the extent that the Option was unvested on the Termination Date, or if the Grantee does not exercise the vested portion of the Option within the Post-Termination Exercise Period, the Option shall terminate.

8. Death of Grantee.

In the event of the Grantee's death, the person who acquires the right to exercise the Option pursuant to will or the laws of descent and distribution may exercise the portion of the Option that was vested on the date of death within 12 months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

9. Transferability of Option.

The Option may not be transferred in any manner other than by will or by the laws of descent and distribution; provided, however, that the Option may be transferred during the lifetime of the Grantee pursuant to a domestic relations order or by gift to the Grantee's Immediate Family to the extent and in the manner determined by the Administrator.

Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

10. Securities Act Compliance.

Unless the Shares are no longer subject to Rule 144 under the Securities Act, the Company may place conspicuously upon each certificate representing the Shares a legend substantially in the following form, the terms of which are agreed to by the Grantee:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES ACT OF ANY STATE. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED FOR VALUE, PLEDGED, HYPOTHECATED, OR OTHERWISE ENCUMBERED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF THEM UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES ACT OF ANY STATE OR AN APPLICABLE EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR ACTS.

11. Entire Agreement; Governing Law.

This Option Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. This Option Agreement is to be construed in accordance with and governed by the internal laws of the State of Oregon without giving effect to choice of law rules. Should any provision of this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Rights as Shareholder.

Until the stock certificate representing the Shares is issued, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

13. Adjustments upon Changes in Capitalization.

The Option shall be subject to the provisions of Section 10 of the Plan relating to adjustments upon changes in capitalization and similar corporate events.

14. Administration and Interpretation.

Any question or dispute regarding the administration or interpretation of this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

15. Venue and Waiver of Jury Trial.

The Company, the Grantee, and the Grantee's assignees pursuant to Section 9 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice or this Option Agreement shall be brought in the United States District Court for the District of Oregon (or should such court lack jurisdiction to hear such action, suit or proceeding, in an Oregon state court in the County of Multnomah) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 15 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

16. Notices.

Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (a) upon personal delivery, (b) one business day after deposit for delivery by a nationally recognized air courier service, (c) three business days after deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, or (d) on the date of facsimile transmission, with confirmed transmission, addressed to the party to be notified as follows:

If to the Company:
CytoDyn Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
Facsimile: (971) 204-0386

If to the Grantee:

or such other address as such party may designate by 10 days' advance written notice to the other party.

CYTODYN INC.	GRANTEE
By: _____	_____

EXHIBIT A

CYTODYN INC.
EXERCISE NOTICE

CytoDyn Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
Telephone: (971) 204-0382
Facsimile: (971) 204-0386
Attention: Secretary

Grantee: _____
Print Name

Mailing Address: _____
_____
_____

Telephone Number: _____

Option: The option evidenced by a Stock Option Award Agreement dated _____, _____.

OPTION EXERCISE

I hereby elect to exercise the Option to purchase shares ("Shares") of common stock of CytoDyn Inc. covered by the Option as follows:

Number of Shares Purchased (a)	_____
Per-Share Option Price (b)	$_____
Aggregate Purchase Price (a times b)	$_____
Closing Date of Purchase	_____

Instructions:

(1) A certified or cashier's check in the amount of the Aggregate Purchase Price payable to CytoDyn Inc. should be submitted with this Notice. If you wish to pay by wire transfer, please contact CytoDyn Inc. for instructions.

(2) Withholding tax is due immediately upon exercise of a nonqualified stock option by an employee or former employee. Non-employee directors are not currently subject to withholding. If withholding tax is due at the time of exercise, you will be notified of the amount and satisfactory arrangements must be made for payment before a stock certificate for your option shares will be delivered to you (or your broker, if applicable).

INVESTMENT REPRESENTATIONS

a. In connection with the exercise of the Option, I hereby represent and warrant to CytoDyn Inc. as follows:

   i. Purchase Entirely for Own Account. I am acquiring the Shares for my own account for investment and not with a view to the distribution or resale thereof.

   ii. Restricted Securities. I understand the Shares may not be sold, transferred, or otherwise disposed of without registration under the Securities Act of 1933 or an exemption therefrom and, in the absence of an effective registration statement covering the Shares or an available exemption from registration under the Securities Act of 1933, the Shares must be held indefinitely.

   iii. Investment Experience. I am experienced in evaluating and investing in companies in the development stage, can bear the economic risk of an investment in the Shares, and have enough knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Shares.

   iv. Investor Qualifications. I am an Accredited Investor as defined in Rule 501 promulgated under the Securities Act of 1933 or have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of investing in the Shares.

   v. Opportunity to Review Documents and Ask Questions. CytoDyn Inc. has made available all documents and information that I have requested relating to an investment in the Shares. In addition, I have had adequate opportunity to ask questions and to receive answers from management regarding CytoDyn Inc.'s business, management, and financial affairs.

b. I understand, agree, and recognize that:

   i. No federal or state agency has made any finding or determination as to the fairness of the investment or any recommendation or endorsement of the Shares.

   ii. All certificates evidencing the Shares will bear a legend substantially similar to the legend set forth in Section 10 of the Option Agreement regarding resale restrictions.

c. I am a resident of the state of _____.

ISSUANCE INSTRUCTIONS FOR STOCK CERTIFICATES

Please register the stock certificate(s) in the following name(s):

_____

_____

_____

If applicable, please check one: ☐ JT TEN ☐ TEN COM ☐ Other

Please deliver the stock certificate(s) to (check one):

☐ My brokerage account

_____

_____

_____

Attn: _____

_____

Account No.:_____ or

_____;

☐ My mailing address set forth above.

_____ _____

Date Signature of Grantee

EXHIBIT 10.11

THIS STOCK OPTION AND THE COMMON STOCK ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR APPLICABLE STATE SECURITIES LAWS. NEITHER THIS STOCK OPTION NOR THE COMMON STOCK ISSUABLE UPON EXERCISE HEREOF MAY BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT AS TO THE APPLICABLE SECURITIES UNDER SUCH ACT OR LAWS OR AN OPINION OF COUNSEL FOR THE HOLDER REASONABLY SATISFACTORY TO THE ISSUER STATING THAT SUCH REGISTRATION IS NOT REQUIRED.

CYTODYN INC.

FORM OF STOCK OPTION AWARD AGREEMENT

FOR NON-EMPLOYEE DIRECTORS

This STOCK OPTION AWARD AGREEMENT (this "Option Agreement") is made _____, 201__, by and between CytoDyn Inc., a Colorado corporation (the "Company"), and _____ (the "Grantee").

1. Grant of Option.

The Company hereby grants to the Grantee an option (the "Option") to purchase _____ shares of Common Stock (the "Shares") as of _____, 201__ (the "Grant Date") at the exercise price per Share of $_____ (the "Exercise Price") subject to the terms and conditions of this Option Agreement.

2. Application of Plan Terms.

Unless otherwise defined herein, the capitalized terms in this Option Agreement will have the same defined meanings as set forth in the Company's 2004 Stock Incentive Plan ("Plan"); provided, however, that the Option is not issued pursuant to the Plan and only certain provisions of the Plan, as specifically provided in this Option Agreement, apply to the Option and Shares.

3. Term.

The Option will automatically terminate on [five years from Grant Date] (the "Expiration Date"), to the extent not exercised, unless terminated earlier in accordance with this Option Agreement. After the Expiration Date or such earlier date, the Option shall be of no further force or effect and may not be exercised.

4. Exercise of Option.

(a) Right to Exercise. The Option will become vested and exercisable cumulatively according to the following Vesting Schedule:

Percentage of Option Vested and Exercisable	Vesting Date
25%	3 months from Grant Date
25%	6 months from Grant Date
25%	9 months from Grant Date
25%	12 months from Grant Date

The Option shall be subject to the provisions of Section 11 of the Plan relating to the exercisability or termination of the Option in the event of a Corporate Transaction or Change in Control. The Grantee shall be subject to reasonable limitations on the number of requested exercises during any monthly or weekly period as determined by the Administrator. In no event shall the Company issue fractional Shares.

(b) Method of Exercise. The Option shall be exercisable by delivery of an exercise notice (a form of which is attached as Exhibit A), or by such other procedure as specified from time to time by the Administrator, which shall state the election to exercise the Option, the number of whole Shares in respect of which the Option is being exercised, and such other provisions as may be required by the Administrator. The exercise notice shall be delivered to the Company in person, by certified mail, or by such other method (including electronic transmission) as determined from time to time by the Administrator accompanied by payment of the Exercise Price. The Option shall be deemed to be exercised upon receipt by the Company of such notice accompanied by the Exercise Price.

(c) Taxes. The Grantee understands that the Grantee may suffer adverse tax consequences as a result of the Grantee's purchase or disposition of the Shares. The Grantee represents that the Grantee has consulted with any tax consultants the Grantee deems advisable in connection with the purchase or disposition of the Shares and that the Grantee is not relying on the Company for any tax advice.

5. Method of Payment.

Payment of the Exercise Price shall be made by wire transfer or by delivering a certified or cashier's check in the amount of the Aggregate Purchase Price as specified in the exercise notice to the Company. Alternatively, subject to the prior approval of the Administrator, payment of the Exercise Price may be made by delivery of previously owned Shares having a Fair Market Value equal to the Exercise Price in accordance with the instructions in the exercise notice.

6. Restrictions on Exercise.

The Option may not be exercised if the issuance of the Shares subject to the Option upon such exercise would constitute a violation of any Applicable Laws. If the exercise of the Option within the time period set forth in Section 7 or 8 of this Option Agreement is prevented by the provisions of this Section 6, the Option shall remain exercisable until one month after the date the Grantee or the Grantee's successor is notified by the Company that the Option is exercisable, but in any event no later than the Expiration Date.

7. Termination or Change of Continuous Service.

In the event the Grantee's Continuous Service terminates, other than for Cause, the Grantee may, but only during the Post-Termination Exercise Period, exercise the portion of the Option that was vested at the date of such termination (the "Termination Date"). The Post-Termination Exercise Period shall commence on the Termination Date and continue for three months thereafter other than in the case of death, in which case the Post-Termination Exercise Period shall expire 12 months following the Termination Date. In the event of termination of the Grantee's Continuous Service for Cause, the Grantee's right to exercise the Option shall, except as otherwise determined by the Administrator, terminate concurrently with the termination of the Grantee's Continuous Service (also the "Termination Date"). In no event, however, shall the Option be exercised later than the Expiration Date. In the event of the Grantee's change in status from Director to any other status of Employee or Consultant, the Option shall remain in effect. In the event of the Grantee's change in status from Director to Employee or Consultant, vesting of the Option shall continue only to the extent determined by the Administrator as of such change in status.

8. Death of Grantee.

In the event of the Grantee's death, the person who acquires the right to exercise the Option pursuant to will or the laws of descent and distribution may exercise the portion of the Option that was vested on the date of death within 12 months commencing on the date of death (but in no event later than the Expiration Date). To the extent that the Option was unvested on the date of death, or if the vested portion of the Option is not exercised within the time specified herein, the Option shall terminate.

9. Transferability of Option.

The Option may not be transferred in any manner other than by will or by the laws of descent and distribution; provided, however, that the Option may be transferred during the lifetime of the Grantee pursuant to a domestic relations order or by gift to the Grantee's Immediate Family to the extent and in the manner determined by the Administrator. Notwithstanding the foregoing, the Grantee may designate one or more beneficiaries of the Grantee. The terms of the Option shall be binding upon the executors, administrators, heirs, successors and transferees of the Grantee.

10. Securities Act Compliance.

Unless the Shares are no longer subject to Rule 144 under the Securities Act, the Company may place conspicuously upon each certificate representing the Shares a legend substantially in the following form, the terms of which are agreed to by the Holder:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES ACT OF ANY STATE. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT

AND MAY NOT BE SOLD, TRANSFERRED FOR VALUE, PLEDGED, HYPOTHECATED, OR OTHERWISE ENCUMBERED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF THEM UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES ACT OF ANY STATE OR AN APPLICABLE EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR ACTS.

11. Entire Agreement: Governing Law.

This Option Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. Nothing in this Option Agreement (except as expressly provided therein) is intended to confer any rights or remedies on any persons other than the parties. This Option Agreement is to be construed in accordance with and governed by the internal laws of the State of Oregon without giving effect to choice of law rules. Should any provision of this Option Agreement be determined to be illegal or unenforceable, such provision shall be enforced to the fullest extent allowed by law and the other provisions shall nevertheless remain effective and shall remain enforceable.

12. Rights as Shareholder.

Until the stock certificate representing the Shares is issued, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of the Plan.

13. Adjustments upon Changes in Capitalization.

The Option shall be subject to the provisions of Section 10 of the Plan relating to adjustments upon changes in capitalization and similar corporate events.

14. Administration and Interpretation.

Any question or dispute regarding the administration or interpretation of this Option Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

15. Venue and Waiver of Jury Trial.

The Company, the Grantee, and the Grantee's assignees pursuant to Section 9 (the "parties") agree that any suit, action, or proceeding arising out of or relating to the Notice or this Option Agreement shall be brought in the United States District Court for the District of Oregon (or should such court lack jurisdiction to hear such action, suit or proceeding, in an Oregon state court in the County of Multnomah) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such

court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 14 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

16. Notices.

Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (a) upon personal delivery, (b) one business day after deposit for delivery by a nationally recognized air courier service, (c) three business days after deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, or (d) on the date of facsimile transmission, with confirmed transmission, addressed to the party to be notified as follows:

If to the Company:

CytoDyn Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
Telephone (971) 204-0382
Facsimile: (971) 204-0386
Attn: Secretary

If to the Grantee:

or such other address as such party may designate by 10 days' advance written notice to the other party.

CYTODYN INC.

By: _____
Name: _____
Title: President and Chief Executive Officer

GRANTEE

/s/ _____

Taxpayer ID No.: _____

E-mail address: _____

Telephone: _____

EXHIBIT A

CYTODYN INC.
EXERCISE NOTICE

CytoDyn Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035
Telephone (971) 204-0382
Facsimile: (971) 204-0386
Attention: Secretary

Grantee: _____
Print Name

Mailing Address: _____
_____
_____

Telephone Number: _____

Option: The option evidenced by a Stock Option Award Agreement dated _____, _____.

OPTION EXERCISE

I hereby elect to exercise the Option to purchase shares ("Shares") of common stock of CytoDyn Inc. covered by the Option as follows:

Number of Shares Purchased (a) _____

Per-Share Option Price (b) $_____

Aggregate Purchase Price (a times b) $_____

Closing Date of Purchase _____

Form of Payment [Check One]:

☐ My check in the full amount of the Aggregate Purchase Price. See "Instructions" below.

☐ Delivery of previously owned shares of CytoDyn common stock with a fair market value equal to the Aggregate Purchase Price. See "Instructions" below.

Instructions:

(1) A certified or cashier's check in the amount of the Aggregate Purchase Price payable to CytoDyn Inc. should be submitted with this Notice. If you wish to pay by wire transfer, please contact CytoDyn Inc. for instructions.

(2) If payment is to be by surrender of previously owned shares or by attestation of ownership (see Attestation Form below), either a certificate for the shares accompanied by a stock power endorsed in blank or the completed Attestation Form should be submitted with this Notice. If applicable, a certificate for any shares in excess of those needed to satisfy the Aggregate Purchase Price will be returned to you with the certificate for your option shares. Any change in registration between the payment shares and the new shares will require a properly executed stock power that is guaranteed by an institution participating in a recognized medallion signature guarantee program.

INVESTMENT REPRESENTATIONS

a. In connection with the exercise of the Option, I hereby represent and warrant to CytoDyn Inc. as follows:

   i. Purchase Entirely for Own Account. I am acquiring the Shares for my own account for investment and not with a view to the distribution or resale thereof.

   ii. Restricted Securities. I understand the Shares may not be sold, transferred, or otherwise disposed of without registration under the Securities Act of 1933 or an exemption therefrom and, in the absence of an effective registration statement covering the Shares or an available exemption from registration under the Securities Act of 1933, the Shares must be held indefinitely.

   iii. Investment Experience. I am experienced in evaluating and investing in companies in the development stage, can bear the economic risk of an investment in the Shares, and have enough knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Shares.

   iv. Investor Qualifications. I am an Accredited Investor as defined in Rule 501 promulgated under the Securities Act of 1933 or have such knowledge and experience in financial and business matters that I am capable of evaluating the merits and risks of investing in the Shares.

   v. Opportunity to Review Documents and Ask Questions. CytoDyn Inc. has made available all documents and information that I have requested relating to an investment in the Shares. In addition, I have had adequate opportunity to ask questions and to receive answers from management regarding CytoDyn's business, management, and financial affairs.

b. I understand, agree, and recognize that:

   i. No federal or state agency has made any finding or determination as to the fairness of the investment or any recommendation or endorsement of the Shares.

   ii. All certificates evidencing the Shares will bear a legend substantially similar to the legend set forth in Section 9 of the Option Agreement regarding resale restrictions.

c. I am a resident of the state of _____.

ISSUANCE INSTRUCTIONS FOR STOCK CERTIFICATES

Please register the stock certificate(s) in the following name(s):

_____

_____

_____

If applicable, please check one: ☐ JT TEN ☐ TEN COM ☐ Other

Please deliver the stock certificate(s) to (check one):

☐ My brokerage account

_____

_____

_____

Attn: _____

_____

Account No.:_____ or

_____;

☐ My mailing address set forth above.

_____ _____

Date Signature of Grantee

ATTESTATION FORM

As indicated above, I have elected to use shares of CytoDyn common stock that I already own to pay the Aggregate Purchase Price of the Option.

I attest to the ownership of the shares represented by the certificate(s) listed below or to the beneficial ownership of the shares held in the name of my broker, as indicated in the attached copy of my brokerage statement. I will be deemed to have delivered such shares to CytoDyn in connection with the exercise of my Option.

I understand that, because I (and any joint owner) will retain ownership of the shares (the "Payment Shares") deemed delivered to pay the Aggregate Purchase Price, the number of shares to be issued to me upon exercise of my Option will be reduced by the number of Payment Shares. I represent that I have full power to deliver and convey certificates representing the Payment Shares to CytoDyn and by such delivery and conveyance could have caused CytoDyn to become sole owner of the Payment Shares. The joint owner of the Payment Shares, if any, by signing this Form, consents to these representations and to the exercise of the Option by this attestation.

I certify that any Payment Shares originally issued to me as restricted shares are now fully vested.

List certificate(s) and number of shares covered, or attach a copy of your brokerage statement:

Common Stock Certificate Number	Number of Shares Covered

Date: _____

Print Name of Optionholder: _____

Signature of Optionholder: _____

Print Name of Joint Owner: _____

Signature of Joint Owner: _____

If you are attaching a copy of your brokerage statement, you must have your securities broker complete the following:

The undersigned hereby certifies that the foregoing attestation is correct.

_____

Name of Brokerage Firm

By: _____

Print Name of Signing Broker

Date: _____

Telephone No.: _____

EXHIBIT 10.13

CYTODYN INC.

SUMMARY OF NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

EFFECTIVE JUNE 1, 2013

The annual cash retainer fee for service as a non-employee director on the Board of Directors of CytoDyn Inc. is $25,000. Annual retainer fees for service as the Chairman of the Board, a committee chair or a committee member are as follows:

Chairman of the Board	$15,000
Audit Committee Chair	$15,000
Audit Committee Member	$ 5,000
Compensation Committee Chair	$ 7,500
Compensation Committee Member	$ 2,500
Nominating Committee Chair	$ 7,500
Nominating Committee Member	$ 2,500

Committee chair fees are in addition to committee member fees. All cash retainer fees vest daily on a pro rata basis and are payable quarterly in arrears within 10 business days following the end of each fiscal quarter.

Each non-employee director also was granted a stock option to purchase 50,000 shares of common stock on June 1, 2013, with an exercise price of $0.80 (the closing sale price on May 31, 2013) and a five-year term. The options vest in equal quarterly installments beginning September 1, 2013.

Non-employee directors are also reimbursed for their reasonable business expenses for service as a member of the Board of Directors or a board committee.

EXHIBIT 10.16

EMPLOYMENT AND NON-COMPETE AGREEMENT

THIS EMPLOYMENT AND NON-COMPETE AGREEMENT (this "Agreement") dated October 17, 2011 and is effective as of August 1, 2011 (the "Effective Date"), between Nader Pourhassan ("Employee") and CytoDyn Inc., a Colorado corporation (the "Company"). The Company and Employee are hereinafter sometimes referred to collectively as the "Parties" or individually as a "Party."

Background

The Company wishes to retain Employee's services and to obtain certain non-compete and non-disclosure protections from Employee. Employee is willing to accept such employment on the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein the Company and Employee agree as follows:

1. Employment. The Company hereby employs Employee, and Employee hereby accepts employment by the Company, on the terms and conditions hereinafter set forth.

2. Employee's Duties. Employee's duties shall include those which are designated or assigned to his by the Company from time to time. Initially, Employee shall serve as the Company's Managing Director of Business Development.

3. Term of Employment. The Employee's employment is on an "at will" basis. Section 6 of this Agreement shall indefinitely survive termination of this Agreement, however.

4. Compensation. For and in consideration of all services rendered by Employee below on behalf of the Company, and the covenants and agreements of Employee set forth below, the Company agrees to pay to Employee, and Employee agrees to accept, the following compensation:

(a) a salary in the annualized amount of $200,000 for calendar year 2011, and $225,000 for calendar year 2012 payable in accordance with the standard payroll policies of the Company, less all withholdings required by law. The Company shall review annually Employee's job performance and Employee may be eligible, upon a favorable evaluation by the Company, for a merit increase in accordance with past custom and practice of the Company;

(b) a bonus payable in the sole and absolute discretion of the Board of Directors, which is anticipated (but not committed) to range between twenty-five percent to fifty percent of Employee's salary for the year; and

(c) pursuant to an August 4, 2011 meeting of the Board, the Board approved the grant to Executive, effective as of the Execution Date, of non-qualified options to purchase up to 500,000 shares of the Company's common stock at an exercise price of $2.00 per share, which was the Company's stock price at the close of business August 9, 2011. Twenty-Five percent (25%) or 125,000 shares vest on each of July 31, 2012 and July 31, 2013, and the remaining 250,000 options vest in 8 quarterly installments of 31,250 on October 31, 2013, January 31, 2014, April 30, 2014, July 31, 2014, October 31, 2014, January 31, 2015, April 30, 2015 and July 31, 2015; provided that Executive is in employment on each such quarterly vesting date and no event of Cause, as that term is defined in paragraph 8(d) below exists on such date or dates. All options expire on July 31, 2016 (the "Expiration Date"). The other terms and conditions of the Company's grant of the options are set forth in the CytoDyn Inc. Stock Option Award Agreement entered into between the Company and the Executive concurrently herewith related to the above mentioned options.

5. Benefits. In addition to the compensation provided for in Section 4 herein, Employee shall be entitled to participate in or receive benefits under all benefit plans or programs available to employees of the Company. Employee shall also be entitled to two (2) weeks of vacation leave with full pay during each year of this Agreement. Such vacation time is to be approved by the Company's Chief Executive Officer.

6. Covenants of Employee. Employee does hereby covenant, agree and promise that during the term of this Agreement, and thereafter to the extent specifically provided in this Agreement:

(a) Employee will not actively engage, directly or indirectly, in any other business except at the direction or upon the prior written approval of the Company;

(b) Employee acknowledges that he has obtained and will continue to obtain in the course of his employment hereunder knowledge of confidential matters essential to the business and competitive position of the Company and its Affiliates, including, without limitation, customer lists, business strategies, financial information, and trade secrets that could unfairly disadvantage the Company were Employee to engage in business activities competitive with the Company. Employee therefore agrees that he shall not, at any time during his employment hereunder and for a period of two years thereafter, accept employment in the United States (other than the State of Oregon where such employment is permitted during such period) as an officer, director or employee of, or be or become the owner of one percent or more of the outstanding equity interest of, or otherwise consult with any entity engaged in any business in which the Company is engaged in at the time Employee's employment ends.

(c) Employee recognizes and acknowledges that all records, documents, customer lists, referral sources, financial information, trade secrets, methods, techniques, processes, marketing and acquisition strategies and plans, intellectual property (regardless of whether patentable or copyrightable), formulas, computer print-outs, and other information of any kind, whether or not complete and whether or not reduced to

writing (collectively, the "Confidential Information"), obtained by Employee with regard to the Company (or its Affiliates, employees, principals, customers, or business associates) during the course of Employee's employment, and not generally known in the public domain, constitute valuable, unique and proprietary assets of the Company or its Affiliates. Employee agrees that during Employee's employment hereunder, and following the termination of Employee's employment, whether the termination shall be voluntary or involuntary, or with or without cause, or whether the termination is solely due to the expiration of the term of this Agreement, Employee will not at any time, directly or indirectly, disclose, disseminate, or publish any Confidential Information to or for any other person, group, firm, corporation, or other entity, or utilize the same for any reason or purpose whatsoever other than (i) for the benefit and at the request of the Company, (ii) as may be required by law, (iii) Confidential Information that becomes available in the public domain, or (iv) in connection with obtaining advice from Employee's legal counsel. Upon termination of this Agreement, or at any time upon the request of the Company, Employee shall promptly deliver to the Company all memoranda, notes, records, reports, manuals, drawings, lists, formulas, and other documents (and all copies thereof) relating to the business of the Company or its Affiliates and all property associated there with, then possessed or under the control of Employee.

(d) Employee further agrees that during Employee's employment and for a period of two years following the termination of Employee's employment, whether the termination shall be voluntary or involuntary, or with or without cause, or whether the termination is solely due to the expiration of the term of this Agreement, Employee will not, in any manner or at any time, solicit or encourage any person, firm, corporation, or other entity that is a customer, business associate, or referral source of the Company or its Affiliates, and/or other employees of the Company or its Affiliates, to cease doing business or terminate their employment with the Company or its Affiliates.

(e) If any covenant or provision contained in this Section 6 is found to be unreasonable in duration, geographical scope, or other character of restriction, the covenant or provision shall not be rendered unenforceable thereby, but rather the duration, geographical scope, or character of restriction of such covenant or provision shall be deemed automatically reduced or modified with retroactive effect to the extent necessary to render such covenant or provision enforceable, and such covenant or provision shall be enforced as modified.

(f) The parties acknowledge and agree that damages in the event of a breach of the provisions of Section 6 by Employee, though great and irreparable, would be difficult to ascertain, and therefore the Company, in addition to and without limiting any other remedy or right it may have and notwithstanding Section 13, shall have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and Employee hereby waives any and all defenses he may have on the ground of inappropriateness of any such equitable relief.

(g) Definition of Affiliate. “Affiliate” means a person controlled by the Company or the Company’s parent company if there is one.

7. Assignability. The obligations of Employee hereunder are personal and may not be assigned or delegated by Employee or transferred to any manner whatsoever, nor are such obligations subject to involuntary alienation, assignment or transfer. The Company shall have the right to assign this Agreement and to delegate all rights, duties and obligations hereunder, either in whole or in part. Thus this Agreement shall be binding upon all successors and assigns.

8. Amendment and Waiver. This instrument contains the entire agreement of the Parties and supersedes and replaces any prior employment agreements between the Company or any affiliate and Employee, which prior employment agreement (if any) is hereby terminated, effective as of the Effective Date of this Agreement, by mutual agreement of the Parties. This Agreement may only be changed by written instrument signed by the Party against whom enforcement of any waiver, change, modification, extension or discharge is sought; however, the amount of compensation to be paid to Employee for services to be performed for the Company hereunder may be changed from time to time by the Parties by written agreement without in any other way modifying, changing or affecting this Agreement or the performance by Employee of any of the duties of his employment with the Company. Any such written agreement shall be, and shall be conclusively deemed to be, a ratification and confirmation of this Agreement, except as expressly set forth in such written amendment. The waiver by either Party of a breach of any provision of this Agreement shall not operate as or be construed to be a waiver of any subsequent breach thereof, nor of any breach of any other term or provision of this Agreement.

9. Notice. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Employee:

Nader Pourhassan

Copy to:

_____

_____

_____

Attn: _____

If to Company:

CytoDyn Inc.
110 Crenshaw Lake Road
Lutz, FL 33548
Attn: Chief Executive Officer

Copy to:

Holland & Knight LLP
100 North Tampa Street, Suite 4100
Tampa, FL 33602
Attn: Bernard A. Barton, Jr. Esq.

Either party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Either party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other party notice in the manner herein set forth.

10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be valid and enforceable under applicable law, but if any provision of this Agreement shall be invalid, unenforceable or prohibited by applicable law, then in lieu of declaring such provision invalid or unenforceable, to the extent permitted by law (a) the Parties agree that they will amend such provision to the minimal extent necessary to bring such provision within the ambit of enforceability, and (b) any court of competent jurisdiction may, at the request of either Party, revise, reconstruct or reform such provision in a manner sufficient to cause it to be valid and enforceable.

11. Force Majeure . Neither of the Parties shall be liable to the other for any delay or failure to perform hereunder, which delay or failure is due to causes beyond the control of said Party, including, but not limited to: acts of God; acts of the public enemy; acts of the United States of America or any state, territory or political subdivision thereof or of the District of Columbia; fires; floods; epidemics; quarantine restrictions; strikes and freight embargoes. Notwithstanding the foregoing provisions of this Section 11 in every case the delay or failure to perform must be beyond the control and without the fault or negligence of the Party claiming excusable delay.

12. Recovery of Litigation Costs. If any action or other proceeding is brought for the enforcement of this Agreement or any agreement or instrument delivered under or in connection with this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing Party shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

13. Arbitration. Any and all disputes or controversies whether of law or fact and of any nature whatsoever arising from or respecting this Agreement shall be decided exclusively by arbitration by the American Arbitration Association in accordance with its Commercial Rules except as modified herein.

(a) The arbitrator shall be selected as follows: in the event the Company and Employee agree on one arbitrator, such arbitrator shall conduct the arbitration. In the event the Company and Employee do not so agree, the Company and Employee shall each select one independent, qualified arbitrator and the two arbitrators so selected shall select the third arbitrator (the arbitrator(s) are herein referred to as the "Panel");

(b) Arbitration shall take place in Tampa, Florida, or any other location mutually agreeable to the Parties. At the request of either Party, arbitration proceedings will be conducted in the utmost secrecy; in such case all documents, testimony and records shall be received, heard and maintained by the arbitrators in secrecy, available for

inspection only by the Company or Employee and their respective attorneys and their respective experts who shall agree in advance and in writing to receive all such information in secrecy until such information shall become generally known. A majority of the Panel shall be able to award any and all relief, including relief of an equitable nature, provided that punitive damages shall not be awarded. The award rendered by a majority of the Panel may be enforceable in any court having jurisdiction thereof;

(c) Reasonable notice of the time and place of arbitration shall be given to all Parties and any interested persons as shall be required by law.

14. Governing Law. This Agreement and the rights and obligations of the Parties shall be governed by and construed and enforced in accordance with the laws of the State of Florida.

15. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one instrument.

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

CYTODYN INC.

By: /s/ Kenneth J. Van Ness
Kenneth J. Van Ness
Chief Executive Officer

/s/ Nader Pourhassan
Nader Pourhassan

EXHIBIT 10.18

THIS PROMISSORY NOTE AND THE SECURITIES TO BE DELIVERED IN CONNECTION HEREWITH HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY STATE SECURITIES LAW. NO SALE, ASSIGNMENT, PLEDGE OR OTHER TRANSFER OF EITHER THIS PROMISSORY NOTE OR ANY SUCH SECURITIES MAY BE MADE EXCEPT PURSUANT TO THE PROVISIONS OF THE ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS AN OPINION OF COUNSEL, SATISFACTORY TO MAKER, IS OBTAINED STATING THAT SUCH SALE, ASSIGNMENT, PLEDGE OR TRANSFER IS IN COMPLIANCE WITH AN AVAILABLE EXEMPTION UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS.

PROMISSORY NOTE

$500,000.00 April 11, 2013

FOR VALUE RECEIVED, CYTODYN INC., a Colorado corporation ("Maker"), hereby promises to pay to Jordan Naydenov ("Holder") the principal amount of Five Hundred Thousand and 00/100 Dollars ($500,000.00), together with interest payable as set forth below.

Principal outstanding under this Promissory Note (this "Note") shall be due and payable in cash in a single payment on April 11, 2014 (the "Due Date").

The outstanding principal amount of this Note shall bear fixed simple interest, for each day from the date of this Note until its principal amount is paid in full, at a rate of 15% per annum (the "Interest"). The Interest shall be payable in the form of shares of common stock of Maker (the "Shares") at a rate of $0.50 per Share. The Interest shall be payable semiannually in arrears on October 11, 2013 and the Due Date. Maker shall not issue any fractional Shares, and Maker shall issue to Holder a number of Shares rounded down to the nearest whole Share.

Default in the payment of the principal of or Interest on this Note when the same becomes due and payable shall constitute an event of default hereunder.

Upon the occurrence of an event of default, or at any time thereafter during the continuance of any such event, Holder may, with or without notice to Maker, declare this Note to be forthwith due and payable, whereupon this Note and the indebtedness evidenced hereby shall forthwith be due and payable, both as to principal and interest, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in any other instrument executed in connection with or securing this Note to the contrary notwithstanding.

If this Note or any interest hereon becomes due and payable on Saturday, Sunday or other day on which commercial banks are authorized or permitted to close under the laws of the State of Oregon, the maturity of this Note or such Interest payment shall be extended to the next succeeding business day.

Maker may elect to prepay this Note or any portion of the principal thereof on or before the Due Date without penalty.

If the payment of principal or any payment of Interest or both is more than five (5) days late, Maker agrees to pay the Holder a late charge equal to three percent (3%) of the payment (the "Late Fee"). The provisions of this Promissory Note establishing a Late Fee shall not be deemed to extend the time for any payment due or to constitute a "grace period" giving Maker a right to cure such default.

This Note and the Shares to be issued in connection herewith may not be offered, sold or otherwise disposed of except under circumstances which will not result in a violation of the Securities Act of 1933, as amended (the "Securities Act"). Upon issuance of Shares as payment of Interest, Holder hereof will be required to confirm in writing, by executing the form attached as Schedule 1 hereto, that the Shares are being acquired for investment and not with a view toward distribution or resale. This Note and all Shares issued as payment of Interest (unless registered under the Securities Act) shall be stamped or imprinted with a legend in substantially the following form:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES ACT OF ANY STATE. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED FOR VALUE, PLEDGED, HYPOTHECATED, OR OTHERWISE ENCUMBERED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF THEM UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES ACT OF ANY STATE OR AN APPLICABLE EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR ACTS."

With respect to any offer, sale, transfer or other disposition of this Note or any Shares to be issued in connection herewith prior to registration of such Note or Shares, Holder hereof and each subsequent Holder of this Note will be required to give written notice to Maker prior thereto, describing briefly the manner thereof, together with a written opinion of such Holder's counsel reasonably acceptable to Maker's counsel, if such opinion is reasonably requested by Maker, to the effect that such offer, sale, transfer or other disposition may be effected without registration or qualification (under the Securities Act as then in effect or any federal or state law then in effect) of this Note or such Shares and indicating whether or not under the Securities Act this Note or certificates for such Shares to be sold or otherwise disposed of require any restrictive legend as to applicable restrictions on transferability in order to ensure compliance with applicable law. Promptly upon receiving such written notice and reasonably satisfactory opinion, if so requested, Maker, as promptly as practicable, shall notify such Holder that such Holder may sell, transfer or otherwise dispose of this Note or such Shares, all in accordance with the terms of the notice delivered to Maker. If a determination has been made pursuant to this paragraph that the opinion of counsel for Holder is not reasonably satisfactory to Maker, Maker shall so notify Holder promptly after such determination has been made and neither this Note nor any Shares shall be sold, transferred or otherwise disposed of until such disagreement has been resolved. The foregoing

notwithstanding, this Note or such Shares may as to such federal laws, be offered, sold or otherwise disposed of in accordance with Rule 144 under the Securities Act, provided that Maker shall have been furnished with such information as Maker may reasonably request to provide a reasonable assurance that the provisions of Rule 144 have been satisfied. This Note and each certificate representing the Shares thus transferred (except a transfer pursuant to Rule 144) shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with such laws, unless in the aforesaid opinion of counsel for Holder, reasonably acceptable to Maker, such legend is not required in order to ensure compliance with such laws. Maker may issue stop transfer instructions to its transfer agent or, if acting as its own transfer agent, Maker may stop transfer on its corporate books, in connection with such restrictions.

If from any circumstances whatsoever, by reason of acceleration or otherwise, the fulfillment of any provision of this Note involves transcending the limit of validity prescribed by any applicable usury statute or any other applicable law, with regard to obligations of like character and amount, then the obligations to be fulfilled will be reduced to the limit of such validity as provided in such statute or law, so that in no event shall any exaction be possible under this Note in excess of the limit of such validity.

Any provision of this Note that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

This Note is not transferable or assignable by Maker without the consent of Holder. If this Note is collected by law or through an attorney at law, or under advice therefrom, Maker agrees to pay all costs of collection, including reasonable attorneys' fees. Reasonable attorneys' fees are defined to include, but not be limited to, all fees incurred in all matters of collection and enforcement, trial proceedings and appeals, as well as appearances in and connected with any bankruptcy proceedings or creditors' reorganization or similar proceedings and any post judgment collection efforts.

Any failure to exercise any right, remedy or recourse hereunder shall not be deemed to be a waiver or release of the same, such waiver or release to be effected only through a written document executed by Holder and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse as to a subsequent event.

In no event shall the amount of interest due or payments in the nature of interest payable hereunder exceed the maximum rate of interest allowed by applicable law, as amended from time to time, and in the event any such payment is paid by Maker or received by Holder, then such excess sum shall be credited as a payment of principal, unless Maker shall notify Holder, in writing, that Maker elects to have such excess sum returned to Maker forthwith.

Maker hereby waives all and every exemption secured to it by the laws and constitution of the State of Oregon, and of any other state. Maker hereby waives demand, presentment, protest, notice of nonpayment or dishonor, and any other notice required by law and agrees that its obligation hereunder shall not be affected by any renewal or extension of the time of payment hereof, or by any indulgences.

This Note shall be governed by and construed in accordance with the laws of the State of Oregon applicable to debts and obligations incurred and to be paid solely in such jurisdiction. This Note may not be modified or amended and no provision hereof may be waived except by a written instrument executed by the parties to be bound thereby.

CYTODYN INC.

By: /s/ Nader Pourhassan
Nader Pourhassan, President & Chief Executive Officer

SCHEDULE 1

INVESTMENT REPRESENTATION STATEMENT

Purchaser:	Jordan Naydenov
Company	CYTODYN INC.
Security:	Common Stock
Amount:	$500,000.00
Date:	April 11, 2013

In connection with the purchase of the above-listed securities (the "Shares") pursuant to that certain Promissory Note issued by CYTODYN INC. to Jordan Naydenov on April 11, 2013 (the " Note"), the undersigned (the "Purchaser") represents to Maker as follows

(a) The Purchaser is aware of Maker's business affairs and financial condition, and has acquired information about Maker sufficient to reach an informed and knowledgeable decision to acquire the Shares. The Purchaser is acquiring the Shares for his own account for investment purposes only and not with a view to, or for the resale in connection with, any "distribution" thereof for purposes of the Securities Act. The Purchaser is an "accredited investor" as that term is defined in Securities and Exchange Commission Rule 501(a) of Regulation D.

(b) The Purchaser understands that the Shares have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Purchaser's investment intent as expressed herein.

(c) The Purchaser further understands that the Shares must be held indefinitely unless subsequently registered under the Securities Act and any applicable state securities laws, or unless exemptions from registration are otherwise available.

(d) The Purchaser is aware of the provisions of Rule 144, promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired by non-affiliates of the issuer thereof, directly or indirectly, from the issuer (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions, if applicable, including, among other things, the availability of certain public information about Maker and the resale occurring not less than six (6) months after the party has purchased and paid for the securities to be sold.

(e) The Purchaser further understands that at the time Purchaser wishes to sell the Shares there may be no public market upon which to make such a sale, and that, even if such a public market then exists, Maker may not have filed all reports and other materials required under Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, other than Form 8-K reports, during the preceding 12 months, and that, in such event, because Maker used to be a "shell company" as contemplated under Rule 144(i), Rule 144 will not be available to the Purchaser.

(f) The Purchaser further understands that in the event all of the requirements of Rule 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rule 144 is not exclusive, the staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rule 144 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk.

All capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Note.

Purchaser: _____

Date:

EXHIBIT 10.19

FORM OF COMMON STOCK WARRANT AGREEMENT

THE WARRANT A REPRESENTED BY THIS CERTIFICATE AND THE SHARES ISSUABLE UPON EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") NOR QUALIFIED UNDER THE CALIFORNIA CORPORATE SECURITIES LAW OF 1968, AS AMENDED, (THE "CALIFORNIA SECURITIES LAW"). THIS WARRANT A HAS BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF WITHIN THE MEANING OF THE SECURITIES ACT AND THE SECURITIES LAW. THIS WARRANT A AND THE SHARES ISSUABLE UPON EXERCISE THEREOF MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND COMPLIANCE WITH THE CALIFORNIA SECURITIES LAW OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH REGISTRATION AND COMPLIANCE ARE NOT REQUIRED.

Warrant A to Purchase
Shares of
Common Stock
As Herein Described

WARRANT A TO PURCHASE COMMON STOCK OF

CYTODYN, INC.

This is to certify that, for value received, Jordan Naydenov, or a proper assignee (in case, the "Holder"), is entitled to purchase, subject to the provisions of this Warrant A, from CytoDyn, Inc ("CytoDyn"), at any time after 180 days from the date of the execution of the (Promissory Note) (the "Commencement Date") to 5:00 p.m., California time, on the next business day five (5) years form the Commencement Date, (the "Expiration Date") at which time this Warrant A shall expire and become void, one (1) share for each $1.00 invested, ("Warrant A Shares") of Common Stock (the "Common Stock") of CytoDyn, Inc., a Colorado corporation (the "Company"). This Warrant A shall be exercisable at One Dollar ($1.00) per share (the "Exercise Price"). The number of shares of Common Stock to be received upon exercise of this Warrant A and the Exercise price shall be adjusted from time to time as set forth below. This Warrant A also is subject to the following terms and conditions:

1. Exercise and Payment; Exchange.

(a) This Warrant A may be exercised in whole or in part at any time from and after the date hereof and before the Expiration Date, but if such date is a day on which federal or state chartered banking institutions located in the State of California are authorized to close, then on the next succeeding day which shall not be such a day. Exercise shall be by presentation and surrender to CytoDyn, or at the office of any transfer agent designated by the Company, of (i) this Warrant A, (ii) the attached exercise form properly executed, and (iii) a

certified or official bank check for the Exercise Price for the number of Warrant A Shares specified in the exercise form. If this Warrant A is exercised in part only, CytoDyn or the Company's transfer agent shall, upon surrender of the Warrant A, execute and deliver a new Warrant A evidencing the rights of the Holder to purchase the remaining number of Warrant A Shares purchasable hereunder. Upon receipt by CytoDyn of this Warrant A in proper form for exercise, accompanied by payment as aforesaid, the Holder shall be deemed to be the holder of record of the Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such Warrant A Shares shall not then be actually delivered by the Holder.

(b) Conditions to Exercise or Exchange. The restrictions in Section 7 shall apply, to the extent applicable by their terms, to any exercise or exchange of this Warrant A permitted by this Section 1.

2. Reservation of Shares. CytoDyn shall, at all times until the expiration of this Warrant A, reserve for issuance and delivery upon exercise of this Warrant A the number of Warrant A Shares which shall be required for issuance and delivery upon exercise of this Warrant A.

3. Fractional Interests. CytoDyn shall not issue any fractional shares or script representing fractional shares upon the exercise or exchange of this Warrant A. With respect to any fraction of a share resulting from the exercise or exchange hereof, CytoDyn shall pay to the Holder an amount in cash equal to such fraction multiplied by the current fair market value per share of Common Stock, determined as follows:

(a) If the Common Stock is listed on a national securities exchange or admitted to unlisted trading privileges on such an exchange or is listed on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), the current fair market value shall be the last reported sale price of the Common Stock on such exchange or NASDAQ on the last business day prior to the date of exercise of this Warrant A or if no such sale is made on such day, the mean of the closing bid and asked prices for such day on such exchange or NASDAQ;

(b) If the Common Stock is not so listed or admitted to unlisted trading privileges or quoted on NASDAQ, the current fair market value shall be the mean of the last bid and asked prices reported on the last business day prior to the date of the exercise of this Warrant A (i) by NASDAQ, or (ii) if reports are unavailable under clause (i) above, by the National Quotation Bureau Incorporated; or

(c) If the Common Stock is not so listed or admitted to unlisted trading privileges and bid and asked prices are not so reported, the current fair market value shall be an amount, not less than book value, determined in such reasonable manner as may be prescribed by CytoDyn in good faith.

4. No Rights as Shareholders. This Warrant A shall not entitle the Holder to any rights as a shareholder of the Company, either at law or in equity. The rights of the Holder are limited to those expressed in this Warrant A and are not enforceable against the Company except to the extent set forth herein.

5. Adjustments in Number and Exercise Prices of Warrant A Shares.

5.1 The number of shares of Common Stock for which this Warrant A may be exercised and the Exercise Prices therefor shall be subject to adjustments as follows:

(a) If the Company is recapitalized through the subdivision or combination of its outstanding shares of Common Stock into a larger or smaller number of shares, the number of shares of Common Stock for which this Warrant A may be exercised shall be increased or reduced, as of the record date for such recapitalization in the same proportion as the increase or decrease in the outstanding shares of Common Stock, and the exercise price shall be adjusted so that the aggregate amount payable for the purchase of all of the Warrant A Shares issuable hereunder immediately after the record date for such recapitalization shall equal the aggregate amount so payable immediately before such record date.

(b) If the Company declares a dividend on Common Stock payable in Common Stock or securities convertible into Common Stock, the number of shares of Common Stock for which this Warrant A may be exercised shall be increased as of the record date for determining which holders of Common Stock shall be entitled to receive such dividend, in proportion to the increase in the number of outstanding shares (and shares of Common Stock issuable upon conversion of all such securities convertible into Common Stock) of Common Stock as a result of such dividend, and the Exercise Price shall be adjusted so that the aggregate amount payable for the purchase of all the Warrant A Shares issuable hereunder immediately after the record date for such dividend shall equal the aggregate amount so payable immediately before such record date.

(c) If the Company distributes to holders of its Common Stock, other than as part of its dissolution or liquidation or the winding up of its affairs, any shares of its Common Stock, any evidence of indebtedness or any of its assets (other than cash, Common Stock or securities convertible into Common Stock), the Company shall give written notice to the Holder of any such distribution at least fifteen days prior to the proposed record date in order to permit the Holder to exercise this Warrant A on or before the record date. There shall be no adjustment in the number of shares of Common Stock for which this Warrant A may be exercised, or in the Exercise Price, by virtue of any such distribution.

(d) If the Company offers rights or warrants to the holders of Common Stock which entitle them to subscribe to or purchase additional Common Stock or securities convertible into Common Stock, the Company shall give written notice of any such proposed offering to the Holder at least fifteen days prior to the proposed record date in order to permit the Holder to exercise this Warrant A on or before such record date. There shall be no adjustment in the number of shares of Common Stock for which this Warrant A may be exercised, or in the Exercise Price, by virtue of any such distribution.

(e) If the event, as a result of which an adjustment is made under paragraph (a), (b), (c) or (d) above, does not occur, then any adjustments in the Exercise Price or number of shares issuable that were made in accordance with such paragraph (a), (b), (c) or (d) shall be adjusted to the Exercise Price and number of shares as were in effect immediately prior to the record date for such event.

5.2 In the event of any reorganization or reclassification of the outstanding shares of Common Stock (other than a change in par value or from no par value to par value, or from par value to no par value, or as a result of a subdivision or combination) or in the event of any consolidation or merger of the Company with another entity after which the Company is not the surviving entity, at any time prior to the expiration of this Warrant A, upon subsequent exercise of this Warrant A the Holder shall have the right to receive the same kind and number of shares of Common Stock and other securities, cash or other property as would have been distributed to the Holder upon such reorganization, reclassification, consolidation or merger had the Holder exercised this Warrant A immediately prior to such reorganization, reclassification, consolidation or merger, appropriately adjusted for any subsequent event described in this Section 5. The Holder shall pay upon such exercise the Exercise Price that otherwise would have been payable pursuant to the terms of this Warrant A. If any such reorganization, reclassification, consolidation or merger results in a cash distribution in excess of the then applicable Exercise Price, the holder may, at the Holder's option exercise this Warrant A without making payment of the Exercise Price, and in such case the Company shall, upon distribution to the Holder, consider the Exercise Price to have been paid in full, and in making settlement to the Holder, shall deduct an amount equal to the Exercise Price from the amount payable to the Holder. In the event of any such reorganization, merger or consolidation, the corporation formed by such consolidation or merger or the corporation which shall have acquired the assets of the Company shall execute and deliver a supplement hereto to the foregoing effect, which supplement shall also provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Warrant A.

5.3 If the Company shall, at any time before the expiration of this Warrant A, dissolve, liquidate or wind up its affairs, the Holder shall have the right to receive upon exercise of this Warrant A, in lieu of the shares of Common Stock of the Company that the Holder otherwise would have been entitled to receive, the same kind and amount of assets as would have been issued, distributed or paid to the Holder upon any such dissolution, liquidation or winding up with respect to such Common Stock receivable upon exercise of this Warrant A on the date for determining those entitled to receive any such distribution. If any such dissolution, liquidation or winding up results in any cash distribution in excess of the Exercise Price provided by this Warrant A, the Holder may, at the Holder's option, exercise this Warrant A without making payment of the Exercise Price and, in such case, the Company shall, upon distribution to the Holder, consider the Exercise Price to have been paid in full and, in making settlement to the Holder, shall deduct an amount equal to the Exercise Price from the amount payable to the Holder.

6. Notices to Holder. So long as this Warrant A shall be outstanding (a) if the Company shall pay any dividends or make any distribution upon the Common Stock otherwise than in cash or (b) if the Company shall offer generally to the holders of Common Stock the right to subscribe to or purchase any shares of any class of Common Stock or securities convertible into Common Stock or any similar rights or (c) if there shall be any capital reorganization of the Company in which the Company is not the surviving entity, recapitalization of the capital stock

of the Company, consolidation or merger of the Company with or into another corporation, sale, lease or other transfer of all or substantially all of the property and assets of the Company, or voluntary or involuntary dissolution, liquidation or winding up of the Company, then in such event, CytoDyn shall cause to be mailed to the Holder, at least thirty days prior to the relevant date described below (or such shorter period as is reasonably possible if thirty days is not reasonably possible), a notice containing a description of the proposed action and stating the date or expected date on which a record of the Company's shareholders is to be taken for the purpose of any such dividend, distribution of rights, or such reclassification, reorganization, consolidation, merger, conveyance, lease or transfer, dissolution, liquidation or winding up is to take place and the date or expected date, if any is to be fixed, as of which the holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such event.

7. Transfer, Exercise, Exchange, Assignment or Loss of Warrant A, Warrant A Shares or Other Securities.

7.1 This Warrant A may be transferred, exercised, exchanged or assigned ("transferred"), in whole or in part, subject to the following restrictions. This Warrant A and the Warrant A Shares or any other securities ("Other Securities") received upon exercise of this Warrant A shall be subject to restrictions on transferability until registered under the Securities Act of 1933, as amended (the "Securities Act"), unless an exemption from registration is available. Until this Warrant A and the Warrant A Shares or Other Securities are so registered, this Warrant A and any certificate for Warrant A Shares or Other Securities issued or issuable upon exercise of this Warrant A shall contain a legend on the fact thereof, in form and substance satisfactory to counsel for the Company, stating that this Warrant A, the Warrant A Shares or Other Securities may not be sold, transferred or otherwise disposed of unless, in the opinion of counsel satisfactory to the Company, which may be counsel to the Company, that the Warrant A, the Warrant A Shares or Other Securities may be transferred without such registration. This Warrant A and the Warrant A Shares or Other Securities may also be subject to restrictions on transferability under applicable state securities or blue sky laws. Until the Warrant A and the Warrant A Shares or Other Securities are registered under the Securities Act, the Holder shall reimburse the Company for its expenses, including attorneys' fees, incurred in connection with any transfer or assignment, in whole or in part, of this Warrant A or any Warrant A Shares or Other Securities.

7.2 Until this Warrant A, the Warrant A Shares or other Securities are registered under the Securities Act, the Company may require, as a condition of transfer of this Warrant A, the Warrant A Shares or other Securities that the transferee (who may be the Holder in the case of an exercise or exchange) represent that the securities being transferred are being acquired for investment purposes and for the transferee's own account and not with a view to or for sale in connection with any distribution of the security.

7.3 Any transfer permitted hereunder shall be made by surrender of this Warrant A to CytoDyn or to the Transfer Agent at its offices with a duly executed request to transfer the Warrant A, which shall provide adequate information to effect such transfer and shall be accompanied by funds sufficient to pay any transfer taxes applicable. Upon satisfaction of all transfer conditions, CytoDyn or Transfer Agent shall, without charge, execute and deliver a new Warrant A in the name of the transferee named in such transfer request, and this Warrant A promptly shall be cancelled.

7.4 Upon receipt by CytoDyn of evidence satisfactory to it of loss, theft, destruction or mutilation of this Warrant A and, in the case of loss, theft or destruction, of reasonable satisfactory indemnification, or, in the case of mutilation, upon surrender of this Warrant A, CytoDyn will execute and deliver, or instruct the Transfer Agent to execute and deliver, a new Warrant A of like tenor and date, any such lost, stolen or destroyed Warrant A thereupon shall become void.

8. Notices. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed to have been duly given, if delivered in person or mailed, certified, return-receipt requested, postage prepaid to the address set forth on the signature page below. Any party hereto may from time to time, by written notice to the other parties, designate a different address, which shall be substituted for the one specified below for such party. If any notice or other document is sent by certified or registered mail, return receipt requested, postage prepaid, properly addressed as aforementioned, the same shall be deemed served or delivered seventy-two (72) hours after mailing thereof. If any notice is sent by fax or email to a party, it will be deemed to have been delivered on the date the fax or email thereof is actually received, provided the original thereof is sent by certified mail, in the manner set forth above, within twenty-four (24) hours after the fax or email is sent.

9. Amendment. Any provision of this Warrant A may be amended or the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holder.

10. Governing Law. This Warrant A shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the CytoDyn and the Holder have executed this Warrant A as of _____, ____ 2009.

HOLDER

/s/ Jordan Naydenov
Jordan Naydenov

CYTODYN

/s/ Allen D. Allen
Allen D. Allen, President & CEO
1511 3rd Street
Santa Fe, NM 87505

Annex A

[FORM OF EXERCISE]

(To be executed upon exercise of Warrant A)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant A Certificate, to purchase _____ (_____) shares of Common Stock and herewith tenders payment for such shares of Common Stock to the order of CytoDyn, Inc. the amount of $1.00 per share in accordance with the terms hereof. The undersigned requests that a certificate for such shares of Common Stock be registered in the name of _____ whose address is _____. If said number of shares of Common Stock is less than all of the shares of Common Stock purchasable hereunder, the undersigned requests that a new Warrant A Certificate representing the remaining balance of the shares of Common Stock be registered in the name of whose address is _____ and that such Warrant A Certificate be delivered to _____, whose address is _____.

Dated:

Signature: _____
(Signature must conform in all respects to name of holders as specified on the face of the Warrant A Certificate.)

_____
(Insert Social Security or
Taxpayer Identification
Number of Holder.)

EXHIBIT 10.20

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is made and entered into effective March 28, 2013 (the "Effective Date"), by and between CytoDyn Inc. (the "Company"), and Michael Nobel, an individual ("Consultant").

WHEREAS, Consultant has substantial experience and expertise in communications consulting; and

WHEREAS, the Company wishes to retain Consultant to assist in the development of the Company's communications strategy and Consultant has agreed to be available from time to time for that purpose.

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

1. Engagement. The Company hereby engages Consultant, and Consultant hereby accepts engagement, as an independent consultant to the Company upon the terms and conditions set forth in this Agreement. The Company and Consultant acknowledge and agree that Consultant is an independent contractor under this Agreement and will not be an agent or employee of the Company and will have no authority to bind the Company. During the term of this Agreement, Consultant will personally provide consulting services to the Company to assist the Company in building business relationships in Europe and adjoining regions (the "Services"). In connection with the Services, Consultant will provide such information, cooperation and assistance to assist the Company in enhancing its visibility with potential business partners in Europe and adjoining regions.

2. Term. The term of this Agreement commences on the Effective Date and will end on May 28, 2013, unless previously terminated as follows:

(a) automatically in the event of the death of Consultant;

(b) by either party upon 3 days' notice to the other party if such party breaches any law or defaults under this Agreement; or

(c) either party upon 3 days' notice to the other party.

Notwithstanding any termination of this Agreement, the provisions of Sections 4, 5 and 6 hereof will survive indefinitely.

3. Payments to Consultant. Consultant's compensation hereunder will be as follows:

(a) Monthly Fee. Consultant will receive as compensation hereunder two monthly payments in cash in arrears, with the first payment due on April 28, 2013. The amount of each of the first two payments will be $10,000.

Expenses. Any expenses above 100 dollars for two months of consulting must be approved in advance.

(b) No Benefits. Recognizing that Consultant is an independent contractor, Consultant and the Company agree that the Company will not be responsible for any medical, retirement or other benefits for Consultant, nor will the Company be responsible for the withholding, collection, determination or payment of any tax or other imposition on the amounts due to Consultant hereunder, including, without limitation, unemployment, payroll, social security or workers' compensation withholdings.

4. Trade Secrets and Confidential Information Defined. For purposes of this Agreement, a "Trade Secret" is any knowledge or information, whether written or unwritten, including the whole or any portion or phase of any scientific or technical information, design, process, procedure, formula, patent, compilation, program, device, method, technique, improvement, or any financial information, or listing of names, addresses or telephone numbers that: (1) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use; and (2) is the subject of efforts that are reasonable under the circumstances to maintain their secrecy.

For purposes of this Agreement, "Confidential Information" will mean any information or knowledge, whether written or unwritten, other than Trade Secrets, which specifically relates to the Company's business and finances and/or the Company's affiliates, clients, vendors, distributors, and others with whom the Company does or has in the past done business, which the Company deems to be confidential and proprietary and which is generally not known to others outside the Company, regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, or are copyrightable, considered copyrightable, patentable or considered patentable. Confidential Information also specifically includes information or knowledge received by the Company from others, including its clients and affiliates, which the Company has an obligation to treat as confidential and also includes any confidential information acquired by Consultant while retained by the Company.

5. Restrictions on Use and Disclosure. Consultant will not, during the term of this Agreement or at any time thereafter, disclose, distribute, or publish or cause to be disclosed, distributed, or published in whole or in part any Confidential Information or Trade Secrets, to any person, firm, corporation, association, or any other operation or entity, except to employees or agents of the Company who are authorized by the Company to receive such information and then, only on behalf of the Company and only to the extent necessary in order for Consultant to perform faithfully his duties pursuant to this Agreement. Consultant further agrees that he will not at any time reproduce or permit the reproduction of any Confidential Information or Trade

Secrets, except on behalf of the Company and then only to the extent necessary in order for Consultant to perform his job duties and responsibilities. Consultant will take all reasonable care to avoid the unauthorized disclosure, publication, distribution, or reproduction of any Confidential Information or Trade Secrets. Further, Consultant will not, during the term of this Agreement or at any time thereafter, use for his own benefit or the benefit of any other person, firm, corporation, association or other entity, or misappropriate, or participate or assist in the misappropriation of any Confidential Information or Trade Secret, whether for his own benefit, or the benefit of any other person, firm, corporation, association or other entity. Consultant agrees that upon the Company's request, Consultant will immediately deliver up to the Company all Confidential Information and Trade Secrets in Consultant's possession and/or control, as well as all related notes, records, memoranda, correspondence, files and other papers, and all copies or duplication (whether in writing, electronic, or digital format).

6. Diversion of Business. Consultant will not, during the period of this Agreement, or at any time thereafter, either for Consultant, or on behalf of any other person, firm, corporation or other operation or entity, directly or indirectly;

(a) Divert or attempt to divert from the Company or any of its affiliates any business whatsoever by influencing or attempting to influence, or soliciting or attempting to solicit any of the customers or strategic partners of the Company or any of the Company's affiliates with whom Consultant may have communicated at any time; or

(b) Divert or attempt to divert from the Company or any of its affiliates any person employed by the Company or acting on behalf of or as a representative of the Company or any of its affiliates by influencing or attempting to influence such person to leave the Company's employment or to work for or on behalf of any other business.

7. Remedies. Consultant recognizes that a breach of any of the restrictive covenants set forth in Sections 4, 5, or 6 hereof will cause irreparable harm to the Company and that actual damages may be difficult to ascertain and in any event may be inadequate. Accordingly, Consultant agrees that in the event of any such breach, the Company will be entitled, without the posting of bond or other security, to injunctive relief in addition to such other legal or equitable remedies as may be available.

8. Compliance with Laws. In performance of the Services, Consultant will comply with all laws, rules, regulations, applicable to Consultant and the Services, and will comply with all applicable provisions of the Company's Code of Business Conduct and Insider Trading Policy.

9. Miscellaneous.

(a) Notices**.** Notices under this Agreement will be in writing and will be delivered in person, by registered or certified mail, by overnight courier, by facsimile transmission, or by other similar means to the recipient's address set forth below:

If to Consultant, to: Michael Nobel
Stockholm, Sweden

If to the Company, to: CytoDyn Inc.
Nader Pourhassan, PhD.
5 Centerpointe Drive, Suite 400
Lake Oswego, Oregon 97035

cc.: Miller Nash LLP
111 S.W. Fifth Avenue, Suite 3400
Portland, Oregon 97204
United States of America
Attn: Mary Ann Frantz
Fax: (503) 224-0155

(b) Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof, and supersedes all previous agreements by and between the parties as well as all proposals, oral or written, and all negotiations, conversations, or discussions heretofore had between the parties related to this agreement.

(c) Amendment. This Agreement will not be deemed or construed to be modified, amended, rescinded, canceled, or waived, in whole or in part, except by written amendment signed by the parties hereto.

(d) Severability. In the event that any of the terms of this Agreement are in conflict with any rule of law or statutory provision or are otherwise unenforceable under the laws or regulations of any government or subdivision thereof, such terms will be deemed stricken from this Agreement, but such invalidity or unenforceability will not invalidate any of the other terms of this Agreement and this Agreement will continue in force, unless the invalidity or unenforceability of any such provisions hereof does substantial harm to, or where the invalid or unenforceable provisions comprise an integral part of, or are otherwise inseparable from, the remainder of this Agreement.

(e) Assignment. Consultant may not assign his rights or delegate his duties under this Agreement without the prior written consent of the Company. This Agreement will be binding upon Consultant's permitted assigns, heirs and legal representatives, and will inure to the benefit of the Company and its successors and assigns.

(f) Consent. Unless otherwise expressly stated in this Agreement, if any action is conditioned upon the consent of either party (i) such consent may not be unreasonably withheld, delayed, or conditioned; and (ii) consent will be deemed granted unless the consenting party notifies the other party in writing of the reasons why such consent is not granted within 15 days following receipt of the written request for consent.

(g) Counterparts. This Agreement may be executed in two or more counterparts, and each such counterpart will be deemed an original hereof.

(h) Headings. Headings and subheadings in this Agreement are not intended to and do not have any substantive content whatsoever.

(i) Governing Law. This Agreement will be governed in all respects by the laws of the state of Oregon.

[*signature page follows*]

IN WITNESS WHEREOF, the parties have set their hands as of the Effective Date.

THE COMPANY **CytoDyn Inc.**	**CONSULTANT**
By: /s/ Nader Pourhassan	/s/ Michael Nobel
Nader Pourhassan President and Chief Executive Officer	Michael Nobel

Exhibit 10.21

DEVELOPMENT AND LICENSE AGREEMENT

between

PROTEIN DESIGN LABS, INC.

and

PROGENICS PHARMACEUTICALS, INC.

This Agreement ("Agreement"), effective as of April 30, 1999 ("Effective Date"), is made by and between PROTEIN DESIGN LABS, INC., a Delaware corporation having offices at 34801 Campus Drive, Fremont, CA 94555 (hereinafter "PDL"), and PROGENICS PHARMACEUTICALS, INC., a Delaware corporation having offices at 777 Old Saw Mill River Road, Tarrytown, NY 10591 (hereinafter "PROGENICS").

RECITALS

A. PROGENICS has developed a murine monoclonal antibody directed against the CCR5 antigen and designated by PROGENICS as "PRO 140";

B. PROGENICS wishes to engage PDL to use commercially reasonable efforts to use its technology regarding antibody humanization and, if elected by PROGENICS, an antibody with a modified F_c region prepared by PDL in order to develop a humanized form of the foregoing murine monoclonal antibody with a modified F_c region prepared by PDL; and

C. PDL is willing to undertake such development effort and to license to PROGENICS rights to such humanized antibody under the terms and conditions of this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants herein contained and intending to be legally bound, the parties agree as follows:

1. DEFINITIONS

All references to Exhibits, Articles and Sections shall be references to Exhibits, Articles and Sections of this Agreement. Except as otherwise expressly provided herein, the following terms in this Agreement shall have the following meanings:

1.01 "Affiliate" means, with respect to a party hereto, any corporate or other entity which, directly or indirectly, controls, is controlled by, or is under common control with such party, where "control" means the ownership of not less than 50% of the voting shares of a corporation, or 50% of the decision-making authority as to such other unincorporated entity.

1.02 "Bulk Product" means Licensed Product supplied in a form other than Finished Product which can be converted into Finished Product.

1.03 "Cell Line" means a cell line producing the Murine Antibody delivered by PROGENICS pursuant to Section 2.01(a).

"Sp2/0 Cell Line" means an Sp2/0 transfected cell line for production of the Humanized Antibody.

1.04 "Combination Product(s)" means any product containing both an agent or ingredient which constitutes a Licensed Product and one or more other active agents or ingredients which do not constitute Licensed Products.

1.05 "Finished Product(s)" means any and all Licensed Products in a form for use by an end user and not intended for further chemical or genetic manipulation or transformation.

1.06 "First Commercial Sale" means the last day of the calendar month containing the first sale of a Licensed Product to an independent third party following regulatory approval.

1.07 "Humanized Antibody(ies)" means the humanized form of the Murine Antibody developed by PDL under this Agreement.

1.08 "IND" means an Investigational New Drug Application filed with the U.S. Food and Drug Administration (including regulatory counterparts thereto in other countries, as the case may be, the "FDA") or equivalent filings in countries other than the U.S.

1.09 "Licensed Product(s)" means products, for any use, incorporating substantially all of the Humanized Antibody or any modification, variant or fragment of the Humanized Antibody containing at least one variable region of the Humanized Antibody.

1.10 "Murine Antibody(ies)" means, subject to Section 2.01(b), the murine monoclonal antibody designated as "PRO 140" directed against the Target Antigen and selected by PROGENICS for humanization by PDL under this Agreement.

1.11 "Net Sales" means the aggregate gross revenues, whether in cash or in kind, derived by or payable from or on account of the sale of Licensed Products to end user customers, less the following items: (a) trade, cash, prompt payment and quantity discounts actually allowed or given; (b) credits or allowances, if any, actually granted on account of price adjustments, recalls, rejection or return of items previously sold, (c) excise, value-added and sales taxes, duties, tariffs or other taxes imposed on and paid with respect to such sales (excluding income taxes of any kind) and (d) outer packing, freight, transportation and freight insurance costs actually incurred. If PROGENICS or any of its Affiliates or sublicensees receive non-cash consideration for the sale or transfer of Finished Products or Bulk Products, as the case may be, to an independent third party not an Affiliate of the seller or transferor, the fair market value of such non-cash consideration on the date of such sale or transfer as known to PROGENICS, or as reasonably estimated by PROGENICS if unknown, shall be included in the definition of Net Sales.

In the case of a Combination Product for which the agent or ingredient constituting a Licensed Product and each of the other active agents or ingredients not constituting Licensed Products have established market prices when sold separately, Net Sales shall be determined by multiplying the Net Sales for each such Combination Product by a fraction, the numerator of which shall be the established market price for the Licensed Product(s) contained in the Combination Product and the denominator of which shall be the sum of the established market prices for the Licensed Product(s) plus the other active agents or ingredients contained in the Combination Product. When such separate market prices are not established, then the parties shall negotiate in good faith to determine a fair and equitable method of calculating Net Sales for the Combination Product in question.

In the case of Net Sales of Bulk Products, Net Sales shall be calculated by multiplying the units of Finished Product to which such Bulk Product is reasonably anticipated to be converted by the established market price of the Finished Product on the date of sale of the Bulk Product. By way of example and without limitation, units of Finished Product may be measured in grams or doses, as appropriate.

In calculating Net Sales of Combination Products or Bulk Products as set forth above, the deductions listed in clauses (a) through (d) of the first paragraph of this Section 1.11 shall also be applied.

1.12 "PDL Patent Rights" means rights in or to all patents, patent applications or improvements owned or controlled by PDL directly related to the humanization of monoclonal antibodies and identified on **Exhibit A**, as well as any patent rights directly related to the humanization of antibodies directed against the Target Antigen resulting from or arising as a result of patent applications filed prior to or during the term of this Agreement by PDL in the U.S. or any foreign jurisdiction, including any addition, continuation, continuation-in-part or division thereof or any substitute application therefor; any patent issued with respect to such patent application, any reissue, reexamination, extension or patent term extension of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, including any supplementary protection certificates.

1.13 "**PDL Modified F_c Patent Rights"** means rights in or to all patents, patent applications or improvements owned or controlled by PDL directly related to PDL's proprietary human modified F_c region ("modified F_c region") and identified in Section 1 of **Exhibit C**, resulting from or arising as a result of patent applications filed prior to or during the term of this Agreement by PDL in the U.S. or any foreign jurisdiction, including any addition, continuation, continuation-in-part or division thereof or any substitute application therefor; any patent issued with respect to such patent application, any reissue, reexamination, extension or patent term extension of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, including any supplementary protection certificates.

1.14 "PDL Technical Information" means any and all inventions, discoveries, know-how, trade secrets, information, experience, technical data, formulas, procedures, results or materials (including any biological materials and samples) which are rightfully held by PDL at any time during the term of this Agreement and which technical information is required or reasonably necessary for the registration, development, manufacture, use or sale of the Humanized Antibody or any modification, variant or fragment thereof; provided that in no event shall PDL Technical Information include general information related to the manufacture (e.g., cell culture, fermentation, formulation) or purification of monoclonal antibodies except as may be agreed upon in a separate written agreement between the parties.

1.15 "PROGENICS Technical Information" means any and all inventions, discoveries, know-how, trade secrets, information, experience, technical data, formulas, procedures, results or materials (including any biological materials and samples) which are rightfully held by PROGENICS at any time during the term of this Agreement and which technical information is required or reasonably necessary for PDL to carry out the activities contemplated by this Agreement.

1.16 "Target Antigen" means the CCR5 antigen or such other antigen as may be designated in accordance with Section 2.01(b).

1.17 "Third Party Modified F_c Patent Rights" means the sublicenses available from third parties for a Licensed Product containing a modified F_c region prepared by PDL as identified in Section 2 of **Exhibit C.**

1.18 "Valid Claim" means any claim in any issued patent included in the PDL Patent Rights which has not been disclaimed or held unenforceable or invalid by a governmental agency or court of competent jurisdiction by a decision beyond right of review.

2. HUMANIZATION PROGRAM; OTHER MATTERS

2.01 Delivery of Murine Antibody; Substitution Right.

(a) Promptly after execution of this Agreement, PROGENICS shall provide to PDL a minimum of three (3) vials of the Cell Line containing approximately one (1) milliliter each of frozen cell culture at a concentration ranging from 1×10^6 to 5×10^6 cells per milliliter, together with any PROGENICS Technical Information which would be useful in assisting PDL to accomplish the objectives of this Agreement.

(b) Through August 12, 1999 (i.e., until midnight California time on that date), PROGENICS shall have a one-time right, upon written notice to PDL, to terminate the Program as it relates to the Murine Antibody. PROGENICS may, at the time of such termination or at any other time through November 30, 1999 (i.e., until midnight California time on that date), substitute a murine antibody ("Substitute Murine Antibody") against a new Target Antigen ("Substitute Target Antigen") either under development by PROGENICS or with respect to which PROGENICS has commercial rights or has entered into negotiations to obtain commercial

rights and acquires such commercial rights no later than the first anniversary of the Effective Date as the Licensed Product under the Agreement. PDL may only deny a request for a substitution from PROGENICS hereunder if PDL has outstanding offers to or reserved licenses for third parties or has ongoing development efforts for a product directed against such Substitute Target Antigen. PDL shall confirm within five (5) business days from receipt of the written notification of substitution from PROGENICS that the proposed substitution is acceptable. If PDL denies the proposed substitution, then PROGENICS shall have a right to request an alternative Substitute Murine Antibody and Substitute Target Antigen either under development by PROGENICS or with respect to which PROGENICS has entered into negotiations to obtain commercial rights and acquires such commercial rights no later than the first anniversary of the Effective Date. Effective upon the confirmation from PDL that the Substitute Target Antigen and Substitute Murine Antibody may be substituted under this Section 2.01(b), the Agreement shall be deemed amended to reflect the Substitute Murine Antibody and Substitute Target Antigen as the Murine Antibody and Target Antigen, respectively, hereunder. In addition, the parties agree that (a) as promptly as practicable but in any event not later than sixty (60) days following the notification, each party shall return any proprietary information and materials of the other party in its possession related to the initial Murine Antibody and initial Humanized Antibody, as the case may be; (b) all Milestones and other obligations under Section 5.01 shall be payable again with respect to the Substitute Murine Antibody except to the extent a credit for previously paid Milestones is provided for in Section 5.01; (c) a Humanized Antibody directed against the CCR5 antigen shall no longer be licensed under the PDL Patent Rights or PDL Technical Information; and (d) as promptly as practicable after the notification PROGENICS shall deliver to PDL a new Cell Line with respect to the Substitute Murine Antibody and PDL shall undertake the Program (as defined in Section 2.02) with respect to such Substitute Murine Antibody. Notwithstanding the foregoing, Sections 3.06, 3.07(b), 6.01 and 6.02 shall not apply to any Substitute Target Antigen selected hereunder; provided that PDL agrees to conduct good faith negotiations on the terms of a royalty buydown with respect to a Licensed Product directed against such Substitute Target Antigen for a period of ninety (90) days following written notification from PROGENICS that it desires to negotiate a royalty buydown.

2.02 Humanization Program. Upon receipt of the Cell Line, subject to Section 2.06, PDL shall promptly commence and diligently use commercially reasonable efforts to apply its humanization technology to the Murine Antibody selected by PROGENICS with the objective of producing a Humanized Antibody and a cell line that expresses the Humanized Antibody (hereinafter, the "Program") having the properties described below. The Program will be conducted as follows:

(a) Phase IA—Humanized Antibody Development; Minimum Binding Affinity. PDL will carry out the necessary efforts to produce a Humanized Antibody not having the same donor residues in one or more of positions 6, 23 or 24 according to the Kabat numbering system, and having a binding affinity constant not less than one-third (1/3) that of the Murine Antibody (hereinafter the "Minimum Binding Affinity") and will provide PROGENICS with the sequence of the Humanized Antibody as well as supply a sufficient quantity of that Humanized Antibody for evaluation to allow PROGENICS to confirm that the Humanized Antibody meets the Minimum Binding Affinity. PDL shall deliver a written confirmation that it believes that the

Humanized Antibody possesses the Minimum Binding Affinity together with the evaluation materials. PROGENICS shall promptly conduct such evaluation using, if technically possible, the method of competitive binding set forth in Queen, et al., Proceedings of the National Academy of Sciences, USA, 86, 1030 (1989). If it is not technically possible to use the method set forth in Queen, et al., the parties shall consult in good faith to agree upon a mutually acceptable alternative method. The results of such tests shall be promptly communicated to PDL and all written results will be provided to PDL as soon as practicable.

(b) Phase IB—Humanized Antibody; Verification; Minimum Anti-HIV Activity. Promptly following delivery of the Humanized Antibody pursuant to Section 2.02(a), PROGENICS shall also evaluate the Humanized Antibody to determine whether such antibody also possesses anti-HIV activity not less than one-third (1/3) that of the Murine Antibody ("Minimum Anti-HIV Activity") as measured according to an HIV-1 infectivity assay that measures the extent of HIV-l replication specified in Trkola et. al., Journal of Virology, 72:396, 1998.

In the event that the supplied Humanized Antibody does not meet both the Minimum Binding Affinity and the Minimum Anti-HIV Activity or is, in PROGENICS' sole discretion, not sufficiently close thereto to proceed with development, PROGENICS shall promptly inform PDL accordingly in writing. PDL shall then use commercially reasonable efforts to produce another Humanized Antibody in an effort to achieve the Minimum Binding Affinity and the Minimum Anti-HIV Activity. PROGENICS acknowledges and agrees that achievement of the Minimum Biological Activity may require use of another IgG isotype, which isotype shall be reasonably acceptable to PROGENICS. In any event, the quantity of Humanized Antibody required by PROGENICS for evaluation under Phase IA and IB shall not exceed approximately 5 mg in the aggregate.

In the event that the second Humanized Antibody does not meet the Minimum Binding Activity and the Minimum Anti-HIV Activity or is, in PROGENICS' sole discretion, not sufficiently close thereto to enable PROGENICS to proceed with development, then the parties shall consult in good faith in order to determine how to proceed with further development.

In the event that PROGENICS determines that one of the Humanized Antibodies provided by PDL meets the Minimum Binding Affinity and the Minimum Anti-HIV Activity, or is sufficiently close thereto to enable PROGENICS to proceed with the Humanized Antibody under Phase II of the Program, it shall promptly notify PDL in writing (the "Phase I Completion Notice"). At the completion of Phase I, if requested by PROGENICS, PDL will deliver a sample of (i) a non-optimized cell line and (ii) a DNA vector ("DNA Vector") producing the Humanized Antibody to allow PROGENICS to conduct research while PDL proceeds with Phase II of the Program.

(c) Phase II—Production Yields. Following the completion of Phase I and delivery by PROGENICS of the Phase I Completion Notice, PDL shall use commercially reasonable efforts to develop and transfer to PROGENICS an Sp2/0 Cell Line which yields at least 15 micrograms of Humanized Antibody/10^6 cells/24 hours (the "Minimum Yield") measured by plating 10^6

cells/ml of media in a 24 well plate and measuring the amount of Humanized Antibody 24 hours after plating. PDL will provide written notification that the Cell Line possesses the Minimum Yield at the time that it transfers to PROGENICS the sterile (but free of chemical sterilizers) and mycoplasma-free Sp2/0 Cell Line, as well as the media to be used by PROGENICS in order to confirm the Minimum Yield measured in the same manner as described in Section 2.02(a) above.

2.03 Program Risks. PROGENICS acknowledges that there is no guarantee that PDL will achieve the objectives of the Program and other requirements specified herein and that failure to achieve any of the objectives of the Program shall not constitute a breach of this Agreement, provided that PDL has used commercially reasonable efforts to achieve such objectives and has otherwise complied with the terms of this Agreement.

2.04 Updates. PDL shall consult with PROGENICS on the Program approach to be undertaken by PDL and shall provide PROGENICS with monthly updates on the progress of the Program. PDL shall provide PROGENICS additional information reasonably requested with respect to the progress and status of the Program.

2.05 Information. PDL shall keep written records of its development efforts under the Program for such period as may be specified by PDL's internal record retention policies with respect to such information. PDL shall specify in writing the applicable retention periods for the relevant records following completion of the Program. PDL shall cooperate and in good faith provide copies of or access to any information or records related to the work conducted under the Program that may be required or reasonably necessary by PROGENICS for patent prosecution and maintenance or regulatory submissions with respect to Licensed Products; provided that no rights to the financial records or information of PDL are granted under this Section 2.05.

2.06 Modified F_c Region. PROGENICS has requested that the Licensed Product contain a modified F_c region prepared by PDL. PROGENICS acknowledges and agrees that if the Licensed Product contains a modified F_c region prepared by PDL, then the PDL Modified F_c Patent Rights and certain Third Party Modified F_c Patent Rights as identified on **Exhibit C** shall be required under this Agreement and that the additional royalties set forth in Section 2 of **Exhibit C**, if applicable, shall be in addition to royalties payable to PDL under Section 5.03(a).

3. OWNERSHIP AND PATENT RIGHTS

3.01 License Grant. Subject to the terms and conditions of this Agreement, PDL hereby grants, and PROGENICS hereby accepts, the following licenses:

(a) an exclusive, worldwide license, including the right to grant sublicenses, to develop, make, have made, import, use, sell, offer to sell or have sold Licensed Products and related cell lines, including the Sp2/0 Cell Line;

(b) an exclusive, worldwide, license, including the right to grant sublicenses, under any claims in the PDL Patent Rights that relate specifically to the Humanized Antibody or any modification, variant or fragment of the Humanized Antibody containing at least the hypervariable region of the Murine Antibody thereof (but not to those claims which may relate to any other antibodies or to any modifications, variants or fragments thereof or to any humanization technology applicable to any antibodies other than the Humanized Antibody) to develop, make, have made, import, use, sell, offer to sell or have sold Licensed Products;

(c) a nonexclusive, worldwide license, including the right to grant sublicenses, to PDL Technical Information and those claims in PDL patents and patent applications not licensed under Sections 3.01(b) and 3.01(e) solely to the extent required or reasonably necessary to enable PROGENICS to develop, make, have made, import, use, sell, offer to sell or have sold Licensed Products, provided, however that the disclosure of PDL Technical Information shall remain subject to the confidentiality obligations set forth in this Agreement;

(d) to the extent PDL is legally permitted and if requested by PROGENICS, a nonexclusive, worldwide sublicense under the third party patents licensed to PDL and identified on **Exhibit B** solely to the extent necessary to enable PROGENICS to develop, make, have made, import, use, sell, offer to sell or have sold Licensed Products; and

(e) if, at the request of PROGENICS, the Licensed Product contains a modified F_c region prepared by PDL, (i) a nonexclusive, worldwide license, including the right to grant sublicenses, under the PDL Modified F_c Patent Rights and (ii) to the extent PDL is legally permitted, a nonexclusive, worldwide sublicense under the Third Party Modified F_c Patent Rights, such license rights under (i) and (ii) solely to the extent necessary to enable PROGENICS to develop, make, have made, import, use, sell, offer to sell or have sold Licensed Products containing a modified F_c region prepared by PDL.

In any event, PROGENICS may terminate its rights under Sections 3.01(d) or (e) (except to the extent expressly provided in **Exhibit C**) under any specific third party license (or all such licenses) upon written notice to PDL.

3.02 PROGENICS' Ownership; Patent Prosecution.

(a) PROGENICS shall own any and all inventions, discoveries, concepts and ideas, whether patentable or not, developed by employees or collaborators of PROGENICS related to the Murine Antibody. Nothing contained herein shall grant or be deemed to grant any right or license, express or implied, by PROGENICS to PDL or any other person with respect to the Murine Antibody, PROGENICS Technical Information or any other rights (patent or other) of PROGENICS except to the extent required or reasonably necessary for (and then only for the purpose of) the discharge by PDL of its obligations to PROGENICS hereunder.

(b) The results of pharmacological, toxicology, clinical and other tests and evaluations relating to the Humanized Antibody shall be the property of PROGENICS. PROGENICS agrees to provide PDL with a summary of the results of any pharmacological, toxicology, clinical and other tests and evaluations relating to the Humanized Antibody conducted by or for PROGENICS for use by PDL in the prosecution or defense of PDL Patent Rights. Except as expressly provided herein, the disclosure of such information to PDL shall be subject to the confidentiality and non-use provisions of the confidentiality agreement described in Article 8 hereof.

(c) PROGENICS shall have the right to seek and obtain patent protection in relation to the subject matter of Section 3.02(a) and (b), as it deems appropriate at its own cost, without prejudice, however, to the right of involved PDL employees or collaborator(s), if any, to be named as inventor(s) or co-inventor(s) in accordance with applicable patent laws. PDL shall provide reasonably required assistance to PROGENICS, at the expense of PROGENICS, in the event that PROGENICS wishes to seek such patent protection.

(d) PROGENICS, in the name of and with the cooperation of PDL, shall assume the filing, prosecution and maintenance of any patent applications directly related to the Humanized Antibody under the patents and other rights licensed by PDL pursuant to Section 3.01(b), provided that the expenses of filing, prosecuting and mamtaining patents and patent applications hereunder shall be borne by PROGENICS. PROGENICS shall provide PDL with reports no less frequently than once per calendar year listing all patents and patent applications filed, prosecuted or maintained by PROGENICS pursuant to the provisions hereof, including identification of the patents and patent applications by number and country, together with a brief description of the status of the prosecution or patent. If PROGENICS determines not to file or not to continue to prosecute and maintain any patent application pursuant to the terms of this Section 3.02(d), for any particular invention or country, PROGENICS shall promptly, and in any event not less than ten (10) business days prior to the date in which a failure to file or respond would prejudice the rights of PDL hereunder, notify PDL in writing of such determination and PDL shall have the right, in its sole discretion, to file, prosecute and maintain such patent application at its sole expense and PROGENICS shall cooperate with PDL in support of such efforts.

3.03 PDL Ownership.

(a) Ownership of the PDL Patent Rights and PDL Technical Information developed or used by PDL in furtherance of the Program conducted under this Agreement, as well as the Humanized Antibody and cell lines, including the Sp2/0 Cell Line, that express the Humanized Antibody, shall remain the property of PDL. PDL shall own any and all inventions, discoveries, concepts and ideas, whether patentable or not, developed by employees or collaborators of PDL related to the Humanized Antibody, without prejudice, however, to the right of involved PROGENICS employees or collaborators, if any, to be named as inventors or co-inventors in accordance with applicable patent laws.

(b) Subject to Section 3.02(d), PDL shall have the right to seek and obtain patent protection in relation to the subject matter of this Section 3.03 as it deems appropriate at its own cost, without prejudice, however, to the right of involved PROGENICS employees or collaborator(s), if any, to be named as inventor(s) or co-inventor(s) in accordance with applicable patent laws. PROGENICS will provide reasonably required assistance to PDL, at the expense of PDL, in the event that PDL wishes to seek such patent protection.

3.04 Sublicenses.

(a) PROGENICS shall have the right to grant sublicenses of its rights under Section 3.01(a)-(d) and, if applicable, Section 3.01(e), with respect to Licensed Products, provided that PROGENICS shall remain obligated to pay all Milestones and royalties due to PDL with respect to the sale of Licensed Products by its assignee or sublicensee. In addition, the grant of any sublicenses under Section 3.01 shall be on terms and conditions which are subject to and subordinate to the terms of this Agreement and PROGENICS shall remain fully responsible to PDL for the performance by PROGENICS' sublicensees of any and all such terms applicable thereto. Promptly following execution of any sublicense hereunder, PROGENICS shall provide to PDL a copy of the sublicense agreement.

(b) In the event that this Agreement is terminated by PDL for breach by PROGENICS under Section 9.02(b), PDL agrees to enter into a license agreement with any sublicensee of PROGENICS under this Agreement effective as of the date of termination on substantially the same terms and conditions as this Agreement (but in any event on terms no less favorable in any material respect to such sublicensee than those terms pertaining prior to any such termination); provided that such sublicensee did not cause the breach by PROGENICS resulting in termination or is not itself in breach.

3.05 Third Party Rights.

(a) Existing Third Party Licenses Available for Sublicense. If PROGENICS retains a sublicense under the third party licenses identified in **Exhibit B** or Section 2 of **Exhibit C**, such sublicenses shall not include any additional payments by or royalties from PROGENICS to PDL for the rights to such sublicenses (other than as may be payable to such third parties by PROGENICS through PDL as set forth in such agreements). PROGENICS understands and agrees that the licenses granted to it under this Agreement include sublicenses by PDL under agreements between PDL and certain third parties as set forth in **Exhibit B** and, if applicable, **Exhibit C**. PROGENICS understands and agrees that such sublicenses may in some respects be more restrictive than the terms and conditions of this Agreement, acknowledges that it has received copies of such agreements and agrees to abide by all terms and conditions of such agreements applicable to sublicensees. During the period PROGENICS elects to retain its rights under Section 3.01 with respect to the agreements set forth in **Exhibit B** and, if applicable, **Exhibit C**, PDL agrees to notify PROGENICS if any sublicensed agreement set forth in **Exhibit B** and, if applicable, **Exhibit C**, is either (a) amended in a manner that materially affects the rights of PROGENICS hereunder or (b) terminated. In the event of a material amendment, PDL shall provide PROGENICS with a copy of such amended agreement or a summary of the amended terms promptly following the effective date of such amendment. PDL agrees not to enter into any amendment of such agreements which would materially limit or restrict the rights of PROGENICS with respect to Licensed Products under the agreement sublicensed, without either (i) procuring for PROGENICS the right to enter into a sublicense directly with such licensor on terms and conditions substantially similar to those under the applicable sublicense hereunder (but in any event on terms no less favorable in any material respect than those terms pertaining prior to such amendment), or (ii) obtaining the prior written consent of PROGENICS, which consent shall not be unreasonably withheld or delayed.

(b) Additional Third Party Licenses. PDL shall in good faith use commercially reasonable efforts to provide to PROGENICS on or about each anniversary of the Effective Date a list of third party licenses with respect to which PDL has the right to grant sublicenses that PDL believes may include claims that but for a license under such agreement would be infringed by the making, using, importing, selling or offering for sale Licensed Products as a result of the humanization efforts of PDL hereunder and, if elected, the modified F_c region prepared by PDL. Upon request from PROGENICS, PDL shall provide a copy of the third party license agreement with respect to which PROGENICS may desire a sublicense. If PROGENICS desires a sublicense under such third party agreement, PDL and PROGENICS shall enter into an amendment to **Exhibit B** or **Exhibit C**, as the case may be, to include therein such third party rights, provided that as a condition to such amendment, PROGENICS shall pay to PDL any fees and payments that may be required in order for PDL to grant such sublicense (including reimbursement to PDL of a reasonable share of any of the fees or payments previously made by PDL for its license).

3.06 Most Favored Licensee. If, after the Effective Date, PDL enters into an agreement ("Third Party License") granting a license under the PDL Patent Rights to a third party, other than a PDL Affiliate, to make, have made, import, use or sell an antibody binding to the Target Antigen that includes a net royalty to PDL less than that provided in Section 5.03(a) for net sales of a licensed products directed against the Target Antigen, PDL shall promptly notify PROGENICS in such event and provide PROGENICS with a copy of the Third Party License which copy shall include in reasonable detail the royalty terms of the Third Party License and any other obligations that may have been agreed upon by the third party in consideration for the lower royalty (e.g., a royalty buy down payment). PROGENICS shall have the right for thirty (30) days after receipt of a copy of the Third Party License from PDL to enter into an amendment to this Agreement to reduce the royalties under the same terms and conditions as those set forth under the Third Party License. The parties agree to execute such documents as may be reasonably necessary to carry out the purpose of this Section 3.06.

3.07 Diligence Obligations; Non-Humanization.

(a) For so long as PROGENICS is using commercially reasonable effort to develop and obtain regulatory approvals for Licensed Products, PDL shall not directly or indirectly, alone or with others, develop any product that is an antibody or contains a variable region of an antibody directed against the Target Antigen; provided, however, that the foregoing limitation shall not prohibit PDL from humanizing an antibody or any modification, variant or fragment of an antibody for and granting a license under the PDL Patents and PDL Technical Information to a third party (to the extent such grant does not conflict with Section 3.01) if PROGENICS has received notification from PDL under Section 6.01(a) and PROGENICS has elected not to exercise its right to enter into an amendment to this Agreement to obtain an exclusive license as provided under Section 6.01. The term "commercially reasonable efforts" as used in this Section 3.07(a) shall mean that PROGENICS or its Affiliate or sublicensee hereunder has: (a) either

initiated a Phase I clinical trial or paid Milestones 5 and 6 within three (3) years after delivery of the Sp2/0 Cell Line hereunder; (b) either initiated a Phase II clinical trial or paid Milestone 7 within six (6) years after delivery of the Sp2/0 Cell Line hereunder; and (c) either initiated a Phase III clinical trial or paid Milestone 8 within eight (8) years after delivery of the Sp2/0 Cell Line hereunder. PROGENICS shall provide PDL with regular, and in any event not less than annual, written summary reports of the development efforts on and progress of the Humanized Antibody and such further information as PDL may reasonably request in connection with any such written reports in order to establish satisfaction by PROGENICS of the condition to PDL's obligation under this Section 3.07.

(b) In any event, PDL agrees that for a period of nine (9) months following delivery of the Sp2/0 Cell Line to PROGENICS pursuant to Section 2.02(c), PDL will not humanize for a third party any antibody, or part thereof, directed against the Target Antigen.

4. CERTAIN ADDITIONAL SUBLICENSE RIGHTS

4.01 Right to Obtain Option. Through June 14, 1999 (i.e., until midnight California time on that date), PROGENICS shall have the right, upon written request and subject to the concurrent payment to PDL of One Hundred Sixty-Six Thousand, Six Hundred and Sixty-Six Dollars and Sixty-Six Cents (U.S.$166,666.66) (representing one sixth (1/6) of the initial fee of One Million Dollars (U.S.$1,000,000) paid by PDL under the Master Agreement (as defined below)) ("Option Fee"), to cause PDL to (a) reserve one of its rights under that certain Patent Licensing Master Agreement (the "Master Agreement") dated September 25, 1998 by and between PDL and Genentech, Inc. ("GNE") to later take a license under the GNE Licensed Patents (as defined in the Master Agreement) with respect to the Licensed Product and (b) sublicense such right to PROGENICS (the "Option"). The Option shall be subject to all terms and conditions of the Master Agreement and shall expire upon expiration of PDL's corresponding rights under the Master Agreement. PDL shall provide commercially reasonable assistance to PROGENICS in its review of the GNE patents available for license under the Master Agreement in order for PROGENICS to determine whether to exercise the Option.

4.02 Exercise of Option; Payment of License Exercise Fee. Upon exercise of the Option and to the extent permitted under the terms of the Master Agreement, PROGENICS shall receive a sublicense from PDL under the terms of the Master Agreement upon written notice to PDL delivered with the PDL License Exercise Fee set forth in Section 6.2 of the Master Agreement of (i) Five Hundred Thousand Dollars ($500,000) for a license under the Chimera Patents (as defined by the Master Agreement); and/or (ii) Five Hundred Thousand Dollars ($500,000) for a license under the Coexpression Patents (as defined by the Master Agreement), each as may be adjusted according to the terms of the Master Agreement. Within fifteen (15) days after exercise by PROGENICS of the Option pursuant to this Section 4.02, PDL shall notify GNE that it is exercising its right under the Master Agreement to obtain a license with respect to the Licensed Product. Upon receipt of such license; PDL shall promptly thereafter grant a sublicense to PROGENICS under the terms of such license agreement and this Agreement (including the amendment of **Exhibit B** to include such sublicense agreement).

4.03 Credit if GNE Declines Exercise of Rights. If GNE denies PDL the right to obtain a license with respect to the Licensed Product as provided under the terms of the Master Agreement, the Option Fee shall be fully creditable in two equal installments against annual maintenance fees payable by PROGENICS pursuant to Section 5.06 or, if no maintenance fees are payable in any given year, against earned royalties payable pursuant to Section 5.03(a) or Milestone payments payable pursuant to Section 5.01. The Option Fee is non-refundable and, except as expressly provided herein, non-creditable.

5. MILESTONE PAYMENTS; ROYALTIES. REPORTS

5.01 Milestones.

(a) In consideration for the efforts and licenses granted by PDL under Section 3.01, PROGENICS shall make payments upon the achievement of certain Milestones as set forth in this Section 5.01(a). Except as expressly set forth below (including as specified in the notes to the table), within thirty (30) days after the achievement of each of the following Milestones, PROGENICS shall make the specified non-refundable and non-creditable payment to PDL for the corresponding Milestone as follows:

Milestone(1)(2)	Milestone Payment Amount
1. Execution of this Agreement	U.S.$500,000(3)
2. PDL delivers to PROGENICS (a) a Humanized Antibody possessing the Minimum Binding Affinity and (b) the sequence to such Humanized Antibody as provided in Section 2.02(a).	U.S.$500,000 or U,S.$750,000(4)
3. PDL delivers the Sp2/0 Cell Line possessing the Minimum Yield to PROGENICS as provided in Section 2.02(c).	U.S.$500,000(5)
4. The earlier of (i) one (1) year after delivery of the Sp2/0 Cell Line as provided in Section 2.02(c), or (ii) initiation of preclinical testing of a Licensed Product.(6)	U.S.$400,000
5. Filing of an IND for a Licensed Product (or equivalent filings in countries other than the U.S.).	U.S.$300,000
6. Initiation of a Phase I clinical trial of a Licensed Product	U.S.$300,000

7. Initiation of a Phase II clinical trial of a Licensed Product	U.S.$1,000,000
8. Initiation of a Phase III clinical trial of a Licensed Product	U.S.$1,000,000
9. Submission of a BLA for a Licensed Product (or equivalent filings in countries other than the U.S. representing a Major Market (7)).	U.S.$500,000
10. FDA approval of a BLA for a Licensed Product (or equivalent approval in a country other than the U.S. representing a Major Market).	U.S.$500,000
TOTAL	U.S.$5,750,000

(1) The term "initiation" means, with respect to a human clinical trial, the treatment of a patient with a Licensed Product pursuant to a clinical protocol of the specified clinical trial.

(2) Except as expressly provided in Section 2.01(b), Milestone payments shall be payable only once, which shall be the first time a Milestone is achieved. If a Milestone is skipped or avoided by advancing development of the Licensed Product to a later development step, then the Milestone that would be expected to occur earlier shall be deemed to have been achieved at the same time the later Milestone is achieved, and the corresponding payments for the Milestones achieved shall be due. References to clinical trials are references to the most advanced clinical development stage of the Licensed Product as specified in the protocol filed with the FDA, regardless of therapeutic indication (e.g., a Phase I/II clinical trial shall be deemed to trigger Milestone 7).

(3) PROGENICS shall make the Milestone 1 payment to PDL within ten (10) days after execution of this Agreement.

(4) If PDL delivers to PROGENICS a Humanized Antibody possessing the Minimum Binding Affinity that does not contain a modified F_c region prepared by PDL, then the Milestone 2 payment shall be Five Hundred Thousand Dollars ($500,000). If PDL delivers to PROGENICS a Humanized Antibody possessing the Minimum Binding Affinity that contains a modified F_c region prepared by PDL, then the Milestone 2 payment shall be Seven Hundred Fifty Thousand Dollars ($750,000). A portion of the Milestone 2 payment of Seven Hundred Fifty Thousand Dollars ($750,000) may be subject to credit as provided in Section 5.01(c).

(5) PROGENICS shall make the Milestone 3 payment to PDL within forty-five (45) days after delivery of the Cell Line.

(6) The term "initiation of preclinical testing" means the initiation of the first tissue screening study involving the Licensed Product by or for PROGENICS.

(7) The term "Major Market" means any of Japan, the United Kingdom, France, Italy or Germany.

(b) Through June 28,1999 (i.e., until midnight California time on that date), the Milestone 1 payment shall be fully creditable against payments to PDL for efforts to humanize the Substitute Murine Antibody should PROGENICS exercise its substitution right under Section 2.01(b). Commencing on June 29, 1999, the creditable amount of Milestone 1 payment shall decline, at the linear rate of one-forty-fifth (1/45th) per day, to zero on August 11, 1999.

(c) In the event that PROGENICS pays to PDL a Milestone 2 payment of Seven Hundred Fifty Thousand Dollars ($750,000) and subsequently triggers any of Milestones 7-10 with a Licensed Product that does not contain a modified F_c region prepared by PDL, then Two Hundred and Fifty Thousand Dollars ($250,000) of such Milestone 2 payment shall be credited toward the first Milestone payment after Milestone 6 that is triggered with a Licensed Product that does not contain a modified F_c region prepared by PDL.

5.02 Payments. Payment shall be made by wire transfer to the following account or such other account as may be specified by PDL to PROGENICS in writing at least two (2) business days in advance of the date of payment:

State Street Bank and Trust Co.
Boston, MA.
ABA # 0110 0002 8
ATTN: Merrill Group
Credit MLIF # 3214958
N/O Protein Design Labs, Inc.

5.03 Royalties to PDL.

(a) Royalties. Subject to Section 5.03(c) and, if applicable, Section 6.01, in further consideration of the rights and licenses granted by PDL under Section 3.01, PROGENICS shall pay to PDL a royalty of Four and One-Half Percent (4.5%) on the Net Sales of all Licensed Products sold by PROGENICS or its Affiliates or sublicensees.

(b) Term of Royalties. Royalties payable pursuant to Section 5.03(a) shall be payable with respect to the Net Sales of Licensed Products by PROGENICS, its Affiliates or sublicensees in each country until the later of

(i) ten (10) years from the date of First Commercial Sale of any Licensed Product in that country, or

(ii) the last date on which there is a Valid Claim or a pending claim under PDL Patent Rights (which pending claim would be a Valid Claim if the pending claim were treated as granted, provided that such pending claim shall not be pending for a period longer than ten (10) years from the Effective Date) that, but for the licenses granted to PROGENICS under this Agreement, would be infringed by the manufacture, use, importation or sale of that Licensed Product in such country or by the manufacture of that Licensed Product in the country of manufacture.

(c) Royalty Reductions. The royalty payable under Section 5.03(a) shall be subject to reduction under certain circumstances in certain countries as described in this Section 5.03(c); provided that no royalty reduction shall apply in the event of an amendment to this Agreement pursuant to Section 6.01.

(i) U.S. and Major Markets. In the U.S. or in any Major Market (as defined in Section 5.01(a)) country, as the case may be, the royalty under Section 5.03(a) shall be reduced to Three and One-Half Percent (3.5%) in each such country beginning with the first quarterly reporting period in which there is no Valid Claim or no pending claim under PDL Patent Rights that is treated as a Valid Claim (i.e., for purposes of this Section 5.03(c)(i), a pending claim shall be treated as a Valid Claim so long as such pending claim shall not be pending for a period longer than ten (10) years from the Effective Date) in that country that, but for the licenses granted to PROGENICS under this Agreement, would be infringed by the manufacture, use, importation or sale of that Licensed Product in such country or by the manufacture of that Licensed Product in the country of manufacture.

(ii) Rest of World. In all countries other than the U.S. and the Major Market countries ("ROW"), the royalty under Section 5.03(a) shall be reduced to Three and One-Half Percent (3.5%) in the ROW beginning with the first quarterly reporting period in which in at least four (4) of the countries the U.S. or Major Market countries (i.e., any 4 of the U.S., Japan, the United Kingdom, France, Italy or Germany) there is no Valid Claim or no pending claim under PDL Patent Rights that is treated as a Valid Claim (i.e., for purposes of this Section 5.03(c)(ii), a pending claim shall be treated as a Valid Claim so long as such pending claim shall not be pending for a period longer than ten (10) years from the Effective Date) that, but for the licenses granted to PROGENICS under this Agreement, would be infringed by the manufacture, use, importation or sale of that Licensed Product in such country or by the manufacture of that Licensed Product in the country of manufacture.

(iii) Failure to Maintain PDL Patent Rights. Notwithstanding Sections 5.03(d)(i) and (ii), the royalty under Section 5.03(a) shall be reduced to Two and One-Half Percent (2.5%) in any country beginning with the first quarterly reporting period in which PDL fails to maintain issued patents under the PDL Patent Rights such that as a result of the failure of PDL to maintain such issued patents in the country in question, there is no Valid Claim that, but for the licenses granted to PROGENICS under this Agreement would be infringed by the manufacture, use, importation or sale of that Licensed Product in such country or by the manufacture of that Licensed Product in the country of manufacture; provided that a royalty reduction hereunder shall not apply with respect to any issued patents in any country that PROGENICS elects not to maintain pursuant to Section 3.02(d).

(iv) Competition. In the event that sales in any given country by independent third parties of a human or humanized antibody directed against the Target Antigen ("Third Party Sales") exceed Twenty-Five Percent (25%) of the aggregate gross revenues ("Reduction Threshold") derived by or payable from or on account of the sale of Licensed Products in that country by PROGENICS, its Affiliates and sublicensees in any two consecutive quarterly

reporting periods hereunder, PROGENICS shall inform PDL in writing and royalties payable to PDL under Section 5.03(a) shall be reduced to One and One-Half Percent (1 ½%) on Net Sales of all Licensed Products sold by PROGENICS or its Affiliates or sublicensees in that country beginning with the first quarterly reporting period after the Reduction Threshold is exceeded for two consecutive quarterly reporting periods and continuing until the first quarterly reporting period after two consecutive quarterly reporting periods in which Third Party Sales no longer exceed the Reduction Threshold in that country. In addition, if in the U.S. or any country which is a Major Market (as defined in Section 5.01(a)) Third Party Sales of units of Licensed Products exceed Fifty Percent (50%) of the unit sales of Licensed Products in that country by PROGENICS, its Affiliates and sublicensees in any two consecutive quarterly reporting periods hereunder, PROGENICS shall inform PDL in writing, and PROGENICS and PDL shall negotiate in good faith on an equitable royalty reduction to an amount not less than One and One-Half Percent (1 ½%), with the goal of improving the competitive position of Licensed Products with respect to "unit sales." For purposes of identifying unit sales, the parties shall take into consideration, as applicable, varying therapeutic indications and dosing regimens, it being the intent of the parties that unit comparisons be made as closely as practicable on a units-per-patient basis.

5.04 Royalties to Third Parties.

(a) PROGENICS shall be solely responsible for the payment of any royalties payable to third parties arising out of the manufacture or sale of Licensed Products by PROGENICS, its Affiliates or sublicensees, including any royalties payable under the third party licenses identified on **Exhibit B** and **Exhibit C** (if the Licensed Product contains a modified F_c region prepared by PDL), which shall be in addition to the royalties specified in Section 5.03. This shall include all royalties payable to third parties pursuant to sublicenses granted by PDL to PROGENICS under this Agreement, which PROGENICS shall, if possible, pay directly to such third parties.

(b) In the event that PROGENICS has an existing sublicense from PDL hereunder and determines that it is not possible to pay royalties directly to third parties under such license agreements, including those identified in **Exhibit B** and **Exhibit C** (if the Licensed Product contains a modified F_c region prepared by PDL), PROGENICS shall promptly remit the appropriate royalty payments to PDL and PDL shall pay the third party royalties when due under the terms of PDL's agreement with such third party licensors.

5.05 Sales Among Affiliates and Sublicensees; Single Royalty. Sales between and among PROGENICS and its Affiliates and sublicensees of Licensed Products which are subsequently resold or to be resold by such Affiliates and sublicensees shall not be subject to royalty, but in such cases royalties shall accrue upon the occurrence of and be calculated based on any subsequent sale of such Licensed Products to a non-Affiliate or non-sublicensee. In any event, no provision of this Agreement shall be construed as requiring the payment of more than a single royalty for each Net Sale of Licensed Product regardless of the number of patentable or patented claims under PDL Patent Rights or amount of PDL Technical Information incorporated into such Licensed Product. By way of illustration and without limitation, Licensed Products royalties payable to PDL of 4.5% (excluding royalties received by PDL payable to third party licensors

from PROGENICS) shall represent the maximum royalty payable to PDL for licenses under the PDL Patent Rights (regardless of the subsequent issuance of additional patents to PDL that may cover Licensed Products) and shall apply only to Net Sales of that Licensed Product to the end user customer and not to any earlier transfer in the chain of distribution of that Licensed Product.

5.06 Annual Maintenance Fee. In further consideration of the licenses granted under Section 3.01, not later than ten (10) days following the second (2nd) anniversary of the Effective Date and not later than each anniversary thereafter, PROGENICS shall pay PDL a nonrefundable annual maintenance fee ("Annual Maintenance Fee") in the amount of One Hundred and Fifty Thousand Dollars ($150,000). The Annual Maintenance Fee shall not be payable for any annual period immediately following a year in which royalties paid to PDL by PROGENICS (net of offsets, if any, other than the credit described in Section 5.03) under Section 5.03 hereof exceed One Hundred and Fifty Thousand Dollars ($150,000). By way of illustration and without limitation, if PROGENICS pays the Annual Maintenance Fee in April 2003 and the royalties paid to PDL in 2003 exceeded One Hundred and Fifty Thousand Dollars ($150,000), then no Annual Maintenance Fee for 2004 shall be payable in April 2004. Notwithstanding any other provision of this Agreement or the actual Net Sales of Licensed Products subject to reporting in any quarterly period hereunder, PROGENICS shall have the right to report and pay a minimum royalty of at least One Hundred and Fifty Thousand Dollars ($150,000) in any reporting period.

5.07 Withholding.

(a) Payments. All amounts payable under Sections 5.01 and 5.06 shall represent the actual proceeds to be received by PDL after any deductions or withholding for any taxes (other than taxes based on PDL's income) that may be applicable to the payment of any Milestone hereunder by reason of PROGENICS having sublicensed or otherwise transferred or assigned any rights under this Agreement to which Sections 5.01 and 5.06 pertain to a person that is not a U.S. person for U.S. federal income tax purposes. PDL agrees to reasonably cooperate with PROGENICS in obtaining a refund, or otherwise mitigating the effects, of any withholding taxes covered by the foregoing sentence paid by PROGENICS with respect to any payments to PDL hereunder. In the event that PDL is successful in obtaining any refund, or otherwise mitigating the effects, of tax withholding amounts paid by PROGENICS under this Agreement, PDL agrees to promptly remit the amount of such refund or other benefit to PROGENICS.

(b) Royalty Payments. PROGENICS may withhold from royalties due to PDL amounts for payment of any withholding tax that PROGENICS has paid to any taxing authority with respect to royalties paid to PDL under this Agreement on the sale or manufacture of Licensed Products. PROGENICS agrees to reasonably cooperate with PDL in obtaining a foreign tax credit in the U.S. with respect to taxes withheld on royalties due to PDL on the sale or manufacture of Licensed Products.

5.08 Currency Conversion. All amounts payable to PDL under this Agreement shall be payable in U.S. Dollars by wire transfer to a bank account designated by PDL. In the case of royalties on sales, all amounts payable shall first be calculated in the currency of sale and then converted into U.S. Dollars using the average of the daily exchange rates for such currency quoted by Citibank, N.A. for each of the last fifteen (15) banking days of each calendar quarter.

5.09 Interest on Overdue Payments. PROGENICS shall be liable for interest on any overdue payments under Sections 5.01, 5.03 and 5.06 at the rate of ten percent (10%) per annum, or the highest rate allowed by law, whichever is less, commencing on the date such payments are due until paid.

5.10 Reports.

(a) Current Reports. PROGENICS agrees to make written reports and royalty payments to PDL within forty-five (45) days after the close of each calendar quarter during the term of this Agreement, beginning with the calendar quarter in which the date of first sale to an independent third party occurs. These reports shall show Net Sales of the Licensed Products by PROGENICS and its Affiliates for the calendar quarter with respect to which the report is delivered as well as Net Sales of the Licensed Products reported by sublicensees in that calendar quarter on a country-by-country basis, details of the quantities of Licensed Products sold in each country and the country of manufacture if different, applicable offsets, withholding taxes and the net royalty due to PDL thereon pursuant to Article 5. Concurrently with the making of each such report, PROGENICS shall make any payment due to PDL of royalties for the period covered by such report.

(b) Termination Report. If this Agreement terminates at any time after royalties on Licensed Products are payable pursuant to Section 5.01, PROGENICS also agrees to make a written report to PDL within ninety (90) days after the date on which PROGENICS, its Affiliates or sublicensees last sell Licensed Products stating in such report the same information required by quarterly reports for all such Licensed Products made, sold or otherwise disposed of which were not previously reported to PDL.

(c) Notification of Marketing Approval. PROGENICS agrees to notify PDL in writing within sixty (60) days after the date on which PROGENICS, its Affiliates or sublicensees obtain marketing approval of a Licensed Product in any country. Such notice shall specify the country in which marketing approval was obtained and the date of such approval.

5.11 Inspection PROGENICS agrees to keep accurate and complete records for a period of at least three (3) years (or such longer period as may correspond to PROGENICS' internal records retention policy) for each reporting period in which Net Sales occur showing the manufacturing, sales, use and other disposition of Licensed Products in sufficient detail to enable the royalties payable hereunder to be determined, and further agrees to permit its books and records to be examined by an independent accounting firm selected by PDL and reasonably satisfactory to PROGENICS, from time-to-time to the extent necessary, but not more than once a year. Such examination is to be made at the expense of PDL, except in the event that the results of the audit reveal that PROGENICS underpaid PDL by seven and one-half percent (7.5%) or more, in which case the audit fees shall be paid by PROGENICS. Any such discrepancies will be promptly corrected by a payment or refund, as appropriate.

6. EXCLUSIVE LICENSE RIGHT; ROYALTY BUY DOWN; MANUFACTURING

6.01 Exclusive License Right.

(a) In the event that a third party makes a bona fide request for a license from PDL under the PDL Patent Rights with respect to an antibody directed against the Target Antigen, PDL shall promptly notify PROGENICS in writing of such inquiry (but in no event shall PDL be obligated to identify the third party or the nature of the license requested). PROGENICS shall have fifteen (15) days following delivery of the written notice from PDL to notify PDL that it desires to enter into an amendment to this Agreement to obtain an exclusive license under the terms of this Section 6.01. Thereafter, the parties shall negotiate in good faith on the additional terms of such amendment as provided in Section 6.01(b). Effective upon the execution of such amendment and the payment of the appropriate non-refundable, non-creditable exclusive license fee set forth below, the license under the PDL patent rights granted pursuant to Section 3.01(c) shall become an exclusive license with respect to the Target Antigen. PROGENICS' right to enter into an amendment to this Agreement for an exclusive license pursuant to this Section 6.01 shall terminate if PROGENICS either fails to timely notify PDL or elects not to exercise its right as provided under this Section 6.01 following written notification from PDL of a bona fide request for a license, or if the parties fail to reach agreement on additional terms as provided in Section 6.01(b). The applicable Exclusive License Fee and Exclusive License Royalty shall be determined by the time of exercise by PROGENICS of its rights hereunder as set forth in the table below.

Time of Exercise of Exclusive License Right(1)	Exclusive License Fee	Exclusive License Royalty to PDL(2)
Through date of initiation of Phase I clinical trial.	U.S. $7 million	7%
After initiation of Phase I clinical trial through date of initiation of Phase I/II or Phase II clinical trial.	U.S.$15 million	7%
After initiation of Phase I/II or Phase II clinical trial through date of initiation of Phase II/III or Phase III clinical trial.	U.S.$25 million	8%
After initiation of Phase II/III or Phase III clinical trial through date of BLA submission (or equivalent filing in countries other than the U.S. representing a Major Market).	U.S.$50 million	9%

After BLA submission through date of BLA approval (or equivalent filing in countries other than the U.S. representing a Major Market).	U.S.$75 million	10%
After BLA approval (or equivalent filing in countries other than the U.S. representing a Major Market).	U.S.$100 million	10%

(1) Refers to the most advanced clinical development stage of the Licensed Product as specified in the protocol filed with the FDA, regardless of therapeutic indication.
(2) Royalties shall not be subject to reduction for royalties payable to third parties.

Effective upon the execution of an amendment including the terms set forth in Section 6.01(b) and the payment of the applicable Exclusive License Fee and subject to the remaining terms and conditions of this Agreement, (a) the license to the PDL Patent Rights and PDL Technical Information granted pursuant to Section 3.01(c) shall be deemed amended to provide for an exclusive, worldwide license, including the right to grant sublicenses, to the PDL patent rights referenced therein and PDL Technical Information to develop, make, have made, import, use, sell, offer to sell or have sold humanized antibodies directed against the Target Antigen, and (b) Section 5.03(a) shall be deemed amended to provide for the royalty rate set forth in the table above corresponding to the time of exercise of PROGENICS' right to obtain an exclusive license right hereunder. In any event, the exclusive license granted herein shall not be deemed to limit or otherwise restrict PDL from licensing the PDL Patent Rights and PDL Technical Information to develop, make, have made, import, use, sell, offer to sell or have sold any antibody or any modification, variant or fragment of an antibody, directed against any antigen other than the Target Antigen or from humanizing any antibody or any modification, variant or fragment of an antibody directed against an antigen other than the Target Antigen.

(b) In the event that PROGENICS elects to exercise its rights pursuant to Section 6.01(a), for a period of thirty (30) days from written notice of exercise from PROGENICS hereunder, the parties shall negotiate in good faith to reach an agreement on the additional terms of such exclusive license, which terms shall include control over the defense, settlement and enforcement of any PDL patent rights to be licensed exclusively hereunder and the allocation of costs and expenses incurred by the parties in defending the rights to be licensed exclusively hereunder against any third party or enforcing such patents against a third party (including the costs of preparing for possible litigation). If the parties are unable to reach agreement on such additional terms during the thirty (30)-day period, then the license hereunder shall remain nonexclusive.

6.02 Royalty Buy Down. For a period of five (5) years from the Effective Date, PROGENICS shall have the right to make a payment to PDL in order to reduce the royalty payable to PDL pursuant to Section 5.03 as follows:

Stage of Development of Licensed Product(1)	Payment Amount per Each One-Half Percent (1/2%) Royalty Reduction(2)
Prior to initiation of Phase II clinical trial	U.S.$1.75 million
After initiation of Phase II clinical trial but prior to initiation of Phase III clinical trial	U.S.$3.5 million
After initiation of Phase III clinical trial but prior to BLA submission	U.S.$5.5 million

(1) Refers to the most advanced clinical development stage of the Licensed Product as specified in the protocol filed with the FDA, regardless of therapeutic indication.

(2) The initial reduction must be a minimum of One Percent (1%) with any subsequent reduction in One-Half Percent (1/2%) increments. In any event, royalty amounts are subject to reduction only down to a minimum royalty rate payable to PDL of two percent (2%).

6.03 Manufacturing by PDL. Upon request by PROGENICS, PDL agrees to consider manufacturing Licensed Products for and on behalf of PROGENICS on terms to be reasonably negotiated under a separate contract. In no event shall this Section 6.03 be construed as an obligation on the part of either party. If PROGENICS desires, and if legally permissible, PDL will manage, under terms and conditions to be mutually agreed upon, a new manufacturing facility financed by PROGENICS within or contiguous to PDL's existing manufacturing facility.

7. REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION

7.01 Representations and Warranties.

(a) Each party represents and warrants to the other that it knows of no legal reason to prevent it from entering into this Agreement.

(b) PROGENICS represents and warrants that it possesses appropriate rights to the Murine Antibodies for PDL to undertake the Program and that the performance of this Agreement by PDL will not infringe any patent, trade secret or other proprietary rights of a third party with respect to the Murine Antibodies.

(c) PDL represents and warrants that as of the Effective Date it has the rights to grant the licenses as provided under Sections 3.01(a), (b) and (c).

(d) As of the Effective Date, PDL has not been informed by any of the third party licensors listed on **Exhibit B** or **Exhibit C** that PDL is not entitled to grant the sublicenses granted under this Agreement.

7.02 No Warranty of Validity, Non-Infringement. PDL makes no representations or warranties, express or implied (except as specifically set forth herein) with respect to any cell line (including the Sp2/0 Cell Line) or Humanized Antibody delivered to PROGENICS under this Agreement and nothing in this Agreement shall be construed as (a) a warranty or representation by PDL as to the validity or scope of any PDL Patent Rights; or (b) a warranty or representation that anything made, used, sold or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents, copyrights, trademarks, trade secrets or other rights of third parties.

7.03 No Other Warranties by PDL. EXCEPT AS SPECIFICALLY SET FORTH IN ARTICLE 7, PDL MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY CELL LINES, ANTIBODIES, LICENSED PRODUCTS OR OTHER MATERIALS DELIVERED TO PROGENICS UNDER THIS AGREEMENT AND PDL FURTHER MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF ANY CELL LINES, ANTIBODIES, LICENSED PRODUCTS OR OTHER MATERIALS DELIVERED TO PROGENICS UNDER THIS AGREEMENT WILL NOT INFRINGE ANY THIRD PARTY RIGHTS.

7.04 No Other Warranties by PROGENICS. EXCEPT AS SPECIFICALLY SET FORTH IN ARTICLE 7, PROGENICS MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY CELL LINES, ANTIBODIES, PROGENICS TECHNICAL INFORMATION OR OTHER MATERIALS DELIVERED TO PDL UNDER THIS AGREEMENT AND PROGENICS FURTHER MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF ANY CELL LINES, ANTIBODIES, PROGENICS TECHNICAL INFORMATION OR OTHER MATERIALS DELIVERED TO PDL UNDER THIS AGREEMENT WILL NOT INFRINGE ANY THIRD PARTY RIGHTS.

7.05 PROGENICS Diligence. PROGENICS acknowledges the provisions of this Article 7 and agrees that, subject to Section 7.06, it is responsible for and has conducted its own investigation and analysis of the patent or other proprietary rights of third parties and the possibility of infringements thereof, that it understands the complexity and uncertainties associated with possible claims of infringement of patent or other proprietary rights of third parties, particularly those relating to pharmaceutical products.

7.06 Indemnification. PROGENICS shall at all times, during the term of this Agreement and thereafter, indemnify and hold harmless PDL and its Affiliates, sublicensees, directors, officers, agents and employees from any claim, proceeding, loss, expense, and liability of any kind whatsoever (including but not limited to those resulting from death, personal injury, illness or property damage and including legal expenses and reasonable attorneys' fees) arising out of or resulting from the development, manufacture, holding, use, testing, advertisement, sale or other disposition by PROGENICS, its Affiliates or sublicensees, or any distributor, customer or representative of PROGENICS or any one in privity therewith, of any Licensed Product or of any cell lines (or their progeny or derivatives, other biological materials, method, process, device or apparatus) or Humanized Antibody licensed or provided by PDL to PROGENICS hereunder; provided, however, that the foregoing indemnity obligation shall not apply where such claim, proceeding, loss, expense or liability is the result of the gross negligence or willful misconduct of PDL. In the event that such claim, loss, expense or liability is the result of the gross negligence or willful misconduct of PDL, PDL shall correspondingly indemnify PROGENICS and its Affiliates, sublicensees, directors, officers, agents and employees.

7.07 Immunity. During the term of this Agreement and for so long as PROGENICS is not in material breach hereof, PDL grants to PROGENICS an immunity from suit by PDL with respect to Licensed Products under the PDL Patent Rights and, if applicable, the PDL Modified F_c Patent Rights. Nothing herein shall be construed as a waiver of any rights of PDL at law or equity otherwise available as a remedy to PDL for a breach of this Agreement by PROGENICS.

8. CONFIDENTIALITY

The provisions of that certain Confidentiality Agreement entered into between PDL and PROGENICS of July 31, 1997, a copy of which is attached hereto as **Exhibit D**, are incorporated by reference as if set forth in their entirety herein. Information (as defined in the Confidentiality Agreement) furnished by a party to the other hereunder, directly or indirectly, including without limitation any specifications and data related to the Murine Antibody and Cell Line and PDL's humanization technology, may be used by the party receiving such Information, except as otherwise expressly provided, only in furtherance of the performance of its obligations under this Agreement. In any event, the term of the Confidentiality Agreement shall continue through the term of this Agreement.

9. TERM AND TERMINATION

9.01 Term. Unless earlier terminated as provided in this Article 9, this Agreement shall come into force on the date first set forth above and shall continue until later of the expiration of the obligation to pay royalties to PDL or to PDL's licensors as specified in Section 5.04, in accordance with Article 5 above. Thereafter, this Agreement shall terminate and all licenses or sublicenses granted hereunder shall become fully paid-up, irrevocable licenses.

9.02 Termination.

(a) This Agreement may be terminated on sixty (60) days prior written notice by PROGENICS; provided that if PROGENICS terminates this Agreement prior to the payment of Milestone 2 for any reason other than a breach of this Agreement by PDL, PROGENICS shall reimburse PDL within thirty (30) days of such termination for incremental costs and non-cancellable expenses incurred by PDL in conducting the Program to the date of termination by PROGENICS. If PROGENICS terminates this Agreement after the payment of Milestone 2, PROGENICS shall have no obligation to reimburse PDL for any costs or expenses incurred by PDL in conducting the Program.

(b) If either party shall at any time default in the payment of any royalty, or the making of any payment required by this Agreement, the other party may, at its option, terminate this Agreement upon ten (10) days written notice, provided that if the receiving party shall have fully cured its default within such ten (10) day period, then the rights and licenses herein granted shall remain in force as if no breach or default had occurred. If either party shall at any time breach any material term, condition or agreement herein other than failure to pay, and shall fail to have initiated and actively pursued remedy of any such default or breach within thirty (30) days after receipt of written notice thereof by the other party, that other party may, at its option, cancel this Agreement and revoke any rights and licenses herein granted and directly affected by the default or breach by notice in writing to such effect. Such act shall not, however, prejudice the right of the party giving notice to recover any royalty or other sums due at the time of such cancellation, and it being understood that if within thirty (30) days after receipt of any such notice the receiving party shall have initiated and actively pursued remedy of its default, then the rights and licenses herein granted shall remain in force as if no breach or default had occurred on the part of the receiving party, unless such breach or default is not in fact remedied within a reasonable period of time.

9.03 No Waiver. The right of either party to terminate this Agreement as provided herein shall not be affected in any way by its waiver of, or failure to take action with respect to, any previous failure to perform hereunder.

9.04 Survival. Any accrued payment and any rights or obligations under Articles 5, 7 and 8 shall survive any termination of this Agreement.

10. MISCELLANEOUS

10.01 Force Majeure. Neither party shall be responsible to the other for failure or delay in performing any of its obligations under this Agreement or for other non-performance hereof provided that such delay or non-performance is occasioned by a cause beyond the reasonable control and without fault or negligence of such party, including, but not limited to earthquake, fire, flood, explosion, discontinuity in the supply of power, court order or governmental interference, act of God, strike or other labor trouble and provided that such party will inform the other party as soon as is reasonably practicable and that it will entirely perform its obligations immediately after the relevant cause has ceased its effect.

10.02 Validity. Should one or several provisions of the Agreement be or become invalid, then the parties hereto shall substitute such invalid provisions by valid ones, which in their economic effect come so close to the invalid provisions that it can be reasonably assumed that the parties would have contracted this Agreement with those new provisions. In the event that such provisions cannot be determined, the invalidity of one or several provisions of the Agreement shall not affect the validity of the Agreement as a whole, unless the invalid provisions are of such essential importance for this Agreement that it is to be reasonably assumed that the parties would not have contracted this Agreement without the invalid provisions.

10.03 Publicity. PDL and PROGENICS will issue a joint press release in the form attached hereto as **Exhibit E** concerning the parties' entry into this Agreement, identifying the parties hereto and the therapeutic area of the Humanized Antibody hereunder, with the other contents of such release to be reviewed and approved in advance by PDL and PROGENICS, which approval shall not be unreasonably withheld. Except as required by law, neither party shall publicly disclose the terms and conditions of this Agreement unless expressly authorized to do so by the other party, which authorization shall not be unreasonably withheld. In any event, PDL shall be entitled to disclose orally (but not in writing) to potential collaborators or investors the aggregate amount of Milestones payments payable hereunder, provided that in no event shall such amounts be specified in the joint press release.

10.04 Disputes. Any claim, dispute or controversy arising out of or in connection with or relating to failure to make a payment under this Agreement shall be submitted by the parties for adjudication in Federal District Court in the State of California.

10.05 Notices. Any notice or report required or permitted to be given under this Agreement shall be in writing and shall be sent by expedited delivery or telecopied and confirmed by mailing, as follows and shall be effective three (3) days after such delivery:

If to PDL: Protein Design Labs, Inc.
34801 Campus Drive
Fremont, California 94555 USA
Attention: Chief Executive Officer
Fax No.: (510) 574-1500

Copy to:	Protein Design Labs, Inc. 34801 Campus Drive Fremont, California 94555 USA Attention: General Counsel Fax No.: (510) 574-1473
If to PROGENICS:	Progenics Pharmaceuticals, Inc. 777 Old Sawmill River Road Tarrytown, NY 10591 USA Attention: Ronald Prentki, President Fax No.: (914) 789-2817
Copy to:	Dewey Ballantine LLP 1301 Avenue of the Americas New York, NY 10019 USA Attention: Donald J. Murray, Esq. Fax No.: (212) 259-6333

10.06 Governing Law. The validity, performance, construction, and effect of this Agreement shall be governed by the laws of the State of California which are applicable to contracts between California residents to be performed wholly within California.

10.07 Entire Agreement. This Agreement constitutes the entire Agreement between the parties hereto with respect to the within subject matter and supersedes all previous Agreements, whether written or oral. This Agreement shall not be changed or modified orally, but only by an instrument in writing signed by both parties.

10.08 Assignment. The rights of either party under this Agreement may not be assigned, and the duties of either party under this Agreement may not be delegated, without the prior written consent of the other party, which consent shall not be unreasonably withheld; provided however, that either party may assign this Agreement without prior written consent to an Affiliate of such party or to a party which acquires all or substantially all of that party's business, whether by merger, sale of assets or otherwise.

10.09 Export. Each party acknowledges that the laws and regulations of the U.S. restrict the export and re-export of commodities and technical data of U.S. origin. Each party agrees that it will not export or re-export restricted commodities or the technical data of the other party in any form without the appropriate U.S. and foreign government licenses.

10.10 Headings. Any headings and captions used in this Agreement are for convenience and reference only and are not a part of this Agreement.

PROGENICS PHARMACEUTICALS, INC. • 777 OLD SAW MILL RIVER ROAD • TARRYTOWN, NY 10591

November 24, 2003

Mark McDade
Chief Executive Officer
Protein Design Labs, Inc.
34801 Campus Drive
Fremont, CA 94555

Re: Development and License Agreement between Protein Design Labs, Inc. and Progenics Pharmaceuticals, Inc., dated April 30,1999 (the "Agreement")

Dear Mark:

This letter agreement will serve to amend the above captioned Agreement. PDL and Progenics hereby agree as follows:

1. The milestone set forth in Section 5.01(a), Milestone Row 3 of the Agreement shall be due on the first to occur of (a) March 31, 2004 or (b) thirty (30) days after issuance of the final report of the preclinical studies being performed at Progenics utilizing the huPRO 140 HG2-IgG4 antibody produced from the Sp2/0 cell line that has been delivered to Progenics by PDL (the "PRO 140 First Generation Antibody").
2. In the event Progenics requests that PDL deliver a second Sp2/0 cell line (the "PRO 140 Second Generation Antibody"), a separate additional milestone payment of $250,000 shall be due in accordance with Section 5.01(a), Milestone Row 3 of the Agreement.
3. Section 5.01(a), Milestone Row 4 is amended to read in full: "The later of (i) one (1) year after the payment of the PRO 140 First Generation Milestone set forth in Section 5.01(a) 3, as amended by this Letter Agreement, or (ii) December 31, 2004."
4. Milestones due under Section 5.01(a), Milestone Row 5 and 5.01(a), Milestone Row 6 (i.e., a total of $600,000) shall be due and payable in the

aggregate only once with respect to the PRO 140 First Generation Antibody or the PRO 140 Second Generation Antibody, and shall be payable upon the earlier to occur of: (a) June 30, 2005 for so long as the PRO 140 First Generation Antibody is being evaluated and developed, in which instance the milestones will be be aggregated and due simultaneously, or (b) individually in accordance with their terms as set forth in the Agreement with respect to the PRO 140 Second Generation Antibody (i.e. filing of an IND for the PRO 140 Second Generation Antibody and Initiation of a phase 1 clinical trial with the PRO 140 Second Generation Antibody, respectively).

5. The Annual Maintenance Fee of $150,000 payable within ten (10) days of each anniversary of the Effective Date (i.e., April 30) shall be suspended until the anniversary date of the Effective Date immediately following the earlier to occur of (a) initiation of the first phase 2 clinical Trial with the first Licensed Product, or (b) December 31, 2006.

All other terms and conditions of the Agreement not specifically modified or revised by the terms of this Letter Agreement will continue in full force and effect. Any capitalized terms used herein that are not defined herein, shall have the same meaning ascribed to them in the Agreement.

If you have any questions or wish to discuss any aspect of the above, please feel free to contact either the undersigned or Philip K. Yachmetz, our Vice President & General Counsel (914.789.2809). If there are no questions or need for discussion, please signify your agreement and assent to the above revisions by executing two (2) copies of this Letter Agreement, returning one (1) copy to Mr. Yachmetz for our records. We look forward to the continuation of our mutually beneficial relationship.

Very truly yours,
PROGENICS PHARMACEUTICALS, INC.

/s/ Paul J. Maddon, M.D., Ph.D.
Paul J. Maddon, M.D., Ph.D.
Chairman & Chief Executive Officer

Agreed and Accepted
PROTEIN DESIGN LABS, INC.

By: /s/ Mark McDade
Mark McDade
Chief Executive Officer

cc: Philip K. Yachmetz, Esq.

Exhibit 10.22

CLINICAL RESEARCH COLLABORATION AGREEMENT

This Clinical Research Collaboration Agreement, effective on the last date of signature ("Effective Date"), is by and between CytoDyn, Inc., a Colorado, Corporation principally located at Lake Oswego, Oregon, **("Company")** and Philadelphia Health & Education Corporation d/b/a Drexel University College of Medicine, a 501(c)(3) Pennsylvania, nonprofit corporation principally located at 245 N. 15th Street, Philadelphia, PA 19102 **("Institution")**. Company and Institution shall herein be individually referred to as "Party" and collectively referred to as "Parties."

WHEREAS Company owns the rights to make, use, sell, and import PRO 140, a humanized monoclonal anti-CCR5 antibody;

WHEREAS Company acquired such rights of PRO 140 from Progenics, Inc. on October 17, 2012;

WHEREAS, Institution has expertise in the field of pharmaceutical, clinical and related research, and the evaluation of such research and been awarded two (2) governmental grants to conduct the following clinical research studies (individually "Study" and collectively "Studies"):

Grant Number	Funding Agency	Study Title
7U01AI095085-02	NIAID	Long-Acting, Self-Administered HIV Therapy with the CCR5 Antibody PRO 140 ("NIAID Study")
5R01Da029663-03	NIDA	Long-Acting HIV Therapy for Injection Drug Users ("NIDA Study")

WHEREAS the Study is of mutual interest and benefit to the Institution and to the Company and will further the Institution's instructional, research and public service objectives in a manner consistent with its status as a nonprofit educational institution;

WHEREAS Company desires to supply Institution with the necessary supply of PRO 140 to conduct the Studies and the Institution wishes to conduct the clinical studies captioned above under the authority of CytoDyn's active PRO 140 Investigational New Drug exemption granted by the U.S. Food and Drug Administration (FDA);

WHEREAS Institution had entered into a Subcontract dated April 1, 2010 and a Letter Agreement dated August 31, 2012 with Progenics for the supply of PRO 140 ("Progenics Agreements") for both Studies and such agreement has been assigned to CytoDyn;

WHEREAS, the Parties wish to terminate the Progenics Agreement and enter into a new agreement;

NOW, THEREFORE, subject to the terms, conditions and covenants hereinafter set forth, INSTITUTION and Company agree as follows:

1. **Conduct of Studies.** Jeffrey Jacobson, M.D. is the principal investigator of both Studies **("Principal Investigator")** funded by the National Institutes of Health. Institution and Principal Investigator shall conduct each Study in compliance with (a) all applicable federal, state, and local laws and regulations, (b) the terms of this Agreement, and (c) the Study protocol, as approved by its designated Institutional Review Board **(IRB)** and Company working in compliance with FDA

regulations and as it may be amended from time to time (the **"Protocol"**), which is herein incorporated by reference. In the event of a conflict between the terms of this Agreement and the Protocol (or budget), this Agreement shall govern all legal (and budgetary) matters and the Protocol shall govern all clinical matters. The Parties acknowledge that the NIAID Study will be conducted at Institution as well as other clinical sites throughout the United States **("Sites")**.

2. Supply of Study Drug and IND. If requested, Company shall provide to Institution PRO 140 bulk drug substance **("BDS")** of 3.0 kilograms as well as any support necessary for the manufacturing, formulation, preparation and storage of PRO 140 finished drug product **("FDP"** or **"Study Drug")** for completion of the Studies. All such information is Company Confidential Information and shall be treated in accordance with Section 5 herein. Institution shall provide Company with the necessary documentation regarding the storage of Study Drug for Company to meet regulatory requirements for supporting the IND. In the event the FDP is insufficient to complete the Studies, Institution may obtain additional FDP from Company at cost.

Alternatively, at Institution's option, the Company shall work with the Institution and the Principal investigator in good faith to prepare and provide sufficient quantity of FDP to conduct the Studies captioned above. The Principal Investigator shall ensure that the FDP is stored and handled properly in accordance with the Protocol and as directed by the Company.

Upon completion or early termination of the Study and upon request of the Company, all unused Study Drugs shall be returned to Company, at Company's expense. If the Company does not request return of the Study Drug at the completion of the Studies, unused drug will be destroyed by the Principal Investigator, such disposal to be documented in writing.

Company shall be responsible for maintaining the IND for PRO 140. Principal Investigator and Institution shall be responsible for monitoring of each clinical study in accordance with GCP and providing Company such information so Company can meet FDA requirements for supporting its IND. Company shall seek to obtain the necessary regulatory approvals under the IND for both Studies and shall maintain communication with FDA and Institution about study activities.

3. Reporting and Monitoring of Study

A. Institution shall permit Company and/or its agents and monitors at a mutually agreed upon time during normal business hours access to Study facilities and records (including but not limited to Study records and source documentation) in order to verify Institution's compliance with its obligations herein.

B. Institution and Principal Investigator shall report any unexpected adverse events and deaths in accordance with the Protocol and FDA regulations. Institution shall promptly notify Company of any adverse events that occur in connection with the Studies. Institution shall provide Company with any information regarding the adverse events that is necessary under FDA regulation and Good Clinical Practice (GCP) requirements. Institution shall obligate Study Sites in writing to the terms of this Section 3.B. and to compliance with all applicable FDA GCP requirements applying to conduct of the clinical studies. Institution and Principal Investigator shall not include in study subject informed consent documents any representations which extend administration of Study Drug beyond Study subject's participation in the Study. In addition, Institution shall include written obligations under the applicable subaward agreements prohibiting participating Study sites from including in study subject informed consent documents any representations which extend administration of Study Drug beyond Study subject's participation in the Study.

4. Study Data and HIPAA.

A. Company shall have access to all Study data and the right to use Study data to maintain the IND for PRO 140 and to support an application to the FDA so long as such use is not in violation of the HIPAA Authorization (hereinafter defined) provided by Study subjects and the terms of this Agreement. Institution and Principal Investigator will assure that HIPPA authorization requested from Study participants specifically authorizes such use of Study data and source material.

B. Company acknowledges that Institution and Sites are patient care facilities and considered covered entities under the Health Insurance Portability and Accountability Act of 1996 **("HIPAA")**. As patient care facilities and covered entities, Institution and Sites must protect and secure patient care areas as well as PHI. Company hereby agree to comply with Institution and Site's security procedures (e.g. presenting identification, refraining from accessing restricted areas) in order to access Study facilities and records. In accordance with **HIPAA,** Institution and Sites shall obtain a signed authorization **("HIPAA Authorization")** from each Study subject permitting disclosure and use of protected health information **("PHI")** to Company. In the event Company or its agents come into contact or otherwise have access to a subject's medical records or any PHI, then Company shall ensure such PHI is held in confidence and treated in accordance with all applicable laws and regulations as well as the HIPAA Authorization provided by the subject. If Company or its agents gain access to medical records and PHI of a patient not participating in the Study, Company shall ensure that such PHI of such patient is held in confidence. Company shall also ensure that if any records containing such PHI are removed from Institution or Sites, such records are immediately returned to Institution.

5. Confidentiality.

A. Confidential Information Defined. The term Confidential Information shall herein mean any non-public information and/or data disclosed by one Party to another Party in connection with the conduct of the Study. Unmarked and/or non-written information relating to the Study shall be treated as Confidential Information if it can be reasonably determined given the nature of the information and disclosure that such information should be treated as such.

B. Obligation of Confidentiality and Non-Use. For a period of five (5) years from the Effective Date, the receiving party shall not disclose Confidential Information to any third party except its own employees or agents fulfilling obligations herein and shall not use such Confidential Information for any purpose except to fulfill obligations herein. The obligations of nondisclosure and non-use shall not apply to Confidential Information that:

a. is or becomes public knowledge through no fault of the receiving party;

b. is lawfully made available to the receiving party by an independent third party;

c. is already known or possessed by the receiving party at the time of disclosure provided that such prior knowledge or possession can be properly demonstrated;

d. is independently developed by the receiving party or its employees or agents without reliance on the Confidential Information provided such independent development can be properly demonstrated; or

e. is required by law, regulation, rule, act, or order of any governmental authority or agency to be disclosed by receiving party, which notice of such requirement shall be timely provided to allow the disclosing party to seek a protective order or other similar order. The receiving party shall reasonably cooperate with the disclosing party and shall only disclose Confidential Information to the extent necessary to comply with such law, regulation, rule, act or order.

C. Destruction of Confidential Information. Upon request, Institution shall destroy any and all Confidential Information, and copies thereof, provided that one (1) copy may be kept in a secure location to for the sole purpose of assessing compliance with the terms and conditions contained herein.

6. **Intellectual Property.** No right or license is granted herein by implication or otherwise under any issued or pending patent or know-how, unless specifically indicted herein. Any and all inventions, developments, ideas, discoveries, improvements, and innovations, and modifications, whether or not patentable, arising from the conduct of the Study ("Inventions") shall be governed by this Section 6 (Intellectual Property) and shall be subject to 37 C.F.R. 401. Any Invention constituting an improvement or modification to the Study Drug shall be owned by Company ("Company Inventions"). Institution shall promptly notify Company in writing of any Company Inventions. Institution shall hereby assign to Sponsor all right, title and interest in and to Company Inventions, without royalty or any other consideration, including any patent rights, copyright rights, or other intellectual property rights. All other Inventions that are not Company Inventions shall be governed by U.S. law. Institution shall obligate Site(s) in writing to the terms and conditions of this Section 6 (Intellectual Property).

7. **Publicity**. Except as required by law or regulation, Company and Institution (and Site) shall not use the name of the other Party (including Site) in any publicity, advertising, announcement or similar communication without the written consent of such Party.

8. **Publications and Presentations.** The parties acknowledge that the Institution and Sites shall have an unconditional right to publish Study data. Company and Institution each acknowledge that the NIAID Study is part of a multi-center study and that cumulative results from Institution as well as all Sites will be initially published. Therefore, Institution will obtain written agreement from all Sites that each agree not to publish or present the Study results from their respective Site prior to the earlier of (i) publication of the multi-center results or (ii) a written decision from Site that cumulative results will not be published. Institution and Site shall provide Company with a manuscript of the presentation or publication thirty (30) days prior to such presentation or publication for the sole purpose of ensuring protection of Confidential Information or other proprietary information. If requested by Company, Institution or Site shall delay submission of the manuscript for publication up to sixty (60) days to permit preparation and filing of related patent applications.

9. **Term and Termination.** The term of this Agreement shall commence on the Effective date and continue until completion of the Study. Either Party may terminate this Agreement immediately to protect the health, safety or welfare of Study subjects or upon request by the FDA to place any study on Clinical Hold. Immediately upon receipt of a notice of termination, the Principal Investigator shall cease further subject enrollment and shall safely withdraw existing Study subjects from the Study as medically permissible.

10. **Indemnification.** Company shall indemnify, defend, and hold Institution, Sites, and their trustees, directors, officers, employees, and agents ("**Indemnitees**") from and against any and all claims, demands, actions lawsuits, damages, costs or expenses, including reasonable attorneys' fees and court costs ("**Claims**") for injury arising out of (a) use of the Study Drug, (b) use of PHI by Company or its agents, or (c) breach of Agreement or negligent or willful acts or omissions by Company or its agents, but only to the extent such Claims are not a result of the negligent or willful acts or omissions of an Institution Indemnitee. Institution shall indemnify, defend and hold

harmless the Company and its Directors and management from and against any and all claims, demands, actions lawsuits, damages, costs or expenses, including reasonable attorneys' fees and court costs ("**Claims**") for injury arising out of failure to observe all FDA mandated clinical requirements for the conduct of Studies including properly obtaining study subject informed consent and negligent acts of omission in the medical care of study subjects by Indemnitees. The Party seeking indemnification shall promptly notify the indemnifying Party of any Claims and the indemnifying Party shall not settle any Claims in which settlement involves the admission of fault or specific performance by an indemnified Party without the written consent from such indemnified party. Each party shall have the right to obtain counsel of its choice at its own expense. The indemnified Party shall fully cooperate and aid in all defenses under this section.

The Parties acknowledge and agree that Company will not provide any compensation to cover any expenses covering the immediate medical treatment for any adverse events incurred by a Study subject. Nothing in this provision shall be construed to limit Company's liability for any Claims.

11. **Insurance.** Company shall maintain a policy or policies of comprehensive general liability insurance, including contractual liability and product liability, in a minimum amount of $5,000,000 per occurrence and $5,000,000 in the aggregate with respect to personal injury, bodily injury and property damage. Institution shall maintain a policy or policies of comprehensive general liability and professional liability in a minimum amount of $1,000,000 per occurrence and $3,000 000 in the aggregate with respect to personal injury, bodily injury and property damage. Upon request, each Party will provide, the other with a certificate of insurance evidencing such coverage. Each Party shall notify the other of any material changes or cancellation of the above coverage.

12. **Notice**. All legal notices to be given by either party to the other shall be made in writing by hand delivery or by registered or certified mail, return receipt requested or by other method reasonably capable of proof of receipt thereof and addressed to the parties at their respective addresses first set forth above to the attention of:

If to the INSTITUTION, to: Chief Operating Officer, Clinical Research Operations
Drexel University College of Medicine
Clinical Research Group
1601 Cherry Street, Mail Stop 101021
3 Parkway Building, 10th Floor, Suite 1000
Philadelphia, PA 19102
Facsimile (215) 255-7882

With required copy to:

Drexel University College of Medicine
Office of the General Counsel
1601 Cherry Street, Suite 10627
Philadelphia, PA 19102
Facsimile (215) 255-7856

If to the COMPANY, to: Richard Trauger, Ph.D
CytoDyn, Inc.
5 Centerpointe Drive, Suite 400
Lake Oswego, OR 97035

With Copy to: Mary Ann Frantz
Miller Nash, LLP
3400 U.S. Bankcorp Tower
111 Southwest 5th Avenue
Portland, OR 97204

or to such other address as either may designate from time to time to the other. Any notice shall be effective as of its date of receipt.

13**. Independent Contractor**. The relationship of the Parties is that of independent contractors. Neither Party has the authority to bind or act on behalf of the other Party.

14. **Assignment**. No Party may assign this Agreement to any third party without the other Party's prior written consent.

15. **Entire Agreement**. This Agreement contains the entire understanding of the parties with repect to the subject matter herein and supersedes all previous agreements and undertakings with respect thereto including but not limited to the Progenics Agreements.

16. **Survival**. The terms of this Agreement that contain obligations or rights that extend beyond the completion of the Study shall survive termination or completion of this Agreement.

17. **Severability**. If any of the provisions, or a portion of any provision, of this Agreement is held to be unenforceable or invalid by a court of competent jurisdiction, the validity and enforceability of the other portion of any such provision and/or the remaining provisions shall not be affected thereby.

18. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, excluding its conflicts of laws provisions.

19. **Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute a single agreement.

IN WITNESS WHEREOF, each of the parties by their duly authorized representatives has signed this Agreement as of the Effective Date.

CytoDyn, Inc.		Philadelphia Health and Education Corporation d/b/a, Drexel University College of Medicine	
	/s/ Richard Trauger		/s/ Kenny J. Simansky, Ph.D.
Print Name:	Richard Trauger	Print Name:	Kenny J. Simansky, Ph.D.
Date:	11/14/12	Date:	11/15/2012
Title:	Chief Scientific Officer	Title:	Vice Dean for Research

EXHIBIT 21

SUBSIDIARIES

Name	Jurisdiction of Incorporation or Organization
Advanced Genetic Technologies, Inc.	Florida
CytoDyn Veterinary Medicine LLC	Florida

EXHIBIT 23.1

CONSENT OF WARREN AVERETT, LLC

Independent Registered Certified Public Accountants

We hereby consent to the incorporation by reference in Registration Statement on Form S-8 (No. 333-186920) of our report dated August 29, 2013, with respect to the consolidated financial statements of CytoDyn Inc. (the "Company") appearing in this Annual Report on Form 10-K for the year ended May 31, 2013.

/s/ Warren Averett, LLC
Warren Averett, LLC
Tampa, Florida
August 29, 2013

EXHIBIT 23.2

CONSENT OF PENDER NEWKIRK & COMPANY LLP

Independent Registered Certified Public Accountants

We hereby consent to the incorporation by reference in Registration Statement on Form S-8 (No. 333-186920) of our report dated August 21, 2012, with respect to the consolidated financial statements of CytoDyn Inc. (the "Company") appearing in this Annual Report on Form 10-K for the year ended May 31, 2013.

/s/ Pender Newkirk & Company LLP
Pender Newkirk & Company LLP
Tampa, Florida
August 29, 2013

EXHIBIT 24

POWER OF ATTORNEY

Each person signing below designates and appoints **NADER Z. POURHASSAN** and **MICHAEL D. MULHOLLAND**, and each of them, his true and lawful attorneys-in-fact and agents to sign the Annual Report on Form 10-K for the year ended May 31, 2013, of CytoDyn Inc., a Colorado corporation, and to file said report, with all exhibits thereto, with the Securities and Exchange Commission under the Securities Exchange Act of 1934. Each person whose signature appears below also grants to these attorneys-in-fact and agents full power and authority to perform every act and execute any instruments that they deem necessary or desirable in connection with said report, as fully as he could do in person, hereby ratifying and confirming all that the attorneys-in-fact and agents or their substitutes may lawfully do or cause to be done.

IN WITNESS WHEREOF, this power of attorney has been executed by each of the undersigned as of the 26th day of August, 2013.

Signature	**Title**
/s/ Nader Z. Pourhassan, Ph.D. Nader Z. Pourhassan, Ph.D.	President and Chief Executive Officer, Director
/s/ Michael D. Mulholland Michael D. Mulholland	Chief Financial Officer, Treasurer and Corporate Secretary
/s/ Anthony D. Caracciolo Anthony D. Caracciolo	Chairman of the Board and Director
/s/ Gregory A. Gould Gregory A. Gould	Director
/s/ Jordan Naydenov Jordan Naydenov	Director
/s/ Michael Nobel, Ph.D. Michael Nobel, Ph.D.c	Director

EXHIBIT 31.1

Certification of Chief Executive Officer

I, Nader Z. Pourhassan, certify that:

1. I have reviewed this Annual Report on Form 10-K of CytoDyn 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 annual 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 annual 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: August 29, 2013

/s/ Nader Z. Pourhassan
Nader Z. Pourhassan
President and Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer

I, Michael D. Mulholland, certify that:

1. I have reviewed this Annual Report on Form 10-K of CytoDyn 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 annual 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 annual 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: August 29, 2013

/s/ Michael D. Mulholland
Michael D. Mulholland
Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Annual Report of CytoDyn Inc. (the "Company") on Form 10-K for the year ended May 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certify, pursuant to 18 U.S.C. § 1350, that:

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

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

/s/ Nader Z. Pourhassan	/s/ Michael D. Mulholland
Nader Z. Pourhassan	Michael D. Mulholland
President and Chief Executive Officer	Chief Financial Officer
August 29, 2013	August 29, 2013

A signed original of this written statement required by Section 906 has been provided to CytoDyn Inc. and will be retained by CytoDyn Inc. and furnished to the Securities and Exchange Commission or its staff upon request.