

CYTODYN INC
Form PRE 14A
July 07, 2015

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

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

CytoDyn Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
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- .. Fee paid previously with preliminary materials.

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 - 1) Amount Previously Paid:

 - 2) Form, Schedule or Registration Statement No.:

 - 3) Filing Party:

4) Date Filed:

CYTODYN INC.

1111 Main Street, Suite 660

Vancouver, Washington 98660

(360) 980-8524

July 22, 2015

Dear Shareholder:

You are cordially invited to attend an annual meeting of shareholders of CytoDyn Inc. (the Company) to be held at 1:00 p.m., Eastern Time, on Thursday, August 27, 2015, at the offices of the Company's counsel, Lowenstein Sandler LLP, at 1251 Avenue of the Americas, New York, New York 10020.

Matters to be presented for action at the meeting include the election of directors, a proposal to reincorporate the Company in Delaware, a proposal to authorize our board of directors to effect a reverse stock split at its discretion, as further described in the enclosed proxy statement, ratification of the selection of our auditors, and an advisory vote on our executive compensation. We will also act on such other business as may properly come before the meeting or any adjournment or postponement thereof.

We are excited about the future of our company, and we look forward to conversing with those of you who are able to attend the meeting in person. Whether or not you can attend, it is important that you sign, date, and return your proxy, or submit your proxy by telephone or Internet as instructed on the enclosed proxy card. If you are a shareholder of record and attend the meeting in person, you may revoke your proxy and vote at the meeting if you wish.

Sincerely,

Nader Z. Pourhassan, Ph.D.

President and Chief Executive Officer

If you have any questions or require any assistance in voting your shares, please call:

Alliance Advisors LLC

200 Broadacres Drive, 3rd Floor, Bloomfield, NJ 07003

(855) 973-0093

Banks and Brokers Call: (973) 873-7721

CYTODYN INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

AUGUST 27, 2015

You are invited to attend the annual meeting of shareholders (the Annual Meeting) of CytoDyn Inc., a Colorado corporation (the Company), to be held at the offices of the Company's counsel, Lowenstein Sandler LLP, at 1251 Avenue of the Americas, New York, New York 10020, on Thursday, August 27, 2015, at 1:00 p.m., Eastern Time.

Only shareholders of record at the close of business on July 9, 2015, will be entitled to notice of and to vote at the Annual Meeting or any postponements or adjournments thereof.

The Annual Meeting is being held to consider and vote on the following matters:

1. Election of seven directors;
2. Approval of a proposal to reincorporate the Company in Delaware;
3. Approval of a reverse stock split at a ratio of any whole number between one-for-two and one-for-eight, as determined by our board of directors, at any time before August 27, 2016, if and as determined by our board of directors;
4. Ratification of the selection of Warren Averett, LLC as the Company's independent registered public accounting firm for the fiscal year ending May 31, 2016;
5. A non-binding advisory vote to approve our executive compensation; and
6. The transaction of any other business as may properly come before the Annual Meeting or any postponements or adjustments thereof.

Please sign and date the accompanying form of proxy and return it promptly in the enclosed postage-paid envelope, or submit your proxy by telephone or the Internet as instructed on the enclosed proxy card to avoid the expense of further solicitation. If you are a shareholder of record and attend the Annual Meeting, you may revoke your proxy and vote your shares in person.

The Board of Directors of the Company recommends that you vote FOR each of the proposals set forth above.

By Order of the Board of Directors

Michael D. Mulholland

Chief Financial Officer, Treasurer, and

Corporate Secretary

Vancouver, Washington

July 22, 2015

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE SHAREHOLDERS MEETING TO BE HELD ON AUGUST 27, 2015:

The proxy statement for the 2015 annual meeting of shareholders and 2015 annual report to shareholders are available at www.cytodyn.com.

CYTODYN INC.

PROXY STATEMENT

2015 ANNUAL MEETING OF SHAREHOLDERS

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of CytoDyn Inc., a Colorado corporation (CytoDyn or the Company), to be voted at the annual meeting of shareholders to be held on August 27, 2015 (the Annual Meeting), and any postponements or adjournments thereof. The proxy statement and accompanying form of proxy were first mailed to shareholders on approximately July 22, 2015.

VOTING, REVOCATION, AND SOLICITATION OF PROXIES

Solicitation of Proxies. The enclosed proxy is solicited by and on behalf of the Board, with the cost of solicitation borne by the Company. Solicitation may also be made by directors and officers of the Company without additional compensation for such services. In addition to mailing proxy materials, the directors, officers and employees may solicit proxies in person, by telephone or otherwise.

The Company has also retained Alliance Advisors LLC to assist it in the solicitation of proxies. Alliance Advisors LLC will solicit proxies on behalf of the Company from individuals, brokers, bank nominees and other institutional holders in the same manner described above. Alliance Advisors LLC will receive a fee of [\$7,000], plus approved and reasonable out of pocket expenses, for its services to the Company for the solicitation of the proxies. The Company has also agreed to indemnify Alliance Advisors LLC against certain claims.

Voting. You may submit a proxy to have your shares of our Common Stock voted at the Annual Meeting in one of three ways: (i) completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid envelope; (ii) calling toll-free at the telephone number indicated on the enclosed proxy card; or (iii) using the Internet in accordance with the instructions set forth on the enclosed proxy card. When a proxy is returned properly, the shares represented by the proxy will be voted at the Annual Meeting in accordance with the instructions specified in the spaces provided in the proxy. **If no instructions are specified, the proxies will be counted for purposes of determining whether or not a quorum is present, and will be voted FOR the election of all nominees for director, as well as FOR Proposals 2, 3, 4 and 5.** If a shareholder of record attends the Annual Meeting, he or she may vote in person. If you hold shares through a broker or nominee (that is, in street name), please follow their directions on how to vote your shares. **Banks and brokers acting as nominees are not permitted to vote proxies for the election of directors or the other proposals to be acted on at the Annual Meeting, except ratification of the auditors, without express voting instructions from the beneficial owner of the shares. As such, it is particularly important that you provide voting instructions to your bank, broker or other nominee.**

A broker non-vote occurs when a nominee holding shares for a beneficial owner does not have discretionary voting power with respect to the matter being considered and has not received instructions from the beneficial owner. Banks

and brokers acting as nominees are not permitted to vote proxies for any proposal to be acted on at the Annual Meeting without express voting instructions from the beneficial owner of the shares. As such, it is particularly important that you provide voting instructions to your bank, broker or other nominee.

If you have additional questions, need assistance in submitting your proxy or voting your shares of our Common Stock, or need additional copies of the proxy statement or the enclosed proxy card, please contact Alliance Advisors LLC.

Alliance Advisors LLC

200 Broadacres Drive, 3rd Floor, Bloomfield, NJ 07003

(855) 973-0093

Banks and Brokers Call: (973) 873-7721

Revocation of Proxies. Proxies may be revoked by written notice delivered in person or mailed to the Secretary of the Company or by filing a later-dated proxy prior to a vote being taken at the Annual Meeting. Attendance at the Annual Meeting will not automatically revoke a proxy.

OUTSTANDING VOTING SECURITIES AND QUORUM

Shareholders of record as of the close of business on July 9, 2015, are entitled to one vote at the Annual Meeting for each share of Common Stock of the Company (Common Stock) then held by each shareholder. As of that date, the Company had [] shares of Common Stock issued and outstanding. The presence, in person or by proxy, of at least a majority of the total number of outstanding shares of Common Stock entitled to vote constitutes a quorum at the Annual Meeting. Abstentions and broker non-votes, if any, will be considered present for purposes of determining the presence of a quorum.

VOTES REQUIRED

Pursuant to the Colorado Revised Statutes and the Company's Bylaws, the seven nominees for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected, provided that a quorum is present at the Annual Meeting. Pursuant to the Colorado Revised Statutes, Proposal 2 must be approved by a majority of all the votes entitled to be cast on the Proposal and Proposals 3, 4 and 5 will be approved if a quorum exists and the votes cast favoring the Proposal exceed the votes cast opposing the Proposal.

SUMMARY TERM SHEET

The following is only a summary of certain material information contained in this document. You should carefully review this entire document along with the exhibits attached hereto to understand the proposals fully.

Time and Place of Annual Meeting (See cover page, Notice of Annual Meeting of Shareholders): Thursday, August 27, 2015 at 1:00 p.m., Eastern Time, at the offices of the Company's counsel, Lowenstein Sandler LLP, at 1251 Avenue of the Americas, New York, New York 10020.

Record Date (See page 2): You can vote at the Annual Meeting if you owned Common Stock of CytoDyn Inc. at the close of business on July 9, 2015.

Proposals to be Voted on (See Notice of Annual Meeting of Shareholders): Matters to be presented for action at the meeting include the election of directors, a proposal to reincorporate the Company in Delaware, a proposal to authorize our board of directors to effect a reverse stock split at its discretion, as further described in this proxy statement, ratification of the selection of our auditors, and a non-binding advisory vote to approve our executive compensation as described in this proxy statement.

Our Reasons for the Reincorporation Proposal (See page 20): The primary reason for the reincorporation from Colorado to Delaware is to obtain the benefits of Delaware's comprehensive, widely used and extensively interpreted corporation law.

Our Name in Connection with the Reincorporation: Our name will not change in connection with the reincorporation; we will continue to be named CytoDyn Inc. To distinguish between the Company as incorporated in Colorado and the Company as incorporated in Delaware, we sometimes refer in this document to the Company after the reincorporation as CytoDyn Delaware.

Effect of Approving the Reincorporation Proposal (See page 21 - 31): If the reincorporation proposal is approved, the reincorporation merger will be consummated and CytoDyn Inc. will be incorporated in Delaware. The reincorporation will not change our name, headquarters, business, management, employees, assets, liabilities or net worth. Our current directors and officers will become the directors and officers of CytoDyn Delaware upon effectiveness of the reincorporation. In connection with the reincorporation, the Delaware Charter (as defined below) will govern our company. The Delaware charter authorizes 200,000,000 shares of Common Stock to be issued. In addition, the current Board of Directors of CytoDyn Delaware and the Company, as the sole stockholder of CytoDyn Delaware, have approved a reverse stock split of CytoDyn Delaware with the

same possible ratios as the reverse stock split described in Proposal 3 with respect to the Colorado corporation. Accordingly, the Board of Directors of CytoDyn Delaware will have the flexibility to effectuate such a reverse stock split after the reincorporation merger and prior to August 27, 2016 if the Board believes such a reverse stock split would be in the best interests of CytoDyn Delaware and its stockholders. The Board's determination as to whether a reverse stock split of the outstanding shares of CytoDyn Delaware will be effectuated and, if so, at what ratio, will be based on the same factors as those described in Proposal 3. None of our subsidiaries will be changing their respective states or jurisdictions of incorporation in connection with the reincorporation proposal.

Effect of Not Approving the Reincorporation Proposal (See page 20): If the reincorporation proposal fails to obtain the vote required for approval, the reincorporation merger will not be consummated and CytoDyn Inc. will continue to operate as a corporation incorporated in Colorado.

What You Will Receive in the Reincorporation Merger (See page 21): You will not need to exchange your existing stock certificates for stock certificates of CytoDyn Delaware. Each of your shares of the Company, which we refer to as Colorado Common Stock, automatically will be converted into one share of Common Stock of CytoDyn Delaware, and each of the shares of Series B Convertible Preferred Stock automatically will be converted into one share of Series B Convertible Preferred Stock of CytoDyn Delaware.

Effect of the Reincorporation on the Trading of Your Shares of Colorado Common Stock (See page 21): At the effective time of the reincorporation merger, your shares of Colorado Common Stock will become an equivalent number of shares of Common Stock of CytoDyn Delaware and will continue to be listed for trading on the Over the Counter U.S. Exchange.

Our Reasons For The Reverse Stock Split (See page 32): The Board believes that it is in the best interests of the Company and its shareholders to approve a reverse stock split of the Company's outstanding Common Stock. If the proposal to reincorporate in Delaware is approved, then the Board may not need to act on this proposal.

Other Proposals: At the Annual Meeting you will also be asked to consider proposals to elect directors, ratify the selection of our auditors and approve, on an advisory basis, our executive compensation.

Recommendation of the Board of Directors of the Company (See pages 6, 31, 35, 36 and 37): The Board recommends that you vote **FOR the election of all nominees for director, as well as FOR Proposals 2, 3, 4 and 5.**

Vote Required (See page 6): Pursuant to the Colorado Revised Statutes and the Company's Bylaws, the seven nominees for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected, provided that a quorum is present at the Annual Meeting. Pursuant to the Colorado Revised Statutes, Proposal 2 must be approved by a majority of all the votes entitled to be cast on the Proposal and Proposals 3, 4 and 5 will be approved if a quorum exists and the votes cast favoring the Proposal exceed the votes cast opposing the Proposal.

How to Vote Your Shares (See page 1): Complete, date and sign the enclosed proxy card and mail it in the enclosed return envelope, or submit your proxy by telephone or the Internet as instructed on the enclosed proxy card, as soon as possible, so that your shares may be represented at the Annual Meeting. In order to assure that your vote is obtained, please submit your proxy even if you currently plan to attend the Annual Meeting in person.

How to Revoke Your Proxy (See page 2): You may revoke your proxy either by delivering to the Secretary of CytoDyn Inc. a signed notice of revocation or a later dated and properly executed proxy, or by attending the meeting and voting in person.

Dissenters Rights (See pages 31 and 32): The holders of the Company's Common Stock as well as the holders of the Company's Series B Convertible Preferred Stock are or may be entitled to assert dissenters rights in connection with the reincorporation merger (Proposal 2) and the reverse stock split

(Proposal 3), in each case pursuant to Article 113 of the Colorado Business Corporation Act. A copy of this article is attached hereto as Exhibit D in accordance with Section 7-113-201 of the Colorado Business Corporation Act.

Voting of Shares Held in Street Name (See page 1): Your broker will not be permitted, without your instructions, to vote your shares held in street name on Proposals 1, 2, 3 and 5. You should, therefore, be sure to provide your broker with instructions on how to vote your shares. Failure to vote, or to instruct your broker how to vote any shares held for you in your broker's name, will have the same effect as a vote against the reincorporation proposal. Because Proposal 4 is deemed routine, your broker will be permitted to vote your shares held in street name on Proposal 4.

Tax Effects of the Reincorporation (See pages 30 - 31): We believe that the reincorporation will be tax-free to our shareholders and you will be entitled to the same aggregate basis in the shares of Cytodyn Delaware as the aggregate basis you have in the Colorado Common Stock. Everyone's tax situation is different and you should consult with your personal tax advisor regarding the tax effects of the reincorporation.

Changes in Shareholder Rights (See pages 22 - 30): After completion of the reincorporation merger, the rights of all shareholders will be governed by Delaware law and by the CytoDyn Delaware certificate of incorporation and bylaws. The most significant changes in shareholders' rights before and after the reincorporation are discussed in detail in Proposal 2 Reincorporation In Delaware Comparison of Shareholder Rights Before and After the Reincorporation on pages 22 - 30.

Whom You Should Call with Questions: If you have further questions, you may contact our proxy solicitor, Alliance Advisors LLC. at:

Alliance Advisors LLC

200 Broadacres Drive, 3rd Floor, Bloomfield, NJ 07003

(855) 973-0093

Banks and Brokers Call: (973) 873-7721

PROPOSAL 1 ELECTION OF DIRECTORS

The directors will be elected at the Annual Meeting to serve until the next annual meeting of shareholders and until their successors are elected and qualify. Our Articles of Incorporation and Bylaws authorize the Board to set the number of positions on the Board within a range of one to nine. By resolution adopted on July 6, 2015, the Board set the number of positions on the Board at seven. During periods between annual shareholder meetings, vacancies on the Board, including vacancies resulting from an increase in the number of positions, may be filled by the Board for a term ending with the next annual meeting of shareholders and when a successor is duly elected and qualifies.

The seven nominees for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected, provided that a quorum is present at the Annual Meeting. In accordance with the Company's Articles of Incorporation, shareholders are not permitted to cumulate their votes for the election of directors. Votes may be cast for or withheld from the directors as a group, or from any individual nominee. Votes that are withheld and broker non-votes will have no effect on the outcome of the election.

The Board recommends that shareholders vote FOR each of the nominees named below to serve as a director.

If for some unforeseen reason a nominee should become unavailable for election, the proxy may be voted for the election of such substitute nominee as may be designated by the Board.

The following table sets forth information with respect to each person nominated for election as a director, including their current principal occupation or employment and age as of July 1, 2015.

Name	Age	Principal Occupation
Nader Z. Pourhassan, Ph.D.	52	President and Chief Executive Officer of the Company
Denis R. Burger, Ph.D.	72	Retired Chief Executive Officer of AVI Biopharma Inc.
Anthony D. Caracciolo	60	Retired Senior Vice President of Gilead Sciences, Inc.
Carl C. Dockery	52	President, Alpha Advisors, LLC
Gregory A. Gould	49	Chief Financial Officer, Treasurer, and Corporate Secretary of Ampio Pharmaceuticals, Inc.
A. Bruce Montgomery, M.D.	62	Chief Executive Officer of Cardeas Pharma Corporation
Jordan G. Naydenov	54	Vice President and Treasurer of Milara, Inc., a provider of stencil and screen printing systems

S. Michael Nobel, Ph.D., a director of the Company since December 2012, elected not to stand for re-election as a director of the Company and as of the date of our Annual Meeting, Dr. Nobel will cease serving as a director of the Company.

The experience, qualifications, attributes and skills of each nominee, including his business experience during the past five years, are described below.

Nader Z. Pourhassan, Ph.D. Dr. Pourhassan was appointed President and Chief Executive Officer of CytoDyn in December 2012, following his service as interim President and Chief Executive Officer for the preceding three months. On September 24, 2012, the Board appointed Dr. Pourhassan as a director. Dr. Pourhassan was employed by the Company as its Chief Operating Officer from May 2008 until June 30, 2011, at which time Dr. Pourhassan accepted a position as the Company's Managing Director of Business Development. Before joining the Company, Dr. Pourhassan was an instructor of college-level engineering at The Center for Advanced Learning, a charter school in Gresham, Oregon, from June 2005 through December 2007. Dr. Pourhassan immigrated to the United States in 1977 and became a U.S. citizen in 1991. He received his B.S. degree from Utah State University in 1985, his M.S. degree from Brigham Young University in 1990 and his Ph.D. from the University of Utah in 1998, in each case in

Mechanical Engineering. Dr. Pourhassan brings to the Board his deep knowledge of the Company's operations and industry. He also contributes his business, leadership and management experience.

On May 3, 2006, in Superior Court of Washington for Clark County Case No. 204227D, Dr. Pourhassan was convicted of a domestic violence court order violation. Dr. Pourhassan pled guilty to violation of the provisions of a protection order by contacting his former spouse via email with communications intended for his son. Dr. Pourhassan performed community service, paid a fine of \$100, served 24 months of probation and was ordered to comply with the protection order.

Denis R. Burger, Ph.D. Dr. Burger has been a director since February 2014. Consideration of his nomination was recommended to the Nominating and Governance Committee by the Company's Chief Executive Officer. He is also currently a director of Aptose Biosciences Inc., a cancer therapeutics, NASDAQ-listed company, and serves on its audit committee. Dr. Burger co-founded Trinity Biotech PLC, a NASDAQ-listed diagnostic company, in June 1992, served as its Chairman from June 1992 to May 1995, and is currently lead independent director. Until March 2007, he was Chairman and Chief Executive Officer of AVI Biopharma Inc. (now Sarepta Therapeutics, Inc.), a NASDAQ listed RNA therapeutics company. He was also a co-founder of Epitope Inc. (now Orasure Technologies Inc., NASDAQ listed), serving as its Chairman from 1981 to 1990. Dr. Burger previously held a professorship in the Department of Microbiology and Immunology and Surgery (Surgical Oncology) at the Oregon Health and Sciences University in Portland. Dr. Burger received his undergraduate degree in Bacteriology and Immunology from the University of California, Berkeley and his Master of Science and Ph.D. degrees in Microbiology and Immunology from the University of Arizona. Dr. Burger brings significant biotechnology company experience and operational expertise to our Board, as well as a local presence for in person consultations with management.

Anthony D. Caracciolo. Mr. Caracciolo has served as Chairman of the Board of the Company since June 2013 and is also chair of the Compensation Committee. In December 2011, the Board appointed Mr. Caracciolo as a director. Mr. Caracciolo has over 30 years of experience in the pharmaceutical sciences industry. He was formerly employed at Gilead Sciences, Inc. (Gilead), a publicly held, research-based biopharmaceutical company that discovers, develops and commercializes innovative medicines in areas of unmet medical need, from 1997 until retiring in October 2010. During his tenure, Mr. Caracciolo served as Senior Vice President, Manufacturing and Operations and was a senior member of Gilead's executive committee, which was responsible for the strategic and operational direction of Gilead. During Mr. Caracciolo's tenure at Gilead, Gilead grew from 300 employees to approximately 4,000 worldwide, with commercial activities in 38 countries. In addition, Gilead's sales rose from \$200 million to over \$7 billion. While at Gilead, Mr. Caracciolo was responsible for directing operational and strategic initiatives for two manufacturing sites, development of a portfolio of contract manufacturing organizations, production of over 50 percent of Gilead's commercial products, information technology, compliance assurance associated with aseptic processing, product development, optimization, technology transfers, and supervision of over 600 employees at six global locations. Prior to Gilead, Mr. Caracciolo was Vice President of Operations for Bausch and Lomb's pharmaceutical division. Before joining Bausch and Lomb, he held various management positions at Sterling Drug for over 13 years. Mr. Caracciolo received a B.S. degree in Pharmaceutical Science from St. John's University in 1978. Mr. Caracciolo brings to the Board an understanding of the Company's operational issues and extensive experience in management and the biotech industry.

Carl C. Dockery. Mr. Dockery has been a director of the Company since September 2014. Mr. Dockery is a financial executive with over 20 years of experience as an executive in the insurance and reinsurance industry and more recently in 2006 as the founder and president of a registered investment advisory firm, Alpha Advisors, LLC. Mr. Dockery's 20-year career as an insurance executive began in 1988 as an officer and director of two related and closely held insurance companies, including serving as secretary of Crossroads Insurance Co. Ltd. of Bermuda and as vice president of Gulf Insurance Co. Ltd. of Grand Cayman. Familiar with the London reinsurance market, in the 1990s, Mr. Dockery worked at Lloyd's and the London Underwriting Centre brokering various types of reinsurance placements. Mr. Dockery graduated from Southeastern University with a Bachelor of Arts in Humanities. Mr. Dockery's background in finance and understanding of the capital markets is an asset to our Company.

Gregory A. Gould. Mr. Gould currently serves as Chair of the Audit Committee and previously served as CytoDyn's Chairman of the Board from July 2012 until June 2013. He has been a director since March 2006. Mr. Gould has served as Chief Financial Officer, Treasurer, and Corporate Secretary of Ampio Pharmaceuticals, Inc. (NYSE MKT: AMPE), a clinical stage pharmaceutical company, since June 2014. Prior to joining Ampio, he provided financial and operational consulting services to the biotech industry through his consulting company, Gould LLC, from April 2012 until June 2014. Mr. Gould was Chief Financial Officer, Treasurer and Secretary of SeraCare Life Sciences, Inc., a provider of biopharmaceutical products and services to the global life sciences industry, from November 2006 until the company was sold to Linden Capital Partners in April 2012. During the period from July 2011 until April 2012, Mr. Gould also served as the Interim President and Chief Executive Officer of SeraCare. Mr. Gould has held several other executive positions at publicly traded life sciences companies, including as Chief Financial Officer of Atrix Laboratories, Inc., an emerging specialty pharmaceutical company focused on advanced drug delivery, and Colorado MedTech, Inc., a medical device design and manufacturing company. Mr. Gould was instrumental in the negotiation and sale of Atrix to QLT, Inc., for over \$855 million and the prior sale of Colorado MedTech to KRG. While with Atrix, he also played a critical role in the management of several licensing agreements, including a global licensing agreement with Sanofi-Synthelabo. Mr. Gould began his career as an auditor with Arthur Andersen, LLP. Mr. Gould graduated from the University of Colorado with a BS in Business Administration and is a Certified Public Accountant. He brings biotech and public company M&A experience, as well as financial expertise, to the Board through his professional experience.

A. Bruce Montgomery, M.D. Dr. Montgomery was appointed as a director of the Company in September 2013. Dr. Montgomery is a prominent biotech entrepreneur with an extensive background in product development and clinical studies. He is currently the Chief Executive Officer of Cardeas Pharma Corporation, a biotechnology firm focused on treatment of multidrug resistant bacteria causing pneumonia in patients on ventilation. Before joining Cardeas Pharma Corporation in 2010, Dr. Montgomery founded and was the Chief Executive Officer of Corus Pharma, Inc., a development stage pharmaceutical company, from 2001 until 2006. In 2006, Gilead acquired Corus Pharma, Inc., and Dr. Montgomery continued at Gilead, serving as Senior Vice President, Respiratory Therapeutics, from 2006 until 2010. He previously held positions in clinical development with PathoGenesis Corporation and Genentech. Dr. Montgomery is a director of Alder BioPharmaceuticals, Inc., a NASDAQ listed company, and a Trustee for the Washington State Life Sciences Discovery Fund. He has previously served on the boards of ZymoGenetics, Inc., a NASDAQ listed company until its acquisition in 2010, Pacific Science Center, and the Washington Biotechnology & Biomedical Association. Dr. Montgomery received a B.S. degree in chemistry and his M.D. from the University of Washington, and completed his residency in Internal Medicine at the University of Washington and fellowships at the University of Washington and the University of California, San Francisco. Dr. Montgomery brings extensive pharmaceutical research, development, and patent experience to the Board, as well as his skills in fundraising and as a serial entrepreneur.

Jordan G. Naydenov. Mr. Naydenov has been a director of the Company since June 2009. Mr. Naydenov immigrated to the U.S. in 1982 from Bulgaria where he was a competitive gymnast. Mr. Naydenov purchased a gymnasium, Naydenov Gymnastics, which he built into a successful business and sold in 2005. Since 2001, he has served as Vice President and a director of Milara, Inc., and since 2006 he has served as Treasurer of Milara, Inc., and a director of Milara International. Milara Inc. and Milara International are leading providers of stencil and screen printing systems for the surface mount and semiconductor industries. Mr. Naydenov brings leadership skills and significant management experience to the Board.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board held 20 meetings in fiscal 2015. During fiscal 2015, each current director attended at least 75 percent of the total number of the meetings of the Board and the meetings held by each committee of the Board on which he served during his tenure on such committee or the Board.

Board Leadership Structure

The Board believes that the Board leadership structure, which reflects the separation of the Chairman and Chief Executive Officer positions, serves the best interests of the Company and its shareholders by giving an independent director a direct and significant role in establishing priorities and the strategic direction and oversight of the Company. The Board believes that the manner in which it oversees risk management at the Company has not affected its leadership structure.

The Board's Role in Risk Oversight

The Company's management is responsible for identifying, assessing and managing the material risks facing the Company. The Board generally oversees risk management practices and processes and, either as a whole or through the Audit Committee and other board committees, periodically discusses with management strategic and financial risks associated with the Company's operations, their potential impact on the Company, and the steps taken to manage these risks.

While the Board is ultimately responsible for risk oversight, the Board's committees assist the Board in fulfilling its oversight responsibilities in certain areas of risk. In particular, the Audit Committee focuses on financial and enterprise risk and discusses with management and the Company's independent registered public accounting firm the Company's policies and practices with respect to risk and particular areas of risk exposure. The Nominating and Governance Committee oversees recruitment of potential director nominees and succession planning for the Company's executive positions. The Compensation Committee monitors the Company's incentive compensation programs to assure that management is not encouraged to take actions involving excessive risk.

Code of Ethics

We have adopted a Code of Ethics for our executive officers (the Chief Executive Officer and Chief Financial Officer), as well as a Code of Business Conduct and an Insider Trading Policy for the Company. Copies of these governing documents, as well as the committee charters described below, are available on our website at www.cytodyn.com.

Director Independence

In determining director independence, we use the definition of independence in Rule 5605(a)(2) of the listing standards of The Nasdaq Stock Market (the "NASDAQ Rules"). The Board has determined that Messrs. Caracciolo, Dockery, Gould, and Naydenov and Dr. Montgomery are independent under the NASDAQ Rules in that each is not, and has not been, an executive officer or employee and does not otherwise have a relationship which, in the opinion of the Board, would interfere with his exercise of independent judgment in carrying out the responsibilities of a director.

In considering Mr. Naydenov's independence, the Board considered his investments in one of our three-year convertible promissory notes in the principal amount of \$1,000,000 bearing interest at an annual rate of 5% and a one-year promissory note in the principal amount of \$500,000 bearing interest at an annual rate of 15%. The \$500,000 note was repaid in full at maturity in April 2014 and the \$1,000,000 note was converted into shares of common stock in November 2014 pursuant to an offer extended to all similar noteholders to induce conversion of their promissory

notes.

Prior to Dr. Burger's election as a director on February 7, 2014, the Board initially determined that he was independent under the NASDAQ Rules, and he was appointed to the Compensation Committee and the Nominating and Governance Committee. However, the Board later requested that Dr. Burger resign from all Board committees in connection with its approval of a consulting arrangement in late February 2014. Under his consulting agreement, Dr. Burger provides advice to our executive management team regarding strategic and operational issues, including during regular in-person meetings, and receives \$10,000 per month in cash for his services.

In considering Mr. Dockery's independence, the Board considered Alpha Venture Capital Partners, L.P.'s investments in our two-year convertible promissory notes in the principal amount of \$2,000,000 bearing interest at an annual rate of 5%, and a short term promissory note in the principal amount of \$1,500,000 bearing interest at a monthly rate of 1.2%. Alpha Advisors, LLC, of which Mr. Dockery is president, is the investment advisor to Alpha Venture Capital Partners.

We are not a listed issuer as that term is used in Regulation S-K Item 407 adopted by the Securities and Exchange Commission (the SEC).

Audit Committee

Our Audit Committee Charter was adopted by the Board of Directors and became effective on November 2, 2011. The primary role of the Audit Committee is to oversee the financial reporting and disclosure process. The Audit Committee is responsible for overseeing the work done by our independent auditors and reviewing and discussing with management and the independent auditors the adequacy and effectiveness of our financial reporting process, the annual audited financial statements, and the results of the annual audit. The Audit Committee held five meetings during fiscal 2015 to review our financial statements with the auditors following the end of each fiscal quarter prior to their inclusion in reports filed with the SEC.

The Audit Committee is presently composed of Mr. Gould (chair), Mr. Caracciolo and Dr. Montgomery. Mr. Gould is a financial expert as defined in Regulation S-K Item 407(d)(5)(ii) adopted by the SEC. During fiscal 2015, Mr. Caracciolo, Mr. Gould and Dr. Montgomery also met the additional independence and experience requirements of the SEC applicable specifically to members of the Audit Committee.

Compensation Committee

Our Compensation Committee Charter was adopted by the Board in October 2012 and was updated on May 29, 2014. The Compensation Committee reviews and approves our overall compensation philosophy and determines base salaries and other forms of compensation to be paid to executive officers, including decisions as to cash incentive compensation, grants of options and other stock-based awards. The Compensation Committee is also responsible for making recommendations to the Board with respect to new compensation plans, including incentive compensation plans and equity-based plans. The Compensation Committee held three meetings during fiscal 2015. The current members of the Compensation Committee are Messrs. Caracciolo (chair), Dockery and Gould, and Dr. Nobel.

Nominating and Governance Committee

Our Nominating and Governance Committee Charter was adopted by the Board on October 26, 2012. The Nominating and Governance Committee identifies individuals qualified to become members of the Board, makes recommendations to the Board with regard to the size and composition of the Board and Board committees, and evaluates the Board and its members. The Nominating and Governance Committee also assists the Board in developing succession and continuity plans for principal officer positions. The current members of the Nominating and Governance Committee are Drs. Nobel (chair) and Montgomery, and Messrs. Caracciolo, Dockery, Gould, and Naydenov. The Nominating and Governance Committee met twice during fiscal 2015.

The Nominating and Governance Committee does not have any specific, minimum qualifications for director candidates. In evaluating potential director nominees, the committee will consider:

Demonstration of ethical behavior;

Positions of leadership that demonstrate the ability to exercise sound judgment in a wide variety of matters;

The candidate's ability to commit sufficient time to the position;

The candidate's understanding of our business and operations; and

The need to satisfy independence requirements relating to Board composition.

The Nominating and Governance Committee relies on its annual evaluations of the Board in determining whether to recommend nomination of current directors for re-election. The Nominating and Governance Committee has not hired a third-party search firm to date, but has the authority to do so if it deems such action to be appropriate. It does not have a policy in place for considering diversity in identifying nominees for director.

The Nominating and Governance Committee will consider director candidates recommended by shareholders for nomination in the same manner as other director candidates presented to the committee. Shareholders wishing to submit a candidate for consideration should do so by sending the candidate's name, biographical information, business and educational experience, and qualifications, as well as the candidate's signed written consent to be considered as a nominee and agreement to serve as a director if nominated and elected, to: Nominating and Governance Committee Chair, CytoDyn Inc., 1111 Main Street, Suite 660, Vancouver, Washington 98660.

Our Audit, Compensation and Nominating and Governance Committee charters can be found on our website at www.cytodyn.com.

RELATED PERSON TRANSACTIONS

During the fiscal year ended May 31, 2014, Mr. Naydenov continued to hold two promissory notes issued by us. A three-year convertible promissory note was issued to Mr. Naydenov in the principal amount of \$1,000,000 on October 16, 2012, in exchange for a cash payment of that amount and bears interest at a 5% annual rate. In conjunction with the note, warrants to purchase 1,333,333 shares of Common Stock at an exercise price of \$2.00 per share and an expiration date of October 16, 2014 were issued to Mr. Naydenov. In April 2013, Mr. Naydenov was also issued a one-year term note in the principal amount of \$500,000 bearing interest at an annual rate of 15%, which was repaid at maturity on April 11, 2014. We issued 150,000 shares of common stock to Mr. Naydenov in payment of the accrued interest, based on a value of \$0.50 per share, as provided by the terms of the note. In November 2014, Mr. Naydenov converted his \$1,000,000 promissory note into 1,333,333 shares of common stock in response to an offer extended to all holders of three-year term convertible promissory notes, which was intended to induce conversion of their promissory notes.

The Company issued on September 26, 2014, a two-year term unsecured convertible promissory note (the AVCP Note) in the aggregate principal amount of \$2,000,000 to Alpha Venture Capital Partners, L.P. (AVCP). The AVCP Note bears interest at the annual rate of 5%. The principal balance of the AVCP Note is due and payable in full on September 26, 2016, subject to acceleration of payment in the event of default. The principal amount of the Note plus unpaid accrued interest is convertible at the election of the holder into shares of the Company s common stock at any time prior to maturity at an initial conversion price of \$1.00 per share. The conversion price is subject to (i) adjustment for stock splits and similar corporate events and (ii) reduction to a price per share that is 10% below the lowest sale price that is below \$.9444 per share, for shares of CytoDyn common stock sold in future securities offerings, including sales to AVCP.

The Company issued on February 6, 2015, a short-term unsecured convertible promissory note (the Note , and with the AVCP Note, the Notes) in the aggregate principal amount of \$1,500,000 to AVCP, an affiliate of Alpha Venture Capital Management, LLC. The principal amount of the Note plus unpaid accrued interest is convertible at the election of the holder into shares of the Company s common stock at any time prior to maturity at an initial conversion price of \$1.00 per share. The Note bears simple interest of 1.2% per month, payable at maturity on August 5, 2015. The conversion price is subject to (i) adjustment for stock splits and similar corporate events and (ii) reduction to a price per share that is 10% below the lowest sale price that is below \$.9444 per share, for shares of CytoDyn common stock sold in future securities offerings, including sales to AVCP.

In connection with the two AVCP Notes, the Company issued warrants to AVCP covering 250,000 and 75,000 shares of the Company s common stock exercisable at a price of \$0.50 per share on September 26, 2014 and February 6, 2015, respectively. The warrants are currently exercisable in full, include a cashless exercise feature, and will expire on December 31, 2019 and February 28, 2020, respectively.

As a result of the Company s completion in May 2015 of a private placement of \$4 million of short-term convertible notes that are convertible for less than \$.9444 per share, the conversion rate of the two AVCP Notes was reduced from \$1.00 per share to \$0.675 per share.

On June 23, 2015, the Company, AVCP and Alpha Venture Capital Management, LLC (AVCM) entered into a Debt Conversion and Termination Agreement, pursuant to which (i) AVCP agreed to convert the \$3,535,627.15 in aggregate indebtedness owed to AVCP as of June 23, 2015 under the Notes in exchange for 5,237,966 shares of Common Stock; (ii) subject to such conversion, the Company agreed to issue to AVCP an additional five-year warrant to purchase 1,000,000 shares of Common Stock at an exercise price of \$0.675 per share and (iii) subject to AVCP s receipt of such shares of Common Stock and warrant, the parties agreed to terminate certain subscription and investor rights agreements among them and discharge each other from all claims and obligations relating to the Notes and /or such agreements.

Mr. Dockery is President of Alpha Advisors, LLC, the investment advisor to AVCP.

On October 23, 2013, we completed a private placement of Units at an offering price of \$1.30 per Unit. Each Unit consists of two shares of Common Stock, plus a five-year warrant to purchase one additional share of Common Stock at an exercise price of \$0.75 per share. Units were purchased by 5% holders as follows:

Name	Number of Units
Alpha Ventures Capital Partners, LP	1,047,850
C. David Callaham	52,393

On June 11, 2015, Anthony Caracciolo was granted an option to purchase 250,000 shares of Common Stock at an exercise price of \$0.97 per share. The option is fully exercisable and terminates on June 11, 2020.

COMPENSATION OF DIRECTORS

During fiscal 2015, each director who was not an employee of the Company was entitled to receive: (i) \$25,000 in annual compensation; (ii) additional annual cash retainers for committee chairs and committee members ranging from \$2,500 to \$15,000; (iii) an additional cash retainer of \$15,000 for the Chairman of the Board; and (iv) an annual grant on June 1, 2014, of a non-qualified stock option covering 50,000 shares of Common Stock vesting in four equal quarterly installments.

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director for services during fiscal 2015.

Name	Cash Fees	Stock Options,(2)	All Other Compensation(3)	Total
Denis R. Burger	\$ 25,000	\$ 53,994	\$ 95,000	\$ 173,994
Anthony D. Caracciolo	57,500	16,675		74,175
Gregory A. Gould	50,000	16,675		66,675
A. Bruce Montgomery	32,500	16,675		49,175
Jordan G. Naydenov	27,500	16,675		44,175
S. Michael Nobel	37,500	16,675		54,175
Carl C. Dockery	19,918	13,711		33,628

- (1) Represents aggregate grant date fair value of options granted during fiscal 2015 pursuant to Black-Scholes valuation model.
- (2) Total number of shares covered by stock options held by each non-employee director at May 31, 2015, were as follows:

	No. of Shares
Denis R. Burger	165,616
Anthony D. Caracciolo	236,543
Gregory A. Gould	275,000
A. Bruce Montgomery	83,836
Jordan G. Naydenov	175,000

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S. Michael Nobel	111,645
Carl C. Dockery	33,973

- (3) Represents consulting fees in a monthly amount of \$5,000 from June, 2014 to October 2014, increased to \$10,000 a month during November 2014 to May 2015. The stock options include an award covering 100,000 shares of common stock relating to the consulting services.

EXECUTIVE OFFICERS OF THE COMPANY

In addition to Dr. Pourhassan, whose background appears under Proposal 1 Election of Directors, Michael D. Mulholland, age 63, is an executive officer of the Company. The Board appointed Mr. Mulholland as the Company's Chief Financial Officer, Treasurer, and Corporate Secretary on December 13, 2012. Mr. Mulholland provides CytoDyn with more than 25 years of senior level financial leadership for public companies in the business services, retail and manufacturing industries. His broad experience includes strategic planning, corporate finance, including raising debt and equity capital, acquisitions, corporate restructurings, SEC reporting, risk management, investor relations and corporate governance matters. Mr. Mulholland has also collaborated with a leading European scientific inventor and IP counsel in connection with the evaluation of the patentability of certain biological compounds for potential applications to improve human health and the preparation of the related patent filings. Most recently, from 2011 to 2012, he served as Chief Financial Officer of Nautilus, Inc., a NYSE-listed developer and marketer of fitness equipment. He previously was Co-Chief Financial Officer of Corporation Management Advisors, Inc., a private holding company, of various businesses and investments, including a majority interest in a publicly held manufacturing company from 2010 to 2011; Vice President of Finance of Gevity HR, Inc., a former Nasdaq-listed professional employer organization, from 2008 to 2009; Chief Financial Officer and Secretary of Barrett Business Services, Inc., a Nasdaq-listed business services firm, from 1994 to 2008; and Executive Vice President, Chief Financial Officer and Secretary of Sprouse-Reitz Stores Inc., a former publicly held retail company, from 1988 to 1994. He began his career with Deloitte & Touche LLP. Mr. Mulholland received a B.S. degree in accounting and an M.B.A. in finance from the University of Oregon. He is a certified public accountant.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)(3)	Option Awards (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
Nader Z. Pourhassan, President and Chief Executive Officer (1)	2015	300,000	210,000	96,406	9,000	615,406
	2014	265,000	100,000	72,659	9,863	447,522
Michael D. Mulholland, Chief Financial Officer (2)	2015	239,583	101,823	72,304	7,188	420,898
	2014	225,000	92,500	54,494	8,063	380,057

- (1) Dr. Pourhassan served as the Company's Chief Operating Officer until June 30, 2011, when he ceased to be an executive officer and accepted a position as the Company's Managing Director of Business Development. Dr. Pourhassan was appointed interim President and Chief Executive Officer on September 10, 2012, and President and Chief Executive Officer in December 2012.
- (2) Mr. Mulholland was appointed as the Company's Chief Financial Officer effective December 13, 2012.
- (3) Bonuses with respect to fiscal 2015 performance have not yet been paid. The timing of such bonus payments, as well as whether the bonuses will be paid one-half in cash and one-half in equity or all in cash, will be determined by the Compensation Committee in light of the Company's future liquidity position. One-half of bonuses for fiscal 2014 were paid in cash shortly following fiscal year-end; the balance was paid on October 11, 2014.
- (4) Option awards represent the grant date fair value of the awards pursuant to FASB ASC Topic 718, as described in Note 5 "Stock Options and Warrants" in the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended May 31, 2015, to which reference is hereby made.
- (5) All Other Compensation represents the Company's contributions to the CytoDyn Inc. 401(k) Profit Sharing Plan.
- OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table sets forth information regarding outstanding stock options awarded to each of our named executive officers as of May 31, 2015. No stock awards were outstanding at May 31, 2015.

Name	Number of securities underlying unexercised options/ exercisable	Number of securities underlying unexercised options/ unexercisable	Option exercise price (\$)	Option expiration date
Nader Z. Pourhassan (1)	125,000		\$ 1.80	10/10/2015
	487,750	31,250	\$ 2.00	07/31/2016
	54,545		\$ 2.75	03/23/2017
	400,000	200,000	\$ 0.80	05/31/2018
	66,667	133,333	\$ 0.64	05/29/2019
Michael D. Mulholland (2)	66,667	33,333	\$ 1.40	12/13/2017
	200,000	100,000	\$ 0.80	05/31/2018
	50,000	100,000	\$ 0.64	05/29/2019

- (1) Options expiring in 2015 vested in full on October 10, 2013. Options expiring in 2016 vest as follows: 125,000 shares on July 31, 2012; 125,000 shares on July 31, 2013, and 31,250 shares quarterly through July 31, 2015. Options expiring in 2018 vest in three