

CytoDyn Inc.
Form DEF 14A
July 24, 2017

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)

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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 24, 2017

Dear Stockholder:

You are cordially invited to attend an annual meeting of stockholders of CytoDyn Inc. (the Company) to be held at 9:00 a.m., Pacific Time, on Thursday, August 24, 2017, at the Hilton Vancouver Washington, 301 W. 6th Street, Vancouver, Washington 98660.

Matters to be presented for action at the meeting include (i) the election of directors, (ii) a proposal to amend certain provisions of the 2012 Equity Incentive Plan, including an increase in the number of shares of capital stock authorized for issuance under the 2012 Equity Incentive Plan, as further described in the enclosed proxy statement, (iii) a proposal to authorize our board of directors to effect a reverse stock split, at its discretion, and reduce the number of authorized shares of our common stock to 200,000,000, as further described in the enclosed proxy statement, (iv) a proposal to increase the number of authorized shares of our common stock to 375,000,000, if our stockholders do not approve, or our board of directors determines not to effect, the reverse stock split, (v) a proposal to amend our Certificate of Incorporation to eliminate a provision that permits the removal of our directors only with cause, (vi) ratification of the selection of our auditors and (vii) 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 stockholder 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

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(855) 973-0093

CYTODYN INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

AUGUST 24, 2017

You are invited to attend the annual meeting of stockholders (the Annual Meeting) of CytoDyn Inc., a Delaware corporation (the Company), to be held at the Hilton Vancouver Washington, 301 W. 6th Street, Vancouver, Washington 98660, on Thursday, August 24, 2017, at 9:00 a.m., Pacific Time.

Only stockholders of record at the close of business on July 10, 2017, 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 eight directors;
2. Approval of a proposal to amend certain provisions of the 2012 Equity Incentive Plan as described in the enclosed proxy statement, including an increase in the number of shares of capital stock authorized for issuance under the 2012 Equity Incentive Plan from 7,000,000 to 15,000,000;
3. Approval of a reverse stock split at a ratio of any whole number between one-for-two and one-for-ten, as determined by our board of directors, and simultaneously reduce the total number of authorized shares of common stock to 200,000,000, at any time before August 24, 2018, if and as determined by our board of directors;
4. Approval of a proposal to increase the total number of authorized shares of common stock to 375,000,000, if our stockholders do not approve, or our board of directors determines not to effect, the reverse stock split;
5. Approval of a proposal to amend the Company's Certificate of Incorporation to eliminate a provision that permits the removal of the Company's directors only with cause;
6. Ratification of the selection of Warren Averett, LLC as the Company's independent registered public accounting firm for the fiscal year ending May 31, 2018;
7. A non-binding advisory vote to approve our executive compensation; and
8. The transaction of any other business as may properly come before the Annual Meeting or any postponements or adjustments thereof.

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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 stockholder 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 24, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON AUGUST 24, 2017:

The proxy statement for the 2017 annual meeting of stockholders and 2017 annual report to stockholders are available at www.cytodyn.com.

CYTODYN INC.

PROXY STATEMENT 2017 ANNUAL MEETING OF STOCKHOLDERS

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of CytoDyn Inc., a Delaware corporation (CytoDyn or the Company), to be voted at the annual meeting of stockholders to be held on August 24, 2017 (the Annual Meeting), and any postponements or adjournments thereof. The proxy statement and accompanying form of proxy were first mailed to stockholders on or about July 24, 2017.

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 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 properly returned, 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, 5, 6 and 7.** If a stockholder 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 permitted to use discretionary voting authority to vote proxies for proposals that are deemed routine by the New York Stock Exchange, but are not permitted to use discretionary voting authority to vote proxies for proposals that are deemed non-routine by the New York Stock Exchange. The determination of which proposals are deemed routine versus non-routine may not be made by the New York Stock Exchange until after the date on which this proxy statement has been mailed to you. As such, it is important that you provide voting instructions to your bank, broker or other nominee, if you wish to determine the voting of your shares. If the New York Stock Exchange determines such proposal to be non-routine, failure to vote, or to instruct your broker how to vote any shares held for you in your broker's names will have the same effect as a vote against Proposals 3, 4 & 5.

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

If you have additional questions, need assistance in submitting your proxy or voting your shares of 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

Revocation of Proxies. Proxies may be revoked by written notice delivered in person or mailed to the Secretary of the Company or by submitting a later-dated proxy prior to a vote being taken at the Annual Meeting. Attendance at the Annual Meeting alone may not be sufficient to revoke a previously submitted proxy. If you hold shares through a broker or nominee (that is, in street name), please follow their directions on how to revoke previously submitted instructions relating to your shares.

OUTSTANDING VOTING SECURITIES AND QUORUM

Stockholders of record as of the close of business on July 10, 2017, are entitled to one vote at the Annual Meeting for each share of common stock, par value \$0.001 per share (Common Stock), of the Company then held by each stockholder. As of that date, the Company had 152,763,243 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 at the Annual Meeting.

VOTES REQUIRED

Pursuant to the General Corporation Law of the State of Delaware and the Company's Bylaws, the eight 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 General Corporation Law of the State of Delaware, Proposals 3, 4 and 5 must be approved by a majority of the outstanding shares of stock of the Company entitled to vote on the proposal. Proposals 2, 6 and 7 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 Stockholders): Thursday, August 24, 2017 at 9:00 a.m., Pacific Time, at the Hilton Vancouver Washington, 301 W. 6th Street, Vancouver, Washington 98660.

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 10, 2017.

Proposals to be Voted on (See Notice of Annual Meeting of Stockholders): Matters to be presented for action at the meeting include (i) the election of directors, (ii) approval of a proposal to amend certain provisions of the 2012 Equity Incentive Plan as described in this proxy statement, including an increase in the number of shares of capital stock authorized for issuance under the 2012 Equity Incentive Plan from 7,000,000 to 15,000,000, (iii) a proposal to authorize the Board to effect a reverse stock split, at its discretion, and simultaneously reduce the number of authorized shares of our Common Stock to 200,000,000, as further described in this proxy statement, (iv) a proposal to increase the number of authorized shares of our Common Stock to 375,000,000, if our stockholders do approve, or the Board determines not to effect, the reverse stock split, (v) approval of a proposal to amend the Company's Certificate of Incorporation to eliminate a provision that permits the removal of the Company's directors only with cause, (vi) ratification of the selection of the Company's auditors and (vii) a non-binding advisory vote to approve executive compensation as described in this proxy statement.

Reasons for the Amendment to the 2012 Equity Incentive Plan (See page 19): The primary reasons for the amendments to the 2012 Equity Incentive Plan are to provide for a sufficient number of shares for future grants under the 2012 Equity Incentive Plan and provide sufficient guidelines in connection with such grants.

Effect of Approving the Amendment to the 2012 Equity Incentive Plan (See pages 19, 20): If the amendment to the 2012 Equity Incentive Plan is approved, (i) the total number of shares of Common Stock available for grant will be increased from 7,000,000 shares to 15,000,000 shares, (ii) the number of shares of Common Stock that may be granted to any individual during a calendar year pursuant to options and/or stock appreciation rights will be increased from 1,000,000 to 3,000,000, and (iii) the number of shares of Common Stock that may be granted as restricted share awards and/or restricted unit awards will be increased from 2,500,000 to 5,000,000.

Effect of Not Approving the Amendment to the 2012 Equity Incentive Plan (See pages 22, 23): If the amendment to the 2012 Equity Incentive Plan fails to obtain the vote required for approval, we will not have any additional shares available for future issuance under the plan. Additionally stock options covering an aggregate of 2,307,123 shares of Common Stock, whose prior grants were conditioned on approval of Proposal 2 at the Annual Meeting, will be cancelled, and our employees, including our executive officers, and our directors whose grants were subject to such approval will not receive such incentive equity

compensation. In addition, if this proposal fails to obtain the vote required for approval, we will not be able to provide equity incentive compensation to our current and future employees and, as a result, we may not be able to retain our current employees or attract new employees.

Reasons for the Reverse Stock Split (See pages 26-28): The Board believes that it is in the best interests of the Company and its stockholders to approve a reverse stock split of the Company's outstanding Common Stock in order to grant the Board the discretionary authority to effect a reverse stock split within the ratios described herein if the Board determines it to be appropriate, in order to support a potential listing on of the Common Stock a national securities exchange and for the reasons

described in this proxy statement. The reverse stock split also provides for a simultaneous reduction in the number of shares of Common Stock that the Company is authorized to issue to 200,000,000.

Reasons for the Increase in Authorized Shares (See pages 33-34): The primary reason for the increase in authorized shares of Common Stock is to have sufficient shares available for possible future financings, acquisition transactions, joint ventures and other general corporate purposes as further described in this proxy statement in the event the proposal to approve the reverse stock split is not approved by our stockholders or the Board elects not to effect the reverse stock split. In addition, the Company believes that approving the increase in authorized shares of Common Stock would moot the allegations made in certain demand letters described on pages 34-35, thereby minimizing uncertainty and potential costs and delays to the Company's stockholders.

Effect of Approving the Increase in Authorized Shares (See pages 33-39): If the increase in authorized shares of Common Stock is approved, the authorized shares of the Company will be increased to 375,000,000 shares.

Effect of Not Approving the Increase in Authorized Shares (See page 35): If the increase to authorized shares of Common Stock is not approved, the Company may be limited in its ability to issue shares of its Common Stock to complete future financings, acquisition transactions, joint ventures and other general corporate purposes.

Reasons for Removing Only With Cause Requirement for Removal of Directors (See page 36): In December 2015, the Delaware Court of Chancery issued an opinion invalidating as a matter of law provisions of the certificate of incorporation and bylaws of a Delaware corporation that permitted, in the absence of a classified board or cumulative voting, the removal of directors by its stockholders only for cause. Removal from the Company's Certificate of Incorporation of the only with cause requirement for the removal of directors is consistent with the Delaware court's ruling.

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

Recommendation of the Board (See pages 1, 6, 25, 32, 36, 37, 38): The Board recommends that you vote FOR the election of all nominees for director, as well as FOR Proposals 2, 3, 4, 5, 6 and 7.

Vote Required (See page 2): Pursuant to the General Corporation Law of the State of Delaware and the Company's Bylaws, the eight 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 General Corporation Law of the State of Delaware, Proposals 3, 4 and 5 must be approved by a majority the outstanding shares of stock of the Company entitled to vote on the proposal, and Proposals 2, 6, and 7 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): Proxies may be revoked by written notice delivered in person or mailed to the Secretary of the Company or by submitting a later-dated proxy prior to a vote being taken at the Annual Meeting. Attendance at the Annual Meeting alone may not be sufficient to revoke a previously submitted proxy. If you hold shares through a broker or nominee (that is, in street name), please follow their directions on how to revoke previously submitted instructions relating to your shares.

Voting of Shares Held in Street Name (See page 1): Your broker is permitted to use discretionary voting authority to vote proxies for proposals that are deemed routine by the New York Stock

Exchange, but is not permitted to use discretionary voting authority to vote proxies for proposals that are deemed non-routine by the New York Stock Exchange. The determination of which proposals are deemed routine versus non-routine may not be made by the New York Stock Exchange until after the date on which this proxy statement has been mailed to you. As such, it is important that you provide voting instructions to your bank, broker or other nominee, if you wish to determine the voting of your shares. If the New York Stock Exchange determines such proposals to be non-routine, 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 Proposals 3, 4 and 5.

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

Alliance Advisors LLC

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

(855) 973-0093

PROPOSAL 1 ELECTION OF DIRECTORS

The directors will be elected at the Annual Meeting to serve until the next annual meeting of stockholders and until their successors are elected and qualify. The Company's Certificate of Incorporation and Bylaws authorize the Board to set the number of directors of the Company. The number of directors is currently eight. During periods between annual stockholder 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 stockholders and when a successor is duly elected and qualifies.

The eight 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. Stockholders 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. Shares that are not represented at the Annual Meeting, shares that are withheld and broker non-votes, if applicable, will have no effect on the outcome of the election.

The Board recommends that stockholders 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 10, 2017.

Name	Age	Principal Occupation
Anthony D. Caracciolo	62	Executive Chairman of the Company
Nader Z. Pourhassan, Ph.D.	54	President and Chief Executive Officer of the Company
Denis R. Burger, Ph.D.	74	Retired Chief Executive Officer of AVI Biopharma Inc.
Carl C. Dockery	54	President, Alpha Advisors, LLC
Scott A. Kelly, M.D.	47	Director of Safety Council and Medical Director of Spine Center at Resurgens Orthopaedics
Gregory A. Gould	51	Chief Financial Officer, Treasurer, and Corporate Secretary of Aytu Bioscience, Inc.
A. Bruce Montgomery, M.D.	64	Chief Executive Officer of Cardeas Pharma Corporation
Jordan G. Naydenov	56	Vice President and Treasurer of Milara, Inc., a provider of stencil and screen printing systems

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 the Company 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 the Company's Chief Operating Officer from May 2008 until June 30, 2011, at which time Dr. Pourhassan accepted a position as 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.

Denis R. Burger, Ph.D. Dr. Burger has been a director since February 2014 and was named Vice Chairman of the Board in August 2014 and Chief Science Officer in January 2016. Dr. Burger is also currently a director of

Aptose Biosciences Inc., a cancer therapeutics company listed on the NASDAQ, 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 the Company's Board, as well as a local presence for in person consultations with management.

Anthony D. Caracciolo. Mr. Caracciolo was appointed Executive Chairman of the Company in January 2017 and has served as Chairman of the Board since June 2013. 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. 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 since September 2014 and is also Chair of the Nominating and Governance Committee. Mr. Dockery is a financial executive with years of experience 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 is an active investor in various healthcare and early-stage companies through Alpha Ventures, the venture capital affiliate of Alpha Advisors. 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. In April 2016, Mr. Dockery became a director of Aytu BioScience, Inc., a publicly traded specialty pharmaceutical company focused on the commercialization of novel products in the field of urology. 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 the Company.

Gregory A. Gould. Mr. Gould currently serves as Chair of the Audit Committee and previously served as the Company's Chairman of the Board from July 2012 until June 2013. He has been a director since March 2006. Mr. Gould has held senior management positions in the life sciences industry for over 20 years. He currently serves as the Chief Financial Officer of Aytu BioScience, Inc. (OTCQX: AYTU), a commercial-stage specialty pharmaceutical company focused on global commercialization of novel products in the field of urology. Prior to joining Aytu on a full-time basis, he split his time between Aytu and Ampio Pharmaceuticals, Inc. (NYSE MKT: AMPE) from April 2015 until June 2017. Prior to joining Ampio Pharmaceuticals in June 2014, he provided financial and operational

consulting services to the biotech industry through his consulting company, Gould, LLC.

Mr. Gould was Chief Financial Officer, Treasurer and Secretary of SeraCare Life Sciences 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 the Chief Financial Officer role at Atrix Laboratories, Inc., an emerging specialty pharmaceutical company focused on advanced drug delivery. During Mr. Gould's tenure at Atrix, he was involved in the negotiation and sale of the company to QLT, Inc. for over \$855 million. He also played a critical role in the management of several licensing agreements including the global licensing agreement with Sanofi-Synthelabo of the Eligard® product line. Mr. Gould was the Chief Financial Officer at Colorado MedTech, Inc., a publicly traded medical device design and manufacturing company, where he negotiated the transaction to sell the company to KRG Capital Partners. 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.

Scott A. Kelly, M.D. Dr. Kelly has been a director since April 2017. Dr. Kelly is a practicing physician and writer and is board certified in Physical Medicine and Rehabilitation. Dr. Kelly has served at Atlanta-based Resurgens Orthopaedics since 2002, including as Director of the Safety Council since 2013 and as Medical Director of the Resurgens Orthopaedics Spine Center since 2007. Dr. Kelly is a fellow of the American Board of Physical Medicine and Rehabilitation and a diplomate of the American Academy of Physical Medicine and Rehabilitation. Dr. Kelly also is a member of the Spine Intervention Society, Georgia Society of Interventional Spine Physicians, and American Academy of Physical Medicine and Rehabilitation. Dr. Kelly has received numerous honors including being named as America's Best Physicians in 2016 and 2017 by The National Consumer Advisory Board, Top Doctor in 2015, 2016 and 2017 by Castle Connolly, and Top Doctor by Atlanta Magazine in 2016. Dr. Kelly is the author of *What I've Learned from You: The Lessons of Life Taught to a Doctor by His Patients*. Dr. Kelly received his BA in Psychology from Emory University, his medical doctorate from Medical College of Georgia and completed his medical residency at Emory University. Dr. Kelly brings extensive patient treatment and a deep knowledge of life sciences to the Board.

A. Bruce Montgomery, M.D. Dr. Montgomery was appointed as a director in September 2013 and currently serves as Chair of the Compensation Committee. 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 Genoa Pharmaceuticals, Inc., a biotechnology firm focused on treatment of idiopathic pulmonary fibrosis. From 2010 to 2016, he was the CEO of Cardeas Pharma Corporation, which focused on 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 since June 2009. 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 printing systems for the surface mount and semiconductor industries, as well as wafer handling robotics and automation. Mr. Naydenov brings leadership skills and significant management experience to the Board.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board held 18 meetings in fiscal 2017. During fiscal 2017, 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 stockholders. 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

The Company has adopted a Code of Ethics as well as a Code of Business Conduct and an Insider Trading Policy. Copies of these governing documents, as well as the committee charters described below, are available on the Company's website at www.cytodyn.com.

Director Independence

In determining director independence, the Company uses 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 Mr. Caracciolo was (until his appointment as Executive Chairman, effective January 26, 2017), and that Mr. Dockery, Mr. Gould, Dr. Kelly, Dr. Montgomery, and Mr. Naydenov 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.

The Company is 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

The Audit Committee Charter was adopted by the Board and became effective on November 2, 2011, and was subsequently updated on February 21, 2017. 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 the Company's independent auditors and reviewing and discussing with management and the independent auditors the adequacy and effectiveness of the Company's financial reporting process, the annual audited financial statements, and the results of the annual audit. The Audit Committee is also responsible for reviewing and approving in advance all contemplated related-party transactions such as those described under "Related Person Transactions" below. The Audit Committee held six meetings during fiscal 2017 to review the Company's financial statements with the auditors following the end of each fiscal quarter prior to their inclusion in reports filed with the SEC. During fiscal 2017, the members of the Audit Committee were Mr. Gould (chair), Mr. Caracciolo (until his resignation from the committee, effective January 26, 2017), Mr. Dockery (effective January 26, 2017), Dr. Kelly (effective May 17, 2017) 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 2017, Mr. Gould, Mr. Caracciolo (until his resignation from the committee), Mr. Dockery, Dr. Kelly and Dr. Montgomery also met the additional independence and experience requirements of the SEC applicable specifically to members of the Audit Committee.

Compensation Committee

The Compensation Committee Charter was adopted by the Board in October 2012 and was updated on May 29, 2014 and February 21, 2017. The Compensation Committee reviews and approves the Company's 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 four meetings during fiscal 2017. During fiscal 2017, the members of the Compensation Committee were Mr. Caracciolo (chair, until his resignation from the committee, effective January 26, 2017), Dr. Montgomery (chair, effective January 26, 2017), Mr. Dockery, Mr. Gould, Dr. Kelly (effective May 17, 2017) and Mr. Naydenov.

Nominating and Governance Committee

The Company's Nominating and Governance Committee Charter was adopted by the Board on October 26, 2012, and was subsequently updated on February 21, 2017. 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 committees thereof, 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 Nominating and Governance Committee held one meeting during fiscal 2017. During fiscal 2017, the members of the Nominating and Governance Committee were Mr. Dockery (chair), Mr. Caracciolo (until his resignation from the committee, effective January 26, 2017), Mr. Gould, Dr. Kelly (effective May 17, 2017), Dr. Montgomery and Mr. Naydenov.

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

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 the Company's business and operations; and

the need to satisfy independence requirements relating to Board composition.

The Nominating and Governance Committee relies on 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 charter documents for the Company's Audit Committee, Compensation Committee and Nominating and Governance Committee can be found on the Company's website at www.cytodyn.com.

Director Compensation

During fiscal 2017, each non-employee director 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, 2016, of a non-qualified stock option covering 50,000 shares of Common Stock vesting in four equal quarterly installments. Mr. Caracciolo, who was appointed Executive Chairman, effective January 26, 2017, continues to receive cash compensation for his service as a director. Dr. Kelly, who was appointed effective April 10, 2017, was entitled to receive the pro rata portion of such compensation for fiscal 2017. The compensation plan for directors during fiscal 2018 is the same as in fiscal 2017, provided that the stock option award specified in clause (iv) above increased from 50,000 shares to 75,000 shares.

The following table sets forth certain information regarding the compensation earned by or awarded to each non-employee director for services during fiscal 2017.

Name	Cash Fees	Stock	All Other	Total
		Options(1)(2)	Compensation(3)	
Denis R. Burger	\$ 25,000	\$ 38,345	\$ 240,000	\$ 303,345
Anthony D. Caracciolo (4)	51,521	38,345		89,866
Carl C. Dockery	39,208	38,345		77,553
Gregory A. Gould	50,000	95,675		145,675
Scott A. Kelly (5)	3,940	2,564		6,504
A. Bruce Montgomery	35,917	38,345		74,262
Jordan G. Naydenov	30,000	38,345		68,345

(1) 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, 2017, to which reference is hereby made.

(2) Total number of shares covered by stock options held by each non-employee director at May 31, 2017, were as follows:

	No. of Shares
Denis R. Burger	365,616
Anthony D. Caracciolo (4)	1,586,543
Carl C. Dockery	133,973
Gregory A. Gould	393,750
Scott A. Kelly	7,123

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A. Bruce Montgomery	183,836
Jordan G. Naydenov	275,000

- (3) Represents consulting fees for Dr. Burger in a monthly amount of \$20,000 in connection with Dr. Burger's service as Chief Science Officer.
- (4) Mr. Caracciolo was appointed Executive Chairman of the Company effective January 26, 2017, and at that time resigned from his positions on all board committees. Mr. Caracciolo continues to receive cash compensation for his service as a director but no longer receives the annual stock options awarded to non-employee directors. The compensation received by Mr. Caracciolo in his capacity as Executive Chairman is summarized separately in the table under the heading "Executive Compensation Summary Compensation Table" below.
- (5) On April 10, 2017, in connection with Dr. Kelly's appointment as director, subject to the approval by the stockholders to increase the total number of shares authorized for issuance under the 2012 Equity Incentive Plan at the Annual Meeting, the Company granted to Dr. Kelly a non-qualified stock option to purchase up to 7,123 shares of Common Stock, at an exercise price of \$0.61, representing a pro

rata portion of the annual option grant received by each director for fiscal 2017. The option vested on May 31, 2017 and terminates on April 10, 2027. Dr. Kelly also received the pro rata portion of the cash compensation received by the non-employee directors for fiscal 2017.

EXECUTIVE OFFICERS OF THE COMPANY

In addition to Dr. Pourhassan and Mr. Caracciolo, each of whose backgrounds appear under Proposal 1 Election of Directors, Michael D. Mulholland, age 65, is an executive officer of the Company. The Board appointed Mr. Mulholland as 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 (\$)(1)	Option Awards (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Nader Z. Pourhassan, President and Chief Executive Officer	2017	421,250	252,750	456,660	12,638	1,143,298
	2016	341,250	276,000	696,336	10,238	1,323,824
Michael D. Mulholland, Chief Financial Officer	2017	337,500	101,250	228,330	10,125	677,205
	2016	262,500	152,750	414,932	7,875	838,057
Anthony D. Caracciolo Executive Chairman (4)	2017	69,750		352,273		422,023

- (1) Bonuses for fiscal 2017 will be paid 50% in cash and, subject to the approval of Proposal 2 at the Annual Meeting, 50% in shares of Common Stock under the 2012 Equity Incentive Plan. Payment is subject to certain specified milestones; but to be paid no later than March 15, 2018. As of July 10, 2017, the bonuses remained unpaid.
- (2) 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, 2017, to which reference is hereby made. Figures for fiscal 2016 include additional compensation relating to the extension of the term of certain previously awarded options for an additional five years and the vesting of certain warrants upon the achievement of strategic milestones. This table excludes options whose vesting remains subject to the achievement of strategic milestones, as specified in greater detail in the footnotes to the table under the heading Outstanding Equity Awards at Fiscal Year-End below, because the fair values of such options are not able to be estimated under FASB ASC Topic 718.
- (3) All Other Compensation represents the Company's contributions to the CytoDyn Inc. 401(k) Profit Sharing Plan.
- (4) Mr. Caracciolo was appointed as Executive Chairman of the Company effective January 26, 2017, at which time Mr. Caracciolo commenced earning an annual base salary of \$200,000 (prorated through May 31, 2017) and was granted certain options specified in Note 3 to the table under the heading Outstanding Equity Awards at Fiscal Year-End below. Mr. Caracciolo continues to receive cash compensation for his service as a director but no longer receives the annual stock options awarded to non-employee directors. The information presented in this table excludes any compensation relating to Mr. Caracciolo's service as a director, which is summarized in the table under the heading Meetings and Committees of Directors Director Compensation above.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding stock options awarded to each of the Company's named executive officers as of May 31, 2017. No stock awards were outstanding at May 31, 2017.

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)	600,000		\$ 0.80	05/31/2018
	200,000		\$ 0.64	05/29/2019
	500,000		\$ 2.00	07/31/2021
	54,545		\$ 2.75	03/23/2022
	66,667	133,333	\$ 0.90	