

GENEREX BIOTECHNOLOGY CORP

Form 10-K/A

November 28, 2006

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

**FORM 10-K/A**  
Amendment No. 1

(Mark One)

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

For the fiscal year ended July 31, 2006

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-25169

**GENEREX BIOTECHNOLOGY CORPORATION**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

98-0178636  
(I.R.S. Employer  
Identification No.)

33 Harbour Square, Suite 202, Toronto,  
Canada  
(Address of principal executive offices)

M5J 2G2  
(Zip Code)

(416) 364-2551

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Name of each exchange on which registered
Common Stock, \$.001 par value per share	The NASDAQ Stock Market LLC

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. Large accelerated filer  Accelerated filer  Non-accelerated filer

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

As of January 31, 2006, the last business day of the registrant’s most recently completed second quarter, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was \$82,310,308 based on the closing sale price as reported on the NASDAQ Capital Market. Generex Biotechnology Corporation has no non-voting common equity.

At November 17, 2006, there were 108,069,304 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: Annual Report on Form 10-K filed with the Securities and Exchange Commission on October 16, 2006.

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Form 10-K/A  
July 31, 2006**

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As used herein, the terms the “Company,” “Generex,” “we,” “us,” or “our” refer to Generex Biotechnology Corporation, a Delaware corporation.

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**Explanatory Note**

This Amendment No. 1 to the Company's Annual Report on Form 10-K for the year ended July 31, 2006 ("Amendment") is being filed to furnish the information required by Part III (Items 10, 11, 12, 13 and 14). This Amendment is limited in scope to the items identified above and should be read in conjunction with the original Annual Report on Form 10-K for the year ended July 31, 2006 filed by the Company on October 16, 2006 (the "Form 10-K"). The Amendment does not reflect events occurring after the filing of the Form 10-K on October 16, 2006 and, other than the furnishing of the information identified above, does not modify or update the disclosure in the Form 10-K in any way.

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<b>Name</b>	<b>Age</b>	<b>Position Held with Generex</b>
Anna E. Gluskin	55	Chairman, President, Chief Executive Officer and Director
Rose C. Perri	39	Chief Operating Officer, Chief Financial Officer, Treasurer, Secretary and Director
Gerald Bernstein, M.D.	73	Director, Vice President Medical Affairs
Mark Fletcher, Esquire	41	Executive Vice President and General Counsel
John P. Barratt	62	Director
Mindy J. Allport-Settle	36	Director
Brian T. McGee	46	Director
Peter G. Amanatides	42	Director
David E. Wires	55	Director

All directors are elected to hold office until the next annual meeting of stockholders following election and until their successors are duly elected and qualified. Executive officers are appointed by the Board of Directors and serve at the discretion of the Board. There are no family relationships among the directors and executive officers.

**Anna E. Gluskin.** Director since September 1997. Ms. Gluskin has served as the President and Chief Executive Officer of Generex since October 1997 and the Chairperson of the Generex Board of Directors since November 2002. She held comparable positions with Generex Pharmaceuticals, Inc. from its formation in 1995 until its acquisition by Generex in October 1997.

**Rose C. Perri.** Director since September 1997. Ms. Perri has served as Treasurer and Secretary of Generex since October 1997, and as Chief Operating Officer since August 1998. She served as Acting Chief Financial Officer from November 2002 until April 2005 when she was appointed Chief Financial Officer. She was an officer of Generex Pharmaceuticals, Inc. from its formation in 1995 until its acquisition by Generex in October 1997.

**Gerald Bernstein, M.D.** Director since October 2002. Dr. Bernstein has served as Vice President Medical Affairs of Generex since October 1, 2001. Dr. Bernstein acts as a key liaison for Generex on medical and scientific affairs to the medical, scientific and financial communities and consults with Generex under a consulting agreement on research and medical affairs and on development activities. Dr. Bernstein has been an associate clinical professor at the Albert Einstein College of Medicine in New York and an attending physician at Beth Israel Medical Center, Lenox Hill Hospital and Montefiore Medical Center, all in New York. He was president of the American Diabetes Association from 1998 to 1999.

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**Mark Fletcher, Esq.** Mr. Fletcher has served as our Executive Vice President and General Counsel since April 2003. From October 2001 to March 2003, Mr. Fletcher was engaged in the private practice of law as a partner at Goodman and Carr LLP, a leading Toronto law firm. From March 1993 to September 2001, Mr. Fletcher was a partner at Brans, Lehun, Baldwin LLP, a law firm in Toronto. Mr. Fletcher received his LL.B. from the University of Western Ontario in 1989 and was admitted to the Ontario Bar in 1991.

**John P. Barratt.** Independent Director since March 2003. Mr. Barratt is currently a member of the GenereX Audit Committee. Mr. Barratt currently serves as the Board Liaison Officer of The Caldwell Partners International, a role he commenced in July 2006. From April 2005 to July 2006 Mr. Barratt served as Chief Operating Officer of The Caldwell Partners International. The Caldwell Partners International is a Canadian based human capital professional services company. Mr. Barratt continues, concurrently, as the court-appointed Responsible Person and Liquidation Manager of Beyond.com Corporation, Debtor-in-Possession, a U.S. Chapter 11 Bankruptcy case, in which capacity Mr. Barratt reports to the bankruptcy court and to the U.S. Trustee's Office. The Beyond.com case is expected to be granted final decree in 2006 at which point the Chapter 11 case will terminate as will his duties to the court and the U.S. Trustee's Office. From September 2000 until the date of its Chapter 11 bankruptcy filing in January 2002, Mr. Barratt acted in the capacity of Chief Operating Officer of Beyond.com Corporation, an electronic fulfillment provider. Between 1996 and 2000, Mr. Barratt was partner-in-residence with the Quorum Group of Companies, an international investment partnership specializing in providing debt and/or equity capital coupled with strategic direction to emerging technology companies. Between 1988 and 1995, Mr. Barratt held a number of positions with Coscan Development Corporation, a real estate development company, the last position of which was Executive Vice-President and Chief Operating Officer. Mr. Barratt currently serves on a number of Boards of Directors, including Brascade Corporation, GLP NT Corporation and BNN Split Corporation, and is a member of the Board of Directors and Chairman of the Risk Policy Committee of the Bank of China (Canada). Mr. Barratt also serves on the Advisory Boards of the following Brascan SoundVest funds: Diversified Income Fund, Total Return Fund, Rising Distribution Split Trust and Focused Business Trust. In addition, Mr. Barratt is a member of the Advisory Board of the Brascan Adjustable Rate Trust I.

**Mindy J. Allport-Settle.** Independent Director since February 2004. Ms. Allport-Settle is a member of the GenereX Audit and Regulatory Compliance Committees and Chairperson of the GenereX Compensation Committee. Ms. Allport-Settle has been President and Chief Executive Officer of Integrated Development, LLC ("Integrated") since 1998. Integrated is an independent consulting firm to the pharmaceutical industry, providing informed guidance in operational, project and contract management, new business development and regulatory compliance. In addition to her position with Integrated, Ms. Allport-Settle has been a Vice-President of Impact Management Services, Inc. ("IMS") from 2003 to 2005, which also provides consulting services to the pharmaceutical industry. In her positions at Integrated and IMS, Ms. Allport-Settle has worked with several major pharmaceutical companies. From 2001 to 2002, Ms. Allport-Settle was Director of Client Services for Scriptorium Publishing Services. From 1992 to 1994, Ms. Allport-Settle was an Eye Bank Technician/Organ Procurement Surgeon for the NC Eye & Human Tissue Bank; and from 1991 to 1998, Ms. Allport-Settle was a healthcare and general medical compliance training consultant and a contract writer and photographer. Ms. Allport-Settle holds a Bachelor's degree from the University of North Carolina, a Master of Business Administration in Global Management from the University of Phoenix, and completed Harvard Business School's executive education program Compensation Committees: Preparing for the Challenges Ahead.

**Brian T. McGee.** Independent Director since March 2004. Mr. McGee is currently the Chairman of the GenereX Audit Committee. Mr. McGee has been a partner of Zeifman & Company, LLP ("Zeifman") since 1995. Mr. McGee began working at Zeifman shortly after receiving a B.A. degree in Commerce

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from the University of Toronto in 1985. Zeifman is a Chartered Accounting firm based in Toronto, Ontario. A significant element of Zeifman's business is public corporation accounting and auditing. Mr. McGee is a Chartered Accountant. Throughout his career, Mr. McGee has focused on, among other areas, public corporation accounting and auditing. In 1992, Mr. McGee completed courses focused on International Taxation and Corporation Reorganizations at the Canadian Institute of Chartered Accountants and in 2003, Mr. McGee completed corporate governance courses on compensation and audit committees at Harvard Business School. In April 2004 Mr. McGee received his CPA designation from The American Institute of Certified Public Accountants.

**Peter G. Amanatides.** Independent Director since April 2005. Mr. Amanatides is currently the Chairman of the Generex Regulatory Compliance Committee and a member of the Generex Compensation Committee. Mr. Amanatides has been working in the pharmaceutical and biotechnology industry since 1988. Since November 2004, Mr. Amanatides has been President and Chief Operating Officer of Pharmalogika, Inc., a North Carolina-based service provider for the pharmaceutical and biotechnology industry. Since April 2002, Mr. Amanatides has held the positions of Director and Vice President within the Quality Organization for DSM Pharmaceuticals and DSM Biologics, both divisions of DSM Pharmaceutical Products, Inc. From February 1999 to April 2002, Mr. Amanatides served as Director of Quality Systems for Celera Genomics, a division of Applied Biosystems involved in genomics and pharmaceutical discovery. Mr. Amanatides received a B.S. degree in biology from Regents College, Albany, New York and a M.S. degree in Biotechnology and Molecular Biology from Hood College, Frederick, Maryland. Mr. Amanatides has also held ASQ Certification as a certified Quality Manager.

**David E. Wires.** Independent Director since April 2006. Mr. Wires is currently a member of the Generex Compensation Committee. Mr. Wires has been a partner in the Toronto law firm of Wires Jolley, LLP since its founding in 2002. Prior to that, he was a partner in McCague Wires Peacock Borlack McInnis & Lloyd. In 1997, he was appointed a commissioner of the Ontario Pension Commission, and from 1998 to 2003, he continued as a member of the Ontario Financial Services Tribunal on appointment by the Lieutenant Governor in Council. He graduated from Carleton University with a Bachelor of Arts in 1973 and continued his education at the University of Ottawa where he graduated in 1976 with a Bachelor of Laws, Magna Cum Laude, and at Osgoode Hall Law School, York University where he graduated with a Master of Laws in 1988. He is certified as a specialist in civil litigation by the Law Society of Upper Canada. Outside his practice, David is a panelist on the China International Trade and Arbitration Commission, Beijing. The Certified General Accountants Association of Ontario awarded David their Ontario Distinguished Service Award. David is a member of the Canadian Bar Association and an associate of the American Bar Association, the Advocate Society and past Chair of the Joint Committee on Court Reform, the Toronto Case Management Advisory Committee. He has been engaged as an instructor and lecturer for the Law Society of Upper Canada, the Advocates Society, the Canadian Institute, the Advocate's Society Intensive Trial Advocacy Program, York University, the Canadian Society for the Advancement of Legal Technology, the Canadian Bar Association and the Canadian Corporation Counsel Association.

Our Board of Directors nominated Mr. Wires for election as director at our Annual Meeting of the Stockholders held on May 30, 2006, which increased the size of our Board to eight directors. Five of the eight directors are independent of Generex management.

## **Other Key Employees and Consultants**

**Slava Jarnitskii** is our Financial Controller. He began his employment with Generex Pharmaceuticals in September 1996 and has been in the employment of Generex since its acquisition of Generex Pharmaceuticals in October 1997. Before his employment with Generex Pharmaceuticals, Mr. Jarnitskii received a Masters of Business Administration degree from York University in September 1996.





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**George Markus** is our Manager of Regulatory Affairs. Mr. Markus holds a B.Sc. (Honours) in theoretical chemistry from Dalhousie University and an M.Sc. in analytical chemistry from McGill University. He is an instructor at the Academy of Applied Pharmaceutical Sciences in Toronto, Canada. In his more than twenty years in the industry, he has been President & Chief Executive Officer of Consolidated Clinical Research of Canada Inc., a site management organization (SMO) that manages the coordination of clinical research sites, and has worked in Quality Assurance / Special Projects / Clinical Operations and as a Director, Regulatory Affairs for Dimethaid Research Inc. Mr. Markus has also held regulatory affairs positions with Pasteur Merieux Connaught, Biovail Corporation International, Sanofi Winthrop, Genpharm Inc. Pharmaceuticals, and Sandoz Canada Inc.

**Dr. Jaime Davidson, MD, FACP, FACE** was appointed a consultant Medical Director for Generex in July, 2006. Dr. Davidson is the President of Endocrine and Diabetes Associates of Texas, based at the Medical City Dallas Hospital complex, and a Clinical Associate Professor of Internal Medicine at University of Texas Southwestern Medical Center in Dallas, Texas. Dr. Davidson chaired the Diabetes Consensus Guidelines for the American College of Endocrinology and serves as Director of the Annual Intensive Diabetes, Endocrinology and Metabolic Diseases Course for the University of Southern California Keck School of Medicine. He serves as a council member for the Texas Department of Health Services, appointed by Texas Governor Rick Perry. In 2006 Dr. Davidson was distinguished by the American Association of Clinical Endocrinologists with an award for his contributions to the improvement of endocrine health for under-served populations, and by the American Diabetes Association with the Harold Rifkin MD award for his international contributions in the diabetes field. In the past, he has held positions with the National Diabetes Advisory Board, the National Institutes of Health, the Centers for Disease Control, the Institute of Medicine, and the boards of directors of the American Diabetes Association, the American Association of Clinical Endocrinologists, and the American College of Endocrinology. He served in higher education for a six year term as a Regent of Midwestern State University in Texas appointed by then Governor George W. Bush. He has also served in the President's Council for Fitness and Sports, chaired the Texas Diabetes Council of the Texas Department of Health for several years where he instituted the Texas Diabetes Algorithm, and under his guidance the Texas Diabetes Institute was established with the University of Texas Health Science Center in San Antonio, Texas. Dr. Davidson's experience in clinical pharmacology began with a Clinical Pharmacology Fellowship at Lilly Laboratories for Clinical Research and it continued with multiple clinical trials. In addition, he was an advisor to the Food and Drug Administration (FDA) on the Endocrinology and Metabolism Advisory Board. Dr. Davidson's Internal Medicine training was completed at Scott and White Hospital (now known as Texas A&M University) and his Endocrinology training at University Of Indiana.

**Eric von Hofe, Ph.D.**, is currently President of Antigen. He has extensive experience with technology development projects, including his previous position at Millennium Pharmaceuticals as Director of Programs & Operations, Discovery Research. Prior to that, Dr. von Hofe was Director, New Targets at Hybridon, Inc., where he coordinated in-house and collaborative research that critically validated gene targets for novel antisense medicines. Dr. von Hofe also held the position of Assistant Professor of Pharmacology at the University of Massachusetts Medical School, where he received a National Cancer Institute Career Development Award for defining mechanisms by which alkylating carcinogens create cancers. He received his Ph.D. from the University of Southern California in Experimental Pathology and was a postdoctoral fellow at both the University of Zurich and Harvard School of Public Health. His work has been published in twenty-eight articles in peer-reviewed journals, and he has been an inventor on four patents.

**Dr. Minzhen Xu** is Vice President - Biology of Antigen. Dr. Xu received an M.D. from Shanghai Medical University in China and a Ph.D. in immunology from University of Massachusetts Medical School. He has been with Antigen since its inception and is the company's chief experimentalist.

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### **Audit Committee**

Generex has a separately-designated standing Audit Committee, which was established on March 1, 2000 in accordance with Section 3(a)(58)(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). During fiscal 2006, the Audit Committee was composed of Mr. McGee, who serves as its chairman, Mr. Barratt and Ms. Allport-Settle.

### **Audit Committee Financial Expert**

The Board of Directors at Generex has determined that at least one person serving on its Audit Committee is an "audit committee financial expert" as defined under Item 401(h) of Regulation S-K. Mr. McGee, a member of the Audit Committee and its chairman, is an audit committee financial expert and is independent as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act and NASDAQ Rules 4200(a)(15) and 4350(d).

### **Code of Ethics**

Generex has adopted a code of ethics that applies to its Chief Executive Officer, Chief Financial Officer and Controller. The Generex Code of Ethics has been posted on Generex's Internet website - [www.generex.com](http://www.generex.com).

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires that Generex's directors and executive officers, and any persons who own more than ten percent (10%) of Generex's common stock, file with the Securities and Exchange Commission (the "SEC") initial reports of ownership and reports of changes in ownership of common stock and other equity securities of Generex. Such persons are required by SEC regulations to furnish Generex with copies of all such reports that they file. To the knowledge of Generex, based upon its review of these reports, all Section 16 reports required to be filed by its directors and executive officers during the fiscal year ended July 31, 2006 were filed on a timely basis, with the exception of the following reports. The Statement of Changes in Beneficial Ownership of Securities on Form 4 filed by Gerald Bernstein on June 12, 2006 (the "Form 4 Report") was filed late. The Form 4 disclosed the issuance to Mr. Bernstein on April 17, 2006 of warrants to purchase 50,000 shares of Generex's common stock pursuant to the terms of his employment agreement with Generex. The April 17, 2006 warrant issuance to Mr. Bernstein was disclosed on a timely basis in Generex's Quarterly Report on Form 10-Q filed with the SEC on June 14, 2006.

### **Item 11. Executive Compensation.**

The following table sets forth, for Generex's last three fiscal years, all compensation awarded to, earned by or paid to the chief executive officer ("CEO") and the three other most highly compensated executive and non-executive officers of Generex, other than the CEO, whose salary and bonus payments exceeded \$100,000 for the fiscal year ended July 31, 2006.

**Table of Contents****Summary Compensation Table**

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION			
					AWARDS		PAYOUTS	
Name and Principal Position	Year Ended July 31	Salary (\$) (2)	Bonus (\$)	Other Annual Compensation	Restricted Stock Award(s) (\$)	Securities Underlying Options (#)	LTIP Payouts	All Other Compensation (\$)
Anna E. Gluskin (1), President and Chief Executive Officer	2006	425,000	206,125(3)	*	0	0	0	1,000,000(4)
	2005	425,000(5)	500,000(6)	*	0	250,000(7)	0	0
	2004	350,000	0	*	0	100,000(8)	0	0
Rose C. Perri (1), Chief Operating Officer, Chief Financial Officer, Treasurer and Secretary	2006	325,000	157,625(3)	*	0	0	0	1,000,000(4)
	2005	325,000(9)	250,000(10)	*	0	250,000(7)	0	0
	2004	295,000	0	*	0	100,000(8)	0	0
Mark Fletcher, Executive Vice President and General Counsel	2006	250,000	121,250(3)	*	0	0	0	0
	2005	250,000(11)	200,000(12)	*	0	250,000(7)	0	0
	2004	100,000	30,000(13)	*	0	0	0	0
Gerald Bernstein, M.D. Vice President, Medical Affairs	2006	200,000	0	*	0	50,000(16)	0	0
	2005	200,000(14)	0	*	0	100,000(17)	0	0
	2004	150,000	30,000(15)	*	0	0	0	0

\* Perquisites and other personal benefits, securities or other property received by each executive officer did not exceed the lesser of \$50,000 or 10% of such executive officer's salary and bonus.

(1) Portions of the cash compensation paid to Ms. Gluskin and Ms. Perri are attributable to amounts paid indirectly through a management services agreement with a corporation of which, at July 31, 2006, Ms. Gluskin and Ms. Perri were equal owners.

(2) Cash compensation is stated in the table in U.S. dollars. To the extent any cash compensation was paid in Canadian dollars, it has been converted into U.S. dollars based on the weighted average Canadian/U.S. dollar exchange rate for the years ended July 31, 2006, 2005 and 2004, respectively.

(3) The bonuses awarded to each of Ms. Gluskin, Ms. Perri and Mr. Fletcher on September 8, 2006 were in respect of Generex's fiscal year ended July 31, 2006. Each bonus was payable, at each recipient's discretion, in cash, in shares of Generex's common stock, or a combination thereof, provided that (i) the number of shares, if any, were determined based on the average closing price of Generex's common stock on the NASDAQ Capital Market for the 30 successive trading days ended September 7, 2006 (\$1.45), and (ii) to the extent not paid on or before October 20, 2006, any unpaid portions thereof would be irrevocably forfeited. The bonuses were paid in cash prior to October 20, 2006.

(4) On December 9, 2005, the Board of Directors approved a one-time recompense payment in the aggregate amount of \$1,000,000 for each of Ms. Gluskin and Ms. Perri in recognition of Generex's failure to remunerate each of Ms. Gluskin and Ms. Perri in each of the fiscal years ended July 31, 1998, 1999, 2000 and 2001 in a fair and reasonable manner commensurate with comparable industry standards and Ms. Gluskin and Ms. Perri's duties, responsibilities and performance during such years. Such amounts were payable (i) in cash at such time or times and in such amounts as determined solely by Ms. Gluskin

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or Ms. Perri, as applicable, and/or (ii) in shares of Generex's common stock at such time or such times as determined by Ms. Gluskin or Ms. Perri, as applicable, provided that the conversion price for any such shares was equal to the average closing price of Generex's common stock on the NASDAQ Capital Market for the 20 successive trading days immediately preceding, but not including, December 9, 2005.

The amounts were not paid as of November 17, 2006 with the exception of \$415,742.30 that was used by Ms. Perri to repay Note Receivable, Due from Related Party. The amount was due from EBI, Inc., a shareholder of the Company that is controlled by the estate of the Company's former Chairman of the Board, Mark Perri. The note was not interest bearing, unsecured and did not have any fixed terms of repayment. The note was extended to EBI, Inc. in May 1997.

(5) On April 5, 2005, the Board of Directors approved the increase in Ms. Gluskin's annual base salary, which was effective as of August 1, 2004. The retroactive salary adjustment and unpaid salary amounts accrued through March 31, 2005 (\$168,578) were satisfied by the issuance under the Generex Biotechnology Corporation 2001 Stock Option Plan, as amended (the "2001 Plan"), of stock options to purchase 301,032 shares of common stock at the exercise price of \$0.001 per share. The number of shares was calculated using the closing price of the common stock on the NASDAQ Capital Market on April 4, 2005 (\$0.56 per share).

(6) The bonus awarded to Ms. Gluskin on April 5, 2005 was in the form of stock options to purchase 819,672 shares of common stock at the exercise price of \$0.001 per share. The options were granted under the 2001 Plan. The number of shares awarded was calculated using the closing price of the common stock on The NASDAQ Capital Market on December 13, 2004 (\$0.61 per share).

(7) These options were granted under the 2001 Plan on April 5, 2005 with an effective date as of December 13, 2004 and an exercise price of \$0.61 per share, which represents the closing price of the common stock on The NASDAQ Capital Market on December 13, 2004.

(8) These options were granted under the 2001 Plan on November 18, 2003 with an effective date as of November 18, 2003.

(9) On April 5, 2005, the Board of Directors approved the increase in Ms. Perri's annual base salary, which was effective as of August 1, 2004. The retroactive salary adjustment and unpaid salary amounts foregone by Ms. Perri in fiscal year 2005 accrued through March 31, 2005 (\$93,473) were satisfied by the issuance under the 2001 Plan of stock options to purchase 166,916 shares of common stock at the exercise price of \$0.001 per share. The number of shares was calculated using the closing price of the common stock on The NASDAQ Capital Market on April 4, 2005 (\$0.56 per share).

(10) The bonus awarded to Ms. Perri on April 5, 2005 was in the form of stock options to purchase 409,836 shares of common stock at the exercise price of \$0.001 per share. The options were granted under the 2001 Plan. The number of shares awarded was calculated using the closing price of the common stock on The NASDAQ Capital Market on December 13, 2004 (\$0.61 per share).

(11) On April 5, 2005, the Board of Directors approved the increase in Mr. Fletcher's annual base salary, which was effective as of August 1, 2004. The retroactive salary adjustment accrued through March 31, 2005 (\$80,000) was satisfied by the issuance under the 2001 Plan of stock options to purchase 142,857 shares of common stock at the exercise price of \$0.001 per share. The number of shares was calculated using the closing price of the common stock on The NASDAQ Capital Market on April 4, 2005 (\$0.56 per share).

(12) The bonus awarded to Mr. Fletcher on April 5, 2005 was in the form of stock options to purchase 327,869 shares of common stock at the exercise price of \$0.001 per share. The options were granted under the 2001 Plan. The number of shares awarded was calculated using the closing price of the



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common stock on The NASDAQ Capital Market on December 13, 2004 (\$0.61 per share). This bonus includes the \$30,000 annual guaranteed bonus specified under Mr. Fletcher's contract.

(13) Mr. Fletcher's employment agreement guaranteed him a bonus of \$30,000 annually, payable in quarterly installments. This bonus was eliminated effective April 5, 2005.

(14) On April 5, 2005, in connection with the amendment of Dr. Bernstein's employment agreement with Generex, the Board of Directors approved the increase in Dr. Bernstein's annual base salary to \$200,000 effective as of April 1, 2005. With the increase in his annual base salary, the annual bonus of \$30,000 under Dr. Bernstein's employment agreement was eliminated.

(15) Dr. Bernstein's employment agreement guaranteed him a bonus of \$30,000 annually, payable monthly. This bonus was eliminated effective April 5, 2005 in connection with the amendment of Dr. Bernstein's employment agreement.

(16) Pursuant to the terms of his employment agreement with Generex in respect of contract year ending March 31, 2006, a warrant to purchase 50,000 shares of Generex common stock was granted to Dr. Bernstein on April 17, 2006 with an exercise price of \$2.66 per share, which represented the average of the closing prices of the common stock on the NASDAQ Capital Market for the five trading days ending April 17, 2006.

(17) Pursuant to the terms of his employment agreement with Generex in respect of contract years ending March 31, 2004 and 2005, these options were granted to Dr. Bernstein under the 2001 Plan on April 5, 2005 with an effective date as of December 13, 2004 and an exercise price of \$0.61 per share, which represents the closing price of the common stock on The NASDAQ Capital Market on December 13, 2004.

## **Employment Agreements**

On December 9, 2005, upon the recommendation of a majority of the members of the Compensation Committee, Generex's Board of Directors approved the terms and conditions of employment for Ms. Gluskin as President and Chief Executive Officer and Ms. Perri as Chief Financial Officer and Chief Operating Officer. Prior to such date, Ms. Gluskin and Ms. Perri served in such capacities without formal employment agreements with Generex. The material terms of Generex's employment agreement with each of Ms. Gluskin and Ms. Perri (each of whom is referred to as "Executive" below) are identical except as otherwise noted and are as follows:

· Each agreement is effective as of January 1, 2006. The initial term of each agreement is five years, subject to the termination provisions described below. Generex or Executive may give notice of non-renewal not less than six months prior to the expiration of the term. If no such notice is given, the term of the agreement will extend indefinitely and will be terminable upon not less than six months' prior written notice.

Each agreement may be terminated:

- (a) by Generex for cause (without any additional payment to Executive);
- (b) automatically upon expiration of the term;
- (c) automatically upon Executive's death or disability; or



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(d) by Executive upon thirty days' prior written notice if there is a (i) a material change in duties (other than removal of the title of Chief Financial Officer and the duties associated therewith in the case of Ms. Perri), (ii) a material reduction in Executive's remuneration, (iii) a material breach of the agreement by Generex, (iv) a change of control of Generex, or (v) a sale of all or substantially all of the property and assets of Generex.

In the event of termination pursuant to clause (b) above as a result of Generex's notice of non-renewal or pursuant to clause (d) above, Generex will pay Executive an amount equal to the greater of (x) an amount equal to five times Executive's base annual salary as of the date of termination, which amount will be payable in a lump sum on the date of termination, or (y) \$5,000,000, \$3,000,000 of which will be payable in a lump sum on the date of termination and \$2,000,000 of which will be payable in stock issuable within three business days of the date of termination and valued at the 20-day VWAP as of the close of business on the date of termination. In addition, in such a termination event, Executive will be entitled to participate in and receive benefits for a period of twelve months following termination and will have no duty to mitigate.

- Executive will be entitled to an annual bonus as determined by Generex's Compensation Committee in respect of each fiscal year of Generex during the term of the agreement and reimbursement of all reasonable expenses incurred by her in connection with Generex's business.
- Executive will be included on any management slate of nominees submitted to Generex's stockholders for election to the Board of Directors.
- Each agreement will include standard employee confidentiality, non-competition and non-solicitation covenants.
- Each of Ms. Gluskin and Ms. Perri will receive her current annual base salary under her respective employment agreement with Generex, which salary may not be reduced during the term of such agreement. Ms. Gluskin's current annual base salary is \$425,000, and Ms. Perri's is \$325,000.

The employment agreements with Ms. Gluskin and Ms. Perri have not yet been formalized and executed.

Mr. Fletcher is compensated through an employment agreement, dated March 17, 2003, between Mr. Fletcher and Generex. Pursuant to the terms of the employment agreement, Mr. Fletcher holds the position of Executive Vice President and General Counsel. The employment agreement provides for Mr. Fletcher's term of service to extend through March 16, 2008, subject to (i) termination without cause by Generex upon 30 days' prior written notice and (ii) for cause by Generex immediately upon the giving of notice. The employment agreement provides that Mr. Fletcher will receive annual base compensation. Under the employment agreement, Mr. Fletcher may receive additional cash bonuses at the discretion of the Board of Directors. Upon entering into the employment agreement Mr. Fletcher received options to purchase 250,000 shares of common stock. On April 5, 2005, Generex's Board of Directors increased the annual base salaries of certain executive officers effective as of August 1, 2004, and Mr. Fletcher's annual base salary was increased from \$130,000 (including guaranteed bonus of \$30,000) to \$250,000 (with no guaranteed bonus).

Dr. Bernstein is compensated pursuant to his employment agreement with Generex. In April 2002, Generex entered into an employment agreement with Dr. Bernstein, which was subsequently amended in April 2005. The term of the employment agreement commenced April 1, 2002 and, pursuant to the 2005 amendment, extends until March 31, 2008, subject to (i) termination without cause by Dr. Bernstein or Generex upon 90 days' prior written notice and (ii) for cause by Generex immediately upon the giving of

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notice. Pursuant to the terms of his employment agreement, Dr. Bernstein holds the position of Vice President of Medical Affairs. Dr. Bernstein's current annual base compensation is \$200,000. Under the employment agreement, as amended, Dr. Bernstein is entitled to receive options to purchase 50,000 shares of common stock for each year of employment, but he is no longer entitled to monthly advances against potential cash bonuses in the amount of \$2,500. On April 17, 2006, pursuant to the terms of Dr. Bernstein's employment agreement with GenereX in respect of contract year ending March 31, 2006, the Board of Directors granted Dr. Bernstein a warrant to purchase 50,000 shares of GenereX common stock. The exercise price of the warrant was \$2.66 per share, which represented the average of the closing prices of the common stock on the NASDAQ Capital Market for the five trading days ending April 17, 2006. The shares issued upon exercise of the warrant were registered for resale pursuant to a registration statement (File No. 333-135284) filed June 26, 2006 with the SEC.

**Option Exercises in 2006 Fiscal Year and Fiscal Year End Option Values**

No options were exercised by the CEO or the named executive officers during the fiscal year ended July 31, 2006. The following table provides information relating to the number and value of options held by the CEO and the named executive officers at fiscal year end.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of securities underlying unexercised options at July 31, 2006		Value of unexercised in-the-money options at July 31, 2006(1)
			(#) Exercisable/ Unexercisable	(\$) Unexercisable	
Anna E. Gluskin	-0-	-0-	1,820,704 / 0	\$	1,847,607 / 0
Rose C. Perri	-0-	-0-	1,226,752 / 0	\$	1,053,981 / 0
Mark Fletcher	-0-	-0-	971,726 / 0	\$	1,014,289 / 0
Gerald Bernstein, M.D.	-0-	-0-	155,159 / 0	\$	108,000 / 0

(1) The closing price of GenereX's common stock on The NASDAQ Capital Market on July 31, 2006 was \$1.46 per share.

**Other Benefit Plans**

We have no long-term incentive plans or defined benefit or actuarial pension plans, and have not repriced any options previously granted to the above named executive officers.

**Directors' Compensation**

It is our policy to compensate members of our Board of Directors as follows:

Directors who are not officers or employees of GenereX receive cash compensation of \$10,000 each fiscal quarter and are reimbursed for expenses incurred in connection with attendance at Board and committee meetings.

At the discretion of the full Board of Directors, directors who are not officers or employees of the Company may receive stock options to purchase shares of the Company's common stock, par value \$0.001 per share, each fiscal year. The number and terms of such options is within the discretion of the full Board of Directors.



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Directors who are officers or employees of the Company do not receive separate consideration for their service on the Board of Directors.

On May 30, 2006, in consideration of their service on committees of the Board of Directors, each of our non-employee directors, John P. Barratt, Mindy J. Allport-Settle, Brian T. McGee and Peter G. Amanatides, received 150,000 shares of restricted common stock under the Generex Biotechnology Corporation 2006 Stock Plan (the “2006 Plan”).

In addition, on May 30, 2006, David E. Wires received 150,000 shares of restricted common stock under the 2006 Plan following his election as a director of Generex on the same date. Mr. Wires is a partner of a law firm that represents us in various matters. The legal fees paid by us to Mr. Wires’ law firm during the last fiscal year are described below under the heading *Item 13 - Certain Relationships and Related Transactions*.

Dr. Bernstein also is compensated pursuant to his employment agreement with us. See the description of Dr. Bernstein’s employment agreement above under the heading *Employment Agreements* in this *Item 11. Executive Compensation*.

### **Compensation Committee Interlocks and Insider Participation**

The Compensation Committee consists of three non-employee directors: Mindy J. Allport-Settle, Peter G. Amanatides and David Wires. None of the members of the Compensation Committee was an officer or employee of Generex or any of its subsidiaries during last fiscal year. In addition, none of the members of the Compensation Committee previously serve as an officer of Generex or any of its subsidiaries. Ms. Allport-Settle and Mr. Amanatides have had no relationship with Generex that is required to be disclosed under Item 404 of Regulation S-K under the Exchange Act. Mr. Wires is a partner of the firm Wires Jolley LLP. Wires Jolley represents us in various matters. During fiscal 2006, we paid approximately \$85,000 in fees to Wires Jolley. We continue to use Wires Jolley and expect to pay legal fees in similar amounts to the firm in fiscal 2007.

No executive officer of Generex has served on the board of directors or compensation committee of any other entity that has or has had one or more executive officers serving as a director of Generex (excluding entities that are wholly owned by one or more of the executive officers).

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

The table on the following pages sets forth information regarding the beneficial ownership of the common stock by:

- Our executive officers and directors;
- All directors and executive officers as a group; and

Each person known to us to beneficially own more than five percent (5%) of our outstanding shares of common stock.

The information contained in these tables is as of November 1, 2006. At that date, we had 108,069,304 shares of common stock outstanding.

In addition to common stock, we have outstanding 1,000 shares of Special Voting Rights Preferred Stock. All of the shares of Special Voting Rights Preferred Stock are owned by Dr. Pankaj Modi, our former director and Vice President, Research and Development. The Special Voting Rights Preferred Stock generally does not have voting rights and is not convertible into shares of our common stock.

A person is deemed to be a beneficial owner of shares if he has the power to vote or dispose of the shares. This power can be exclusive or shared, direct or indirect. In addition, a person is considered by SEC rules to beneficially own shares underlying options or warrants that are presently exercisable or that will become exercisable within sixty (60) days.

Except as otherwise indicated, the address of each person named in the table below is c/o Generex Biotechnology Corporation, 33 Harbour Square, Suite 202, Toronto, Canada M5J 2G2.

**BENEFICIAL OWNERSHIP**

Name of Beneficial Owner	Number of Shares	Percent of Class
<i>(i) Directors and Executive Officers</i>		
Peter G. Amanatides (1) Director	251,000	*
John P. Barratt (2) Director	495,714	*
Gerald Bernstein, M.D. (3) Director, Vice President Medical Affairs	208,628	*
Mark Fletcher (4) Executive Vice President and General Counsel	971,726	1.0%

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Name of Beneficial Owner	Number of Shares	Percent of Class
Anna E. Gluskin (5) Chairman, President, Chief Executive Officer and Director	2,790,998	2.6%
Rose C. Perri (6) Chief Operating Officer, Chief Financial Officer, Treasurer and Secretary	5,331,554	4.9%
Mindy J. Allport-Settle (7) Director	323,100	*
Brian T. McGee (8) Director	455,714	*
David E. Wires (9) Director	171,839	*
Officers and Directors as a group (9 persons)	11,000,273	10.2%
<b><i>(ii) Other Beneficial Owners (and their addresses)</i></b>		
EBI, Inc. In Trust(10) c/o Miller & Simons First Floor, Butterfield Square P.O. Box 260 Providenciales Turks and Caicos Islands British West Indies	1,441,496	1.3%
GHI, Inc. In Trust (11) c/o Miller & Simons First Floor, Butterfield Square P.O. Box 260 Providenciales Turks and Caicos Islands British West Indies	1,907,334	1.8%

\* Less than one percent.

(1) Includes 100,000 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan, 1,000 shares purchased on August 5, 2005 and 150,000 shares of restricted stock awarded on May 30, 2006 under the 2006 Plan.

(2) Includes 70,000 shares issuable upon exercise of stock options granted on March 19, 2003, 70,000 shares issuable upon exercise of stock options granted on October 30, 2003, 70,000 shares issuable upon stock options granted on October 26, 2004, 100,000 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan, 35,714 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan received in lieu of cash compensation and 150,000 shares of restricted stock awarded on May 30, 2006 under the 2006 Plan.

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(3) Includes 3,469 shares held by Dr. Bernstein, 50,000 shares issuable upon exercise of stock options granted in November 2002, 5,159 shares issuable upon exercise of stock options granted on December 31, 2001, 100,000 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan and pursuant to Dr. Bernstein's employment agreement with Generex and 50,000 shares issued upon exercise of a warrant issued on April 17, 2006 pursuant to Dr. Bernstein's employment agreement with Generex.

(4) Includes 250,000 shares issuable upon the exercise of stock options granted on March 19, 2003 with an effective date as of April 21, 2003, 250,000 shares issuable upon the exercise of stock options granted on April 5, 2005 with an effective date of December 13, 2004, 470,726 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan, 1,000 shares issuable upon exercise of stock options granted on January 21, 2001 under Generex's 2000 Stock Option Plan.

(5) Includes 16,127 shares held by Ms. Gluskin, 953,667 shares owned of record by GHI, Inc. that are beneficially owned by Ms. Gluskin, 450,000 shares issuable upon exercise of stock options granted under the 2001 Plan, 250,000 shares issuable upon exercise of stock options granted on April 5, 2005 with an effective date of December 13, 2004 under the 2001 Plan, 1,120,704 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan.

(6) Includes 204,726 shares held by Ms. Perri, 953,667 shares owned of record by GHI, Inc. that are beneficially owned by Ms. Perri, 400,000 shares issuable upon exercise of stock options granted under the 2001 Plan, 250,000 shares issuable upon exercise of stock options granted on April 5, 2005 with an effective date of December 13, 2004 under 2001 Plan, 576,752 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan. Also includes the shares and options that are owned by the estate of Mr. Mark Perri, of which Ms. Perri is executor and beneficiary, but is not considered to beneficially own for some purposes: 45,914 shares previously owned of record by Mr. Mark Perri; 1,100,000 shares owned of record by EBI, Inc. (of which Mr. Mark Perri was beneficial owner); 305,332 shares held of record by brokerage accounts and options for 200,000 shares which survived Mr. Perri's death. Also includes 341,496 shares owned of record by EBI, Inc., which Ms. Perri may be deemed to beneficially own because of the power to vote the shares but which are beneficially owned by other stockholders because they are entitled to the economic benefits of the shares. Ms. Perri is also deemed to beneficially own an additional 953,667 shares owned of record by GHI, Inc. by holding the right to vote such shares. These shares are also beneficially owned by Ms. Gluskin.

(7) Includes 70,000 shares issuable upon exercise of stock options granted on October 26, 2004, 100,000 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan and 150,000 shares of restricted stock awarded on May 30, 2006 under the 2006 Plan. Also includes 3,100 shares acquired in March 2006.

(8) Includes 70,000 shares issuable upon exercise of stock options granted on October 26, 2004, 100,000 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan, 35,714 shares issuable upon exercise of stock options granted on April 5, 2005 under the 2001 Plan received in lieu of cash compensation, and 150,000 shares of restricted stock awarded on May 30, 2006 under the 2006 Plan. Also includes 100,000 shares acquired in February and March 2006.

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(9) Includes 150,000 shares of restricted stock awarded on May 30, 2006 under the 2006 Plan following Mr. Wires' election as a director of Genorex on the same date. Also includes 14,300 shares held in a registered retirement savings plan beneficially owned by Mr. Wires, as well as 7,539 shares held by a limited liability partnership of which Mr. Wires disclaims beneficial ownership except to the extent of his pecuniary interest.

(10) All of these shares were previously beneficially owned by Mr. Mark Perri but are now deemed to be beneficially owned by Ms. Perri because she has the sole power to vote the shares. With respect to 1,100,000 of the shares owned of record by EBI, Inc., Ms. Perri also has investment power and otherwise is entitled to the economic benefits of ownership.

(11) Ms. Gluskin and Ms. Perri each own beneficially 953,667 of the shares owned of record by GHI, Inc. by reason of their ownership of investment power and other economic benefits associated with such shares. The shares beneficially owned by Ms. Gluskin also are deemed to be beneficially owned by Ms. Perri because she has the sole power to vote the shares.

**Changes in Control**

We know of no arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in the change in control of Genorex.



**Table of Contents****Securities Authorized for Issuance under Equity Compensation Plans**

The following table sets forth information as of July 31, 2006 regarding our existing compensation plans and individual compensation arrangements pursuant to which our equity securities are authorized for issuance to employees or non-employees (such as directors, consultants and advisors) in exchange for consideration in the form of services:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
2000 Stock Option Plan	100,000	\$ 4.26	1,900,000
2001 Stock Option Plan	8,329,597	\$ 1.11	1,042,331
2006 Stock Plan	0	0	9,245,000
Total	8,429,597	\$ 1.15	12,187,331
Equity compensation plans not approved by security holders	0	0	0
Total	8,429,597	\$ 1.15	12,187,331

Pursuant to his employment agreement with us, Dr. Gerald Bernstein, a director and our Vice President Medical Affairs, is entitled to receive options to purchase 50,000 shares of common stock for each year of employment, and such options are included in the table above under disclosures relating to the 2001 and 2006 Plans. The term of Dr. Bernstein's employment agreement expires on March 31, 2008, subject to termination prior to such date pursuant to the terms thereof. In lieu of options to purchase shares of common stock for the current contract year of Dr. Bernstein's employment, Dr. Bernstein agreed to accept warrants to purchase 50,000 shares of common stock. See *Item 11 - Executive Compensation - Employment Agreements* above for information concerning the terms of Dr. Bernstein's employment agreement.

**Item 13. Certain Relationships and Related Transactions.**

On May 3, 2001, we advanced \$334,300 to each of three senior officers, who are also our stockholders, in exchange for promissory notes. These notes bore interest at 8.5% per annum and were payable in full on May 1, 2002. These notes were guaranteed by a related company owned by these officers and secured by a pledge of 2,500,000 shares of our common stock owned by this related company. On June 3, 2002, our Board of Directors extended the maturity date of the loans to October 1, 2002. The other terms and

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conditions of the loans and guaranty remained unchanged and in full force and effect. As of July 31, 2002, the balance outstanding on these notes, including accrued interest, was \$1,114,084. Pursuant to a decision made by the Compensation Committee as of August 30, 2002, these loans were satisfied through the application of 592,716 shares of pledged stock, at a value of \$1.90 per share, which represented the lowest closing price during the sixty days prior to August 30, 2002.

Prior to January 1, 1999, a portion of our general and administrative expenses resulted from transactions with affiliated persons, and a number of capital transactions also involved affiliated persons. Although these transactions were not the result of "arms-length" negotiations, we do not believe that this fact had a material impact on our results of operations or financial position. Prior to December 31, 1998, we classified certain payments to executive officers for compensation and expense reimbursements as "Research and Development - related party" and "General and Administrative - related party" because the executive officers received such payments through personal services corporations rather than directly. After December 31, 1998, these payments have been and will continue to be accounted for as though the payments were made directly to the officers, and not as a related party transaction. With the exception of our arrangement with our management company described below, we do not foresee a need for, and therefore do not anticipate, any related party transactions in the current fiscal year.

On August 7, 2002, we purchased real estate with an aggregate purchase price of approximately \$1.6 million from an unaffiliated party. In connection with that transaction, Angara Enterprises, Inc., a licensed real estate broker that is an affiliate of Anna Gluskin, our Chairman, President and Chief Executive Officer, received a commission from the proceeds of the sale to the seller in the amount of 3% of the purchase price, or \$45,714. We believe that this is less than the aggregate commission which would have been payable if a commission had been negotiated with an unaffiliated broker on an arm's length basis.

On December 9, 2005, our Board of Directors also approved a one-time recompense payment in the aggregate amount of \$1,000,000 for each of Ms. Gluskin and Ms. Rose Perri, our Chief Operating Officer, Chief Financial Officer, Treasurer and Secretary, in recognition of the company's failure to remunerate each of Ms. Gluskin and Ms. Perri in each of the fiscal years ended July 31, 1998, 1999, 2000 and 2001 in a fair and reasonable manner commensurate with comparable industry standards and Ms. Gluskin's and Ms. Perri's duties, responsibilities and performance during such years. The payment of such amount to each of Ms. Gluskin and Ms. Perri will be made (a) in cash at such time or times and in such amounts as determined solely by Ms. Gluskin or Ms. Perri, as applicable, and/or (b) in shares of our common stock at such time or times as determined by Ms. Gluskin or Ms. Perri, as applicable, provided that the conversion price for any such shares shall be equal to the average closing price of our common stock on the NASDAQ Capital Market for the 20 successive trading days immediately preceding, but not including, December 9, 2005. The amounts were not paid as of November 17, 2006 with the exception of \$415,742.30 that was used by Ms. Perri to repay Note Receivable, Due from Related Party. The amount was due from EBI, Inc., a shareholder of the Company that is controlled by the estate of the Company's former Chairman of the Board, Mark Perri. The note was not interest bearing, unsecured and did not have any fixed terms of repayment. The note was extended to EBI, Inc. in May 1997.

On December 9, 2005, our Board of Directors also approved the grant to Ms. Perri of a right of first refusal in respect of any sale, transfer, assignment or other disposition of either or both real properties municipally known as 1740 Sismet Road, Mississauga, Ontario and 98 Stafford Drive, Brampton, Ontario (collectively, the "Properties"). We granted Ms. Perri this right in recognition of the fair market value transfer to us during the fiscal year ended July 31, 1998 by Ms. Perri (or parties related to her) of the Properties.

We utilize a management company to manage all of our real properties. The property management company is owned by Ms. Perri, Ms. Gluskin and the estate of Mark Perri, our former Chairman of the



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Board. In the fiscal years ended July 31, 2006 and 2005 we paid the management company approximately \$46,113 and \$44,024, respectively, in management fees.

*Legal Fees.* David Wires, one of our directors, is a partner of the firm Wires Jolley LLP. Wires Jolley represents us in various matters. During fiscal 2006, we paid approximately \$85,000 in fees to Wires Jolley. We continue to use Wires Jolley and expect to pay legal fees in similar amounts to the firm in fiscal 2007.

**Item 14. Principal Accounting Fees and Services.**

Danziger & Hochman, Chartered Accountants (“Danziger”) has served as our independent auditors since February 1, 2006. The appointment of Danziger as independent public accountants was unanimously approved by the Audit Committee of our Board of Directors. BDO Dunwoody LLP (“BDO”) served as our independent auditors from July 1, 2003 until its resignation on January 6, 2006.

The following table sets forth the aggregate fees paid by Generex for the fiscal years ended July 31, 2005 and July 31, 2006 to our independent auditors:

	<b>Fiscal Year Ended July 31, 2005</b>	<b>Fiscal Year Ended July 31, 2006</b>
<b>Audit Fees</b>	\$ 291,390(1)	\$ 184,082(2)
<b>Audit-Related Fees</b>	\$ 0	\$ 145,860(3)
<b>Tax Fees</b>	\$ 0	\$ 0
<b>All Other Fees</b>	\$ 0(4)	\$ 0(4)

(1) Represents charges of BDO, Generex's auditor for fiscal year ended July 31, 2005.

(2) Represents charges of Danziger, Generex's auditor and charges of BDO, Generex's prior auditor for fiscal year ended July 31, 2006.

(3) Represents charges of Danziger, Generex's auditor in fiscal year ended July 31, 2006 for SOX 404 internal controls testing.

(4) Neither BDO nor Danziger billed amounts for any other services.

**Policy for Pre-Approval of Audit and Non-Audit Services**

The Audit Committee's policy is to pre-approve all audit services and all non-audit services that Generex's independent auditor is permitted to perform for Generex under applicable federal securities regulations. As permitted by the applicable regulations, the Audit Committee's policy utilizes a combination of specific pre-approval on a case-by-case basis of individual engagements of the independent auditor and general pre-approval of certain categories of engagements up to predetermined dollar thresholds that are reviewed annually by the Audit Committee. Specific pre-approval is mandatory for the annual financial statement audit engagement, among others.

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The pre-approval policy was implemented effective as of October 30, 2003. All engagements of the independent auditor to perform any audit services and non-audit services since that date have been pre-approved by the Audit Committee in accordance with the pre-approval policy. The policy has not been waived in any instance. All engagements of the independent auditor to perform any audit services and non-audit services prior to the date the pre-approval policy was implemented were approved by the Audit Committee in accordance with its normal functions.

**PART IV**

**Item. 15 Exhibits and Financial Statements and Schedules.**

3. Exhibits

**Exhibit**

<b>Number</b>	<b>Description of Exhibit</b>
<u>10</u>	Summary of Bonuses Awarded to Executive Officers in Respect of FY 2006*
<u>31.1</u>	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
<u>31.2</u>	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
<u>32</u>	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

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\* Filed herewith.

**Table of Contents****SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 28th day of November 2006.

**GENEREX BIOTECHNOLOGY CORPORATION**

By: /s/ Anna E. Gluskin

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Name: Anna E. Gluskin

Title: President & Chief Executive Officer

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

<b>Name</b>	<b>Capacity in Which Signed</b>	<b>Date</b>
/s/ Anna E. Gluskin Anna E. Gluskin	President, Chief Executive Officer and Director (Principal Executive Officer)	November 28, 2006
/s/ Rose C. Perri Rose C. Perri	Chief Operating Officer, Chief Financial Officer, Treasurer, Secretary and Director (Principal Financial and Accounting Officer)	November 28, 2006
/s/ Gerald Bernstein, M.D. Gerald Bernstein, M.D.	Vice President Medical Affairs and Director	November 28, 2006
/s/ Mindy J. Allport-Settle Mindy J. Allport-Settle	Director	November 28, 2006
/s/ Brian T. McGee Brian T. McGee	Director	November 28, 2006
/s/ John P. Barratt John P. Barratt	Director	November 28, 2006
/s/ Peter G. Amanatides Peter G. Amanatides	Director	November 28, 2006
/s/ David E. Wires David E. Wires	Director	November 28, 2006
/s/ Slava Jarnitskii	Controller	November 28, 2006

Slava Jarnitskii

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**EXHIBIT INDEX**

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