

Edgar Filing: GENEREX BIOTECHNOLOGY CORP - Form 10-K/A

GENEREX BIOTECHNOLOGY CORP  
Form 10-K/A  
November 29, 2004

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

FORM 10-K/A

(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, 2004

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	98-0178636
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(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

33 Harbour Square, Suite 202, Toronto, Canada M5J 2G2

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(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 416/364-2551

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

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

Common Stock, par value \$.001 per share  
(Title of Class)

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 report(s), 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.

The aggregate market value of the voting stock held by non-affiliates of the registrant at November 22, 2004, based on the closing price as of that date, was approximately \$20,031,475.

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At November 22, 2004, the registrant had 34,754,648 shares of common stock outstanding.

Documents incorporated by reference: None

### PART III

This Form 10-K/A furnishes the information required by Part III (Items 10, 11, 12 and 13).

#### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Anna E. Gluskin	53	Chairman, President, Chief Executive Officer and Director
Rose C. Perri	37	Chief Operating Officer, Acting Chief Financial Officer, Treasurer, Secretary and Director
Gerald Bernstein, M.D	71	Director, Vice President Medical Affairs
Mark Fletcher, Esquire	39	Executive Vice President and General Counsel
J. Michael Rosen	53	Director
John P. Barratt	60	Director
Mindy J. Allport-Settle	37	Director
Brian T. McGee	43	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 of Directors.

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 Chairman 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. Rose Perri has served as Treasurer and Secretary of Generex since October 1997, and as Chief Operating Officer since August 1998. She was an officer of Generex Pharmaceuticals, Inc. from its formation in 1995 until its acquisition by Generex in October 1997. Effective November 2002, Ms. Perri became acting Chief Financial Officer.

Gerald Bernstein, M.D. -- Director since October 2002. Dr. Gerald Bernstein has served as Vice President 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

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New York, since 1999. He was president of the American Diabetes Association from 1997 to 1998.

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

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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.

J. Michael Rosen -- Director since August 2000. Mr. Rosen has been a principal in a number of related travel management and hotel marketing businesses since 1978. The principal companies in this group, all of which are headquartered in Ontario, are Uniworld Travel & Tours, Inc., Nevada Vacations, Inc., Casino Vacations, Inc. and Casino Tours, Inc. Mr. Rosen presently serves as the President or a Vice President, and the Chief Financial Officer, of each of these companies. Mr. Rosen is an accountant by training, and was engaged in the private practice of accounting prior to 1978.

John P. Barratt -- Director since March 2003. Mr. Barratt is Court appointed Responsible Person and Liquidation Manager of Beyond.com Corporation, Debtor-in-Possession, a US Chapter 11 Bankruptcy Case. Prior to his appointment in 2002, he had served as Chief Operating Officer of Beyond.com, since 2000. From January 1996 to September 2000, Mr. Barratt served as partner-in-residence for the Quorum Group of Companies, an international investment partnership specializing in providing debt and equity capital to the emerging high growth technology sector. From 1988 to December 1995, Mr. Barratt was Executive Vice President and Chief Operating Officer of Coscan Development Corporation. He previously held a number of senior-level management positions, including Deputy Chief Executive of Lloyds Bank Canada. Mr. Barratt also currently serves on the Board of Directors and is Chairman of the Credit Committee and member of the Audit Committee for the Bank of China (Canada), and as a director and a member of the Audit Committee of GLP NT Corporation and BNN Split Corporation. Mr. Barratt also serves on the Advisory Board of Brascan SoundVest Diversified Income Fund and Brascan SoundVest Total Return Fund.

Mindy J. Allport-Settle -- Director since February 2004. 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") since 2003, which also provides consulting services to the pharmaceutical industry. In her current 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 Service. From 1992 to 1994, Ms. Allport-Settle was an Eye Bank Technician/Organ Procurement Surgeon for NC Eye & Human Tissue Bank; and from 1991 to 1998, Ms. Allport-Settle was a Freelance Writer and Photographer. Ms. Allport-Settle is currently working on her M.B.A. in Global Management at the University of Phoenix and expects to receive her degree in 2005.

Brian T. McGee - Director since March 2004. 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 from the University of Toronto in 1985. Zeifman is a Chartered Accounting firm based in Toronto,

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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.

### 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

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October 1997. Before his employment with Generex Pharmaceuticals, Mr. Jarnitskii received a Masters of Business Administration degree from York University in September 1996.

Dr. Robert E. Humphreys, M.D., Ph.D., is currently Executive Vice-President and Chief Operating Officer of our subsidiary, Antigen Express, Inc. Dr. Humphreys founded Antigen in 1996 and was its President. He has extensive experience in the National Institute of Health, arthritis, cancer and diabetes study sections. Dr. Humphreys is an inventor on (six) 6 awarded US patents and has over 150 peer-reviewed publications. Prior to founding Antigen, Dr. Humphreys was Professor of Medicine and Pharmacology at University of Massachusetts Medical School. He received his M.D. and Ph.D. degrees from Yale University and was a post-doctoral fellow in biochemistry at Harvard University. He also received his clinical training at Bethesda Naval Hospital and was an Officer at the Naval Medical Research Institute.

Eric von Hofe, PhD, is currently a Vice President of Technology Development of our subsidiary, Antigen Express, Inc. 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. 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. von Hofe was 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.

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 Generex's chief experimentalist.

### MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The business affairs of Generex are managed under the direction of the Board of Directors. During the fiscal year ended July 31, 2004, Generex's Board of Directors held 4 meetings and took action by unanimous consent 5 times. During the fiscal year ended July 31, 2004, all of the directors attended all of the Board of Directors meetings that were held.

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On January 29, 2004, Mr. Levitch and Dr. Modi resigned from the Board of Directors. Dr. Modi was initially retained by Generex in his position of Vice President, Research and Development, but on August 26, 2004, Dr. Modi also resigned from his position of Vice President, Research and Development. To fill the vacancies left by Mr. Levitch and Dr. Modi, the Board of Directors, including all of the independent directors, appointed Ms. Allport-Settle to the Board of Directors on February 6, 2004 and appointed Mr. McGee to the Board of Directors on March 16, 2004. Each of Ms. Allport-Settle and Mr. McGee is deemed an independent director under NASDAQ Rule 4200(a)(15). Except for the periods of time between the resignation of Mr. Levitch and Dr. Modi, respectively, and the appointments of Ms. Allport-Settle and Mr. McGee, respectively, during fiscal year 2004, the Board of Directors consisted of seven members. As a result of the resignation of Dr. Modi and the appointment of Ms. Allport-Settle and Mr. McGee, a majority of the current directors meet the definition of independence under the NASDAQ SmallCap Market listing requirements. Generex continues to evaluate additional candidates for independent directors. In accordance with the Bylaws of Generex, the Board of Directors is permitted to increase the number of directors and to fill the vacancies created by the increase until the next annual meeting of shareholders.

The Board of Directors has established two committees, the Audit Committee and the Compensation Committee. Generex has not established a Nominating Committee.

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The Audit Committee, which was established on March 1, 2000, met 2 times during the fiscal year ended July 31, 2004. The Audit Committee reviews and discusses with Generex's management and its independent auditors the audited and unaudited financial statements contained in Generex's Annual Reports on Form 10-K and Quarterly reports on Form 10-Q, respectively. Although Generex's management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls and disclosure controls and procedures, the Audit Committee reviews and discusses the reporting process with management on a regular basis. The Audit Committee also discusses with the independent auditor their judgments as to the quality of Generex's accounting principles, the reasonableness of significant judgments reflected in the financial statements and the clarity of disclosures in the financial statements as well as such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. The Audit Committee has adopted a written charter, which was amended on October 30, 2003 and, as amended, is reproduced as Appendix A to Generex's Proxy Statement filed with the Securities and Exchange Commission on January 23, 2004. The Audit Committee Charter is also available on Generex's website-[www.generex.com](http://www.generex.com).

During fiscal 2004, the Audit Committee was initially composed of Mr. Barratt, who is the chairman of the Audit Committee, Mr. Rosen and our former director, Mr. Levitch. As a result of Mr. Levitch's resignation, Brian T. McGee was appointed to the audit committee in March, 2004. The Audit Committee is currently composed of Mr. Rosen, Mr. Barratt and Mr. McGee. All of the members of the Audit Committee attended all of the meetings that they were eligible to attend.

The Compensation Committee was formed on July 30, 2001 and met 2 times during the fiscal year ended July 31, 2004. The Compensation Committee was formed to set policies for compensation of the Chief Executive Officer and the other executive officers of Generex. The Compensation Committee periodically compares Generex's executive compensation levels with those of companies with which Generex believes that it competes for attraction and retention of senior caliber personnel. Under NASDAQ rules as of the date of Generex' annual meeting

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of shareholders for fiscal 2004, the Compensation Committee had determined or recommended to the Board of Directors the compensation of all executive officers.

During fiscal 2004, the Compensation Committee was initially composed of Mr. Rosen, Mr. Barratt and our former director, Mr. Levitch. After Mr. Levitch's resignation from the Board of Directors, the Board of Directors decided to restructure the Compensation Committee. Accordingly, in March 2004, Mr. McGee and Ms. Allport-Settle were appointed to the Compensation Committee in the place of Mr. Barrett and Mr. Rosen. However, all decisions made on behalf of the Compensation Committee with respect to compensation for fiscal 2004 were made by the former members of the committee. Ms. Allport-Settle and Mr. McGee will make compensation decisions on behalf of the Compensation Committee beginning in fiscal 2005. Currently, there is no chairman of the Compensation Committee. All of the members of the Compensation Committee attended all of the meetings of the Compensation Committee.

### REPORT OF THE AUDIT COMMITTEE

The Audit Committee reviewed and discussed Generex's audited financial statements for the fiscal year ended July 31, 2004 with management. The Audit Committee discussed with BDO Dunwoody, LLP, Generex's independent public accountants for the fiscal year ended July 31, 2004, the matters required to be discussed by Statement on Auditing Standards No. 61, as modified. The Audit Committee received the written disclosures and the letter from BDO Dunwoody, LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and discussed with BDO Dunwoody, LLP its independence. Based on the review and discussions described above, among other things, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in Generex's Annual Report on Form 10-K for the fiscal year ended July 31, 2004.

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Submitted by the Audit Committee

John P. Barratt (Chairman)  
J. Michael Rosen  
Brian T. McGee

The foregoing Report of the Audit Committee shall not be deemed to be soliciting material, to be filed with the Securities and Exchange Commission (the "SEC") or to be incorporated by reference into any of Generex's previous or future filings with the SEC, except as otherwise explicitly specified by Generex in any such filing.

### 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. Barratt, a member of the Audit Committee, 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 Securities Exchange Act of 1934, as amended and NASDAQ Rules 4200(a)(15) and 4350(d).

### DIRECTOR NOMINEES

Any stockholder entitled to vote for the election of directors may nominate a person for election to the Board of Directors at the annual meeting. Any stockholder wishing to do so must submit a notice of such nomination in writing to the Secretary of Generex at Generex's principal offices located at 33

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Harbour Square, Suite 202, Toronto, Ontario, Canada M5J 2G2 not less than 60 nor more than 90 days prior to the annual meeting. In the event that less than 70 days notice or prior disclosure of the date of the meeting is given or made to stockholders, notice of nomination by a stockholder to be timely must be received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. The stockholder's notice of nomination must provide information about both the nominee and the nominating stockholder, as required by Generex's Amended and Restated Bylaws. A copy of these Bylaw requirements will be provided upon request in writing to Mark Fletcher, the Executive Vice-President and General Counsel of Generex, at Generex's principal executive offices located at 33 Harbour Square, Suite 202, Toronto, Ontario, Canada M5J 2G2.

### REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

Compensation Philosophy. The goals of Generex's compensation program are to attract and retain talented executives, to motivate these executives to achieve Generex's business goals, to align executive and stockholder interests and to recognize individual contributions as well as overall business results.

The key elements of Generex's executive compensation are base salary, cash bonuses and stock options. While the elements of compensation are considered separately, the Compensation Committee ultimately looks to the value of the total compensation package provided by Generex to the individual executive.

At the end of the fiscal year ended July 31, 2001, the Compensation Committee conducted a review of Generex's executive compensation program. This review included a comprehensive report from an independent executive compensation consultant and compared Generex's total executive compensation, including base salaries, cash bonuses and stock options, to a peer group of publicly traded biotechnology companies. For the fiscal year ended July 31, 2001, the Compensation Committee targeted total cash compensation for Generex executives to the median of the peer group. For the fiscal year ended July 31, 2002, the Compensation Committee targeted total cash compensation for executives at the higher end of the peer group. In setting this

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policy, the Compensation Committee took into account Generex's relatively lean management structure and the number of roles filled by each officer. After the end of fiscal year ended July 31, 2003, the Compensation Committee determined that notwithstanding substantial efforts made on Generex's behalf by the executive officers and the substantial challenges faced by Generex given its stage of development, the salaries received by the executive officers, having been "brought to market" the previous year, represented the higher end of the compensation range for executives at similar development stage companies. The Committee therefore determined that the salaries represented appropriate cash compensation, awarded no bonuses for 2004 and made no changes to salaries for fiscal 2005. During all relevant periods, Dr. Modi's compensation has been based on his contract. The contract provides for a predetermined salary and achievement based bonuses. Although Dr. Modi resigned from his position as Vice President, Research and Development, in accordance with Dr. Modi's agreement with Generex, the termination of Dr. Modi's agreement is effective the date which is twelve (12) months after delivery to Generex of Dr. Modi's notice of termination. Accordingly, Generex will continue to pay Dr. Modi's salary and other compensation in accordance with the consulting agreement until August 25, 2005.

Base Salaries. Prior to 2001, Generex historically paid very modest base salaries to its executive officers, relying on option grants to supplement the

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low base salaries. The Compensation Committee implemented increases for fiscal 2002 to bring the base salaries of Generex's executives in line with base salaries of Generex's principal competitors. The Compensation Committee has determined that since 2002 Generex's executive salaries are comparable to similarly situated executive officers in the biotechnology industry. Accordingly, neither Ms. Gluskin's nor Ms. Perri's salary was increased for fiscal 2004 or 2005.

Cash Bonuses. In 2002, the Compensation Committee adopted performance objectives for determining bonuses of executive officers on a going forward basis. Executive officer bonuses were, and continue to be, based on the executive's position within Generex, Generex's attainment of the objectives and individual contributions to the attainment of the objectives. The Compensation Committee meets each year to determine such year's bonuses. Although Generex has achieved a number of its objectives during fiscal 2003 and 2004, the Compensation Committee determined not to award bonuses for fiscal 2003 and fiscal 2004.

As discussed above, the Compensation Committee determined that the salaries (and in the case of Mark Fletcher, guaranteed bonus) received by the executive officers during fiscal 2004 represented appropriate cash compensation. Therefore, no cash bonuses were awarded to the executive officers for fiscal 2004, other than Mr. Fletcher's guaranteed bonus. At the same time, the Committee decided to continue its plan, which was developed in fiscal 2004, during 2005 that would tie potential executive bonuses to measurable and realistic milestones. Under his agreement with Generex, Mr. Fletcher receives a guaranteed bonus of \$30,000 per annum, payable in quarterly installments, while he is employed by Generex. Dr. Modi's consulting agreement currently provides for bonuses based on specific milestones, which Generex will be obligated to pay until August 25, 2005.

Stock Options. The purpose of stock option grants is to provide an additional incentive to Generex employees, including executive officers, to contribute materially to the growth of Generex. Stock options are granted to align the interests of the recipients with the interests of stockholders. In November 2003, the Committee granted to each of Ms. Gluskin and Ms. Perri options for 100,000 shares for fiscal year 2004. Dr. Modi receives options for 150,000 shares each year under the terms of his consulting agreement with Generex.

Chief Executive Officer Compensation. Ms. Gluskin's compensation for the fiscal year ended July 31, 2004 was determined in accordance with the compensation policies described above. Ms. Gluskin was paid a cash salary of approximately \$350,000, which the Committee deemed appropriate compensation, and received no cash bonus for 2004. Ms. Gluskin was granted an option for 100,000 shares. The compensation paid to Ms. Gluskin for fiscal 2004 was considered to give appropriate incentives to Ms. Gluskin to continue to promote the strategic objectives of Generex and to enhance stockholder value.

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Deductibility of Compensation. Section 162(m) of the Internal Revenue Code does not allow public companies to take a Federal income tax deduction for compensation paid to certain executive officers, to the extent that compensation exceeds \$1 million for any such officer in any fiscal year. This limitation does not apply to compensation that qualifies as "performance-based compensation" under the Code. The Board of Directors believes that at the present time it is quite unlikely that the compensation paid to any executive officer will exceed \$1 million in any fiscal year. Therefore, the Board of Directors has not taken any measures to date specifically to qualify any of the compensation paid to its executive officers as "performance-based compensation" under the Code.

Submitted by the Compensation Committee



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John P. Barratt  
J. Michael Rosen

The foregoing Report of the Compensation Committee on Executive Compensation and the Performance Graph on page 15 shall not be deemed to be soliciting material, to be filed with the SEC or to be incorporated by reference into any of Generex's previous or future filings with the SEC, except as otherwise explicitly specified by Generex in any such filing.

## CORPORATE GOVERNANCE DOCUMENTS

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 Securities Exchange Act of 1934, as amended (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 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, 2004 were filed on a timely basis.

## ITEM 11. COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

### COMPENSATION OF EXECUTIVE OFFICERS

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 most highly compensated executive officers of Generex other than the CEO whose salary and bonus payments exceeded \$100,000 for the fiscal year ended July 31, 2004.

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### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended July 31	ANNUAL COMPENSATION			LONG-TERM COMPE	
		Salary (\$) (3)	Bonus (\$)	Other Annual Compensation	Restricted Stock Award(s) (\$)	Securiti Underlyi Option (#)
Anna E. Gluskin (1), President and Chief Executive Officer	2004	350,000	0	*	0	100,0
	2003	350,000	0	*	0	350,0
	2002	350,000	125,000	*	0	
Rose C. Perri (1), Chief Operating Officer, acting Chief	2004	295,000	0	*	0	100,0
	2003	295,000	0	*	0	300,0
	2002	250,000	100,000	*	0	

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Financial Officer,  
Treasurer and Secretary

Pankaj Modi (2),	2004	282,519	0	*	0	150,000
Vice President,	2003	262,000	0	*	0	150,000
Research and Development	2002	262,500	0	*	0	150,000
Mark Fletcher,	2004	100,000	30,000 (7)	*	0	
Executive Vice	2003	100,000	15,000 (7)	*	0	250,000
President and General Counsel						

\* 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. Rose Perri are attributable to amounts paid indirectly through a management services agreement with a corporation of which, at July 31, 2004, Ms. Gluskin Ms. Rose Perri were equal owners.

(2) All of the cash compensation paid to Dr. Modi is paid indirectly to him through a corporation owned 100% by him.

(3) 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, 2004, 2003 and 2002, respectively.

(4) These options were granted under the Generex Biotechnology Corporation 2001 Stock Option Plan on November 18, 2003 with effect as of November 18, 2003.

(5) These options were granted under the Generex Biotechnology Corporation 2001 Stock Option Plan on November 26, 2002 with effect as of November 26, 2002.

(6) Granted as of July 31, 2004 pursuant to the terms of Dr. Modi's consulting agreement. These options were granted under the Generex Biotechnology Corporation 2001 Stock Option Plan.

(7) Mr. Fletcher's employment agreement guarantees him a bonus of \$30,000 annually, payable in quarterly installments.

(8) Granted on March 19, 2003 with effect as of April 21, 2003 pursuant to the terms of Mr. Fletcher's employment agreement. These options were granted under the Generex Biotechnology Corporation 2001 Stock Option Plan.

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### OPTION GRANTS DURING THE 2004 FISCAL YEAR

The following tables set forth information related to options to purchase common stock granted to the CEO and the named executive officers during the fiscal year ended July 31, 2004.

Individual grants	Potential realizable assumed annual rates appreciation for opt
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Name	Number of Securities Underlying Options granted (#)	Percent of total options granted to employees in fiscal year (%)	Exercise Price (\$/Sh)	Expiration Date	5% (\$)
Anna E. Gluskin	100,000 (1)	4.4%	\$ 1.62	11/24/08	\$ 44,758
Rose C. Perri	100,000 (1)	4.4%	\$ 1.62	11/24/08	\$ 44,758
Pankaj Modi	150,000 (2)	6.5%	\$ 1.10	7/31/09	\$ 45,586

(1) These options were granted under the Generex Biotechnology Corporation 2001 Stock Option Plan on November 24, 2003 with effect as of November 24, 2003.

(2) Granted on October 26, 2004 with effect as of July 31, 2004 pursuant to the terms of Dr. Modi's consulting agreement. These options were granted under the Generex Biotechnology Corporation 2001 Stock Option Plan.

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FISCAL YEAR END OPTION VALUES

No options were exercised by the CEO or the named executive officers during the fiscal year ended July 31, 2004. 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, 2004 (#) Exercisable/Unexercisable
Anna E. Gluskin	-0-	-0-	750,000/0
Rose C. Perri	-0-	-0-	650,000/0
Pankaj Modi	-0-	-0-	900,000/0
Mark Fletcher	-0-	-0-	250,000/0

(1) Based on the closing price of common stock (\$0.74) on November 22, 2004.

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 officers.

DIRECTORS' COMPENSATION; OTHER COMPENSATION

Directors who are not officers or employees of Generex receive cash compensation of \$10,000 each fiscal quarter. Mr. Barratt received \$10,000 upon becoming director, applicable to the quarter in which his service began. Each outside

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director received options exercisable for 50,000 shares for fiscal 2004. Mr. Barratt also received options for an additional 20,000 shares upon appointment to the Board of Directors.

Dr. Modi is compensated through a consulting agreement that was originally entered into as of October 1, 1996, that was amended and supplemented as of January 7, 1998, and that was further amended and supplemented as of December 31, 2000. The parties to the agreement are Dr. Modi, Generex and Generex Pharmaceuticals, Inc., a wholly-owned subsidiary of Generex. An amendment to Dr. Modi's consulting agreement was approved by the Board of Directors in January 2002 granting Dr. Modi cash bonuses upon the occurrence of certain events in connection with the extension of the joint venture with Elan to include Morphine. All references to the consulting agreement in the following discussion relate to the agreement, as amended and supplemented.

Pursuant to the terms of the consulting agreement, Dr. Modi held the position of Vice President, Research and Development of Generex and Generex Pharmaceuticals, and both Generex and Generex Pharmaceuticals are jointly and severally responsible for the payment to Dr. Modi of all amounts due under the consulting agreement. The agreement provides for Dr. Modi's term of service to extend through July 31, 2010, subject to termination without cause by Dr. Modi or Generex at any time after January 1, 2003 upon 12 months' prior written notice.

In connection with amending and supplementing the consulting agreement in January 1998, Generex issued 1,000 shares of Special Voting Rights Preferred Stock ("Special Preferred Stock") to Dr. Modi, comprising all of the outstanding shares of Special Preferred Stock. Special Preferred Stock does not generally carry the right to vote, but does have the following special voting rights:

- o the holders of Special Preferred Stock have the right to elect a majority of Generex's Board of Directors if a change of control occurs; and

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- o the holders of Special Preferred Stock have the right to approve any transaction that would result in a change of control.

A "change of control" is deemed to occur if Generex's founders (namely, Ms. Gluskin, Dr. Modi or Ms. Rose Perri), or directors appointed or nominated with the approval of Generex's founders, should cease to constitute at least 60% of Generex's directors, or if any person becomes either Chairman of the Board of Directors or Chief Executive Officer of Generex without the prior approval of the founders. If a change of control were to occur, Dr. Modi would thereafter be able to elect a majority of the directors. No change of control has occurred to date.

The consulting agreement provides for an annual base compensation of \$250,000 a year, effective as of August 1, 2000, subject to certain cost-of-living increases. In addition, Dr. Modi is entitled to receive certain bonus compensation during the term of the agreement. Dr. Modi also has the right to receive certain additional bonus payments based upon agreements entered into by Generex for rights granted to third parties to develop, manufacture and/or market products based upon ideas, improvements, designs or discoveries made or conceived by Dr. Modi.

The consulting agreement provides for Dr. Modi to be granted options to purchase 150,000 shares of common stock in each of the next ten fiscal years, starting with the fiscal year ended July 31, 2001. The options may be granted only under option plans of Generex that have been approved by the stockholders.

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On August 26, 2004, Dr. Modi resigned effective immediately from his position as Vice President, Research and Development. At such time, Dr. Modi also gave twelve (12) months prior written notice of termination of his consulting agreement. Accordingly, Dr. Modi will continue to receive salary and other compensation from Generex in accordance with his consulting agreement until August 25, 2005.

Dr. Bernstein is compensated through an employment agreement, dated April 1, 2002, between Dr. Bernstein and Generex. Pursuant to the terms of the employment agreement, Dr. Bernstein holds the position of Vice President of Medical Affairs. The employment agreement provides for Dr. Bernstein's term of service to extend through March 31, 2005, 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 notice.

The employment agreement provides for an annual base compensation of \$150,000 a year, effective as of April 1, 2002. During each year of the employment agreement, Dr. Bernstein may receive cash bonuses at the discretion of the Board of Directors and is entitled to receive options to purchase 50,000 shares of common stock.

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 for an annual base compensation of \$100,000 a year, effective as of March 17, 2003. During each year of the employment agreement, Mr. Fletcher shall receive a cash bonus of \$30,000, payable in quarterly installments, and 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.

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### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Effective July 30, 2001, decisions regarding executive compensation were made by the Compensation Committee of the Board of Directors. Brian T. McGee and Mindy J. Allport-Settle are the members of the Compensation Committee.

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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### EXISTING STOCK COMPENSATION PLANS

The following table sets forth as of November 22, 2004 information 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:

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Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of remaining future is equity co plans (ex securitie column (a
	(a)	(b)	
Equity compensation plans approved by security holders			
1998 Stock Option Plan	643,500	\$ 5.00	
2000 Stock Option Plan	1,229,500	\$ 7.50	
2001 Stock Option Plan	7,433,159	\$ 1.98	
<b>TOTAL</b>	<b>9,306,159</b>	<b>\$ 2.92</b>	<b>1,</b>
Equity compensation plans not approved by security holders			
	0	0	
<b>TOTAL</b>	<b>9,306,159</b>	<b>\$ 2.92</b>	<b>1,</b>

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STOCK PERFORMANCE GRAPH

Set forth below is a line graph comparing the cumulative total return on Generex's common stock with cumulative total returns of the Nasdaq Stock Market (U.S. Companies) and the Nasdaq Biotechnology Index for the period commencing May 5, 2000 (the date Generex's common stock was first listed for trading on the Nasdaq National Market) and ending on July 31, 2003. The graph assumes that \$100 was invested on May 5, 2000, in Generex's common stock, the stocks in the Nasdaq Stock Market (U.S. Companies) and the stocks comprising the Nasdaq Biotechnology Index, and that all dividends were reinvested. Generex's common stock has been trading on the Nasdaq SmallCap Market since June 5, 2003.

[INSERT GRAPH HERE]

	5/2000	7/2000	7/2001	7/2002	7/2003	7/2004
Generex Biotechnology Corporation	100.0	72.5	81.4	21.5	14.0	10.4
Nasdaq Stock Market	100.0	117.5	46.2	37.7	41.7	48.8
Nasdaq Biotechnology Index	100.0	118.2	99.8	61.9	92.1	88.4

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### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

- o Our executive officers and directors;
- o All directors and executive officers as a group; and
- o 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 29, 2004. At that date, Generex had 34,754,648 shares of common stock outstanding. In addition to common stock, Generex has 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. In connection with Generex's joint venture with Elan, Generex issued 1,000 shares of Series A Preferred Stock to an affiliate of Elan. After the issuance of annual dividends, 1,123 shares of Series A Preferred are currently outstanding. Neither series of preferred stock generally have voting rights.

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

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beneficially own shares underlying options or warrants that are presently exercisable or that will become exercisable within sixty (60) days.

#### BENEFICIAL OWNERSHIP

NAME OF BENEFICIAL OWNER	NUMBER OF SHARES	PERCENT OF CLASS
 (i) Directors and Executive Officers		
John P. Barratt(1) .....	210,000	*
Gerald Bernstein, M.D.(2) .....	63,628	*
Mark Fletcher(3) .....	263,360	*
Anna E. Gluskin(4) .....	1,703,794	4.8%
Pankaj Modi, Ph.D(5) .....	1,850,200	5.2%
Rose C. Perri(6) .....	4,750,202	13.4%
J. Michael Rosen(7) .....	288,730	*
Mindy Allport-Settle(8) .....	70,000	*
Brian McGee(8) .....	70,000	*
Officers and directors as a group (9 persons)(9) .	8,316,247	21.9%
 (ii) Other Beneficial Owners (and their addresses)		
Cityplatz Limited (10) .....	2,663,934	7.1%
P.O. Box 175 12-14 Finch Road Douglas Isle of Man		

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Omicron Master Trust (11) ..... 210 Seventh Ave. 39th Floor New York, NY 10019	4,514,313	11.5%
Iroquois Capital, L.P. (12) ..... 641 Lexington Ave 26th Floor New York, NY 10022	2,511,971	6.7%
EBI, Inc. In Trust (13) ..... c/o Miller & Simons First Floor, Butterfield Square P.O. Box 260 Providencials Turks and Caicos Islands British West Indies	1,441,496	4.1%
GHI, Inc. In Trust (14) ..... c/o Miller & Simons First Floor, Butterfield Square P.O. Box 260 Providencials Turks and Caicos Islands British West Indies	1,907,334	5.5%

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\* Less than one percent.

(1) Includes 70,000 options granted on March 19, 2003, 70,000 options granted on October 30, 2003 and 70,000 options granted on October 26, 2004 under Generex's 2001 Stock Option Plan (the "2001 Plan").

(2) Includes shares issuable upon exercise of 50,000 options granted in November, 2002, 5,159 options granted on December 31, 2001 and 5,000 options granted on January 3, 2000, under the 2001 Plan and pursuant to Dr. Bernstein's Employment Agreement with Generex and his prior consulting agreement.

(3) Includes 250,000 shares issuable upon the exercise of an option granted on March 19, 2003 with effect as of April 21, 2003 under the 2001 Plan.

(4) Includes 953,667 shares owned of record by GHI, Inc. that are beneficially owned by Ms. Gluskin, 100,000 shares issuable upon the exercise of an option granted under Generex's 1998 Stock Option Plan (the "1998 Plan"), 200,000 shares issuable upon the exercise of an option granted under Generex's 2000 Stock Option Plan (the "2000 Plan"), and 450,000 shares issuable upon exercise of an option granted under the 2001 Plan.

(5) Includes 150,000 shares issuable upon the exercise of an option granted under the 1998 Plan and 150,000 shares issuable upon the exercise of an option granted under the 2000 Plan. Also includes 600,000 shares issuable upon the exercise of options granted under the 2001 Plan. Dr. Modi also owns all the 1,000 outstanding shares of Generex's Special Voting Rights Preferred Stock. This stock is not convertible into Common Stock.

(6) Includes 953,667 shares owned of record by GHI, Inc. that are beneficially



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owned by Ms. Rose Perri, 100,000 shares issuable upon the exercise of an option granted under the 1998 Plan, 150,000 shares issuable upon the exercise of an option granted under the 2000 Plan, and 400,000 shares issuable upon exercise of an option under the 2001 Plan. Also includes the shares and options that are owned by the estate of Mr. Mark Perri, of which Ms. Rose 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. Rose 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. Rose 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 20,000 shares issuable upon the exercise of an option granted under the 2000 Plan, and 190,000 shares issuable upon exercise of options granted under the 2001 Plan. Also includes 7,943 shares owned by a company of which Mr. Rosen is an officer and indirect 25% owner; Mr. Rosen may be deemed to beneficially own these shares because he shares voting power and investment power with respect to such shares.

(8) Includes 70,000 options granted on October 26, 2004.

(9) Includes 3,170,159 shares issuable upon the exercise of options. Includes 1,441,496 shares owned of record by EBI, Inc. but beneficially owned or deemed to be beneficially owned by Ms. Rose Perri. Includes 1,907,334 shares owned of record by GHI, Inc. but beneficially owned by Ms. Gluskin or Ms. Rose Perri.

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(10) Includes 1,024,590 shares issuable upon exercise of an Additional Investment Right and 1,639,344 shares issuable upon exercise of warrants. The Additional Investment Right and each Warrant held by Cityplatz contain a provision stating that it is not exercisable to the extent the exercise would result in the holder's beneficially owning more than 9.9% of Generex's outstanding common stock.

(11) Includes 819,672 shares outstanding, 1,219,512 shares issuable upon conversion of 6% Secured Convertible Debentures, 1,655,457 shares issuable upon exercise of warrants and 819,672 shares issuable upon exercise of an Additional Investment Right. The Additional Investment Right and each Debenture and Warrant held by Omicron contain a provision stating that it is not exercisable/convertible to the extent the exercise/conversion would result in the holder's beneficially owning more than 9.9% of Generex's outstanding common stock.

(12) Includes 226,885 shares outstanding, 1,219,512 shares issuable upon conversion of 6% Secured Convertible Debentures, 655,738 shares issuable upon exercise of warrants and 409,836 shares issuable upon exercise of an Additional Investment Right. The Additional Investment Right and each Debenture and Warrant held by Iroquois contain a provision stating that it is not exercisable/convertible to the extent the exercise/conversion would result in the holder's beneficially owning more than 9.9% of Generex's outstanding common stock.

(13) All these shares were previously beneficially owned by Mr. Mark Perri but

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are now deemed to be beneficially owned by Ms. Rose 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. Rose Perri also has investment power and otherwise is entitled to the economic benefits of ownership.

(14) Ms. Gluskin and Ms. Rose 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. Rose Perri because she has the sole power to vote the shares.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Generex acquired Generex Pharmaceuticals, Inc. in October 1997. Prior to Generex's acquisition of Generex Pharmaceuticals, it was a private Canadian corporation majority-owned and controlled by Mr. Mark Perri, Ms. Rose Perri and Ms. Gluskin. Unless otherwise indicated, the transactions described below occurred prior to the acquisition of Generex Pharmaceuticals or pursuant to contractual arrangements entered into prior to that time. Generex presently has a policy requiring approval by stockholders or by a majority of disinterested directors of transactions in which one of our directors has a material interest apart from such director's interest in Generex. Generex presently has a policy requiring the approval by the Audit Committee for any transactions in which a director has a material interest apart from such director's interest in Generex.

**Real Estate Financing Transactions:** In May 1997, EBI, Inc., a company controlled by Mr. Mark Perri, acquired shares of common stock of Generex Pharmaceuticals for \$3 million (CAD) which, based on the exchange rate then in effect, represented approximately \$2.1 million (US). Generex Pharmaceutical's use of those funds was restricted to acquiring an insulin research facility. Subsequently this restriction was eased to permit use of the funds to acquire properties used for manufacturing Generex Pharmaceutical's oral insulin product and other proprietary drug delivery products, and related testing, laboratory and administrative services. Under the terms of the investment, Generex Pharmaceuticals was required to lend these funds back to EBI until they were needed for the purposes specified. The entire amount was loaned back to EBI and was outstanding at July 31, 1997. During the period ended July 31, 1998, a total of \$2,491,835 (CAD) was repaid by EBI. There was a repayment of approximately \$33,000 made in the year ended July 31, 2004. There were no repayments made in the years ended July 31, 2003, 2002 and 2001. The balance due from EBI at July 31, 2004, was approximately \$349,294 (US) based on the exchange rate then in effect.

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These funds are due on demand by Generex Pharmaceuticals, provided they are used for the purchase and/or construction or equipping of oral insulin manufacturing and testing facilities. The amounts repaid by EBI were used primarily to purchase and improve certain of the real estate and buildings owned by Generex Pharmaceuticals.

**Related Party Transactions:** Between November 1995 and July 31, 1998, companies owned and controlled by Mr. Mark Perri, Ms. Rose Perri and Ms. Gluskin incurred a net indebtedness of \$629,234 to Generex Pharmaceuticals, excluding the indebtedness of EBI described in the preceding paragraph. This indebtedness arose from cash advances and the payment by Generex Pharmaceuticals of expenses incurred by these companies, net of repayments and payment of expenses on behalf of Generex Pharmaceuticals. At July 31, 1999, these companies' net indebtedness to Generex Pharmaceuticals, exclusive of the EBI indebtedness described above,

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was \$284,315. At July 31, 2000, this balance had been reduced to zero. The transactions between Generex Pharmaceuticals and entities owned and controlled by Mr. Mark Perri, Ms. Rose Perri and Ms. Gluskin were not negotiated at arms-length, and were not on normal commercial terms. No interest was charged on any of the advances, and the transactions were of far greater financial benefit and convenience to Mr. Mark Perri, Ms. Rose Perri and Ms. Gluskin than to Generex Pharmaceuticals. These transactions and financing arrangements were mostly initiated prior to the transaction in which Generex acquired Generex Pharmaceuticals, and no such transactions have taken place since January 1, 1999.

We utilize a management company to manage all of our real properties. The property management company is owned by Ms. Rose Perri, Ms. Gluskin and the estate of Mr. Mark Perri, our former Chairman of the Board. For the fiscal years ended July 31, 2004, 2003 and 2002, Generex has paid the management company \$40,180, \$33,237 and \$37,535 respectively, in management fees.

Loans to Executive Officers: On May 3, 2001, Ms. Rose Perri, Ms. Gluskin and Mr. Mark Perri were advanced \$334,300 each, in exchange for promissory notes. These notes bore interest at 8.5 percent 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 Generex's common stock owned by this related company. On June 3, 2002, Generex's Board of Directors extended the maturity date of the loans to October 1, 2002. The other terms and 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. Subsequent to July 31, 2002, pursuant to a decision made as of August 30, 2002, these loans were satisfied by application of the 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.

Brokerage Payment: On August 7, 2002, Generex Pharmaceuticals purchased real estate with an aggregate purchase price of approximately \$1,525,000, from an unaffiliated party. In connection with that transaction, Angara Enterprises, Inc., a licensed real estate broker that is an affiliate of Ms. Gluskin, received a commission from the proceeds of the sale to the seller, in the amount of 3% of the purchase price, or \$45,714. Management believes that this is less than the aggregate commission which would have been payable if an unaffiliated broker had been used.

Joint Venture with Elan: In January 2001, Generex established a joint venture with Elan International Services, Ltd. ("EIS") and Elan Corporation, plc ("Elan"). Pursuant to the Securities Purchase Agreement, dated January 16, 2001, between Generex, Elan and EIS, EIS has the right to nominate one director to Generex's Board of Directors for so long as EIS or its affiliates own at least 1.0% of the issued and outstanding shares of common stock. Dr. Lieberburg was the nominee of EIS thereunder. Dr. Lieberburg resigned effective August 1, 2002 because he felt that due to the increasing demands of his position with Elan Corporation, he could no longer devote the time and attention necessary to serve as a director of Generex. EIS has not informed Generex as to its nominee to replace Dr. Lieberburg.

In connection with the transaction, EIS purchased 344,116 shares of Generex's common stock for \$5,000,000 and was issued a warrant to acquire 75,000 shares of Generex's common stock at \$25.15 per share. If the joint venture achieves certain milestones, Generex may require EIS to purchase an additional \$1,000,000 of common stock at a 30% premium to the then prevailing fair market value of shares of common stock. EIS also purchased 1,000 shares of a new series

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of Generex preferred stock, designated as Series A Preferred Stock, for \$12,015,000. The proceeds from the sale of the Series A Preferred Stock were applied by Generex to subscribe for an 80.1% equity ownership interest in Generex (Bermuda) Ltd. EIS paid in capital of \$2,985,000 to subscribe for a 19.9% equity interest in Generex (Bermuda) Ltd. While Generex initially owns 80.1% of the joint venture entity, EIS has the right, subject to certain conditions, to increase its ownership up to 50% by exchanging the Series A Preferred Stock for 30.1% of Generex's interest in the joint venture entity. Alternatively, the Series A Preferred Stock may be converted, under certain conditions, into shares of Generex's common stock. In accordance with the terms of the Series A Preferred Stock, if any shares of Series A Preferred Stock are outstanding on January 16, 2007, Generex is required to redeem the shares of Series A Preferred Stock at a redemption price equal to the aggregate Series A Preferred Stock liquidation preference (which currently equals the aggregate original purchase price of the Series A Preferred Stock), either in cash, or in shares of Generex's common stock with a fair market value equal to the redemption price. In each of January of 2002 and January 2003, Generex declared a 6% stock dividend of Series A Preferred stock. The shares of common stock and shares of Series A Preferred Stock are presently held of record by an affiliate of EIS.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

#### Fees Paid to Generex's Independent Public Accountants

The following table sets forth the aggregate fees paid by Generex for the fiscal years ended July 31, 2003 and July 31, 2004 to its independent auditors:

	July 31, 2003	July 31, 2004
	-----	-----
Audit Fees.....	\$ 74,925(1)	\$ 185,672(4)
Audit-Related Fees.....	\$ 50,932(2)	\$ 42,360(5)
All Other Fees.....	\$ 0(3)	\$ 0(6)

- (1) Represents charges of BDO Dunwoody, Generex's auditor for fiscal year ended July 31, 2003.
- (2) Represents amounts billed by Deloitte & Touche for review of financial statements contained in Generex's Quarterly Reports on Form 10-Q prior to their dismissal on July 1, 2003, and review of registration statements incorporating by reference their reports.
- (3) Neither Deloitte & Touche nor BDO Dunwoody billed amounts for any other services.
- (4) Represents charges of BDO Dunwoody, Generex's auditor for fiscal year ended July 31, 2004.
- (5) Represents amounts billed by Deloitte & Touche for review of financial statements contained in Generex's Annual Reports on Form 10-K, and review of registration statements incorporating by reference their reports.
- (6) Neither Deloitte & Touche nor BDO Dunwoody billed amounts for any other services.

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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.

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.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

EXHIBITS

Exhibit No. -----	Description -----
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32	Certifications 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.

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 29th day of November, 2004.

GENEREX BIOTECHNOLOGY CORPORATION

By: /s/ Anna E. Gluskin  
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Anna E. Gluskin, President

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.

Name -----	Capacity in Which Signed -----	Date -----
/s/ Anna E. Gluskin ----- Anna E. Gluskin	President and Chief Executive Officer	November 29, 2004
/s/ Rose C. Perri ----- Rose C. Perri	Secretary, Treasurer and Chief Operating Officer	November 29, 2004
/s/ Gerald Bernstein ----- Gerald Bernstein	Director	November 29, 2004
/s/ Mark Fletcher ----- Mark Fletcher	Executive Vice President and General Counsel	November 29, 2004
/s/ J. Michael Rosen ----- J. Michael Rosen	Director	November 29, 2004
/s/ John P. Barrett ----- John P. Barratt	Director	November 29, 2004
/s/ Mindy Allport-Settle ----- Mindy Allport-Settle	Director	November 29, 2004
/s/ Brian T. McGee ----- Brian T. McGee	Director	November 29, 2004
/s/ Slava Jarnitskii ----- Slava Jarnitskii	Controller	November 29, 2004