

GENEREX BIOTECHNOLOGY CORP
Form 10-Q
December 12, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended October 31, 2014

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

For the transition period from _____ to _____

COMMISSION FILE NUMBER: 0-25169

GENEREX BIOTECHNOLOGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware **98-0178636**
(State or other jurisdiction of (IRS Employer Identification No.)

incorporation or organization)

555 RICHMOND STREET WEST, SUITE 604

TORONTO, ONTARIO

CANADA M5V 3B1

(Address of principal executive offices)

(416) 364-2551

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required 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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Non-accelerated Filer Smaller Reporting Company

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

The number of outstanding shares of the registrant's common stock, par value \$.001, was 789,848,649 as of December 12, 2014.

GENEREX BIOTECHNOLOGY CORPORATION

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

GENEREX BIOTECHNOLOGY CORPORATION AND
 SUBSIDIARIES
 INTERIM CONSOLIDATED BALANCE SHEETS

	October 31, 2014 (Unaudited)	July 31, 2014 (Audited)
ASSETS		
Current		
Assets:		
Cash and cash equivalents	\$2,215,438	\$ 3,269,489
Other current assets	168,526	201,314
Total Current Assets	2,383,964	3,470,803
Property and Equipment, Net	4,688	5,293
Patents, Net	1,943,054	2,046,361
TOTAL ASSETS	\$4,331,706	\$5,522,457
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current		
Liabilities:		
Accounts payable and accrued expenses (Note 5)	\$7,422,094	\$8,034,122
Deferred revenue	223,662	223,662

Total Current Liabilities	7,645,756	8,257,784
Derivative Warrant Liability (Note 8 and 9)	2,118,177	2,635,643
Derivative Additional Investment Rights Liability (Note 8 and 9)	524,576	719,088
Total Liabilities	10,288,509	11,612,515
Commitments and Contingencies (Note 6)		
Stockholders' Deficiency (Notes 8):		
Series A 9% Convertible Preferred Stock, \$1,000 par value; authorized 5,500 shares, -0- issued shares at October 31, 2014 and July 31, 2014, respectively	--	--
Series B 9% Convertible Preferred Stock, \$1,000 par value; authorized 2,000 shares, -0- issued shares at October 31, 2014 and July 31, 2014, respectively	--	--
Series C 9% Convertible Preferred Stock, \$1,000 par value; authorized 750 shares, -0- issued shares at October 31, 2014 and July 31, 2014, respectively	--	--
Series D 9% Convertible Preferred Stock, \$1,000 par value; authorized 750	--	--

shares, -0- issued		
shares at October 31,		
2014 and July 31,		
2014, respectively		
Series E 9% Convertible		
Preferred Stock, \$1,000		
par value; authorized		
2,450 shares,		
25 and 25 issued shares		
at October 31, 2014	--	--
and July 31, 2014,		
respectively		
Series F 9% Convertible		
Preferred Stock, \$1,000		
par value; authorized		
4,150 shares,		
1,008 and 1,225 issued		
shares at October 31,	--	--
2014 and July 31, 2014,		
respectively		
Common stock, \$.001		
par value; authorized		
1,500,000,000 shares at		
October 31, 2014 and		
July 31, 2014,		
respectively;		
789,848,649 and		
778,512,092		
issued and outstanding		
at October 31, 2014	789,848	778,512
and July 31, 2014,		
respectively		
Additional	362,376,456	362,307,678
paid-in capital		
Accumulated	(369,898,699)	(369,948,322)
deficit		
Accumulated		
other	775,592	772,074
comprehensive		
income		
Total		
Stockholders'	(5,956,803)	(6,090,058)
Deficiency		
TOTAL		
LIABILITIES AND		
STOCKHOLDERS'	\$4,331,706	\$5,522,457
DEFICIENCY		

The Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

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GENEREX BIOTECHNOLOGY CORPORATION AND
 SUBSIDIARIES
 INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
 (UNAUDITED)

	For the Three Months Ended	
	October 31, 2014	2013
Operating Expenses:		
Research and development	408,296	536,174
General and administrative	500,173	906,877
Total Operating Expenses	908,469	1,443,051
Operating Loss	(908,469)	(1,443,051)
Other Income/(Expense):		
Income from assets held for investment, net (Note 10)	--	193,607
Interest income	9	23
Interest expense	(81,734)	(97,772)
Change in fair value of derivative liabilities (Note 9)	711,978	1,877,287
Gain on extinguishment of debt	327,839	--
Net Income (Note 4)	\$49,623	\$530,094
Net Income per Common Share (Note 7)		

Basic	\$.0001	\$.0009
Diluted	\$.0001	\$.0008

Shares Used to Compute Earnings per Share

(Note 7)

Basic	779,964,709	584,122,030
Diluted	811,211,437	634,840,641

The Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

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GENEREX BIOTECHNOLOGY CORPORATION AND
SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended October 31,	
	2014	2013
Cash Flows From Operating Activities:		
Net (loss)/income	\$49,623	\$530,094
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	115,912	101,995
Stock compensation expense	--	262,871
Common stock issued for services rendered	21,050	168,500
Gain on disposal of property and equipment	--	(188,869)
Common stock issued as make-whole payments on preferred stock	58,523	151,200

Change in fair value of derivative liabilities	(711,978)	(1,877,287)
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	(601,072)	(129,974)
Deferred revenue	--	(984)
Other current assets	32,294	(10,617)
Net Cash Used in Operating Activities	(1,035,648)	(993,071)
Cash Flows From Investing Activities:		
Proceeds from sale of property and equipment	--	883,780
Costs incurred for patents	(13,887)	(14,732)
Net Cash (Used in)/Provided by Investing Activities	(13,887)	869,048
Cash Flows From Financing Activities:		
Proceeds from issuance of long-term debt	--	--
Repayment of long-term debt	--	(612,130)
Proceeds from exercise of warrants, net	--	65,000
Proceeds from exercise of stock options	542	--
Net Cash Provided	542	(547,130)

by/(Used in) Financing Activities		
Effect of Exchange Rates on Cash	(5,058)	(3,607)
Net Decrease in Cash and Cash Equivalents	(1,054,051)	(674,760)
Cash and Cash Equivalents, Beginning of Period	3,269,489	1,708,954
Cash and Cash Equivalents, End of Period	\$ 2,215,438	\$ 1,034,194
Supplemental Disclosure of Cash Flow Information:		
Interest paid in cash	\$-	\$35,541

The Notes to the Interim Consolidated Financial Statements are an integral part of these statements.

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Note 1 – Basis of Presentation:

The accompanying unaudited interim consolidated financial statements (“interim statements”) have been prepared pursuant to the rules and regulations for reporting on Form 10-Q. Accordingly, certain information and disclosures required by generally accepted accounting principles for complete financial statements are not included herein. The interim statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s latest Annual Report on Form 10-K. The results for the three months ended October 31, 2014 may not be indicative of the results for the entire year.

Interim statements are subject to possible adjustments in connection with the annual audit of the Company's accounts for fiscal year 2015. In the Company's opinion, all adjustments necessary for a fair presentation of these interim statements have been included and are of a normal and recurring nature.

The Company has a limited history of operations and limited revenue to date. The Company has several product candidates that are in various research or early stages of pre-clinical and clinical development. There can be no assurance that the Company will be successful in obtaining regulatory clearance for the sale of existing or any future products or that any of the Company's products will be commercially viable.

Going Concern

The accompanying interim statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has experienced negative cash flows from operations since inception and has an accumulated deficit of approximately \$370 million and a working capital deficiency of approximately \$5.3 million at October 31, 2014. The Company has funded its activities to date almost exclusively from debt and equity financings, as well as the recent sales of non-essential real estate assets in fiscal 2012 through the first quarter of fiscal 2014 (see Note 10).

The Company will continue to require substantial funds to continue research and development, including pre-clinical studies and clinical trials of its product candidates, and to commence sales and marketing efforts, if the U.S. Food and Drug Administration or other regulatory approvals are obtained. Management's plans in order to meet its operating cash flow requirements include financing activities such as private placements of its common stock, preferred stock offerings, issuances of debt and convertible debt instruments. Management will be limited in the financing activities that the Company undertakes in the near future as the securities purchase agreements that the Company entered into on January 14, 2014 and March 27, 2014 with certain investors prohibit the Company from (i) issuing additional equity securities until 60 days after the effective date of a registration statement covering the resale of the common stock issuable upon exercise of the warrants and conversion of the preferred stock sold in those transactions; and (ii) issuing additional debt or equity securities with variable conversion or exercise prices until January 14, 2015 and March 27, 2015, respectively. Management is also actively pursuing financial and strategic alternatives, including strategic investments and divestitures, industry collaboration activities and strategic partners. Management has sold its non-essential real estate assets which were classified as Assets Held for Investment to augment its cash position.

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. There are no assurances that such additional funding will be achieved and that the Company will succeed in its future operations. The interim statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the Company be unable to continue in existence. The Company's inability to obtain required funding in the near future or its inability to obtain funding on favorable terms will have a material adverse effect on its operations and strategic development plan for future growth. If the Company cannot successfully raise additional capital and implement its strategic development plan, its liquidity, financial condition and business prospects will be materially and adversely affected, and the Company may have to cease operations.

Note 2 – Effects of Recent Accounting Pronouncements:

Recently Adopted Accounting Pronouncements

In June 2014, the FASB issued guidance regarding the elimination of the reporting requirement for development stage entities and removed the definition of development stage entity from the Accounting Standards Codification. The Company has adopted this guidance effective for the Company's annual fiscal year ended July 31, 2014. The adoption of this new accounting guidance resulted in the elimination of the inception-to-date financial information in the consolidated statements of operations, statements of changes in stockholders' deficiency and statements of cash flows, as well as the removal of the subheading "A Development Stage Company" from the interim statements and the notes to the interim statements.

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Recently Issued Accounting Pronouncements

In August 2014, the FASB issued guidance regarding disclosure of uncertainties about an entity's ability to continue as a going concern. The guidance will be effective for the Company's annual fiscal year ended July 31, 2017 and subsequent interim periods. The Company is currently evaluating the impact of this accounting standard update on its consolidated financial statements.

Note 3 – Stock-Based Compensation:

As of October 31, 2014, the Company had two stockholder-approved stock incentive plans under which shares and options exercisable for shares of common stock have been or may be granted to employees, directors, consultants and advisors. A total of 12,000,000 shares of common stock are reserved for issuance under the 2001 Stock Option Plan (the 2001 Plan) and 135,000,000 shares of common stock are reserved for issuance under the 2006 Stock Plan as amended (the 2006 Plan). At October 31, 2014, there were 2,338,916 and 81,530,576 shares of common stock reserved for future awards under the 2001 Plan and 2006 Plan, respectively. The Company issues new shares of common stock from the shares reserved under the respective Plans upon conversion or exercise of options and issuance of restricted shares.

The 2001 and 2006 Plans (the Plans) are administered by the Board of Directors (the Board). The Board is authorized to select from among eligible employees, directors, advisors and consultants those individuals to whom options are to be granted and to determine the number of shares to be subject to, and the terms and conditions of the options. The Board is also authorized to prescribe, amend and rescind terms relating to options granted under the Plans. Generally, the interpretation and construction of any provision of the Plans or any options granted hereunder is within the

discretion of the Board.

The Plans provide that options may or may not be Incentive Stock Options (ISOs) within the meaning of Section 422 of the Internal Revenue Code. Only employees of the Company are eligible to receive ISOs, while employees and non-employee directors, advisors and consultants are eligible to receive options which are not ISOs, i.e. “Non-Qualified Options.” The options granted by the Board in connection with its adoption of the Plans were Non-Qualified Options. In addition, the 2006 Plan also provides for restricted stock grants.

The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model or the value of the services provided, whichever is more readily determinable. The Black-Scholes option pricing model takes into account, as of the grant date, the exercise price and expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock and the risk-free interest rate for the term of the option. The Black-Scholes option pricing model was not used to estimate the fair value any option grants in the quarter ended October 31, 2014 or in the fiscal year ended July 31, 2014.

The following is a summary of the common stock options granted, forfeited or expired and exercised under the Plans for the three months ended October 31, 2014:

	Options	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value
Outstanding, August 1, 2014	37,964,390	\$ 0.061	
Less: Forfeited or expired	1,215,000	0.716	
Less: Exercised	542,154	0.001	9,488
Outstanding, October 31, 2014	36,207,236	\$ 0.040	\$616,113
Exercisable, October 31, 2014	36,207,236	\$ 0.040	\$616,113

The 36,207,236 outstanding options at October 31, 2014 had a weighted average remaining contractual term of 3.35 years. Options typically vest over a period of two to four years and have a contractual life of five to ten years.

There were no non-vested common stock options granted, vested or forfeited under the Plan for the three months ended October 31, 2014. There was no unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plans at October 31, 2014.

Note 4 – Comprehensive Income and Loss:

Comprehensive income, which includes net income and the change in the foreign currency translation account, was \$53,141 for the three months ended October 31, 2014. Comprehensive income, which includes net income and the change in the foreign currency translation account, was \$531,771 for the three months ended October 31, 2013.

Note 5 – Accounts Payable and Accrued Expenses:

Accounts payable and accrued expenses consist of the following:

	October 31, 2014	July 31, 2014
Accounts Payable and Accruals – General and Administrative	\$3,099,210	\$3,208,069
Accounts Payable and Accruals – Research and Development	3,619,738	3,955,543
Accounts Payable and Accruals – Selling and Marketing	326,923	327,067
Accrued Make-whole Payments on Convertible Preferred Stock (see Note 8)	278,977	337,500
Executive Compensation and Directors’ Fees Payable	97,246	205,943
	\$7,422,094	\$8,034,122

Note 6 – Commitments and Contingencies:**Pending Litigation**

In February 2001, a former business associate of the former Vice President of Research and Development (“VP”) of the Company and an entity known as Centrum Technologies Inc. (“CTI”) commenced an action in the Ontario Superior Court of Justice against the Company and the VP seeking, among other things, damages for alleged breaches of contract and tortious acts related to a business relationship between this former associate and the VP that ceased in July 1996. The plaintiffs’ statement of claim also seeks to enjoin the use, if any, by the Company of three patents allegedly owned by CTI. The three patents are entitled *Liquid Formulations for Proteinic Pharmaceuticals*, *Vaccine Delivery System for Immunization, Using Biodegradable Polymer Microspheres*, and *Controlled Releases of Drugs or Hormones in Biodegradable Polymer Microspheres*. It is the Company’s position that the buccal drug delivery technologies which are the subject matter of the Company’s research, development, and commercialization efforts, including Generex Oral-lyn™ and the RapidMist™ Diabetes Management System, do not make use of, are not derivative

of, do not infringe upon, and are entirely different from the intellectual property identified in the plaintiffs' statement of claim. On July 20, 2001, the Company filed a preliminary motion to dismiss the action of CTI as a nonexistent entity or, alternatively, to stay such action on the grounds of want of authority of such entity to commence the action. The plaintiffs brought a cross motion to amend the statement of claim to substitute Centrum Biotechnologies, Inc. ("CBI") for CTI. CBI is a corporation of which 50 percent of the shares are owned by the former business associate and the remaining 50 percent are owned by the Company. Consequently, the shareholders of CBI are in a deadlock. The court granted the Company's motion to dismiss the action of CTI and denied the plaintiffs' cross motion without prejudice to the former business associate to seek leave to bring a derivative action in the name of or on behalf of CBI. The former business associate subsequently filed an application with the Ontario Superior Court of Justice for an order granting him leave to file an action in the name of and on behalf of CBI against the VP and the Company. The Company opposed the application. In September 2003, the Ontario Superior Court of Justice granted the request and issued an order giving the former business associate leave to file an action in the name of and on behalf of CBI against the VP and the Company. A statement of claim was served in July 2004. The Company is not able to predict the ultimate outcome of this legal proceeding at the present time or to estimate an amount or range of potential loss, if any, from this legal proceeding.

On May 20, 2011, Ms. Perri filed a statement of claim (subsequently amended) in the Ontario Superior Court of Justice, naming as defendants the Company and certain directors of the Company, Mr. Barratt, Ms. Masterson, Mr. McGee, and Mr. Fletcher. In this action, Ms. Perri has alleged that defendants engaged in discrimination, harassment, bad faith and infliction of mental distress in connection with the termination of her employment with the Company. Ms. Perri is seeking damages in this action in excess of \$7,000,000 for, among other things, breach of contract, breach of fiduciary duty, violations of the Ontario Human Rights Code and aggravated and punitive damages. On September 20, 2011, the defendants filed a statement of defense and counterclaim, also naming Time Release Corp., Khazak Group Consulting Corp., and David Khazak, C.A. as defendants by counterclaim, and seeking damages of approximately \$2.3 million in funds that the defendants allege Ms. Perri wrongly caused the Company to pay to third parties in varying amounts over several years and an accounting of certain third-party payments, plus interests and costs. The factual basis for the counterclaim involves payments made by the Company to third parties believed to be related to Ms. Perri. The Company intends to defend this action and pursue its counterclaim vigorously and is not able to predict the ultimate outcome of this legal proceeding at the present time or to estimate an amount or range of potential loss, if any, from this legal proceeding.

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On June 1, 2011, Golden Bull Estates Ltd. filed a claim (subsequently amended) in the Ontario Superior Court of Justice, naming the Company, 1097346 Ontario, Inc. and Generex Pharmaceuticals, Inc. as defendants. The plaintiff, Golden Bull Estates, is controlled by Ms. Perri. The plaintiff alleges damages in the amount of \$550,000 for breach of contract, \$50,000 for punitive damages, plus interest and costs. The plaintiff's claims relate to an alleged contract between the plaintiff and the Company for property management services for certain Ontario properties owned by the Company. The Company terminated the plaintiff's property management services in April 2011. Following the close of pleadings, the Company served a motion for summary judgment. The plaintiff responded by amending its statement of claim to include a claim to the Company's interest in certain of its real estate holdings. The plaintiff moved for leave to issue and register a Certificate of Pending Litigation in respect of this real estate. The motion was not successful in respect of any current real estate holdings of the Company. The Company is not able to predict the ultimate outcome of this legal proceeding at the present time or to estimate an amount or range of potential loss, if any, from this legal proceeding.

In December 2011, a vendor of the Company commenced an action against the Company and its subsidiary, GenereX Pharmaceuticals, Inc., in the Ontario Superior Court of Justice claiming damages for unpaid invoices including interest in the amount of \$429,000, in addition to costs and further interest. The Company responded to this statement of claim and also asserted a counterclaim in the proceeding for \$200,000 arising from the vendor's breach of contract and detinue, together with interest and costs. On November 16, 2012, the parties agreed to settle this action and the Company has agreed to pay the plaintiff \$125,000, following the spinout of its subsidiary Antigen, from the proceeds of any public or private financing related to Antigen subsequent to such spinout. Each party agreed to execute mutual releases to the claim and counterclaim to be held in trust by each party's counsel until payment of the settlement amount. Following payment to the plaintiff, the parties agree that a Consent Dismissal Order without costs will be filed with the court. If the Company fails to make the payment following completion of any post-spinout financing related to Antigen or any other subsidiaries, the Plaintiffs may take out a judgment in the amount of the claim plus interest of 3% per annum and costs fixed at \$25,000.

The Company is involved in certain other legal proceedings in addition to those specifically described herein. Subject to the uncertainty inherent in all litigation, the Company does not believe at the present time that the resolution of any of these legal proceedings is likely to have a material adverse effect on the Company's consolidated financial position, operations or cash flows.

With respect to all litigation, as additional information concerning the estimates used by the Company becomes known, the Company reassesses its position both with respect to accrued liabilities and other potential exposures.

Note 7 – Net Income (Loss) Per Share (“EPS”):

Basic earnings per share (“EPS”) for the three-month periods ended October 31, 2014 and 2013 has been computed by dividing the net income available to common stockholders for the respective periods by the weighted average shares outstanding during those periods.

The following table represents a reconciliation of the basic and diluted EPS computations contained in our interim statements.

	Three Months Ended October 31, 2014			Three Months Ended October 31, 2013		
	Net Income	Weighted Average Shares	Earnings per Share	Net Income	Weighted Average Shares	Earnings per Share
Basic EPS	\$49,623	779,964,709	\$0.0001	\$530,094	584,122,030	\$0.0009
Effect of dilutive securities:						
Stock options	—	31,246,728	—	—	32,308,428	—
Warrants	—	—	—	—	18,410,183	—

Convertible preferred stock	—	—	—	—	—	—
Diluted EPS	\$49,623	811,211,437	\$0.0001	\$530,094	634,840,641	\$0.0008

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Diluted EPS for the three-month periods ended October 31, 2014 and 2013 has been computed by dividing the net income available to common stockholders for the respective periods by the diluted weighted average shares outstanding during that period. The weighted-average number of common shares outstanding does not include any potentially anti-dilutive securities. Per the treasury method of calculating diluted EPS, 31,246,728 shares representing outstanding stock options which have an exercise price lower than the average market price for the quarter ended October 31, 2014, are included in the calculation of EPS. All remaining outstanding stock options and warrants which have out-of-the-money exercise prices, representing 260,739,100 incremental shares in aggregate, have been excluded from the October 31, 2014 computation of diluted EPS, as they are anti-dilutive. In addition, 43,740,916 shares underlying the remaining Series E and F convertible preferred stock (including 9,299,250 shares for “make-whole payments”) have been excluded from the number of shares used in the diluted EPS calculation, as they are anti-dilutive.

Per the treasury method of calculating diluted EPS, 32,308,428 shares representing outstanding stock options and 18,410,183 shares representing outstanding warrants which have an exercise price lower than the average market price for the quarter ended October 31, 2013, are included in the calculation of EPS. All remaining outstanding stock options and warrants which have out-of-the-money exercise prices, representing 22,797,402 incremental shares in aggregate, have been excluded from the October 31, 2013 computation of diluted EPS, as they are anti-dilutive. In addition, 15,663,334 shares underlying the remaining Series E convertible preferred stock (including 3,330,000 shares for “make-whole payments”) have been excluded from the number of shares used in the diluted EPS calculation, as they are anti-dilutive.

Note 8 – Stockholders’ Deficiency:

Common Stock

During the three months ended October 31, 2014, the Company issued or committed to issue 770,000 shares of common stock to various consultants for services rendered in the amount of \$21,050.

During the three months ended October 31, 2014, the Company issued 7,225,001 shares of common stock in conjunction with the conversion of 217 shares of the Series F 9% Convertible Preferred Stock and 2,799,402 shares of common stock as “make-whole” dividend payments on the Series F 9% Convertible Preferred Stock.

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During the three months ended October 31, 2014, the Company received cash proceeds of \$542 from exercises of options at \$0.001 per share. The Company issued 542,154 shares of common stock as a result of these exercises.

The stockholders' deficiency transactions for the three months ended October 31, 2014, including the transactions described above are summarized below:

	Common Stock		Additional	Stockholders'
	Shares	Amount	Paid-In Capital	Deficiency
Balance at August 1 2014	778,512,092	\$778,512	\$362,307,678	\$(6,090,058)
Issuance of common stock on conversion of convertible preferred stock	7,225,001	7,225	(7,225)	—
Issuance of common stock as make-whole payments on convertible preferred stock	2,799,402	2,799	55,723	58,523
Issuance of common stock for services	770,000	770	20,280	21,050
Exercise of employee stock options	542,154	542	—	542
Balance at October 31, 2014	789,848,649	\$789,848	\$362,376,456	
Other changes to Stockholder's Deficiency				
Net income for quarter ended October 31, 2014				49,623
Currency translation adjustment				3,517
Stockholders' Deficiency at October 31, 2014				\$(5,956,803)

Warrants

There are 257,331,254 warrants outstanding as of October 31, 2014. There were no warrants issued, forfeited or expired or exercised for the three months ended October 31, 2014. The outstanding warrants at October 31, 2014 have a weighted average exercise price of \$0.085 per share and have a weighted average remaining life of 2.86 years.

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As of October 31, 2014, the Company has 239,788,852 warrants with a current exercise price of \$0.03 which have price protection provisions that allow for the reduction in the current exercise price upon the occurrence of certain events, including the Company's issuance of common stock or securities convertible into or exercisable for common stock, such as options and warrants, at a price per share less than the exercise price then in effect. For instance, if the Company issues shares of its common stock or options exercisable for or securities convertible into common stock at an effective price per share of common stock less than the exercise price then in effect, the exercise price will be reduced to the effective price of the new issuance. Simultaneously with any reduction to the exercise price, the number

of shares of common stock that may be purchased upon exercise of each of these warrants shall be increased proportionately, so that after such adjustment the aggregate exercise price payable for the adjusted number of warrants shall be the same as the aggregate exercise price in effect immediately prior to such adjustment. There are a limited number of permitted types of stock and equity instrument issuances for each series of warrants which will not invoke the price protection provisions of these warrants.

The Company accounts for the warrants with price protection provisions in accordance with FASB ASC Topic 815 as described in *Note 9 - Derivative Liabilities* below. As of October 31, 2014, there were a total of 239,788,852 warrants with an estimated fair value of \$2,118,177, which are identified on the consolidated balance sheets under the caption "Derivative Warrant Liability".

Series A, B, C and D 9% Convertible Preferred Stock

All of the Company's Series A, B, C and D 9% Convertible Preferred Stock was converted prior to the beginning of the Company's 2014 fiscal year.

Series E and F 9% Convertible Preferred Stock

The Company has authorized 2,450 shares of Series E 9% Convertible Preferred Stock with a stated value of one thousand (\$1,000) per share. Pursuant to a securities purchase agreement dated June 17, 2013, the Company sold an aggregate of 1,225 shares of Series E convertible preferred stock, as well as accompanying warrants to purchase 40,833,335 shares of common stocks. An aggregate of 40,833,335 shares of the Company's common stock are issuable upon conversion of the Series E convertible preferred stock which was issued at the initial closing on June 17, 2013. Pursuant to a securities purchase agreement dated January 14, 2014, the Company sold an aggregate of 800 shares of Series E convertible preferred stock, as well as accompanying warrants to purchase 26,666,668 shares of common stocks. An aggregate of 26,666,668 shares of the Company's common stock are issuable upon conversion of the Series E convertible preferred stock which was issued at the closing on January 15, 2014.

The Company has authorized 4,150 shares of Series F 9% Convertible Preferred Stock with a stated value of one thousand (\$1,000) per share. Pursuant to a securities purchase agreement dated March 27, 2014, the Company sold an aggregate of 2,075 shares of Series F convertible preferred stock, as well as accompanying warrants to purchase 69,166,667 shares of common stock. An aggregate of 69,166,667 shares of the Company's common stock are issuable upon conversion of the Series F convertible preferred stock which was issued at the closing on March 27, 2014.

Subject to certain ownership limitations, the convertible preferred stock is convertible at the option of the holder at any time into shares of the Company's common stock at an effective conversion price of \$0.03 per share, and will accrue a 9% dividend until the third year anniversary of the issuances. On each one year anniversary thereafter, such dividend rate will increase by an additional 3%. The dividend is payable quarterly on September 30, December 31, March 31 and June 30, beginning on June 30, 2013 and June 30, 2014, respectively, and on each conversion date in cash, or at the Company's option, in shares of common stock. In the event that the Series E and F convertible preferred stock is converted prior to June 17, 2016 and March 27, 2017, respectively, the Company will pay the holder of the

converted preferred stock an amount equal to \$270 per \$1,000 of stated value of the convertible preferred stock, less the amount of all prior quarterly dividends paid on such converted preferred stock before the relevant conversion date. Such “make-whole payment” may be made in cash or, at the Company’s option, in shares of its common stock. In addition, beginning on the third anniversary date of the issuances, the Company will pay dividends on shares of preferred stock equal to (on an as-if-converted-to-common-stock basis) and in the same form as dividends (other than dividends in the form of common stock) actually paid on shares of the common stock when, and if such dividends are paid. The Company will incur a late fee of 18% per annum on unpaid dividends.

The conversion price of the convertible preferred stock is subject to adjustment in the case of stock splits, stock dividends, combinations of shares, similar recapitalization transactions and certain pro-rata distributions to common stockholders. The conversion price will also be adjusted if the Company sells or grants any shares of common stock or securities convertible into, or rights to acquire, common stock at an effective price per share that is lower than the then conversion price, except in the event of certain exempt issuances. In addition, the holders of convertible preferred stock will be entitled to receive any securities or rights to acquire securities or property granted or issued by the Company pro rata to the holders of its common stock to the same extent as if such holders had converted all of their shares of convertible preferred stock. In the event of a fundamental transaction, such as a merger, consolidation, sale of substantially all assets and similar reorganizations or recapitalizations, the holders of convertible preferred stock will be entitled to receive, upon conversion of their shares, any securities or other consideration received by the holders of the Company’s common stock pursuant to the fundamental transaction.

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In conjunction with the issuance of the Series E convertible preferred stock in June 2013 and January 2014 and the issuance of the Series F convertible preferred stock in March 2014, the Company also issued 40,833,335, 26,666,668 and 69,166,667 warrants, respectively to the investors. Subject to certain ownership limitations, the warrants will be exercisable at any time after their respective dates of issuance and on or before the fifth-year anniversary thereafter at an exercise price of \$0.03 per share of common stock. The exercise price of the warrants and, in some cases, the number of shares issuable upon exercise, are subject to adjustment in the case of stock splits, stock dividends, combinations of shares, similar recapitalization transactions and certain pro-rata distributions to common stockholders. The exercise price and number of shares of common stock issuable upon exercise will also be adjusted if the Company sells or grants any shares of common stock or securities convertible into, or rights to acquire, common stock at an effective price per share that is lower than the then exercise price, except in the event of certain exempt issuances. In addition, the warrant holders will be entitled to receive any securities or rights to acquire securities or property granted or issued by the Company pro rata to the holders of its common stock to the same extent as if such holders had exercised all of their warrants. In the event of a fundamental transaction, such as a merger, consolidation, sale of substantially all assets and similar reorganizations or recapitalizations, the warrant holders will be entitled to receive, upon exercise of their warrants, any securities or other consideration received by the holders of the Company’s common stock pursuant to the fundamental transaction. These warrants have been classified as derivative liabilities and are described further in *Note 9 – Derivative Liabilities*.

In addition, until the first anniversary date of the June 2013 and March 2014 securities purchase agreements, each investor may, in its sole determination, elect to purchase, severally and not jointly with the other investors, in one or more purchases, in the ratio of such investor's original subscription amount to the original aggregate subscription amount of all investors, additional units consisting of convertible preferred stock and warrants at a purchase price of \$1,000 per unit with an aggregate subscription amount thereof of up to \$1,225,000 and \$2,075,000, respectively,

which units will have terms identical to the units of convertible preferred stock and warrants issued in connection with the June 2013 and March 2014 closings. These additional investment rights of the investors have been classified as derivative liabilities and are described further in *Note 9 – Derivative Liabilities*. On January 15, 2014, certain investors exercised 800 of the 1,225 shares of convertible preferred stock and related warrants available under the additional investment rights. The remaining June 2013 additional investment rights expired on June 17, 2014. The March 2014 additional investment rights expire on March 27, 2015 and none have been exercised to date.

As of October 31, 2014, 2,000 of the 2,025 originally issued shares of Series E convertible preferred stock had been converted to common stock. There were 66,666,666 shares of common stock issued upon the conversion of the Series E convertible preferred stock and 18,585,193 shares of common stock issued as “make-whole payments” on such conversions. As of October 31, 2014, 1,067 of the 2,075 originally issued shares of Series F convertible preferred stock had been converted to common stock. There were 35,558,332 shares of common stock issued upon the conversion of the Series F convertible preferred stock and 10,661,025 shares of common stock issued as “make-whole payments” on such conversions.

Accounting for proceeds from the Series E convertible preferred stock financing

The initial net cash proceeds from the Series E convertible preferred stock financing in January 2014 were \$750,000. The proceeds from the financing were allocated first to the warrants that were issued in the financing and then to the make whole payments and subsequent issuance costs. As the assigned fair values were greater than the net cash proceeds from the transaction, the excess was treated as a “deemed dividend” for accounting purposes and was reported on the Company’s consolidated statement of operations for the fiscal year ended July 31, 2014 under the caption “Preferred Stock Dividend”. The calculation methodologies for the fair values of the derivative warrant liability and the derivative additional investment rights liability are described in *Note 9 – Derivative Liabilities* below. The fair values assigned to each component and the calculation of the amount of the deemed dividend are as follows:

Accounting allocation of initial proceeds	
Net proceeds	\$750,000
Derivative warrant liability fair value	(942,279)
Other issuance costs (finders’ fee)	(64,000)
Make whole payments liability	(216,000)
Deemed dividend	\$(472,279)

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The initial “make-whole payments” of \$216,000 on the Series E convertible preferred stock were accrued as of the date of the financing and the remaining balance of \$6,750 (after conversions) is included in Accounts Payable and Accrued Expenses (see Note 5) at October 31, 2014.

Accounting for proceeds from the Series F convertible preferred stock financing

The initial net cash proceeds from the Series F convertible preferred stock financing in March 2014 were \$2,020,000. The proceeds from the financing were allocated first to the warrants that were issued in the financing, second to the additional investment rights associated with the financing and then to the make whole payments and subsequent issuance costs. As the assigned fair values were greater than the net cash proceeds from the transaction, the excess was treated as a “deemed dividend” for accounting purposes and was reported on the Company’s consolidated statement of operations for the fiscal year ended July 31, 2014 under the caption “Preferred Stock Dividend”. The calculation methodologies for the fair values of the derivative warrant liability and the derivative additional investment rights liability are described in *Note 9 – Derivative Liabilities* below. The fair values assigned to each component and the calculation of the amount of the deemed dividend are as follows:

Accounting allocation of initial proceeds	
Net proceeds	\$2,020,000
Derivative warrant liability fair value	(2,016,064)
Derivative additional investment rights fair value	(863,735)
Other issuance costs (finders’ fee)	(166,000)
Make whole payments liability	(560,250)
Deemed dividend	\$(1,586,050)

The initial “make-whole payments” of \$560,250 on the Series F convertible preferred stock were accrued as of the date of the financing and the remaining balance of \$272,227 (after conversions) is included in Accounts Payable and Accrued Expenses (see Note 5) at October 31, 2014.

Note 9 – Derivative Liabilities:

Derivative warrant liability

The Company has warrants outstanding with price protection provisions that allow for the reduction in the exercise price of the warrants in the event the Company subsequently issues stock or securities convertible into stock at a price lower than the exercise price of the warrants. Simultaneously with any reduction to the exercise price, the number of shares of common stock that may be purchased upon exercise of each of these warrants shall be increased or decreased proportionately, so that after such adjustment the aggregate exercise price payable for the adjusted number of warrants shall be the same as the aggregate exercise price in effect immediately prior to such adjustment.

Accounting for Derivative Warrant Liability

The Company’s derivative instruments have been measured at fair value at October 31, 2014 and July 31, 2014 using the binomial lattice model. The Company recognizes all of its warrants with price protection in its consolidated balance sheets as a liability. The liability is revalued at each reporting period and changes in fair value are recognized

currently in the consolidated statements of operations. The initial recognition and subsequent changes in fair value of the derivative warrant liability have no effect on the Company's consolidated cash flows.

The derivative warrants outstanding at October 31, 2014 are all currently exercisable with a weighted-average remaining life of 3.06 years.

The revaluation of the warrants at the end of the respective reporting periods resulted in the recognition of a gain of \$517,466 within the Company's consolidated statements of operations for the three months ended October 31, 2014 and a gain of \$1,048,859 within the Company's consolidated statements of operations for the three months ended October 31, 2013, which is included in the consolidated statement of operations under the caption "Change in fair value of derivative liabilities". The fair value of the warrants at October 31, 2014 and July 31, 2014 was \$2,118,177 and \$2,635,643, respectively, which is reported on the consolidated balance sheets under the caption "Derivative Warrant Liability". The following summarizes the changes in the value of the derivative warrant liability from August 1, 2013 until October 31, 2014:

	Value	No. of Warrants
Balance at August 1, 2013 – Derivative warrant liability	\$5,234,293	220,687,537
Exercise of warrants	(2,194,496)	(76,732,020)
Additional warrants issued in January 2014 financing	942,279	26,666,668
Additional warrants issued in March 2014 financing	2,016,064	69,166,667
Decrease in fair value of derivative warrant liability	(3,362,497)	n/a
Balance at July 31, 2014 – Derivative warrant liability	\$2,635,643	239,788,852
Decrease in fair value of derivative warrant liability	(517,466)	n/a
Balance at October 31, 2014 – Derivative warrant liability	\$2,118,177	239,788,852

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Fair Value Assumptions Used in Accounting for Derivative Warrant Liability

The Company has determined its derivative warrant liability to be a Level 2 fair value measurement and has used the binomial lattice pricing model to calculate the fair value as of October 31, 2014 and July 31, 2014. The binomial lattice model requires six basic data inputs: the exercise or strike price, time to expiration, the risk free interest rate, the current stock price, the estimated volatility of the stock price in the future, and the dividend rate. Because the warrants contain the price protection feature, the probability that the exercise price of the warrants would decrease as the stock price decreased was incorporated into the valuation calculations. The key inputs used in the October 31, 2014 and July 31, 2014 fair value calculations were as follows:

	October 31, 2014	July 31, 2014
Current exercise price	\$0.03	\$0.03
Time to expiration	3.1 years	3.3 years

Risk-free interest rate	0.95	%	1.02	%
Estimated volatility	72	%	80	%
Dividend	0		0	
Stock price at period end date	\$0.0201		\$0.021	

Fair Value Assumptions Used in Accounting for Derivative Additional Investment Rights Liability

The Company has determined the derivative additional investment rights liability to be a Level 2 fair value measurement and has used the binomial lattice pricing model to measure the fair value. The fair value of the derivative liability associated with the additional investment rights was determined to be \$524,576 and \$719,088 at October 31, 2014 and July 31, 2014, respectively.

The key inputs used in the fair value calculation at October 31, 2014 and July 31, 2014 were as follows:

	October 31, 2014	July 31, 2014		
Underlying number of units of convertible preferred stock	2,075	2,075		
Underlying number of units of warrants	69,166,667	69,166,667		
Current exercise price of warrants	\$0.03	\$0.03		
Current conversion price of preferred stock	\$0.03	\$0.03		
Time to expiration	0.40 years	0.65 years		
Risk-free interest rate	0.05	%	%	
Estimated volatility	57	%	61	%
Dividend	0	0		
Stock price at period end date	\$0.0201	\$0.021		

The partial exercise of the additional investment rights in the quarter ended January 31, 2014, resulted in a transfer from the derivative liability to additional paid in capital of \$237,566, which was the estimated fair value of the additional investment rights exercised as of the date of exercise on January 15, 2014. The revaluation of the additional investment rights in the three-month period ended October 31, 2014, resulted in the recognition of a gain of \$194,512 and in the quarter ended October 31, 2013, the revaluation resulted in the recognition of a gain of \$828,428. The gains are recorded within the Company's consolidated statements of operations under the caption "Change in fair value of derivative liabilities".

Note 10 – Income from Assets Held for Investment, net:

In August 2013, the Company sold a property which was held for investment for gross proceeds after real estate commissions of \$883,780. This property had a net book value of \$694,911, resulting in an accounting gain of

\$188,869 which is included in income from assets held for investment, net on the interim consolidated statement of operations. The property was secured by a mortgage which was discharged upon the sale. After the discharge of the mortgage (\$606,806), as well as legal fees, interest, penalties and other costs (\$73,628 in aggregate), the sale resulted in net cash proceeds to the Company of \$203,346.

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Note 11 – Subsequent Events:

The Company has evaluated subsequent events occurring after the balance sheet date through the date the interim statements were issued and determined that there are no events requiring financial statement disclosure.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

As used herein, the terms the “Company,” “Generex,” “we,” “us,” or “our” refer to Generex Biotechnology Corporation, a Delaware corporation. The following discussion and analysis by management provides information with respect to our financial condition and results of operations for the three-month periods ended October 31, 2014 and 2013. This discussion should be read in conjunction with the information contained in *Part I, Item 1A - Risk Factors* and *Part II, Item 8 - Financial Statements and Supplementary Data* in our Annual Report on Form 10-K for the year ended July 31, 2014, as amended, and the information contained in *Part I, Item 1 - Financial Statements* and *Part II, Item 1A - Risk Factors* in this Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2014.

Forward-Looking Statements

We have made statements in this *Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations* and elsewhere in this Quarterly Report on Form 10-Q of Generex Biotechnology Corporation for the fiscal quarter ended October 31, 2014 that may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). The Act limits our liability in any lawsuit based on forward-looking statements that we have made. All statements, other than statements of historical facts, included in this Quarterly Report that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our projections, future capital expenditures, business strategy, competitive strengths, goals, expansion, market and industry developments and the growth of our businesses and operations, are forward-looking statements. These statements can be identified by introductory words such as “may,” “expects,” “anticipates,” “plans,” “intends,” “believes,” “will,” “estimates” or words of similar meaning, and by the fact that they do not relate strictly to historical or current facts. Our forward-looking statements address, among other things:

- our expectations concerning product candidates for our technologies;
- our expectations concerning existing or potential development and license agreements for third-party collaborations, acquisitions and joint ventures;
- our expectations of when different phases of clinical activity may commence and conclude;
- our expectations of when regulatory submissions may be filed or when regulatory approvals may be received; and
- our expectations of when commercial sales of our products may commence and when actual revenue from the product sales may be received.

Any or all of our forward-looking statements may turn out to be wrong. They may be affected by inaccurate assumptions that we might make or by known or unknown risks and uncertainties. Actual outcomes and results may differ materially from what is expressed or implied in our forward-looking statements. Among the factors that could affect future results are:

- the inherent uncertainties of product development based on our new and as yet not fully proven technologies;
- the risks and uncertainties regarding the actual effect on humans of seemingly safe and efficacious formulations and treatments when tested clinically;
- the inherent uncertainties associated with clinical trials of product candidates;
- the inherent uncertainties associated with the process of obtaining regulatory approval to market product candidates;
- the inherent uncertainties associated with commercialization of products that have received regulatory approval;
- the decline in our stock price;
- our ability to pay dividends on our recently issued preferred stock; and
- our ability to obtain the necessary financing to fund our operations and effect our strategic development plan.

Additional factors that could affect future results are set forth in *Part I, Item 1A Risk Factors* of our Annual Report on Form 10-K for the year ended July 31, 2014, as amended, and in *Part II, Item 1A. Risk Factors* of this Quarterly

Report on Form 10-Q. We caution investors that the forward-looking statements contained in this Quarterly Report must be interpreted and understood in light of conditions and circumstances that exist as of the date of this Quarterly Report. We expressly disclaim any obligation or undertaking to update or revise forward-looking statements to reflect any changes in management's expectations resulting from future events or changes in the conditions or circumstances upon which such expectations are based.

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Executive Summary

Overview of Business

We are engaged primarily in the research and development of drug delivery systems and technologies. Our primary focus at the present time is our proprietary technology for the administration of formulations of large molecule drugs to the oral (buccal) cavity using a hand-held aerosol applicator. Through our wholly-owned subsidiary, Antigen Express, Inc. ("Antigen"), we have expanded our focus to include immunomedicines incorporating proprietary vaccine formulations.

We believe that our buccal delivery technology is a platform technology that has application to many large molecule drugs and provides a convenient, non-invasive, accurate and cost-effective way to administer such drugs. We have identified several large molecule drugs as possible candidates for development, including estrogen, heparin, monoclonal antibodies, human growth hormone and fertility hormones, but to date have focused our development efforts primarily on one pharmaceutical product, Generex Oral-lyn™, an insulin formulation administered as a fine spray into the oral cavity using our proprietary hand-held aerosol spray applicator known as RapidMist™.

Our wholly-owned subsidiary, Antigen, concentrates on developing proprietary vaccine formulations that work by stimulating the immune system to either attack offending agents (i.e., cancer cells, bacteria, and viruses) or to stop attacking benign elements (i.e., self proteins and allergens). Our immunomedicine products are based on two platform technologies and are in the early stages of development. We continue clinical development of Antigen's synthetic peptide vaccines designed to stimulate a potent and specific immune response against tumors expressing the HER-2/neu oncogene for patients with HER-2/neu positive breast cancer in a Phase II clinical trial and patients with prostate cancer and against avian influenza in two Phase I clinical trials. We also initiated an additional Phase I clinical trial in patients with either breast or ovarian cancer. The synthetic vaccine technology has certain advantages for pandemic or potentially pandemic viruses, such as the H5N1 avian and H1N1 swine flu. In addition to developing vaccines for pandemic influenza viruses, we have vaccine development efforts underway for seasonal influenza virus, HIV, HPV, melanoma, ovarian cancer, allergy and Type I diabetes mellitus. We have established collaborations with clinical investigators at academic centers to advance these technologies.

Financial Condition

We are a development stage company with a limited history of operations, and do not expect sufficient revenues to support our operation in the immediately foreseeable future. To date, we have not been profitable and our accumulated net loss available to shareholders was \$369,898,699 at October 31, 2014. As of October 31, 2014, our current cash position is not sufficient to meet our working capital needs for the next twelve months. To continue operations, we will require additional funds to support our working capital requirements and any development activities, or will need to suspend operations. Management is seeking various alternatives to ensure that we can meet some of our operating cash flow requirements through financing activities, such as private placement of our common stock, preferred stock offerings and offerings of debt and convertible debt instruments as well as through merger or acquisition opportunities. In addition, management is actively seeking strategic alternatives, including strategic investments and divestitures. Management has sold non-essential real estate assets which were classified as Assets Held for Investment to augment its cash position. We cannot provide any assurance that we will obtain the required funding. Our inability to obtain required funding in the near future or our inability to obtain funding on favorable terms will have a material adverse effect on our operations and our strategic development plan for future growth. If we cannot successfully raise additional capital and implement our strategic development plan, our liquidity, financial condition and business prospects will be materially and adversely affected and we may have to cease operations.

Generex Oral-lyn™

Regulatory Approvals and Clinical Trials

To date, we have received regulatory approval in Ecuador, India (subject to marketing approval of in-country clinical study), Lebanon and Algeria for the commercial marketing and sale of Generex Oral-lyn™. No dossier related activities took place in any other countries during fiscal 2014 or the first quarter of fiscal 2015, nor are any expected during the remainder of fiscal 2015.

In March 2008, we initiated Phase III clinical trials for this product in the U.S. with the first patient screening for such trials at a clinical study site in Texas in April 2008. Approximately 450 patients have been enrolled to date at approximately 70 clinical sites around the world, including sites in the United States, Canada, Bulgaria, Poland, Romania, Russia, Ukraine and Ecuador. The first Oral-lyn™ global Phase III trial initiated in April 2008 had a final patient visit date in August 2011. After appropriate validation, the data from approximately 450 patients was tabulated, reviewed and analyzed. Those results from the Phase III trial along with a comprehensive review and supplemental analyses of approximately 40 prior Oral-lyn™ clinical studies were compiled and submitted to the FDA in late December 2011 in a comprehensive package including a composite meta-analysis of all safety data. We are currently in ongoing discussions with the FDA with respect to the pathway for regulatory approval, including any additional clinical or pharmacological studies that might be required to support regulatory approval or enhance marketing success. We do not currently plan to expend significant resources on additional clinical trials of Oral-lyn™ until after such time that we secure additional financing.

Marketing

We have entered into licensing and distribution agreements with a number of multinational distributors to assist us with the process of gaining regulatory approval for the registration, marketing, distribution, and sale of Generex Oral-lyn™ in countries throughout the world. Under these licensing and distribution agreements, excluding one with Dong Sung Pharm Co. in South Korea, we will not receive an upfront license fee, but the distributor will bear any and all costs associated with the procurement of governmental approvals for the sale of Generex Oral-Lyn™, including any clinical and regulatory costs. We possess the worldwide marketing rights to our oral insulin product.

In India, a marketing plan has been submitted by Shreya Life Sciences Pvt. Ltd., to Generex on the marketing strategy for the distribution of Oral Recosulin™, the trademark under which Shreya will market Generex Oral-lyn™ within India. The marketing plan also includes post-approval marketing studies. Per the requirements of the regulatory approval in India, an in-country clinical study must be completed in India with Oral Recosulin™ before commercial sales can commence. The field portion of the study was completed in the third calendar quarter of 2012. The marketing acceptance dossier has been submitted to the Indian regulatory authority. Generex has provided additional, detailed scientific data to support the Shreya submission. We have not recognized any revenues from the sale of Generex Oral-lyn™ in India through the first quarter of the 2015 fiscal year.

We do not currently plan to expend significant resources on additional clinical trials or to further the commercialization of Generex Oral-lyn™ until after such time that we secure additional financing.

Cancer and Immunotherapeutic Vaccine Platforms

Our wholly-owned subsidiary Antigen Express is developing proprietary vaccine formulations based upon two platform technologies that were discovered by its founder, the Ii-Key hybrid peptides and Ii-Suppression. These technologies are applicable for either antigen-specific immune stimulation or suppression, depending upon the dosing and formulation of its products. Using active stimulation, we are focusing on major diseases such as breast, prostate and ovarian cancer, melanoma, influenza (including H5N1 avian and H1N1 swine flu) and HIV. Autoimmune diseases such as diabetes and multiple sclerosis are the focus of our antigen-specific immune suppression work.

Antigen's immunotherapeutic vaccine AE37 is currently in Phase II clinical trials for patients with HER-2/neu positive breast cancer. The trial is being conducted with the United States Military Cancer Institute's (USMCI) Clinical Trials Group and will examine the rate of relapse in patients with node-positive or high-risk node-negative breast cancer after two years. The study is randomized and will compare patients treated with AE37 plus the adjuvant GM-CSF versus GM-CSF alone. The Phase II trial follows a Phase I trial that demonstrated safety, tolerability, and immune stimulation of the AE37 vaccine in breast cancer patients.

Based on positive results in trials of the AE37 vaccine in breast cancer patients, we entered into an agreement in August 2006 with the Euroclinic, a private center in Athens, Greece, to commence clinical trials with the same compound as an immunotherapeutic vaccine for prostate cancer. A Phase I trial involving 29 patients was completed in August 2009, which similarly showed safety, tolerability and induction of a specific immune response. Agreements, as well as a protocol, are in place for initiation of a Phase II clinical trial once additional funding is available.

The same technology used to enhance immunogenicity is being applied in the development of a synthetic peptide vaccine for H5N1 avian influenza and the 2009 H1N1 swine flu. In April 2007, a Phase I clinical trial of Antigen's proprietary peptides derived from the hemagglutinin protein of the H5N1 avian influenza virus was initiated in healthy volunteers in the Lebanese-Canadian Hospital in Beirut, Lebanon. We have completed the first portion of the Phase I trial. Modified peptide vaccines for avian influenza offer several advantages over traditional egg-based or cell-culture based vaccines. Modified peptide vaccines can be manufactured by an entirely synthetic process which reduces cost and increases both the speed and quantity of vaccine relative to egg- or cell-culture based vaccines. Another advantage is that the peptides are derived from regions of the virus that are similar enough in all H5N1 and H1N1 virus strains such that they would not have to be newly designed for the specific strain to emerge in a pandemic.

A Physician's Investigational New Drug ("IND") application for the Phase I and Phase II trials in patients with stage II HER-2/neu positive breast cancer has been filed with the FDA. The Phase I trial was completed at the Walter Reed Army Medical Center in Washington, D.C., and the Phase II trial is taking place at 13 sites, including 11 in the U.S., one in Germany and one in Greece. A Physician's Investigational New Drug application for a Phase I trial in patients with breast or ovarian cancer also has been filed with the FDA and this Phase I trial is being conducted in Dallas, Texas at the Mary Crowley Cancer Center. Applications were filed and approvals obtained for a Phase I prostate cancer trial using AE37 in Athens, Greece from the Hellenic Organization of Drugs, and this Phase I trial was completed in August 2009. The Ministry of Health in Lebanon gave approval for Phase I trial of our experimental H5N1 prophylactic vaccine in Beirut, Lebanon following submission of an application. All other immunomedicine products are in the pre-clinical stage of development.

Other Potential Buccal Products

We have had past discussions regarding possible research collaborations with various pharmaceutical companies concerning use of our large molecule drug delivery technology with other compounds, including monoclonal antibodies, human growth hormone, fertility hormone, estrogen and heparin, and a number of vaccines. We have not expended resources to further develop any of these products during the fiscal year ended July 31, 2014 or thus far in fiscal 2015 and do not currently have plans to expend further resources on these products.

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Competition

We face competition from other providers of alternate forms of insulin. Some of our most significant competitors, Pfizer, Eli Lilly, and Novo Nordisk, have announced that they will discontinue development and/or sale of their inhalable forms of insulin. Generex Oral-lyn™ is not an inhaled insulin; rather, it is a buccally absorbed formulation with no residual pulmonary deposition. We believe that our buccal delivery technology offers several advantages, including the ease of use, portability, avoidance of pulmonary inhalation and safety profile. Furthermore, insulin administered through the Generex Oral-lyn™ RapidMist™ technology is absorbed directly into the blood stream and not only acts rapidly, but returns to baseline quickly, thereby minimizing the chance of developing hypoglycemia.

In May 2009, MannKind Corporation submitted an NDA to the FDA requesting approval to market AFREZZA® (insulin human [rDNA origin]) Inhalation Powder, for the treatment of adult patients with Type 1 and Type 2 diabetes for the control of hyperglycemia. In January 2011, MannKind announced that it had received a complete response letter from the FDA for AFREZZA®. In August 2011, MannKind announced that it has confirmed with the FDA the design of the two additional clinical studies which are required for AFREZZA®. In August 2013, MannKind announced positive late-stage data on its inhaled insulin AFREZZA® from the two additional Phase III studies on Type 1 and Type 2 diabetes and has resubmitted a new drug application to the FDA in October 2013 seeking approval for the marketing of AFREZZA®. MannKind received FDA approval in June 2014. In addition to other delivery systems for insulin, there are numerous products, such as sulfonylureas (Amaryl® and Glynase®), biguanides (branded and generic metformin products), thiazolidinediones (Avandia® and Actos®), glucagon-like peptide 1 (Byetta® and Victoza®), and dipeptidyl peptidase IV inhibitors (Januvia® and Onglyza™), which have been approved for use in the treatment of Type 2 diabetics in substitution of, or in addition to, insulin therapy. These products may also be considered competitive with insulin products.

Large pharmaceutical companies, such as Merck & Co., Inc., GlaxoSmithKline PLC, Novartis, Inc., MedImmune Inc. (a subsidiary of Astra-Zeneca, Inc.) and others, also compete against us in the oncology, immunomedicine and vaccine markets. These companies have competing experience and expertise in securing government contracts and grants to support research and development efforts, conducting testing and clinical trials, obtaining regulatory approvals to market products, as well as manufacturing and marketing approved products. As such, they are also considered significant competitors in these fields of pharmaceutical products and therapies. There are also many smaller companies which are pursuing similar technologies in these fields who are considered to be competitors of Generex.

Brief Company Background

We are a development stage company. From inception through the end of the quarter ended October 31, 2014, we have received only limited revenues from operations. We did not have any revenue for the three months ended October 31, 2014 or in the fiscal year ended July 31, 2014

We operate in only one segment: the research and development of drug delivery systems and technologies for metabolic and immunological diseases.

We were incorporated in the State of Delaware in 1997. Our principal executive offices are located at 555 Richmond Street West, Suite 604, Toronto, Canada, and our telephone number at that address is (416) 364-2551. We maintain an Internet website at *www.generex.com*. We make available free of charge on or through our website our filings with the SEC.

Accounting for Research and Development Projects

Our major research and development projects are the refinement of our platform buccal delivery technology, our buccal insulin project (Generex Oral-lyn™) and Antigen's peptide immunotherapeutic vaccines.

During the first quarter of the current fiscal year and during the last fiscal year, we expended resources on the clinical testing and results analysis of our buccal insulin product, Generex Oral-lyn™. In July 2007, we received no objection from the FDA to proceed with our long-term multi-center Phase III study protocol for Generex Oral-lyn™. The first Oral-lyn global Phase III trial initiated in April 2008 had a final patient visit date in August 2011. After appropriate validation, the data from approximately 450 patients was tabulated, reviewed and analyzed. Those results from the Phase III trial along with a comprehensive review and supplemental analyses of approximately 40 prior Oral-lyn clinical studies were compiled and submitted to the FDA in late December 2011 in a comprehensive package including a composite meta-analysis of all safety data. We continue to have discussions with the FDA with respect to the pathway for regulatory approval, including any additional clinical or pharmacological studies that might be required to support regulatory approval or enhance marketing success. Late-stage trials involve testing our product with a large number of patients over a significant period of time. The completion of late-stage trials in Canada and the United States will require significantly greater funds than we currently have on hand. We do not currently plan to expend significant resources on additional clinical trials of Oral-lyn™ until after such time that we secure additional financing.

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During the first quarter of the current fiscal year and during the last fiscal year, we expended resources on research and development relating to Antigen's peptide immunotherapeutic vaccines and related technologies. Antigen has one vaccine currently in Phase II clinical trials in the United States involving patients with HER-2/neu positive breast cancer and has completed a Phase I clinical trial for a vaccine for H5N1 avian influenza at the Lebanese-Canadian Hospital in Beirut. Antigen's prostate cancer vaccine based on AE37 has been tested in a completed (August 2009) Phase I clinical trial in Greece.

Because of various uncertainties, we cannot predict the timing of completion and commercialization of our buccal insulin in all jurisdictions or Antigen's peptide immunotherapeutic vaccines or related technologies. These uncertainties include the success of current studies, our ability to obtain the required financing and the time required to obtain regulatory approval even if our research and development efforts are completed and successful, our ability to enter into collaborative marketing and distribution agreements with third-parties, and the success of such marketing and distribution arrangements. For the same reasons, we cannot predict when any products may begin to produce net cash inflows.

Most of our buccal delivery research and development activities to date have involved developing our platform technology for use with insulin. Insubstantial amounts have been expended on projects with other drugs, including morphine and fentanyl, and those projects involved a substantial amount of platform technology development. As a result, we have not made significant distinctions in the accounting for research and development expenses among products, as a significant portion of all research has involved improvements to the platform technology in connection with insulin, which may benefit all of our potential buccal products. During the three months ended October 31, 2014, approximately 50% of our \$408,296 in research and development expenses was attributable to insulin and platform technology development. During the three months ended October 31, 2013, approximately 23% of our \$536,174 in research and development expenses was attributable to insulin and platform technology development.

During the three months ended October 31, 2014, approximately 50% of our \$408,296 in research and development expenses was attributable to Antigen's immunomedicine products compared to approximately 77% of our \$536,174 in research and development expenses for the three months ended October 31, 2013. Because these products are in initial phases of clinical trials or early, pre-clinical stage of development (with the exception of the Phase II clinical trials of Antigen HER-2/neu positive breast cancer vaccine that are underway), all of the expenses were accounted for as basic research and no distinctions were made as to particular products. Due to the early stage of development, we cannot predict the timing of completion of any products arising from this technology, or when products from this technology might begin producing revenues.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based on our interim consolidated financial statements which have been prepared in conformity with accounting principles generally accepted in the United States of America for interim financial statements. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

We consider certain accounting policies related to impairment of long-lived assets, intangible assets and accrued liabilities to be critical to our business operations and the understanding of our results of operations:

Going Concern. As shown in the consolidated interim financial statements, we have not been profitable and have reported recurring losses from operations. These factors raise substantial doubt about our ability to continue to operate in the normal course of business. The consolidated interim financial statements do not include any adjustments that might be necessary should we be unable to continue as a going concern.

Revenue Recognition. Net sales are recognized in the period in which the products are delivered. Delivery of the products generally completes the criteria for revenue recognition for us. In the event where the customers have the right of return, sales are deferred until the right of return lapses, the product is sold to a third party or a provision for returns can be reasonably estimated based on historical experience.

Impairment of Long-Lived Assets. Management reviews for impairment whenever events or changes in circumstances indicate that the carrying amount of property and equipment may not be recoverable under the provisions of accounting for the impairment of long-lived assets. If it is determined that an impairment loss has occurred based upon expected future cash flows, the loss is recognized in the Statement of Operations. As of October 31, 2014, there were no indications of any impairments of our long-lived assets.

Intangible Assets. We have intangible assets related to patents. The determination of the related estimated useful lives and whether or not these assets are impaired involves significant judgments. In assessing the recoverability of these intangible assets, we use an estimate of undiscounted operating income and related cash flows over the remaining useful life, market conditions and other factors to determine the recoverability of the asset. If these estimates or their related assumptions change in the future, we may be required to record impairment charges against these assets. There have been no patent write downs or disposals in fiscal 2014 or in the 2015 fiscal year to date.

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Estimating accrued liabilities, specifically litigation accruals. Management's current estimated range of liabilities related to pending litigation is based on management's best estimate of future costs. While the final resolution of the litigation could result in amounts different than current accruals, and therefore have an impact on our consolidated financial results in a future reporting period, management believes the ultimate outcome will not have a significant effect on our consolidated results of operations, financial position or cash flows.

Share-based compensation. Management determines value of stock-based compensation to employees in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 718, Compensation – Stock Compensation. Management determines value of stock-based compensation to non-employees and consultants in accordance with and ASC 505, Equity-Based Payments to Non-Employees.

Derivative liabilities. FASB ASC 815, Derivatives and Hedging, requires all derivatives to be recorded on the balance sheet at fair value for fiscal years beginning after December 15, 2008. As a result, certain derivative warrant liabilities are now separately valued as of August 1, 2009 and accounted for on our balance sheet, with any changes in fair value recorded in earnings. For our balance sheets as of October 31, 2014 and July 31, 2014, we used the binomial lattice model to estimate the fair value of these derivative liabilities. Key assumptions of the binomial lattice option-pricing model include the market price of our stock, the exercise price of the warrants, applicable volatility rates, risk-free interest rates, expected dividends and the instrument's remaining term. These assumptions require significant management judgment. In addition, changes in any of these variables during a period can result in material changes in the fair value (and resultant gains or losses) of this derivative instrument.

Results of Operations

Three months ended October 31, 2014 compared to three months ended October 31, 2013

We had net income for the quarter ended October 31, 2014 of \$49,623 versus net income of \$530,094 in the corresponding quarter of the prior fiscal year. The income in this year's fiscal quarter was caused primarily by the gain due to the change in fair value of the derivative liabilities of \$711,978 and the gain on extinguishment of debt of \$327,839, offset by operating expenses of \$908,469, while in the prior year the gain due to the change in fair value of the derivative liabilities was \$1,877,287 and operating expenses were \$1,443,051. Our operating loss for the quarter ended October 31, 2014 decreased to \$908,469 compared to \$1,443,051 in the same fiscal quarter of 2014. The decrease in operating loss resulted from a decrease in research and development expenses (to \$408,296 from \$536,174) and a decrease in general and administrative expenses (to \$500,173 from \$906,877). We did not have any revenues in either of the quarters ended October 31, 2014 and 2013.

The decrease in research and development expenses in the current fiscal quarter versus the comparative quarter in the previous fiscal year is primarily due to there being no installments to the contract research organization for the Antigen Phase II clinical trial. Our efforts to significantly reduce expenses in all categories also contributed to the decrease in this category. In the general and administrative expense category, a reduction in professional services expenses of approximately \$288,000, in addition to a decrease in office and facilities related expenses of approximately \$118,000, accounted for the majority of the reduction in this category as compared to the first quarter of fiscal 2014.

Our interest expense in the first quarter of fiscal 2015 was \$81,734 compared to the previous year's fiscal quarter at \$97,772. We did not have any income from assets held for investment (net of expense) in the first quarter of fiscal 2015 compared to \$193,607 in the same quarter of the previous fiscal year, as we sold all these properties in the prior fiscal year. Change in fair value of derivative liabilities contributed a gain of \$711,978 in the first quarter of fiscal 2015 compared to a gain of \$1,877,287 in the first quarter of fiscal 2014. In the quarter ended October 31, 2014 we had a gain on extinguishment of debt of approximately \$328,000 related to the final settlement of a previously owed balance to a vendor.

Financial Condition, Liquidity and Resources

Sources of Liquidity

To date we have financed our development stage activities primarily through private placements of our common stock and securities convertible into our common stock.

As of October 31, 2014, our current cash position is not sufficient to meet our working capital needs for the next twelve months. Therefore, we will require additional funds to support our working capital requirements and any development or other activities, or will need to curtail our clinical trials and other planned activities or suspend operations.

While we have financed our development stage activities to date primarily through private placements of our common stock and securities convertible into our common stock and raised approximately \$5.3 million during fiscal 2014 (including proceeds from warrant exercises and the net proceeds from the sale of our properties held for investment)), our cash balances have been low thus far in fiscal 2015.

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On March 30, 2011, our realigned management team announced its strategic development plan for Generex's future growth. The plan included the spin-out of Antigen Express, a reverse stock split for Generex and a rights offering to Generex stockholders. As proposed, we would spin out Antigen Express as a separate DTC-eligible company, register its shares with the Securities and Exchange Commission (the "SEC"), and seek to list its shares on a national securities exchange. Management believes that the spin-out would increase value for stockholders and provide Antigen Express with ready access to capital markets to finance its on-going clinical and regulatory initiatives. Management further believes that the spin-out would benefit Generex, by allowing Generex to hold a controlling interest in a publicly-traded company while continuing to focus on maximizing opportunities for its buccal drug delivery platform. The spin-out would be accomplished by the issuance of one or more dividends of Antigen Express stock to Generex stockholders. No determination has been made as to the timing of the proposed spin-out. *This Quarterly Report on Form 10-Q does not constitute an offer of any securities for sale or a solicitation of an offer to buy any securities.*

Although stockholders approved a reverse split proposal at our annual general meeting held on May 22, 2014, which approval allows the Board to implement a reverse split in its discretion and is not contingent upon listing our common stock on a national stock exchange, the terms of the securities purchase agreements that we entered into on January 14, 2014 and March 27, 2014 prohibit us from undertaking a reverse or forward stock split or reclassification of our common stock except for a reverse stock split made in conjunction with a listing of the common stock on a national securities exchange.

Management may seek to meet all or some of our operating cash flow requirements through financing activities, such as private placement of our common stock, preferred stock offerings and offerings of debt and convertible debt instruments as well as through merger or acquisition opportunities. The securities purchase agreements that we entered into on January 14, 2014 and March 27, 2014 with certain investors prohibits us from (i) issuing additional equity securities until 60 days after the effective date of a registration statement covering the resale of the common stock issuable upon exercise of the warrants and conversion of the preferred stock sold in that transaction and (ii) issuing additional debt or equity securities with a variable conversion or exercise price until January 14, 2015 and

March 27, 2015, respectively.

Upon the filing of our Annual Report on Form 10-K on October 14, 2011, we were no longer eligible to use Form S-3 to register shares sold to investors, as the aggregate market value of our outstanding voting and non-voting common equity held by non-affiliates was less than \$75 million. As we are required under the registration rights agreements that we entered into on January 31, 2012, August 8, 2012, December 10, 2012, June 17, 2013, January 14, 2014 and March 27, 2014 with certain investors to register shares of our common stock issuable upon conversion or exercise of the securities purchased by the investors, we filed the respective registration statements on Form S-1. We incurred additional legal and accounting fees in connection with the preparation of these Form S-1 registration statements.

In addition, management is actively pursuing financial and strategic alternatives, including strategic investments and divestitures, industry collaboration activities, and potential strategic partners. Management has sold, and is also seeking further sales of, non-essential real estate assets which are classified as Assets Held for Investment to augment its cash position and reduce its long-term debt.

We believe that the successful commercial launch of Oral-lyn™ in countries where we have approval would enhance our ability to access additional sources of funding. We will continue to require substantial funds to continue research and development, including preclinical studies and clinical trials of our product candidates, further clinical trials for Oral-lyn™ and to commence sales and marketing efforts if the FDA or other regulatory approvals are obtained.

Unforeseen problems with the conduct or results of Phase III clinical trials for Oral-lyn™ or further negative developments in general economic conditions could interfere with our ability to raise additional capital as needed, or materially adversely affect the terms upon which such capital is available. We cannot provide any assurance that we will obtain the required funding. Our inability to obtain required funding in the near future or our inability to obtain funding on favorable terms will have a material adverse effect on our operations and our strategic development plan for future growth. If we cannot successfully raise additional capital and implement our strategic development plan, our liquidity, financial condition and business prospects will be materially and adversely affected and we may have to cease operations.

Proceeds from Recent Financings

Following is a summary of the equity financing activities that we have completed in the last twelve months.

Financing – March 2014

Series F 9% Convertible Preferred Stock and Warrants

On March 27, 2014, we entered into a securities purchase agreement with certain investors, pursuant to which we agreed to sell an aggregate of 2,075 shares of our newly designated non-voting Series F 9% Convertible Preferred Stock and warrants to purchase up to an aggregate of 100% of the shares of our common stock issuable upon conversion of the convertible preferred stock. The purchase closed on March 28, 2014. We sold the convertible preferred stock and warrants in units, with each unit consisting of one share of convertible preferred stock and a warrant to purchase 100% of the shares of the Company's common stock issuable upon conversion of such share of convertible preferred stock. Each unit was sold at a negotiated price of \$1,000, for an aggregate purchase price of \$2,075,000. An aggregate of 138,333,334 shares of our common stock are issuable upon conversion of, or exercise of, the convertible preferred stock and warrants. We received net proceeds of approximately \$2,020,000 from this transaction.

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Subject to certain ownership limitations, the Series F convertible preferred stock will be convertible at the option of the holder at any time into shares of our common stock at an effective conversion price of \$0.03 per share, and will accrue a 9% dividend until March 27, 2017 and, beginning on March 27, 2017 and on each one year anniversary thereafter, such dividend rate will increase by an additional 3%. The dividend will be payable quarterly on September 30, December 31, March 31 and June 30, beginning on the first such date after the original issue date and on each conversion date in cash, or at our option, in shares of common stock. In the event that the convertible preferred stock is converted prior to March 27, 2017, we will pay the holder of the converted preferred stock an amount equal to \$270 per \$1,000 of stated value of the convertible preferred stock, less the amount of all prior quarterly dividends paid on such converted preferred stock before the relevant conversion date. Such "make-whole payment" may be made in cash or, at our option, in shares of our common stock. In addition, beginning March 27, 2016, we will pay dividends on shares of preferred stock equal to (on an as-if-converted-to-common-stock basis) and in the same form as dividends (other than dividends in the form of common stock) actually paid on shares of the common stock when, as and if such dividends are paid. We will incur a late fee of 18% per annum on unpaid dividends.

The conversion price of the Series F convertible preferred stock will be subject to adjustment in the case of stock splits, stock dividends, combinations of shares, similar recapitalization transactions and certain pro-rata distributions to common stockholders. The conversion price will also be adjusted if we sell or grant any shares of common stock or securities convertible into, or rights to acquire, common stock at an effective price per share that is lower than the then conversion price, except in the event of certain exempt issuances. In addition, the holders of convertible preferred stock will be entitled to receive any securities or rights to acquire securities or property granted or issued by us pro rata to the holders of our common stock to the same extent as if such holders had converted all of their shares of convertible preferred stock. In the event of a fundamental transaction, such as a merger, consolidation, sale of substantially all assets and similar reorganizations or recapitalizations, the holders of convertible preferred stock will be entitled to receive, upon conversion of their shares, any securities or other consideration received by the holders of our common stock pursuant to the fundamental transaction.

We may become obligated to redeem the Series F convertible preferred stock in cash upon the occurrence of certain triggering events, including, material breach of certain contractual obligations to the holders of the convertible preferred stock, the occurrence of a change in control of Generex, the occurrence of certain insolvency events relating to Generex, or the failure of our common stock to continue to be listed or quoted for trading on one or more specified United States securities exchanges or regulated quotation service. Upon the occurrence of certain triggering events, each holder of convertible preferred stock will have the option to redeem such holder's shares of convertible preferred

stock for a redemption price payable in shares of common stock or receive an increased dividend rate of 18% on all of such holder's outstanding convertible preferred stock. Late fees will apply on all redemption amounts not paid within five trading days of the payment date.

Subject to certain ownership limitations, the warrants will be exercisable at any time after their date of issuance and on or before the fifth-year anniversary thereafter at an exercise price of \$0.03 per share of common stock. The exercise price of the warrants and, in some cases, the number of shares issuable upon exercise, are subject to adjustment in the case of stock splits, stock dividends, combinations of shares, similar recapitalization transactions and certain pro-rata distributions to common stockholders. The exercise price and number of shares of common stock issuable upon exercise will also be adjusted if we sell or grant any shares of common stock or securities convertible into, or rights to acquire, common stock at an effective price per share that is lower than the then exercise price, except in the event of certain exempt issuances. In addition, the warrant holders will be entitled to receive any securities or rights to acquire securities or property granted or issued by us pro rata to the holders of our common stock to the same extent as if such holders had exercised all of their warrants. In the event of a fundamental transaction, such as a merger, consolidation, sale of substantially all assets and similar reorganizations or recapitalizations, the warrant holders will be entitled to receive, upon exercise of their warrants, any securities or other consideration received by the holders of common stock pursuant to the fundamental transaction.

The securities purchase agreement and the certificate of designation authorizing the Series F convertible preferred stock include certain agreements and covenants for the benefit of the holders of the convertible preferred stock, including restrictions on our ability to amend the certificate of incorporation and bylaws, pay cash dividends or distributions with respect to our common stock or other junior securities, repurchase more than a *de minimis* number of shares of our common stock or other junior securities.

With very limited exceptions, the investors will have a pro rata right of first refusal in respect of participation in any private debt or equity financings undertaken by us during the 12 months following the closing of the transaction.

We offered these securities privately pursuant to Rule 506(b) of Regulation D under the Securities Act of 1933. We entered into a registration rights agreement with the investors pursuant to which we agreed to file a registration statement with the SEC covering the public resale of the common stock issuable upon conversion of the preferred stock, issuable as dividends on the preferred stock, issuable upon exercise of the warrants and issued as a finders' fee.

We agreed to file the registration statement within 25 days of the closing of the transaction and to use our best efforts to have the registration statement declared effective within 75 days after the filing date. The registration statement was declared effective by the SEC on April 16, 2014.

In addition, until the first anniversary date of the securities purchase agreement, each investor may, in its sole determination, elect to purchase, severally and not jointly with the other investors, in one or more purchases, in the ratio of such investor's original subscription amount to the original aggregate subscription amount of all investors, additional units consisting of convertible preferred stock and warrants at a purchase price of \$1,000 per unit with an aggregate subscription amount thereof of up to \$2,075,000, which units will be identical to the units of convertible preferred stock and warrants issued in connection with the March 2014 closing.

In addition, if, during the six-month period after the issuance of the warrants and continuing until such time that all of the securities may be sold without our meeting the current public information requirement under Securities Act rule 144(c)(1), we fail to meet such requirement, we will pay liquidate damages equal to 2.0% of the purchase price paid by each investor, payable in cash every 30 days until current public information for Generex is available or is no longer required for the investors to rely on Rule 144 to transfer the securities (including underlying securities) acquired under the securities purchase agreement.

Financing – January 2014

Series E 9% Convertible Preferred Stock and Warrants "Greenshoe"

On June 17, 2013, we entered into a securities purchase agreement with certain investors, pursuant to which we agreed to sell an aggregate of 1,225 shares of our newly designated non-voting Series E 9% Convertible Preferred Stock and warrants to purchase up to an aggregate of 100% of the shares of our common stock issuable upon conversion of the convertible preferred stock. Under the June 17, 2013 securities purchase agreement, for a period of up to one year, each investor may, in its sole determination, elect to purchase, in one or more purchases, additional units consisting of convertible preferred stock and warrants at a purchase price in the amount originally purchased by such investor (the "Greenshoe"). The units purchased in the Greenshoe will be identical to the units of convertible preferred stock and warrants originally issued pursuant to the Stock Purchase Agreement.

On January 14, 2014, in connection with the exercise of the Greenshoe by certain investors, we entered into a securities purchase agreement, pursuant to which we agreed to sell an aggregate of 800 shares of our Series E 9% Convertible Preferred Stock and warrants to purchase up to an aggregate of 100% of the shares of our common stock issuable upon conversion of the convertible preferred stock. The purchase closed on January 15, 2014. Each unit was sold at a negotiated price of \$1,000, for an aggregate purchase price of \$800,000. An aggregate of 53,333,336 shares of the Company's common stock are initially issuable upon conversion of, or exercise of, the convertible preferred stock and warrants.

With very limited exceptions, the investors will have a pro rata right of first refusal in respect of participation in any private debt or equity financings undertaken by us during the 12 months following the closing of the transaction.

We offered these securities privately pursuant to Rule 506(b) of Regulation D under the Securities Act of 1933. This offering is subject to the registration rights agreement dated June 17, 2013 with the investors pursuant to which we agreed to file a registration statement with the SEC covering the public resale of the common stock issuable upon conversion of the preferred stock, issuable as dividends on the preferred stock, issuable upon exercise of the warrants and issued as a finders' fee.

We agreed to file the registration statement within 25 days of the closing of the transaction and to use our best efforts to have the registration statement declared effective within 75 days after the filing date. The registration statement was declared effective by the SEC on February 7, 2014.

In addition, if, during the six-month period after the issuance of the warrants and continuing until such time that all of the securities may be sold without our meeting the current public information requirement under Securities Act rule 144(c)(1), we fail to meet such requirement, we will pay liquidate damages equal to 2.0% of the purchase price paid by each investor, payable in cash every 30 days until current public information for Generex is available or is no longer required for the investors to rely on Rule 144 to transfer the securities (including underlying securities) acquired under the securities purchase agreement.

Proceeds from Warrant Exercises

We may receive additional proceeds from the exercise of warrants issued in the registered direct offerings conducted in June, August and September 2009, the sales to Seaside 88, LP in April, May and June 2010 and the warrants issued in February 2012, August 2012, December 2012, June 2013, January 2014 and March 2014 in connection with the issuance of the Series C 9% Convertible Preferred Stock, Series D 9% Convertible Preferred Stock, Series E 9% Convertible Preferred Stock and Series F 9% Convertible Preferred Stock, although some of the warrants include a cashless exercise feature.

In the transaction that closed on June 15, 2009, we sold shares of common stock and warrants exercisable for up to 8,600,000 shares of our common stock to investors and issued Midtown Partners & Co., LLC, our exclusive placement agent for the transaction, a warrant to purchase up to 244,926 shares of our common stock.

In the August 6, 2009 registered direct offering, we sold shares of common stock and warrants exercisable for up to 2,995,305 shares of our common stock to investors and issued a warrant to purchase 577,666 shares of our common stock to Midtown, which acted as our exclusive placement agent for the August 2009 transaction.

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In the transaction that closed on September 14, 2009, we sold an aggregate of 15,312,500 shares of our common stock and warrants exercisable for up to 5,053,125 shares of our common stock to investors and issued warrants to purchase up to 969,526 shares of our common stock to the two placement agents and a consultant in relation to the

transaction.

In the closings under the common stock purchase agreement that occurred in April, May and June 2010, we sold Seaside 12,000,000 shares of our common stock and issued to Midtown, as placement agent, warrants to purchase an aggregate of 300,000 shares of our common stock.

In connection with the securities purchase agreement dated August 8, 2012, we sold an aggregate of 750 shares of our Series C 9% Convertible Preferred Stock and issued warrants exercisable for up to 9,375,000 shares of our common stock to investors.

In connection with the securities purchase agreement dated December 10, 2012, we sold an aggregate of 750 shares of our Series D 9% Convertible Preferred Stock and issued warrants exercisable for up to 24,999,999 shares of our common stock to investors.

In connection with the securities purchase agreement dated June 17, 2013, we sold an aggregate of 1,225 shares of our Series E 9% Convertible Preferred Stock and issued warrants exercisable for up to 40,833,335 shares of our common stock to investors.

In connection with the securities purchase agreement dated January 14, 2014, we sold an aggregate of 800 shares of our Series E 9% Convertible Preferred Stock and issued warrants exercisable for up to 26,666,668 shares of our common stock to investors.

In connection with the securities purchase agreement dated March 27, 2014, we sold an aggregate of 2,075 shares of our Series F 9% Convertible Preferred Stock and issued warrants exercisable for up to 69,166,667 shares of our common stock to investors.

As of October 31, 2014, all of the warrants issued in the aforementioned registered direct offerings were exercisable. At October 31, 2014, outstanding warrants issued in connection with the June, August and September 2009 registered direct offerings, the April, May and June 2010 sales to Seaside and the January to April 2011, February 2012, August 2012, December 2012, June 2013, January 2014 and March 2014 private placements were as follows (after adjustment for anti-dilution provisions and subsequent exercises):

<i>Date Issued</i>	<i>Aggregate No. of Shares Unexercised</i>	<i>Exercise Price</i>	<i>Expiration Date</i>
June 15, 2009	8,470,661	0.76	December 15, 2014

August 6, 2009	3,413,928	0.79	February 4, 2015
September 14, 2009	5,157,813	1.00	March 15, 2015
April 8 to June 11, 2010	300,000	0.395	February 9, 2015
February 1, 2012*	5,675,227	0.03	February 1, 2017
August 10, 2012*	4,999,999	0.03	August 10, 2017
December 10, 2012*	8,324,144	0.03	December 12, 2017
June 17, 2013*	34,166,669	0.03	June 17, 2018
January 15, 2014*	25,666,668	0.03	January 15, 2019
March 27, 2014*	69,166,667	0.03	March 27, 2019

**Upon issuance of securities at a price per share of common stock less than the then applicable exercise price, the warrants are subject to anti-dilution adjustment of the exercise price and to the number of shares of common stock that may be purchased upon exercise of each warrant such that the aggregate exercise price payable upon exercise of the warrant will be the same as the aggregate exercise price in effect immediately prior to such adjustment. Due to the anti-dilution adjustment provision of these warrants, they have been reclassified on Generex's balance sheet as a liability under the caption "Derivative Warrant Liability" with any changes in fair value at each reporting period recorded in earnings in accordance with ASC 815.*

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In addition, we may receive additional proceeds from the exercise of warrants issued in connection with the securities purchase agreement and related documents that we entered into on March 31, 2008 with existing institutional investors relating to a private placement of 8% secured convertible notes (the "Notes") and warrants (the "Series Warrants") for aggregate gross proceeds to us of \$20,650,000. As of June 1, 2009, the outstanding principal balance and accrued interest on the Notes were satisfied in full.

The Series Warrants issued in connection with the March 2008 securities purchase agreement included:

Series A and A-1 Warrants, which are exercisable for a period of 7 years into an aggregate of 75% of the number of shares of our common stock initially issuable upon conversion of the Notes, with the Series A Warrants being

(i) exercisable into 5,257,729 shares immediately upon issuance and the Series A-1 warrants being exercisable into 7,541,857 shares as of October 1, 2008;

(ii)

Series B Warrants, which became exercisable on October 1, 2008 into 100% of the shares of our common stock initially issuable upon conversion of the Notes (initially 17,066,166 shares) and remain exercisable for a period of 18 months after the registration statement covering the shares of common stock issuable upon conversion or exercise of the Notes and Warrants was declared effective by the SEC; and

(iii) Series C Warrants, which are exercisable for a period of 7 years as of October 1, 2008, but only to the extent that the Series B Warrant are exercised and only in the same percentage that the Series B Warrants are exercised, up to a maximum percentage of 75% of the number of shares of our common stock initially issuable upon conversion of the Notes (initially a maximum of 12,799,580 shares).

The initial exercise price of each Series Warrant was \$1.21. The Series Warrants include a cashless exercise feature. The exercise price of the Series Warrants was subsequently reduced initially to \$0.50, then to \$0.33, to \$0.25, to \$0.15, to \$0.08 and currently to \$0.03 as a result of a price protection provision triggered by our offering of stock in private placements in May 2009, January and July 2011 and February, August 2012 and December 2012. This price protection feature allows for the reduction in the exercise price of the Series Warrants in the event we subsequently issue common stock or securities convertible into or exercisable for common stock, such as options and warrants, at a price per share less than the Series Warrant exercise price then in effect. In addition, with any reduction to the Series Warrant exercise price, the number of shares of common stock that may be purchased upon exercise of each Series Warrant will be increased or decreased proportionately, so that after such adjustment the aggregate Series Warrant exercise price payable for the adjusted number of shares issuable upon exercise will be the same as the aggregate Series Warrant exercise price in effect immediately prior to such adjustment. We account for these warrants with price protection in accordance with ASC 815 as described in Note 9 to the *Notes to Consolidated Financial Statements* included elsewhere in this quarterly report.

As of October 31, 2014, outstanding Series Warrants were as follows (after adjustment for anti-dilution provisions and subsequent exercises):

<i>Date Issued</i>	<i>Aggregate No. of Shares Unexercised</i>	<i>Exercise Price*</i>	<i>Expiration Date</i>
March 31, 2008	64,516,758	\$ 0.03	March 31, 2016
March 31, 2008	27,272,720	\$ 0.03	September 30, 2016

**Upon issuance of securities at a price per share of common stock less than the then applicable exercise price, the warrants are subject to anti-dilution adjustment of the exercise price and to the number of shares of common stock that may be purchased upon exercise of each warrant such that the aggregate exercise price payable upon exercise of the warrant will be the same as the aggregate exercise price in effect immediately prior to such adjustment. Due to the anti-dilution adjustment provision of these warrants, they have been reclassified on Generex's balance sheet as a liability under the caption "Derivative Warrant Liability" with any changes in fair value at each reporting period recorded in earnings in accordance with ASC 815.*

Cash Flows for the Three months ended October 31, 2014

For the three months ended October 31, 2014, we used \$1,035,648 in cash to fund our operating activities. The use for operating activities included net income of \$49,623, changes to working capital including a decrease of \$601,072 related to accounts payable and accrued expenses, offset by an increase related to other current assets of \$32,294.

The use of cash was offset by non-cash expenses of \$115,912 related to depreciation and amortization, stock-based compensation issued in exchange for services rendered by consultants of \$21,050 and common stock issued for interest on our convertible preferred stock of \$58,523. There was also a year-to-date non-cash gain of \$711,978 related to the fair valuation of the derivative liabilities at October 31, 2014.

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We had net cash used in investing activities of \$13,887 in the three months ended October 31, 2014, representing costs incurred for patents.

We had cash provided by financing activities in the three months ended October 31, 2014 of \$542, which pertained to proceeds from cash exercises of stock options.

Our net working capital deficiency at October 31, 2014 increased to \$5,261,792 from negative \$4,786,981 at July 31, 2014, which was attributed largely to cash used in operations for the three-month period ended October 31, 2014.

Conversion of Outstanding Series A, Series B, Series C, Series D, Series E and Series F 9% Convertible Preferred Stock

As of October 31, 2014, all of the 2,575 shares of our Series A 9% Convertible Preferred Stock had been converted into shares of our common stock. A total of 17,166,666 shares of common stock have been issued upon the conversion of 2,575 shares of Series A convertible preferred stock. Upon conversion, we paid the holders of the Series A convertible preferred stock a “make whole” payment equal to \$270 per \$1,000 of stated value of the Series A convertible preferred stock, less the amount of all prior quarterly dividends paid on such converted preferred stock before the relevant conversion date. We issued 6,129,666 additional shares of common stock on such conversions of the Series A convertible preferred stock as “make-whole payments”. Dividends paid on the Series A Convertible Preferred Stock were \$12,383 during the fiscal year ended July 31, 2012.

As of October 31, 2014, all of the 2,000 shares of our Series B 9% Convertible Preferred Stock had been converted into shares of our common stock. We issued 38,520,832 shares of common stock upon the conversion of the Series B convertible preferred stock and an additional 14,819,679 shares of common stock were issued as “make-whole payments” on such conversions.

As of October 31, 2014, all of the 750 shares of our Series C 9% Convertible Preferred Stock had been converted into shares of our common stock. We issued 22,916,665 shares of common stock upon the conversion of the Series C convertible preferred stock and an additional 6,664,863 shares of common stock were issued as “make-whole payments” on such conversions.

As of October 31, 2014, all of the 750 shares of our Series D 9% Convertible Preferred Stock had been converted into shares of our common stock. We issued 24,999,999 shares of common stock upon the conversion of the Series D convertible preferred stock and an additional 7,825,191 shares of common stock were issued as “make-whole payments” on such conversions.

As of October 31, 2014, 2,000 shares of our Series E 9% Convertible Preferred Stock had been converted into shares of our common stock. We issued 66,666,666 shares of common stock upon the conversion of the Series E convertible preferred stock and an additional 18,585,193 shares of common stock were issued as “make-whole payments” on such conversions.

As of October 31, 2014, 1,067 shares of our Series F 9% Convertible Preferred Stock had been converted into shares of our common stock. We issued 35,558,332 shares of common stock upon the conversion of the Series F convertible preferred stock and an additional 10,661,025 shares of common stock were issued as “make-whole payments” on such conversions.

Funding Requirements and Commitments

If we obtain necessary financing, we expect to devote substantial resources to obtaining regulatory approval of Generex Oral-lyn™ in the U.S., Canada and Europe and to commercializing Generex Oral-lyn™. We may also devote resources to obtaining approval for the importation, marketing and commercialization of Generex Oral-lyn™ in other countries where we have licensed distributors.

In addition to the resources that we will dedicate to regulatory approval and commercialization of Generex Oral-lyn™, we will expend resources on further clinical development of our immunotherapeutic vaccines.

Our future funding requirements and commitments and our ability to raise additional capital will depend on factors that include:

- the timing and amount of expense incurred to complete our clinical trials;
- the costs and timing of the regulatory process as we seek approval of our products in development;
- the advancement of our products in development;
- our ability to generate new relationships with industry partners throughout the world that will provide us with regulatory assistance and long-term commercialization opportunities;
- the timing, receipt and amount of sales, if any, from Generex Oral-lyn™ in India, Lebanon, Algeria and Ecuador;
- the cost of manufacturing (paid to third parties) of our licensed products, and the cost of marketing and sales activities of those products;

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- the costs of prosecuting, maintaining, and enforcing patent claims, if any claims are made;
- our ability to maintain existing collaborative relationships and establish new relationships as we advance our products in development;
- our ability to obtain the necessary financing to fund our operations and effect our strategic development plan; and
- the receptivity of the financial market to biopharmaceutical companies.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors, and we do not have any non-consolidated special purpose entities.

Certain Related Party Transactions

See *Part III, Item 13 – Certain Relationships and Related Transactions, and Directors Independence* in our Annual Report on Form 10-K for the year ended July 31, 2014, as amended, for further descriptions of our transactions with related parties during the last fiscal year.

Recently Adopted Accounting Pronouncements

In June 2014, the FASB issued guidance regarding the elimination of the reporting requirement for development stage entities and removed the definition of development stage entity from the Accounting Standards Codification. We adopted this guidance effective for the Company's annual fiscal year ended July 31, 2014. The adoption of this new accounting guidance resulted in the elimination of the inception-to-date financial information in the consolidated statements of operations, statements of changes in stockholders' deficiency and statements of cash flows, as well as the removal of the subheading "A Development Stage Company" from the consolidated financial statements and the notes to the consolidated financial statements.

Recently Issued Accounting Pronouncements

In August 2014, the FASB issued guidance regarding disclosure of uncertainties about an entity's ability to continue as a going concern. The guidance will be effective for our annual fiscal year ended July 31, 2017 and subsequent interim periods. We are currently evaluating the impact of this accounting standard update on our consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks associated with changes in the exchange rates between U.S. and Canadian currencies and with changes in the interest rates related to our fixed rate debt. We do not believe that any of these risks will have a material impact on our financial condition, results of operations and cash flows.

At the present time, we maintain our cash in short-term government or government guaranteed instruments, short-term commercial paper, and interest bearing bank deposits or demand bank deposits which do not earn interest. A substantial majority of these instruments and deposits are denominated in U.S. dollars, with the exception of funds denominated in Canadian dollars on deposit in Canadian banks to meet short-term operating needs in Canada. We do not presently employ any hedging or similar strategy intended to mitigate against losses that could be incurred as a result of fluctuations in the exchange rates between U.S. and Canadian currencies.

As of October 31, 2014, we did not have any fixed rate debt. We have neither issued nor own any long-term debt instruments, or any other financial instruments, for trading purposes to which we would be subject to material market risks.

We have warrants outstanding with price protection provisions that allow for the reduction in the exercise price of the warrants in the event we subsequently issue common stock or securities convertible into or exercisable for common stock, such as options and warrants, at a price per share less than the warrant exercise price then in effect. In addition, with any reduction to the warrant exercise price, the number of shares of common stock that may be purchased upon exercise of each warrant will be increased proportionately, so that after such adjustment the aggregate warrant exercise price payable for the adjusted number of shares issuable upon exercise will be the same as the aggregate warrant exercise price in effect immediately prior to such adjustment. We account for the warrants with price protection in accordance with FASB ASC 815. We recognize the warrants with price protection in our consolidated balance sheet as liabilities. The warrant liability is revalued at each reporting period and changes in fair value are recognized currently in the consolidated statements of operations under the caption *Change in fair value of derivative warrant liability*.

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While the change in fair value of the derivative warrant liability has no effect on our cash flows, the gains or losses can have a significant impact on non-operating income and expenses and thus the net income or loss. As of October 31, 2014, there were 239,788,852 warrants outstanding subject to price protection provisions with an estimated fair value of \$2,118,177 or \$0.009 per warrant. If the estimated fair value of the warrants increases, there will be a corresponding non-operating expense equal to the change in the value of the liability. Likewise, if the estimated fair value of the warrants decreases, there will be a corresponding non-operating gain equal to the change in the value of the liability. There is a directly proportional relationship between the fair value of the warrants and the market price of the stock; therefore increases or decreases in the market price will lead to corresponding increases or decreases in the value of the warrant liability and result in losses or gains, respectively, on our consolidated statements of operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Prior to the filing of this Quarterly Report on Form 10-Q, an evaluation was performed under the supervision of and with the participation of GenereX's management, including the Chief Executive Officer ("CEO") and acting Chief Financial Officer ("CFO"), of the effectiveness of GenereX's disclosure controls and procedures. Based on the evaluation, the CEO and CFO have concluded that, as of October 31, 2014, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to the Company's management, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the fiscal quarter ended October 31, 2014, there were no changes in Generex's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, Generex's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

See *Note 6 – Commitments and Contingencies (Pending Litigation)* of the Notes to the Consolidated Financial Statements set forth under Item 1 of Part I of this Quarterly Report for a description of legal proceedings in which we are currently involved.

We are involved in certain other legal proceedings in addition to those specifically described in this Quarterly Report. Subject to the uncertainty inherent in all litigation, we do not believe at the present time that the resolution of any of these legal proceedings is likely to have a material adverse effect on our financial position, operations or cash flows.

With respect to all litigation matters, as additional information concerning the estimates used by us becomes known, we reassess each matter's position both with respect to accrued liabilities and other potential exposures.

Item 1A. Risk Factors.

In addition to the other information included in this Quarterly Report on Form 10-Q, you should carefully review and consider the factors discussed in *Part I, Item 1A - Risk Factors* of our Annual Report on Form 10-K for the year ended July 31, 2014, as amended, certain of which have been updated below. These factors materially affect our business, financial condition or future results of operations. The risks, uncertainties and other factors described in our Annual Report on Form 10-K and below are not the only ones facing our company. Additional risks, uncertainties and other factors not presently known to us or that we currently deem immaterial may also impair our business operations, financial condition or operating results. Any of the risks, uncertainties and other factors could cause the trading price of our common stock to decline substantially.

Risks Related to Our Financial Condition

We will require additional financing to continue our operations.

As of October 31, 2014, our current cash position is not sufficient to meet our working capital needs for the next twelve months based on the pace of our planned activities. To continue operations, we will require additional funds to support our working capital requirements and any expansion or other activities, or will need to significantly reduce our clinical trials and other planned activities or suspend operations. Management is seeking various alternatives to ensure that we can meet some of our operating cash flow requirements through financing activities, such as private placement of our common stock, preferred stock offerings and offerings of debt and convertible debt instruments as well as through merger or acquisition opportunities. The securities purchase agreements that we entered into on January 14, 2014 and March 27, 2014 with certain investors limits the financing activities that we may undertake in the near future as it prohibits us from (i) issuing additional equity securities until 60 days after the effective date of a registration statement covering the resale of the common stock issuable upon exercise of the warrants and conversion of the preferred stock sold in each transaction and (ii) issuing additional debt or equity securities with a variable conversion or exercise price until January 14, 2015 and March 27, 2015, respectively. In addition, management is actively seeking strategic alternatives, including strategic investments and divestitures. Management has sold non-essential real estate assets which were classified as Assets Held for Investment to augment its cash position.

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We cannot provide any assurance that we will obtain the required funding. Our inability to obtain required funding in the near future or our inability to obtain funding on favorable terms will have a material adverse effect on our operations and our strategic development plan for future growth. If we cannot successfully raise additional capital and implement our strategic development plan, our liquidity, financial condition and business prospects will be materially and adversely affected and we may have to cease operations.

We have a history of losses and will incur additional losses.

We are a development stage company with a limited history of operations, and do not expect sufficient revenues to support our operation in the immediately foreseeable future. We do not expect to receive significant revenues in Ecuador, Algeria and Lebanon where we have been approved for commercial sale in the next twelve months. While we have entered into a licensing and distribution agreement with a leading Indian-based pharmaceutical company and insulin distributor, we do not anticipate recognizing significant revenue from sales of Generex Oral-lyn™ in India in the next twelve months, as our Indian partner has to receive marketing approval of a completed in-country clinical study before the product can be offered for commercial sale in India.

To date, we have not been profitable and our accumulated net loss available to shareholders was \$369,898,699 at October 31, 2014. Our losses have resulted principally from costs incurred in research and development, including clinical trials, and from general and administrative costs associated with our operations. While we seek to attain profitability, we cannot be sure that we will ever achieve product and other revenue sufficient for us to attain this

objective.

With the exception of Generex Oral-lyn™, which has received regulatory approval in Ecuador, India (subject to marketing approval of an in-country clinical study), Lebanon and Algeria, our product candidates are in research or early stages of pre-clinical and clinical development. We will need to conduct substantial additional research, development and clinical trials. We will also need to receive necessary regulatory clearances both in the United States and foreign countries and obtain meaningful patent protection for and establish freedom to commercialize each of our product candidates. We must also complete further clinical trials and seek regulatory approvals for Generex Oral-lyn™ in countries outside of Ecuador, India, Lebanon and Algeria. We cannot be sure that we will obtain required regulatory approvals, or successfully research, develop, commercialize, manufacture and market any other product candidates. We expect that these activities, together with future general and administrative activities, will result in significant expenses for the foreseeable future.

Our independent auditors have expressed substantial doubt about our ability to continue as a going concern as of July 31, 2014.

To date, we have not been profitable and our accumulated net loss available to shareholders was \$369,898,699 at October 31, 2014, and our consolidated balance sheet reflected a stockholders' deficiency of \$5,956,803 at that date. We received a report from our independent auditors for the year ended July 31, 2014 that included an explanatory paragraph describing an uncertainty as to Generex's ability to continue as a going concern. We must secure financing to continue our operations.

Due to material weaknesses in our internal controls over financial reporting, our internal controls were determined not to be effective for the prior fiscal year ended July 31, 2012. Our disclosure controls and procedures and internal controls over financial reporting may not be effective in future periods as a result of existing or newly identified material weaknesses in internal controls.

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our reputation and operating results could be harmed. Pursuant to the Sarbanes-Oxley Act of 2002, we are required to furnish a report by management on internal control over financial reporting, including management's assessment of the effectiveness of such control. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that the control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. If we fail to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or if we experience difficulties in their implementation, our business and operating results could be adversely impacted, we could fail to meet our reporting obligations, and our business and stock price could be adversely affected.

At July 31, 2012, our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) and concluded that, subject to the inherent limitations identified in Item 9A of Part II of the Form 10-K filed on October 15, 2012, our disclosure controls and procedures were not effective due to the existence of material weaknesses in our internal control over financial reporting because of inadequate segregation of duties over authorization, review and recording of transactions, as well as the financial reporting of such transactions. Our independent auditors issued an adverse attestation report regarding the effectiveness of the Company's internal control over financial reporting at July 31, 2012.

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We believe we have taken appropriate and reasonable steps to make the necessary improvements to remediate these deficiencies, however we cannot be certain that our remediation efforts will ensure that our management designs, implements and maintains adequate controls over our financial processes and reporting in the future or that the changes made will be sufficient to address and eliminate the material weaknesses previously identified. Our inability to remedy any additional deficiencies or material weaknesses that may be identified in the future could, among other things, have a material adverse effect on our business, results of operations and financial condition, as well as impair our ability to meet our quarterly, annual and other reporting requirements under the Securities Exchange Act of 1934 in a timely manner, and require us to incur additional costs or to divert management resources.

Risks Related to the Market for Our Common Stock

Our stock price is below \$5.00 per share and is treated as a "penny stock", which places restrictions on broker-dealers recommending the stock for purchase.

Our common stock is defined as "penny stock" under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and the rules promulgated thereunder. The SEC has adopted regulations that define "penny stock" to include common stock that has a market price of less than \$5.00 per share, subject to certain exceptions. These rules include the following requirements:

- broker-dealers must deliver, prior to the transaction a disclosure schedule prepared by the SEC relating to the penny stock market;
- broker-dealers must disclose the commissions payable to the broker-dealer and its registered representative;
- broker-dealers must disclose current quotations for the securities;
- if a broker-dealer is the sole market-maker, the broker-dealer must disclose this fact and the broker-dealers presumed control over the market; and
- a broker-dealer must furnish its customers with monthly statements disclosing recent price information for all penny stocks held in the customer's account and information on the limited market in penny stocks.

Additional sales practice requirements are imposed on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. For these types of transactions, the broker-dealer must make a special suitability determination for the purchaser and must have received the purchaser's written consent to the transaction prior to sale. If our common stock remains subject to these penny stock rules these disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for our common stock. As a result, fewer broker-dealers may be willing to make a market in our stock, which could affect a shareholder's ability to sell their shares.

The price of our common stock may be affected by a limited trading volume, may fluctuate significantly and may not reflect the actual value of our business.

There may be a limited public market for our common stock on the over the counter bulletin board market, and there can be no assurance that an active trading market will continue. An absence of an active trading market could adversely affect our stockholders' ability to sell our common stock in short time periods, or at all. Our common stock has experienced, and is likely to experience in the future, significant price and volume fluctuations that could adversely affect the market price of our common stock without regard to our operating performance. In addition, we believe that factors, such as our sale of securities in connection with capital raising activities, changes in the overall economy and the volatility of the financial markets, could cause the price of our common stock to fluctuate substantially. Thus, the price at which shares of our common stock may trade from time to time may not reflect the actual value of our business or the actual value of our common stock.

Our recent equity financing will dilute current stockholders and could prevent the acquisition or sale of our business.

The equity financing transactions into which we have recently entered have and will dilute current stockholders. At October 31, 2014, there were 257,331,254 shares of common stock issuable upon exercise of the warrants that we issued in a private placement in March 2008, in the registered direct offerings conducted in June, August and September 2009, in connection with the sales to Seaside 88, LP in April, May and June 2010 and in the registered direct offerings in February 2012, August 2012, December 2012, June 2013, January 2014 and March 2014. In addition, in connection with the private placements that closed on June 17, 2013 and March 27, 2014, an additional 34,441,666 shares of common stock are issuable upon conversion of the remaining Series E and F 9% Convertible Preferred Stock at October 31, 2014. Together the shares of common stock issuable upon exercise or conversion of the above-mentioned warrants and preferred stock represent approximately 37% of the shares of common stock outstanding at October 31, 2014. Assuming the holders of the warrants convert and exercise all of the warrants into shares of common stock, the number of shares of issued and outstanding common stock will increase significantly, and current stockholders will own a smaller percentage of the outstanding common stock of Generex. The issuance of shares of common stock pursuant to the warrants will also have a dilutive effect on earnings per share and may adversely affect the market price of the common stock.

In addition, the issuance of shares of common stock upon exercise of the warrants issued in the March 2008 private placement, the registered direct offerings in June, August and September 2009 and in connection with the sales to Seaside in April, May and June 2010 and the private placements in February 2012, August 2012, December 2012, June 2013, January 2014 and March 2014, could have an anti-takeover effect because such issuance will make it more difficult for, or discourage an attempt by, a party to obtain control of Generex by tender offer or other means. The issuance of common stock upon the exercise of the warrants or conversion of convertible preferred stock will increase the number of shares entitled to vote, increase the number of votes required to approve a change of control of the company, and dilute the interest of a party attempting to obtain control of the company.

If we raise funds through one or more additional equity financings in the future, it will have a further dilutive effect on existing holders of our shares by reducing their percentage ownership. The shares may be sold at a time when the market price is low because we are in need of the funds. This will dilute existing holders more than if our stock price was higher. In addition, equity financings normally involve shares sold at a discount to the current market price. Most of our outstanding warrants have price protection provisions, which decrease the exercise price of the warrant and increase the number of shares which may be purchased upon exercise of the warrants, if we sell additional equity at an effective price per common share less than the current exercise price of the warrant. Therefore, equity financings at a low price per share will result in even more dilution to existing shareholders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

In the fiscal quarter ended October 31, 2014, we sold, or have entered into commitments to issue, common stock and other securities in transactions in reliance upon exemptions from the registration requirements of the Securities Act.

We have issued or committed to issue shares of our common stock to Joseph Moscato, a consultant, pursuant to an agreement to provide us with investor relation services through September 30, 2015. During the three months ended October 31, 2014, we issued or committed to issue 450,000 shares of common stock to Joseph Moscato pursuant to the consulting agreement. The sale of such shares was exempt from registration under the Securities Act in reliance upon Section 4(2) thereof. We believe that Joseph Moscato is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D under the Securities Act. The certificates issued for the shares of common stock included a legend to indicate that they are restricted. The sales of such securities did not involve the use of underwriters, and no commissions were paid in connection therewith.

Issuer Purchases of Equity Securities

Neither Generex nor any affiliated purchaser (as defined in Section 240.10 b-18(a)(3) of the Exchange Act) purchased any of its equity securities during the fiscal quarter ended October 31, 2014.

Item 3. Defaults Upon Senior Securities.

None.

Item 5. Other Information.

Reference is made to the disclosure set forth under *Part II, Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds* under the caption *Unregistered Sales of Equity Securities* in this Quarterly Report on Form 10-Q, which is incorporated by reference herein.

Item 6. Exhibits.

Exhibits are incorporated herein by reference or are filed with this quarterly report as set forth in the Exhibit Index beginning on page 31 hereof.

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SIGNATURES

Pursuant to the requirements 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.

GENEREX BIOTECHNOLOGY CORPORATION
(Registrant)

Date: December 12, 2014 By: /s/ Mark A. Fletcher
Mark A. Fletcher
President and Chief Executive Officer

Date: December 12, 2014 By: /s/ Stephen Fellows
Stephen Fellows
Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number	Description of Exhibit⁽¹⁾
1	Amendment dated as of April 7, 2010 to Placement Agent Agreement Placement Agency Agreement, dated June 8, 2009, by and between Generex Biotechnology Corporation and Midtown Partners & Co., LLC and amendments dated August 5, August 18, and September 11, 2009 (incorporated by reference to Exhibit 1.2 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on April 8, 2010)
2	Agreement and Plan of Merger among Generex Biotechnology Corporation, Antigen Express, Inc. and AGEXP Acquisition Inc. (incorporated by reference to Exhibit 2.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on August 15, 2003)
3(i)(a)	Restated Certificate of Incorporation of Generex Biotechnology Corporation (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 filed on October 26, 2009)
3(i)(b)	Certificate of Designation of Preferences, Rights and Limitations of Series A 9% Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on July 11, 2011).
3(i)(c)	Certificate of Designation of Preferences, Rights and Limitations of Series B 9% Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to Generex Biotechnology Corporation's Current Report on form 8-K filed on February 1, 2012)
3(i)(d)	Certificate of Designation of Preferences, Rights and Limitations of Series C 9% Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on August 8, 2012).
3(i)(e)	Certificate of Designation of Preferences, Rights and Limitations of Series D 9% Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to Generex Biotechnology Corporation's Current Report on form 8-K filed on December 11, 2012)
3(i)(f)	Certificate of Amendment to Restated Certificate of Incorporation of Generex Biotechnology Corporation (incorporated by reference to Exhibit 3(i)(f) to Generex Biotechnology Corporation's Current Report on Registration Statement on Form S-1 (File No. 333-187656) filed on April 1, 2013)

- 3(i)(g) Certificate of Designation of Preferences, Rights and Limitations of Series E 9% Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to Generex Biotechnology Corporation's Current Report on form 8-K filed on June 17, 2013)
- 3(i)(h) Certificate of Designation of Preferences, Rights and Limitations of Series F 9% Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to Generex Biotechnology Corporation's Current Report on form 8-K filed on March 28, 2014)
- 3(ii) Amended and Restated By-Laws of Generex Biotechnology Corporation (incorporated by reference to Exhibit 3.2(ii) to Generex Biotechnology Corporation's Report on Form 8-K filed December 5, 2007)
- 4.1 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Registration Statement on Form S-1 (File No. 333-82667) filed on July 12, 1999)
- 4.2.1 Form of Securities Purchase Agreement entered into with Cranshire Capital, L.P.; Gryphon Partners, L.P.; Langley Partners, L.P.; Lakeshore Capital, Ltd.; LH Financial; Omicron Capital; Photon Fund, Ltd.; Howard Todd Horberg and Vertical Ventures, LLC dated May 29, 2003 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 10-Q/A for the quarter ended October 31, 2003 filed on August 13, 2003)
- 4.2.2 Form of Registration Rights Agreement entered into with Cranshire Capital, L.P.; Gryphon Partners, L.P.; Langley Partners, L.P.; Lakeshore Capital, Ltd.; LH Financial; Omicron Capital; Photon Fund, Ltd.; Howard Todd Horberg and Vertical Ventures, LLC dated May 29, 2003 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 10-Q/A for the quarter ended October 31, 2003 filed on August 13, 2003)
- 4.2.3 Form of Warrant granted to Cranshire Capital, L.P.; Gryphon Partners, L.P.; Langley Partners, L.P.; Lakeshore Capital, Ltd.; LH Financial; Omicron Capital; Photon Fund, Ltd.; Howard Todd Horberg and Vertical Ventures, LLC dated May 29, 2003 (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 10-Q/A for the quarter ended October 31, 2003 filed on August 13, 2003)
- 4.3 Form of replacement Warrant issued to warrant holders exercising at reduced exercise price in May and June 2003 (incorporated by reference to Exhibit 4.13.7 to Generex Biotechnology Corporation's Report on Form 10-K for the period ended July 31, 2003 filed on October 29, 2003)
- 4.4.1 Securities Purchase Agreement, dated December 19, 2003, by and among Generex Biotechnology Corporation and the investors named therein (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K/A filed on March 24, 2004)
- 4.4.2 Registration Rights Agreement, dated December 19, 2003, by and among Generex Biotechnology Corporation and the investors named therein (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K/A filed on March 24, 2004)
- 4.4.3 Form of Warrant issued in connection with Exhibit 4.4.1 (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K/A filed on March 24, 2004)
- 4.4.4 Form of Additional Investment Right issued in connection with Exhibit 4.4.1 (incorporated by reference to Exhibit 4.4 to Generex Biotechnology Corporation's Report on Form 8-K/A filed on March 24, 2004)

- 4.5.1 Securities Purchase Agreement, dated January 7, 2004, by and between Generex Biotechnology Corporation and ICN Capital Limited (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.5.2 Registration Rights Agreement, dated January 7, 2004, by and between Generex Biotechnology Corporation and ICN Capital Limited (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.5.3 Warrant issued in connection with Exhibit 4.5.1 (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.5.4 Additional Investment Right issued in connection with Exhibit 4.5.1 (incorporated by reference to Exhibit 4.4 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.6.1 Securities Purchase Agreement, dated January 9, 2004, by and between Generex Biotechnology Corporation and Vertical Ventures, LLC (incorporated by reference to Exhibit 4.5 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.6.2 Registration Rights Agreement, dated January 9, 2004, by and between Generex Biotechnology Corporation and Vertical Ventures, LLC (incorporated by reference to Exhibit 4.6 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.6.3 Warrant issued in connection with Exhibit 4.6.1 (incorporated by reference to Exhibit 4.7 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.6.4 Additional Investment Right issued in connection with Exhibit 4.6.1 (incorporated by reference to Exhibit 4.8 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.7.1 Securities Purchase Agreement, dated February 6, 2004, by and between Generex Biotechnology Corporation and Alexandra Global Master Fund, Ltd. (incorporated by reference to Exhibit 4.9 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.7.2 Registration Rights Agreement, dated February 6, 2004, by and between Generex Biotechnology Corporation and Alexandra Global Master Fund, Ltd. (incorporated by reference to Exhibit 4.10 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.7.3 Warrant issued in connection with Exhibit 4.7.1 (incorporated by reference to Exhibit 4.11 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.7.4 Additional Investment Right issued in connection with Exhibit 4.7.1 (incorporated by reference to Exhibit 4.12 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.7.5 Escrow Agreement, dated February 26, 2004, by and among Generex Biotechnology Corporation, Eckert Seamans Cherin & Mellott, LLC and Alexandra Global Master Fund, Ltd. (incorporated by reference to Exhibit 4.13 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.8.1 Securities Purchase Agreement, dated February 11, 2004, by and between Generex Biotechnology Corporation and Michael Sourlis (incorporated by reference to Exhibit 4.14 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.8.2

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Registration Rights Agreement, dated February 11, 2004, by and between Generex Biotechnology Corporation and Michael Sourlis (incorporated by reference to Exhibit 4.15 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)

- 4.8.3 Additional Investment Right issued in connection with Exhibit 4.8.1 (incorporated by reference to Exhibit 4.17 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.9.1 Securities Purchase Agreement, dated February 13, 2004, by and between Generex Biotechnology Corporation and Zapfe Holdings, Inc. (incorporated by reference to Exhibit 4.18 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.9.2 Registration Rights Agreement, dated February 13, 2004, by and between Generex Biotechnology Corporation and Zapfe Holdings, Inc. (incorporated by reference to Exhibit 4.19 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.9.3 Warrant issued in connection with Exhibit 4.9.1 (incorporated by reference to Exhibit 4.20 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.9.4 Additional Investment Right issued in connection with Exhibit 4.9.1 (incorporated by reference to Exhibit 4.21 Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2004)
- 4.10.1 Securities Purchase Agreement, dated June 23, 2004, by and among Generex Biotechnology Corporation and the investors named therein (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on July 14, 2004)
- 4.10.2 Registration Rights Agreement, dated June 23, 2004, by and among Generex Biotechnology Corporation and the investors (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on July 14, 2004)
- 4.10.3 Form of Warrant issued in connection with Exhibit 4.10.1 (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on July 14, 2004)
- 4.10.4 Form of Additional Investment Right issued in connection Exhibit 4.10.1 (incorporated by reference to Exhibit 4.4 to Generex Biotechnology Corporation's Report on Form 8-K filed on July 14, 2004)
- 4.11.1 Securities Purchase Agreement, dated November 10, 2004, by and among Generex Biotechnology Corporation and the investors named therein (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on November 12, 2004)
- 4.11.2 Form of 6% Secured Convertible Debenture issued in connection with Exhibit 4.11.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on November 12, 2004)
- 4.11.3 Registration Rights Agreement, dated November 10, 2004, by and among Generex Biotechnology Corporation and the investors named therein (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on November 12, 2004)
- 4.11.4 Form of Voting Agreement entered into in connection with Exhibit 4.11.1 (incorporated by reference to Exhibit 4.7 to Generex Biotechnology Corporation's Report on Form 8-K filed on November 12, 2004)
- 4.12

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Warrant issued to The Aethena Group, LLC on April 28, 2005 (incorporated by reference to Exhibit 4.20 to Generex Biotechnology Corporation's Quarterly Report on Form 10-Q filed on June 14, 2005)

- 4.13.1 Amendment No. 4 to Securities Purchase Agreement and Registration Rights Agreement entered into by and between Generex Biotechnology Corporation and the Purchasers listed on the signature pages thereto on January 19, 2006 (incorporated by reference herein to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on January 20, 2006)
- 4.13.2 Form of Additional AIRs issued in connection with Exhibit 4.13.1 (incorporated by reference herein to Exhibit 4.4 to Generex Biotechnology Corporation's Report on Form 8-K filed on January 20, 2006)
- 4.14 Form of Warrant issued by Generex Biotechnology Corporation on January 23, 2006 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on January 24, 2006)
- 4.15.1 Agreement to Amend Warrants between Generex Biotechnology Corporation and Cranshire Capital L.P. dated February 27, 2006 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on February 28, 2006).
- 4.15.2 Agreement to Amend Warrants between Generex Biotechnology Corporation and Omicron Master Trust dated February 27, 2006 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on February 28, 2006).
- 4.15.3 Agreement to Amend Warrants between Generex Biotechnology Corporation and Iroquois Capital L.P. dated February 27, 2006 (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on February 28, 2006).
- 4.15.4 Agreement to Amend Warrants between Generex Biotechnology Corporation and Smithfield Fiduciary LLC dated February 27, 2006 (incorporated by reference to Exhibit 4.4 to Generex Biotechnology Corporation's Report on Form 8-K filed on February 28, 2006).
- 4.15.5 Form of Warrant issued by Generex Biotechnology Corporation on February 27, 2006 (incorporated by reference to Exhibit 4.26 to Generex Biotechnology Corporation's Report on Form 10-K filed on October 16, 2006)
- 4.16.1 Agreement to Amend Additional Investment Right between Generex Biotechnology Corporation and Cranshire Capital, L.P. dated February 28, 2006 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2006).
- 4.16.2 Agreement to Amend Additional Investment Right between Generex Biotechnology Corporation and Omicron Master Trust dated February 28, 2006 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2006).
- 4.16.3 Agreement to Amend Additional Investment Right between Generex Biotechnology Corporation and Iroquois Capital LP dated February 28, 2006 (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2006).
- 4.16.4 Agreement to Amend Additional Investment Right between Generex Biotechnology Corporation and Smithfield Fiduciary LLC dated February 28, 2006 (incorporated by reference to Exhibit 4.4 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 1, 2006).

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- Form of Additional AIR Debenture issued by Generex Biotechnology Corporation on February 28, 2006
4.16.5 (incorporated by reference to Exhibit 4.31 to Generex Biotechnology Corporation's Report on Form 10-K filed on October 16, 2006)
- Form of Additional AIR Warrant issued by Generex Biotechnology Corporation on February 28, 2006
4.16.6 (incorporated by reference to Exhibit 4.32 to Generex Biotechnology Corporation's Report on Form 10-K filed on October 16, 2006)
- Form of Agreement to Amend Warrants between Generex Biotechnology Corporation and the Investors dated March 6, 2006 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 7, 2006).
4.17.1
- Form of Warrant issued by Generex Biotechnology Corporation on March 6, 2006 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 7, 2006)
4.17.2
- Warrant issued by Generex Biotechnology Corporation on April 17, 2006 to Zapfe Holdings, Inc.
4.18 (incorporated by reference to Exhibit 4.33 to Generex Biotechnology Corporation's Report on Form 10-Q filed on June 14, 2006)
- Form of Warrant issued by Generex Biotechnology Corporation on April 17, 2006 to certain employees
4.19 (incorporated by reference to Exhibit 4.34 to Generex Biotechnology Corporation's Report on Form 10-Q filed on June 14, 2006).
- Securities Purchase Agreement entered into by and between Generex Biotechnology Corporation and four
4.20.1 Investors on June 1, 2006 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 2, 2006)
- Form of Warrant issued by Generex Biotechnology Corporation on June 1, 2006 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 2, 2006)
4.20.2
- Form of Amendment to Outstanding Warrants (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 2, 2006)
4.21.1
- Form of Warrant issued by Generex Biotechnology Corporation on June 1, 2006 in connection with Exhibit
4.21.2 4.39 (incorporated by reference to Exhibit 4.4 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 2, 2006)
- Securities Purchase Agreement, dated as of March 31, 2008 among the Registrant and each of the purchasers
4.22.1 named therein (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on April 2, 2008)
- Form of 8% Secured Convertible Note, as amended (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Registration Statement (333-150562) on Form S-3 filed on October 31, 2008)
4.22.2
- Form of Series A Warrant, as amended (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Registration Statement on Form S-3 (333-150562) filed on October 31, 2008)
4.22.3
- Form of Series A-1 Warrant, as amended (incorporated by reference to Exhibit 4.4 to Generex Biotechnology Corporation's Registration Statement on Form S-3 (333-150562) filed on October 31, 2008)
4.22.4
- 4.22.5

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Form of Series B Warrant, as amended (incorporated by reference to Exhibit 4.5 to Generex Biotechnology Corporation's Registration Statement on Form S-3 (333-150562) filed on October 31, 2008)

- 4.22.6 Form of Series C Warrant, as amended (incorporated by reference to Exhibit 4.6 to Generex Biotechnology Corporation's Registration Statement on Form S-3 (333-150562) filed on October 31, 2008)
- 4.22.7 Registration Rights Agreement, dated March 31, 2008, among Registrant and each of the purchasers under Securities Purchase Agreement (incorporated by reference to Exhibit 4.7 to Generex Biotechnology Corporation's Report on Form 8-K filed on April 2, 2008)
- 4.22.8 Security Agreement (incorporated by reference to Exhibit 4.8 to Generex Biotechnology Corporation's Report on Form 8-K filed on April 2, 2008)
- 4.22.9 Form of Guaranty (incorporated by reference to Exhibit 4.9 to Generex Biotechnology Corporation's Report on Form 8-K filed on April 2, 2008)
- 4.23.1 Form of Securities Purchase Agreement, dated May 15, 2009, entered into between Generex Biotechnology Corporation and each investor in the offering (incorporated by reference to Exhibit 1.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on May 18, 2009)
- 4.24.1 Form of Securities Purchase Agreement, dated June 15, 2009, entered into between Generex Biotechnology Corporation and each investor in the offering (incorporated by reference to Exhibit 10.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 16, 2009)
- 4.24.2 Form of Warrant issued in connection with Exhibit 4.24.1 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 16, 2009)
- 4.24.3 Form of Warrant issued to Midtown Partners & Co., LLC in connection with Exhibit 4.24.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 16, 2009)
- 4.25.1 Form of Securities Purchase Agreement, dated August 6, 2009, entered into between Generex Biotechnology Corporation and each investor in the offering (incorporated by reference to Exhibit 10.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on August 6, 2009)
- 4.25.2 Form of Warrant issued in connection with Exhibit 4.25.1 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on August 6, 2009)
- 4.25.3 Form of Warrant issued to Midtown Partners & Co., LLC in connection with Exhibit 4.25.1 (incorporated by reference to Exhibit 4.28 to Generex Biotechnology Corporation's Report on Form 8-K filed on August 6, 2009)
- 4.26.1 Form of Securities Purchase Agreement, dated September 11, 2009, entered into between Generex Biotechnology Corporation and each investor in the offering (incorporated by reference to Exhibit 10.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on September 15, 2009)
- 4.26.2 Form of Warrant issued in connection with Exhibit 4.26.1 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on September 15, 2009)
- 4.26.3 Form of Warrant issued to Midtown Partners & Co., LLC in connection with Exhibit 4.26.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on September 15,

2009)

- 4.27.1 Common Stock Purchase Agreement dated April 7, 2010 by and between Generex Biotechnology Corporation and Seaside 88, LP. (incorporated by reference to Exhibit 10.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on April 8, 2010)
- 4.27.2 First Amendment to Common Stock Purchase Agreement dated April 28, 2010 by and between Generex Biotechnology Corporation and Seaside 88, LP. (incorporated by reference to Exhibit 10.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on April 29, 2010)
- 4.27.3 Form of Warrant issued to Midtown Partners & Co., LLC in connection with the Placement Agency Agreement and in connection with Exhibit 4.27.1 hereto (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on April 8, 2010)
- 4.28.1 Form of Securities Purchase Agreement, dated January 24, 2011, entered into between Generex Biotechnology Corporation and each investor in the offering (incorporated by reference to Exhibit 10.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on January 25, 2011)
- 4.28.2 Form of Warrant issued in connection with Exhibit 4.28.1 (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Report on Form 8-K filed on January 25, 2011)
- 4.28.3 Amendment to Purchase Agreement dated March 25, 2011 (incorporated by reference to Exhibit 10.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on March 30, 2011).
- 4.28.4 Second Amendment to Purchase Agreement dated April 13, 2011 (incorporated by reference to Exhibit 10.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on April 14, 2011).
- 4.29.1 Form of Securities Purchase Agreement, dated July 8, 2011, by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on July 11, 2011).
- 4.29.2 Form of Common Stock Warrant issued in connection with Exhibit 4.29.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on July 11, 2011).
- 4.30.1 Form of Securities Purchase Agreement, dated January 31, 2012, by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on February 1, 2012).
- 4.30.2 Form of Common Stock Warrant issued in connection with Exhibit 4.30.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on February 1, 2012).
- 4.30.3 Form of Registration Rights Agreement by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.3 to Generex

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Biotechnology Corporation's Report on Form 8-K filed on February 1, 2012)

4.31.1 Form of Securities Purchase Agreement, dated August 8, 2012, by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on August 8, 2012).

4.31.2 Form of Common Stock Warrant issued in connection with Exhibit 4.30.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on August 8, 2012).

4.31.3 Form of Registration Rights Agreement by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on August 8, 2012)

4.32.1 Form of Securities Purchase Agreement, dated December 10, 2012, by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on December 11, 2012).

4.32.2 Form of Common Stock Warrant issued in connection with Exhibit 4.30.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on December 11, 2012).

4.32.3 Form of Registration Rights Agreement by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on December 10, 2012)

4.33.1 Form of Securities Purchase Agreement, dated June 17, 2013, by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on June 17, 2013).

4.33.2 Form of Common Stock Warrant issued in connection with Exhibit 4.33.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 17, 2013).

4.33.3 Form of Registration Rights Agreement by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on June 17, 2013)

4.34.1 Form of Securities Purchase Agreement, dated January 14, 2014, by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on January 14, 2014).

4.34.2

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Form of Common Stock Warrant issued in connection with Exhibit 4.34.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on January 14, 2014).

4.35.1 Form of Securities Purchase Agreement, dated March 27, 2014, by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.1 to Generex Biotechnology Corporation's Current Report on Form 8-K filed on March 28, 2014).

4.35.2 Form of Common Stock Warrant issued in connection with Exhibit 4.35.1 (incorporated by reference to Exhibit 4.2 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 28, 2014).

4.35.3 Form of Registration Rights Agreement by and among Generex Biotechnology Corporation and the purchaser(s) listed on the signature pages thereto (incorporated by reference to Exhibit 4.3 to Generex Biotechnology Corporation's Report on Form 8-K filed on March 28, 2014)

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 Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) In the case of incorporation by reference to documents filed by the Registrant under the Exchange Act, the Registrant's file number under the Exchange Act is 000-25169.