

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) June 20, 2006

CytoDyn, Inc.

(Exact name of registrant as specified in its charter)

Colorado

000-49908

75-3056237

(State or other jurisdiction
of incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

227 E. Palace Avenue, Suite M, Santa Fe, NM 87501

(Address of Principal Executive Offices) (Zip Code)

(505) 988-5520

(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to be simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

1.01 Entry into a Definitive Material Agreement

2.01 Completion of Acquisition or Disposition of Assets

On July 17, 2006 CytoDyn, Inc. entered into an Acquisition agreement with UTEK Corporation, to acquire 100% of the outstanding stock of Advanced Influenza Technologies, Inc. (AITI), a Florida Corporation in exchange for 2,000,000 unregistered restricted common shares of CytoDyn, Inc stock.

AITI holds the worldwide nonexclusive and exclusive license agreements from the University of Massachusetts for certain technologies as described in patents:

US Patent Application 60/655,979

US 11,362,617 for "Influenza Nucleic Acids Polypeptides and Uses Therof

US 5,643,578

US 6,841,381

European Patents 93907536 and 01202355.2 for "Immunization by Inoculation of DNA Transcription Unit"

The term of the licensing agreement is until the later of 20 years from the filing date of the Licensed Patents or the expiration of the last to expire patent of the Licensed Patents.

Milestone fees are payable to the University per licensed product and due within 30 days of the event of certain occurrences required.

The University shall also receive 4% royalties of net sales of the licensed products.

AITI has \$675,00 in cash as reported on the unaudited financial statements attached. CytoDyn will report in an 8K/A the audited financial statements within the required time period.

AITI also has agreed to fund a two year (\$325,600) unrestricted project for (\$162,800 per year) under a Sponsored Research Agreement with the primary objective during the first year to conduct lab work to provide well documented 3 DNA plasmids (H1,H3 and H5) in preparation for GMP manufacturing. If after one year the desired outcome is not achieved the agreement can be cancelled and the second year's payment is not required.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements

The unaudited financial statements of AITI have been furnished with this report. CytoDyn will report in an 8K/A the audited financial statements within the required time period.

(d) Exhibits

2.01 Agreement and Plan of Acquisition, dated July 17, 2006, by and between Advanced Influenza Technologies, Inc., UTEK Corporation and CytoDyn, Inc.

9.01 Exclusive License Agreement, dated July 17, 2006, by and between the University of Massachusetts and Advanced Influenza Technologies, Inc.***

9.02 Non-Exclusive License Agreement, dated July 17, 2006, by and between the University of Massachusetts and Advanced Influenza Technologies, Inc.***

9.03 Sponsored Research Agreement, dated July 17, 2006, by and between the University of Massachusetts and Advanced Influenza Technologies, Inc.

99.1 Advanced Influenza Technologies, Inc. Financial Statements for the Interim Period June 9, 2006 to July 18, 2006

*** Confidential treatment has been requested for portions of this exhibit; the omitted material has been separately filed with the Securities Exchange Commission

SIGNATURE

Pursuant to the requirements of Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CytoDyn, Inc.

Date: July 19, 2006

/s/ Allen D. Allen

Allen D. Allen
President

ACQUISITION OF ADVANCED INFLUENZA TECHNOLOGIES, INC.
by
CYTODYN, INC.

AGREEMENT AND PLAN OF ACQUISITION

This Agreement and Plan of Acquisition (Agreement) is entered into by and between Advanced Influenza Technologies, Inc., a Florida corporation (AITI), UTEK CORPORATION, a Delaware corporation (UTEK), and CYTODYN, Inc., a Colorado corporation (CYDY).

WHEREAS, UTEK owns 100% of the issued and outstanding shares of common stock of AITI (AITI Shares);

WHEREAS, before the Closing Date, AITI will acquire the licenses for the fields of use as described in the Exclusive and Non-Exclusive License Agreements and Sponsored Research Agreement (SRA) as described which is attached hereto as part of Exhibit A and made a part of this Agreement (License and SRA Agreements) and the rights to develop and market a patented and proprietary technology for the fields of uses specified in the License and SRA Agreements (Technology);

WHEREAS, the parties desire to provide for the terms and conditions upon which AITI will be acquired by CYDY in a stock-for-stock exchange (Acquisition) in accordance with the respective corporation laws of their state, upon consummation of which all AITI Shares will be owned by CYDY, and all issued and outstanding AITI Shares will be exchanged for common stock of CYDY with terms and conditions as set forth more fully in this Agreement; and

WHEREAS, for federal income tax purposes, it is intended that the Acquisition qualifies within the meaning of Section 368 (a) (1) (B) of the Internal Revenue Code of 1986, as amended (Code).

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are by this Agreement acknowledged, the parties agree as follows:

ARTICLE 1
THE STOCK-FOR-STOCK ACQUISITION

1.01 The Acquisition

(a) Acquisition Agreement. Subject to the terms and conditions of this Agreement, at the Effective Date, as defined below, all AITI Shares shall be acquired from UTEK by CYDY in accordance with the respective corporation laws of their states and the provisions of this Agreement and the separate corporate existence of AITI, as a wholly-owned subsidiary of CYDY, shall continue after the closing.

(b) Effective Date. The Acquisition shall become effective (Effective Date) upon the execution of this Agreement and closing of the transaction.

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1.02 Exchange of Stock. At the Effective Date, by virtue of the Acquisition, all of the AITI Shares that are issued and outstanding at the Effective Date shall be exchanged for 2,000,000 unregistered shares of common stock of CYDY (CYDY Shares) as follows:

Shareholder -----	Number of CYDY Shares -----
UTEK Corporation	2,000,000

1.03 Effect of Acquisition.

(a) Rights in AITI Cease. At and after the Effective Date, the holder of each certificate of common stock of AITI shall cease to have any rights as a shareholder of AITI.

(b) Closure of AITI Shares Records. From and after the Effective Date, the stock transfer books of AITI shall be closed, and there shall be no further registration of stock transfers on the records of AITI.

1.04 Closing. Subject to the terms and conditions of this Agreement, the Closing of the Acquisition shall be the date of the last executed signature affixed to this Agreement, but in no event later than July __, 2006.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.01 Representations and Warranties of UTEK and AITI. UTEK and AITI jointly and severally represent and warrant to CYDY that the facts set forth below are true and correct:

(a) Organization. AITI and UTEK are corporations duly organized, validly existing and in good standing under the laws of their respective states of incorporation, and they have the requisite power and authority to conduct their business and consummate the transactions contemplated by this Agreement. True, correct and complete copies of the articles of incorporation, bylaws and all corporate minutes of AITI have been provided to CYDY and such documents are presently in effect and have not been amended or modified.

(b) Authorization. The execution of this Agreement and the consummation of the Acquisition and the other transactions contemplated by this Agreement have been duly authorized by the board of directors and shareholder of AITI and the board of directors of UTEK; no other corporate action by the respective parties is necessary in order to execute, deliver, consummate and perform their respective obligations hereunder; and AITI and UTEK have all requisite corporate and other authority to execute and deliver this Agreement and consummate the transactions contemplated by this Agreement.

(c) Capitalization. The authorized capital of AITI consists of 1,000,000 shares of common stock with a par value \$.01 per share. At the date of this Agreement, 1,000 AITI Shares are issued and outstanding as follows:

Shareholder -----	Number of AITI Shares -----
UTEK Corporation	1000

All issued and outstanding AITI Shares have been duly and validly issued and are fully paid and non-assessable shares and have not been issued in violation of any preemptive or other rights of any other person or any applicable laws. AITI is not authorized to issue any preferred stock. All dividends on AITI Shares which have been declared prior to the date of this Agreement have been paid in full. There are no outstanding options, warrants, commitments, calls or other rights or Agreements requiring AITI to issue any AITI Shares or securities convertible, exercisable or exchangeable into AITI Shares to anyone for any reason whatsoever. None of the AITI Shares is subject to any charge, claim, condition, interest, lien, pledge, option, security interest or other encumbrance or restriction, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

(d) Binding Effect. The execution, delivery, performance and consummation of this Agreement, the Acquisition and the transactions contemplated by this Agreement will not violate any obligation to which AITI or UTEK is a party and will not create a default under any such obligation or under

any Agreement to which AITI or UTEK is a party. This Agreement constitutes a legal, valid and binding obligation of AITI, enforceable in accordance with its terms, except as the enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws affecting creditor's rights generally and by the availability of injunctive relief, specific performance or other equitable remedies.

(e) Litigation Relating to this Agreement. There are no suits, actions or proceedings pending or, to the best of AITI 's and UTEK's knowledge, information and belief, threatened, which seek to enjoin the Acquisition or the transactions contemplated by this Agreement or which, if adversely decided, would have a materially adverse effect on the business, results of operations, assets or prospects of AITI .

(f) No Conflicting Agreements. Neither the execution and delivery of this Agreement nor the fulfillment of or compliance by AITI or UTEK with the terms or provisions of this Agreement nor all other documents or agreements contemplated by this Agreement and the consummation of the transaction contemplated by this Agreement will result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in a violation of, AITI 's or UTEK's articles of incorporation or bylaws, the Technology, the License and SRA Agreements, or any agreement, contract, instrument, order, judgment or decree to which AITI or UTEK is a party or by which AITI or UTEK or any of their respective assets is bound, or violate any provision of any applicable law, rule or regulation or any order, decree, writ or injunction of any court or government entity which materially affects their respective assets or businesses.

(g) Consents. No consent from or approval of any court, governmental entity or any other person is necessary in connection with execution and delivery of this Agreement by AITI and UTEK or performance of the obligations of AITI and UTEK hereunder or under any other agreement to which AITI or UTEK is a party; and the consummation of the transactions contemplated by this Agreement will not require the approval of any entity or person in order to prevent the termination of the Technology, the License and SRA Agreements, or any other material right, privilege, license or agreement relating to AITI or its assets or business.

(h) Title to Assets. AITI has or has agreed to enter into the agreements as listed on Exhibit A attached hereto. These agreements and the assets shown on the balance sheet of attached Exhibit B are the sole assets of AITI. Except as set forth on Schedule 2.01(h), AITI has good and marketable title to its assets, free and clear of all liens, claims, charges, mortgages, options, security agreements and other encumbrances of every kind or nature whatsoever. On the Closing Date, AITI will have good and marketable title to its assets, free and clear of all liens, claims, charges, mortgages, options, security agreements and other encumbrances of every kind and nature whatsoever.

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(i) Intellectual Property

(1) The University of Massachusetts Medical School in Worcester, MA (UMASS) invented and owns the Technology and has all right, power, authority and ownership and entitlement to file, prosecute and maintain in effect the Patent application with respect to the Inventions listed in Exhibit A hereto.

(2) The License and SRA Agreements between UMASS and AITI covering the Inventions is legal, valid, binding and will be enforceable in accordance with its terms as contained in Exhibit A.

(3) Except as otherwise set forth in this Agreement, CYDY acknowledges and understands that AITI and UTEK make no representations and provide no assurances that the rights to the Technology and Intellectual Property contained in the License and SRA Agreements do not, and will not in the future, infringe or otherwise violate the rights of third parties; however, AITI and UTEK have no knowledge of pending or threatened claims by, or any basis for any claims by, any third parties alleging such infringement or other violation, and

(4) Except as otherwise expressly set forth in this Agreement, AITI and UTEK make no representations and extend no warranties of any kind, either express or implied, including, but not limited to warranties of merchantability, fitness for a particular purpose, non-infringement and validity of the Intellectual Property.

(j) Liabilities of AITI . AITI has no assets (except as set forth in Section 2.01 (h)), no liabilities or obligations of any kind, character or description except those listed on the attached schedules and exhibits.

(k) Financial Statements. The unaudited financial statements of AITI , including a balance sheet, attached as Exhibit B and made a part of this Agreement, are, in all respects, complete and correct and present fairly AITI 's financial position and the results of its operations on the dates and for the periods shown in this Agreement; provided, however, that interim financial statements are subject to customary year-end adjustments and accruals that, in the aggregate, will not have a material adverse effect on the overall financial condition or results of its operations. AITI has not engaged in any business not reflected in its financial statements. There have been no material adverse changes in the nature of its business, prospects, the value of assets or the financial condition since the date of its financial statements. There are no, and on the Closing Date there will be no, outstanding obligations or liabilities of AITI except as specifically set forth in the financial statements and the other attached schedules and exhibits. There is no information known to AITI or UTEK that would prevent the financial statements of AITI from being audited in accordance with generally accepted accounting principles.

(l) Taxes. All returns, reports, statements and other similar filings required to be filed by AITI with respect to any federal, state, local or foreign taxes, assessments, interests, penalties, deficiencies, fees and other governmental charges or impositions have been timely filed with the appropriate governmental agencies in all jurisdictions in which such tax returns and other related filings are required to be filed; all such tax returns properly reflect all liabilities of AITI for taxes for the periods, property or events covered by this Agreement; and all taxes, whether or not reflected on those tax returns, and all taxes claimed to be due from AITI by any taxing authority, have been properly paid, except to the extent reflected on AITI 's financial statements, where AITI has contested in good faith by appropriate proceedings and reserves have been established on its financial statements to the full extent if the contest is adversely decided against it. AITI has not received any notice of assessment or proposed assessment in connection with any tax returns, nor is AITI a party to or to the best of its knowledge, expected to become a party to any pending or threatened action or proceeding, assessment or collection of taxes. AITI has not extended or waived the application of any

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statute of limitations of any jurisdiction regarding the assessment or collection of any taxes. There are no tax liens (other than any lien which arises by operation of law for current taxes not yet due and payable) on any of its assets. There is no basis for any additional assessment of taxes, interest or penalties. AITI has made all deposits required by law to be made with respect to employees' withholding and other employment taxes, including without limitation the portion of such deposits relating to taxes imposed upon AITI. AITI is not and has never been a party to any tax-sharing agreements with any other person or entity.

(m) Absence of Certain Changes or Events. From the date of the full execution of the Term Sheet until the Closing Date, AITI has not, and without the written consent of CYDY, it will not have:

(1) Sold, encumbered, assigned let lapsed or transferred any of its material assets, including without limitation the Intellectual Property, the License and SRA Agreements or any other material asset;

(2) Amended or terminated the License and SRA Agreements or other material agreement or done any act or omitted to do any act which would cause the breach of the License and SRA Agreements or any other material agreement;

(3) Suffered any damage, destruction or loss whether

or not in control of AITI;

(4) Made any commitments or agreements for capital expenditures or otherwise;

(5) Entered into any transaction or made any commitment not disclosed to CYDY;

(6) Incurred any material obligation or liability for borrowed money;

(7) Done or omitted to do any act, or suffered any other event of any character, which is reasonable to expect, would adversely affect the future condition (financial or otherwise), assets or liabilities or business of AITI ; or

(8) Taken any action, which could reasonably be foreseen to make any of the representations or warranties made by AITI or UTEK untrue as of the date of this Agreement or as of the Closing Date.

(n) Material Agreements. Exhibit A attached contains a true and complete list of all contemplated and executed agreements between AITI and a third party. A complete and accurate copies of all material agreements, contracts and commitments of the following types, whether written or oral, to which it is a party or is bound (Contracts), has been provided to CYDY. Such executed Contracts are, and such contemplated Contracts will be, at the Closing Date, in full force and effect without modifications or amendment and constitute the legally valid and binding obligations of AITI in accordance with their respective terms and will continue to be valid and enforceable following the Acquisition. AITI is not, and will not be at the Closing Date, in default of any of the Contracts. In addition:

(1) There are no outstanding unpaid promissory notes, mortgages, indentures, deed of trust, security agreements and other agreements and instruments relating to the borrowing of money by or any extension of credit to AITI ; and

(2) There are no outstanding operating agreements, lease agreements or similar agreements by which AITI is bound; and

(3) The complete final draft of the License and SRA Agreements has been provided to CYDY; and

(4) Except as set forth in (3) above, there are no outstanding licenses to or from others of any Intellectual Property and trade names; and

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(5) There are no outstanding agreements or commitments to sell, lease or otherwise dispose of any of AITI's property; and

(6) There are no breaches of any agreement to which AITI is a party.

(o) Compliance with Laws. AITI is in compliance with all applicable laws, rules, regulations and orders promulgated by any federal, state or local government body or agency relating to its business and operations.

(p) Litigation. There is no suit, action or any arbitration, administrative, legal or other proceeding of any kind or character, or any governmental investigation pending or to the best knowledge of AITI or UTEK, threatened against AITI , the Technology, or License and SRA Agreements, affecting its assets or business (financial or otherwise), and neither AITI nor UTEK is in violation of or in default with respect to any judgment, order, decree or other finding of any court or government authority relating to the assets, business or properties of AITI or the transactions contemplated hereby. There are no pending or threatened actions or proceedings before any court, arbitrator or administrative agency, which would, if adversely determined, individually or in the aggregate, materially and adversely affect the assets or business of AITI or the transactions contemplated hereby.

(q) Employees. AITI has no and never had any employees. AITI

is not a party to or bound by any employment agreement or any collective bargaining agreement with respect to any employees. AITI is not in violation of any law, rule or regulation relating to employment of employees.

(r) Neither AITI nor UTEK has any knowledge of any existing or threatened occurrence, action or development that could cause a material adverse effect on AITI or its business, assets or condition (financial or otherwise) or prospects.

(s) Employee Benefit Plans. There are no and have never been any employee benefit plans, and there are no commitments to create any, including without limitation as such term is defined in the Employee Retirement Income Security Act of 1974, as amended, in effect, and there are no outstanding or un-funded liabilities nor will the execution of this Agreement and the actions contemplated in this Agreement result in any obligation or liability to any present or former employee.

(t) Books and Records. The books and records of AITI are complete and accurate in all material respects, fairly present its business and operations, have been maintained in accordance with good business practices, and applicable legal requirements, and accurately reflect in all material respects its business, financial condition and liabilities.

(u) No Broker's Fees. Neither UTEK nor AITI has incurred any investment banking, advisory or other similar fees or obligations in connection with this Agreement or the transactions contemplated by this Agreement.

(v) Full Disclosure. All representations or warranties of UTEK and AITI are true, correct and complete in all material respects to the best of UTEK's and AITI 's knowledge on the date of this Agreement and shall be true, correct and complete in all material respects as of the Closing Date as if they were made on such date. No statement made by them in this Agreement or in the exhibits and schedules to this Agreement or any document delivered by them or on their behalf pursuant to this Agreement contains an untrue statement of material fact or omits to state all material facts necessary to make the statements in this Agreement not misleading in any material respect in light of the circumstances in which they were made.

2.02 Representations and Warranties of CYDY. CYDY represents and warrants to UTEK and AITI that the facts set forth below are true and correct.

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(a) Organization. CYDY is a corporation duly organized, validly existing and in good standing under the laws of Colorado, is qualified to do business as a foreign corporation in other jurisdictions in which the conduct of its business or the ownership of its properties require such qualification, and have all requisite power and authority to conduct its business and operate its properties.

(b) Authorization. The execution of this Agreement and the consummation of the Acquisition and the other transactions contemplated by this Agreement have been duly authorized by the board of directors of CYDY; no other corporate action on CYDY's part is necessary in order to execute, deliver, consummate and perform its obligations hereunder; and it has all requisite corporate and other authority to execute and deliver this Agreement and consummate the transactions contemplated by this Agreement.

(c) Capitalization. The authorized capital of CYDY consists of 25,000,000 (Twenty Five Million) shares (20,000,000 shares of common and 5,000,000 shares of preferred stock) with no par value per share (CYDY Common Shares) and on the Effective Date of the Acquisition, 11,201,264 (Eleven Million, Two Hundred One Thousand, Two Hundred Sixty Four) shares of CYDY Common Shares (which will include the 2,000,000 (Two Million) CYDY Shares issued at the closing of the Acquisition) will be issued and outstanding. All issued and outstanding CYDY Common Shares have been duly and validly issued and are fully paid and non-assessable shares and have not been issued in violation of any preemptive or other rights of any other person or any applicable laws.

(d) Binding Effect. The execution, delivery, performance and consummation of the Acquisition and the transactions contemplated by this Agreement will not violate any obligation to which CYDY is a party and will not create a default hereunder, and this Agreement constitutes a legal, valid and

binding obligation of CYDY, enforceable in accordance with its terms, except as the enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws affecting creditor's rights generally and by the availability of injunctive relief, specific performance or other equitable remedies.

(e) Litigation Relating to this Agreement. There are no suits, actions or proceedings pending or to its knowledge threatened which seek to enjoin the Acquisition or the transactions contemplated by this Agreement or which, if adversely decided, would have a materially adverse effect on its business, results of operations, assets, prospects or the results of its operations of CYDY.

(f) No Conflicting Agreements. Neither the execution and delivery of this Agreement nor the fulfillment of or compliance by CYDY with the terms or provisions of this Agreement will result in a breach of the terms, conditions or provisions of, or constitute default under, or result in a violation of, the corporate charter or bylaws, or any agreement, contract, instrument, order, judgment or decree to which it is a party or by which it or any of its assets are bound, or violate any provision of any applicable law, rule or regulation or any order, decree, writ or injunction of any court or governmental entity which materially affects its assets or business.

(g) Consents. Assuming the correctness of UTEK's and AITI's representations, no consent from or approval of any court, governmental entity or any other person is necessary in connection with its execution and delivery of this Agreement; and the consummation of the transactions contemplated by this Agreement will not require the approval of any entity or person in order to prevent the termination of any material right, privilege, license or agreement relating to CYDY or its assets or business.

(h) Financial Statements. The unaudited financial statements of CYDY attached as Exhibit C present fairly its financial position and the results of its operations on the dates and for the periods shown on such statements; provided, however, that interim financial statements are subject to customary year-end adjustments and accruals that, in the aggregate, will not have a material adverse effect on the overall financial condition or results of its operations. CYDY has not engaged in any business not reflected in its financial statements. There have been no material adverse changes in the nature of its business, prospects, the value of assets or the financial condition since

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the date of its financial statements. There are no outstanding obligations or liabilities of CYDY except as specifically set forth in the CYDY financial statements.

(i) Full Disclosure. All representations or warranties of CYDY are true, correct and complete in all material respects on the date of this Agreement and shall be true, correct and complete in all material respects as of the Closing Date as if they were made on such date. No statement made by it in this Agreement or in the exhibits to this Agreement or any document delivered by it or on its behalf pursuant to this Agreement contains an untrue statement of material fact or omits to state all material facts necessary to make the statements in this Agreement not misleading in any material respect in light of the circumstances in which they were made.

(j) Compliance with Laws. CYDY is in compliance with all applicable laws, rules, regulations and orders promulgated by any federal, state or local government body or agency relating to its business and operations.

(k) Litigation. There is no suit, action or any arbitration, administrative, legal or other proceeding of any kind or character, or any governmental investigation pending or, to the best knowledge of CYDY, threatened against CYDY materially affecting its assets or business (financial or otherwise), and CYDY is not in violation of or in default with respect to any judgment, order, decree or other finding of any court or government authority. There are no pending or, to the knowledge of CYDY, threatened actions or proceedings before any court, arbitrator or administrative agency, which would, if adversely determined, individually or in the aggregate, materially and adversely affect its assets or business. CYDY has no knowledge of any existing or threatened occurrence, action or development that could cause a material adverse affect on CYDY or its business, assets or condition (financial or otherwise) or prospects.

(l) Development. CYDY agrees and warrants that it has the expertise necessary to and has had the opportunity to independently evaluate the inventions of the Licensed Patents and develop same for the market.

(m) Investment Company Status. CYDY is not an investment company, either registered or unregistered.

2.03 Investment Representations of UTEK. UTEK represents and warrants to CYDY that:

(a) General. It has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in CYDY Shares pursuant to the Acquisition. It is able to bear the economic risk of the investment in CYDY Shares, including the risk of a total loss of the investment in CYDY Shares. The acquisition of CYDY Shares is for its own account and is for investment and not with a view to any distribution of such shares. Except as permitted by law, it has no present intention of selling, transferring or otherwise disposing in any way of all or any portion of the shares at the present time. All information that it has supplied to CYDY is true and correct. It has conducted all investigations and due diligence concerning CYDY to evaluate the risks inherent in accepting and holding the shares which it deems appropriate, and it has found all such information obtained fully acceptable. It has had an opportunity to ask questions of the officers and directors of CYDY concerning CYDY Shares and the business and financial condition of and prospects for CYDY, and the officers and directors of CYDY have adequately answered all questions asked and made all relevant information available to them. UTEK is an "accredited investor," as the term is defined in Regulation D, promulgated under the Securities Act of 1933, amended, and the rules and regulations thereunder.

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(b) Stock Transfer Restrictions. UTEK acknowledges that the CYDY Shares will not be registered and UTEK will not be permitted to sell or otherwise transfer the CYDY Shares in any transaction in contravention of the following legend, which will be imprinted in substantially the following form on the stock certificate representing CYDY Shares:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE ACT), OR UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, ASSIGNED, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS REGISTERED PURSUANT TO THE PROVISION OF THE ACT AND THE LAWS OF SUCH STATES UNDER WHOSE LAWS A TRANSFER OF SECURITIES WOULD BE SUBJECT TO A REGISTRATION REQUIREMENT, UNLESS UTEK CORPORATION HAS OBTAINED AN OPINION OF COUNSEL STATING THAT SUCH DISPOSITION IS IN COMPLIANCE WITH AN AVAILABLE EXEMPTION FROM SUCH REGISTRATION.

(c) Legend. Subject to Rule 144 restrictions, 24 months following the stock acquisition described herein, CYDY agrees to and shall direct its transfer agent to remove the above legend upon the issuance by UTEK's legal counsel that the above legend can be removed from UTEK's shares. CYDY agrees to and promptly shall provide any information requested by UTEK or UTEK's counsel and to make further direction to its transfer agent as necessary for such issuance of an opinion regarding removal of the legend or the sale of such restricted shares under Rule 144 or other available exemption from registration.

(d) 144 Sales. Notwithstanding the restrictions set forth in (c) above, CYDY agrees to instruct its transfer agent to comply with UTEK's request, following the issuance of an opinion letter from UTEK's legal counsel, allowing UTEK to sell the referenced shares 12 months following the stock acquisition, which will be subject to Rule 144 restrictions.

(e) Damages. In the event that CYDY fails to direct its transfer agent to remove the legend within fifteen (15) days of request by UTEK, CYDY shall be liable to pay damages to UTEK equaling the difference between the amount UTEK would have sold the shares for and what it actually did sell the shares for due to the legend not being removed.

3.01. Corporate Approvals. Prior to Closing Date, each of the parties shall submit this Agreement to its board of directors and, if necessary, its respective shareholders and obtain approval of this Agreement. Copies of corporate actions taken shall be provided to each party.

3.02 Access to Information. Each party agrees to permit, upon reasonable notice, the attorneys, accountants, and other representatives of the other parties reasonable access during normal business hours to its properties and its books and records to make reasonable investigations with respect to its affairs, and to make its officers and employees available to answer questions and provide additional information as reasonably requested.

3.03 Expenses. Each party agrees to bear its own expenses in connection with the negotiation and consummation of the Acquisition and the transactions contemplated by this Agreement.

3.04 Covenants. Except with the prior written approval of CYDY or of AITI or UTEK, as the case may be, each party agrees that it will:

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(a) Use its good faith efforts to obtain all requisite licenses, permits, consents, approvals and authorizations necessary in order to consummate the Acquisition; and

(b) Notify the other parties upon the occurrence of any event which would have a materially adverse effect upon the Acquisition or the transactions contemplated by this Agreement or upon the business, assets or results of operations; and

(c) Not modify its corporate structure, except, upon prior written notice to the other parties, as necessary or advisable in order to consummate the Acquisition and the transactions contemplated by this Agreement.

ARTICLE 4 CONDITIONS PRECEDENT

The obligation of the parties to consummate the Acquisition and the transactions contemplated by this Agreement are subject to the following conditions that may be waived, to the extent permitted by law:

4.01. Each party must obtain the approval of its board of directors and such approval shall not have been rescinded or restricted.

4.02. Each party shall obtain all requisite licenses, permits, consents, authorizations and approvals required to complete the Acquisition and the transactions contemplated by this Agreement.

4.03. There shall be no claim or litigation instituted or threatened in writing by any person or government authority seeking to restrain or prohibit any of the contemplated transactions contemplated by this Agreement or challenge the right, title and interest of UTEK in the AITI Shares, AITI in the License and SRA Agreements, or the right of AITI or UTEK to consummate the Acquisition contemplated hereunder.

4.04. The representations and warranties of the parties shall be true and correct in all material respects at the Effective Date.

4.05. The Technology and Intellectual Property shall have been prosecuted in good faith with reasonable diligence.

4.06. The License and SRA Agreements shall have been executed and delivered by all parties thereto and, to the best knowledge of UTEK and AITI, the License and SRA Agreements shall be valid and in full force and effect without any default under such agreement.

4.07. CYDY shall have received, at or within 5 days before the Closing Date, each of the following:

(a) the stock certificates representing the AITI Shares, duly endorsed (or accompanied by duly executed stock powers) by UTEK for cancellation;

(b) all documentation relating to AITI 's business, all in form and substance satisfactory to CYDY;

(c) such agreements, files and other data and documents pertaining to AITI 's business as CYDY may reasonably request;

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(d) copies of the general ledgers and books of account of AITI, and all federal, state and local income, franchise, property and other tax returns filed by AITI since the inception of AITI ;

(e) certificates of (i) the Secretary of State of the State of Florida as to the legal existence and good standing, as applicable (including tax), of AITI in Florida;

(f) the original corporate minute books of AITI , including the articles of incorporation and bylaws of AITI , and all other documents filed in this Agreement;

(g) all consents, assignments or related documents of conveyance to give CYDY the benefit of the transactions contemplated hereunder;

(h) such documents as may be needed to accomplish the Closing under the corporate laws of the states of incorporation of CYDY and AITI , and

(i) such other documents, instruments or certificates as CYDY, or its counsel may reasonably request.

4.08. CYDY shall have completed its due diligence investigation of AITI to CYDY's satisfaction in its sole discretion.

4.09. CYDY shall receive the resignations of each director and officer of AITI effective the Closing Date.

ARTICLE 5
INDEMNIFICATION AND LIABILITY LIMITATION

5.01. Survival of Representations and Warranties.

(a) The representations and warranties made by UTEK and AITI shall survive for a period of 1 year after the Closing Date, and thereafter all such representation and warranties shall be extinguished, except with respect to claims then pending for which specific notice has been given during such 1-year period.

(b) The representations and warranties made by CYDY shall survive for a period of 1 year after the Closing Date, and thereafter all such representations and warranties shall be extinguished, except with respect to claims then pending for which specific notice has been given during such 1-year period.

5.02 Limitations on Liability. CYDY agrees that UTEK shall not be liable under this agreement to CYDY or their respective successor's, assigns or affiliates except where damages result directly from the gross negligence or willful misconduct of UTEK or its employees. In no event shall UTEK's liability exceed the total amount of the fees paid to UTEK under this agreement, nor shall UTEK be liable for incidental or consequential damages of any kind. CYDY shall indemnify UTEK, and hold UTEK harmless against any and all claims by third parties for losses, damages or liabilities, including reasonable attorneys fees and expenses ("Losses"), arising in any manner out of or in connection with the rendering of services by UTEK under this Agreement, unless it is finally judicially determined that such Losses resulted from the negligence or willful misconduct of UTEK. The terms of this paragraph shall survive the termination of this agreement and shall apply to any controlling person, director, officer, employee or affiliate of UTEK.

5.03 Indemnification. CYDY agrees to indemnify and hold harmless UTEK and its subsidiaries and affiliates and each of its and their officers, directors, principals, shareholders, agents, independent contactors and

employees (collectively "Indemnified Persons") from and against any and all

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claims, liabilities, damages, obligations, costs and expenses (including reasonable attorneys' fees and expenses and costs of investigation) arising out of or relating to matters or arising from this Agreement, except to the extent that any such claim, liability, obligation, damage, cost or expense shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted.

ARTICLE 6
REMEDIES

6.01 Specific Performance. Each party's obligations under this Agreement are unique. If any party should default in its obligations under this Agreement, the parties each acknowledge that it would be extremely impracticable to measure the resulting damages. Accordingly, the non-defaulting party, in addition to any other available rights or remedies, may sue in equity for specific performance, and the parties each expressly waive the defense that a remedy in damages will be adequate.

6.02 Costs. If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default, or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

ARTICLE 7
ARBITRATION

In the event a dispute arises with respect to the interpretation or effect of this Agreement or concerning the rights or obligations of the parties to this Agreement, the parties agree to negotiate in good faith with reasonable diligence in an effort to resolve the dispute in a mutually acceptable manner. Failing to reach a resolution of this Agreement, either party shall have the right to submit the dispute to be settled by arbitration under the Commercial Rules of Arbitration of the American Arbitration Association. The parties agree that, unless the parties mutually agree to the contrary such arbitration shall be conducted in New York, New York. The cost of arbitration shall be borne by the party against whom the award is rendered or, if in the interest of fairness, as allocated in accordance with the judgment of the arbitrators. All awards in arbitration made in good faith and not infected with fraud or other misconduct shall be final and binding. The arbitrators shall be selected as follows: one by CYDY, one by UTEK and a third by the two selected arbitrators. The third arbitrator shall be the chairman of the panel.

ARTICLE 8
MISCELLANEOUS

8.01. No party may assign this Agreement or any right or obligation of it hereunder without the prior written consent of the other parties to this Agreement. No permitted assignment shall relieve a party of its obligations under this Agreement without the separate written consent of the other parties.

8.02. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns.

8.03. Each party agrees that it will comply with all applicable laws, rules and regulations in the execution and performance of its obligations under this Agreement.

8.04. This document constitutes a complete and entire agreement among

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the parties with reference to the subject matters set forth in this Agreement. No statement or agreement, oral or written, made prior to or at the execution of

this Agreement and no prior course of dealing or practice by either party shall vary or modify the terms set forth in this Agreement without the prior consent of the other parties to this Agreement. This Agreement may be amended only by a written document signed by the parties.

8.05. Notices or other communications required to be made in connection with this Agreement shall be sent by U.S. mail, certified, return receipt requested, personally delivered or sent by express delivery service and delivered to the parties at the addresses set forth below or at such other address as may be changed from time to time by giving written notice to the other parties.

8.06. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

8.07. This Agreement may be executed in multiple counterparts, each of which shall constitute one and a single Agreement.

8.08. Any facsimile signature of any part to this Agreement or to any other Agreement or document executed in connection of this Agreement should constitute a legal, valid and binding execution by such parties.

(signatures on next page)

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CYTODYN, INC.

ADVANCED INFLUENZA TECHNOLOGIES, INC.

By: _____

By: _____

Allen D. Allen,
Chief Executive Officer

Joel Edelson
President

Address:
27 E. Palace Avenue
Suite M
Santa Fe NM 87501

Address:
2109 E. Palm Avenue
Tampa, Florida 33605

Date: _____

Date: _____

UTEK CORPORATION

By: _____

Douglas C. Schaedler,
Chief Operating Officer

Address:
2109 E. Palm Avenue
Tampa, Florida 33605

Date: _____

By: _____

Compliance Officer Approval

Date: _____

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EXHIBIT A

Outstanding Agreements:

Exclusive and non-exclusive license agreements from the University of Massachusetts Medical School in Worcester, MA, and the Sponsored Research Agreement from the University of Massachusetts Medical School in Worcester, MA, all attached hereto and embodied herein by reference as if fully set forth in this Agreement.

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EXHIBIT B

ASSETS OF ADVANCED INFLUENZA TECHNOLOGIES, INC.

When delivered to CYDY by Utek, AITI shall have the following assets:

- 1) The exclusive and non-exclusive license agreements referenced in Appendix A, with the first year's fees fully paid,
- 2) \$675,000 in cash against which there is no obligation or liability over the first year as shown in the Financial Statements as of July 7, 2006

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EXHIBIT C

CytoDyn, Inc.

FORM 10-QSB AMENDED

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended: February 28, 2006
Commission File Number 000-49908

EXCLUSIVE LICENSE AGREEMENT

This Agreement, effective as of July 17, 2006 (the "Effective Date"), is between the University of Massachusetts ("University"), a public institution of higher education of the Commonwealth of Massachusetts as represented by its Worcester campus, and Advanced Influenza Technologies, Inc. ("Company"), a subsidiary of UTEK Corporation having corporate headquarters at 2109 E. Palm Avenue, Tampa FL 33605.

R E C I T A L S

WHEREAS, University is owner by assignment of the invention claimed in the United States Patent Applications listed on Exhibit A relating to the Medical School's invention disclosure number UMMC04-96 entitled "Influenza Nucleic Acids, Polypeptides, and Uses Thereof"; and

WHEREAS, Company desires to obtain an exclusive license in the field of DNA-based vaccines for the prophylaxis and treatment of influenza in humans, under the rights of University in any patent rights claiming those inventions; and

WHEREAS, University is willing to grant Company an exclusive license on the terms set forth in this Agreement;

NOW, THEREFORE, University and Company agree as follows:

1. Definitions.

1.1. "Affiliate" means any legal entity (such as a corporation, partnership, or limited liability company) that is controlled by Company. For the purposes of this definition, the term "control" means (i) beneficial ownership of at least fifty percent (50%) of the voting securities of a corporation or other business organization with voting securities or (ii) a fifty percent (50%) or greater interest in the net assets or profits of a partnership or other business organization without voting securities.

1.2. "Confidential Information" means any confidential or proprietary information furnished by one party (the "Disclosing Party") to the other party (the "Receiving Party") in connection with this Agreement that is specifically designated as confidential.

1.3. "Field" means plasmid DNA-based vaccines for influenza prophylaxis and treatment in humans.

1.4. "Licensed Product" means any product that cannot be developed, manufactured, used, or sold without infringing one or more claims under the Patent Rights.

1.5. "Net Sales" means the gross amount billed or invoiced on sales by Company and its Affiliates of Licensed Products, less the following: (i) customary trade, quantity, or cash discounts to non-affiliated brokers or agents to the extent actually allowed and taken; (ii) amounts repaid or credited by reason of rejection or return; (iii) to the extent separately stated on purchase

orders, invoices, or other documents of sale, any taxes or other governmental charges levied on the production, sale, transportation, delivery, or use of a Licensed Product which is paid by or on behalf of Company; and (iv) outbound transportation costs prepaid or allowed and costs of insurance in transit.

In any transfers of Licensed Products between Company and its Affiliates, Net Sales are calculated based on the final sale of the Licensed Product to an independent third party. If Company or its Affiliates receive non-monetary consideration for any Licensed Products, Net Sales are calculated based on the fair market value of that consideration. If Company or its

Affiliates use or dispose of a Licensed Product in the provision of a commercial service, the Licensed Product is sold and the Net Sales are calculated based on the sales price of the Licensed Product to an independent third party during the same Royalty Period or, in the absence of sales, on the fair market value of the Licensed Product as determined by the parties in good faith.

1.6. "Patent Rights" means the patent applications listed on Exhibit A and any divisional, continuation, or continuation-in-part of those patent applications to the extent the claims are directed to subject matter specifically described therein as well as any patents issued on these patent applications and any reissues or reexaminations of those patents, and any foreign counterparts to those patents and patent applications.

1.7. "Royalty Period" means the partial calendar quarter commencing on the date on which the first Licensed Product is sold and every complete or partial calendar quarter thereafter during which either (i) this Agreement remains in effect or (ii) Company has the right to complete and sell work-in-progress and inventory of Licensed Products pursuant to Section 8.5.

2. Grant of Rights.

2.1. License Grant. Subject to the terms of this Agreement, University grants to Company an exclusive, nontransferable, worldwide, royalty-bearing license (without the right to sublicense) under its commercial rights in the Patent Rights to develop, make, have made, use, sell and otherwise commercialize the Licensed Products in the Field. This license grant to Company by University hereto shall also include the right to permit a third party or Affiliate manufacturer to practice or use the Patent Rights to manufacture the Licensed Products.

2.2. Retained Rights.

(a) University. University retains the right to make and use the Patent Rights for academic research, teaching, and non-commercial patient care, without payment of compensation to Company. University may license its retained rights under this Section to research collaborators of University faculty members, post-doctoral fellows, and students for academic research, teaching, and non-commercial patient care.

(b) Federal Government. To the extent that any invention claimed in the Patent Rights has been funded by the federal government, this Agreement and the grant of any rights in Patent Rights are subject to and governed by federal law as set forth in 35 U.S.C. ss.ss. 201-211, and the regulations promulgated thereunder, as amended, or any successor statutes or regulations. Company acknowledges that these statutes and regulations reserve to the federal government a royalty-free, non-exclusive, non-transferable license to practice any government-funded invention claimed in the Patent Rights. If any term of this Agreement fails to conform with those laws and regulations, the relevant term is an invalid provision and shall be modified by the parties pursuant to Section 10.11.

(c) Other Organizations. To the extent that any invention claimed in the Patent Rights has been funded by a non-profit organization or state or local agency, this Agreement and the grant of any rights in Patent Rights are subject

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to and governed by the terms of the applicable research grant. If any term of this Agreement fails to conform with those terms, the relevant term is an invalid provision and shall be modified by the parties pursuant to Section 10.11.

3. Company Obligations Relating to Commercialization.

3.1. Diligence Requirements. Company shall use diligent commercially reasonable efforts, and shall cause its Affiliates to use diligent commercially reasonable efforts, to develop Licensed Products and to introduce Licensed Products into the commercial market. Thereafter, Company and its Affiliates shall make Licensed Products reasonably available to the public. Specifically, Company shall fulfill the following obligations:

(a) Within sixty (60) days of the delivery of the optimized flu DNA vaccine plasmids ready for GMP manufacturing, Company shall furnish University with a written research and development plan under which Company intends to develop Licensed Products.

(b) Within sixty (60) days after each anniversary of the delivery of the optimized flu DNA vaccine plasmids ready for GMP manufacturing, Company shall furnish University with a written report on the progress of its commercially reasonable efforts during the prior year to develop and commercialize Licensed Products, including without limitation research and development efforts, commercially reasonable efforts to obtain regulatory approval, marketing efforts, and sales figures. The report shall also contain a discussion of intended efforts and sales projections for the current year. The Company shall use its commercially reasonable efforts to achieve the following:

(c) Within two (2) years of the anniversary of the delivery of the optimized flu DNA vaccine plasmids ready for GMP manufacturing, Company shall have filed an IND or equivalent.

(d) Within three (3) years of the anniversary of the delivery of the optimized flu DNA vaccine plasmids ready for GMP manufacturing, Company shall have initiated a Phase I clinical trial.

(e) Within four (4) years of the anniversary of the delivery of the optimized flu DNA vaccine plasmids ready for GMP manufacturing, Company shall have initiated a Phase II clinical trial.

(f) Within eight (8) years of the anniversary of the delivery of the optimized flu DNA vaccine plasmids ready for GMP manufacturing, Company shall have initiated a Phase III clinical trial.

If University determines that Company has not fulfilled its obligations under this Section 3.1., University shall furnish Company with written notice of the determination. Within sixty (60) days after receipt of the notice, Company shall either (i) fulfill the relevant obligation or (ii) negotiate with University a mutually acceptable schedule of revised diligence obligations, failing which University may, immediately upon written notice to Company, terminate this Agreement or convert the exclusive license into a non-exclusive license and grant additional licenses to third parties to the Patent Rights in the Field.

3.2. Indemnification.

(a) Indemnity. Company and its Affiliates shall indemnify, defend, and hold harmless University and its trustees, officers, faculty, students, employees, and agents and their respective successors, heirs and assigns (the "Indemnitees"), against any liability, damage, loss, or expense (including reasonable attorneys fees and expenses of litigation) incurred by or imposed upon any of the Indemnitees in connection with any claims, suits, actions, demands or judgments arising out of any theory of liability (including without limitation actions in the form of tort, warranty, or strict liability and

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regardless of whether the action has any factual basis) concerning any product, process, or service that is made, used, or sold pursuant to any right or license granted under this Agreement. However, indemnification does not apply to any liability, damage, loss, or expense to the extent directly attributable to (i) the negligence or intentional misconduct of the Indemnitees or (ii) the settlement of a claim, suit, action, or demand by Indemnitees without the prior written approval of Company

(b) Procedures. The Indemnitees agree to provide Company with prompt written notice of any claim, suit, action, demand, or judgment for which indemnification is sought under this Agreement. Company agrees, at its own expense, to provide attorneys reasonably acceptable to University to defend against any claim. The Indemnitees shall cooperate fully with Company in the defense and will permit Company to conduct and control the defense and the disposition of the claim, suit, or action (including all decisions relative to litigation, appeal, and settlement). However, any Indemnitee may retain its own counsel, at the expense of Company, if representation of the Indemnitee by the counsel retained by Company would be inappropriate because of actual or

potential differences in the interests of the Indemnitee and any other party represented by that counsel. Company agrees to keep University informed of the progress in the defense and disposition of the claim and to consult with University regarding any proposed settlement.

(c) Insurance. Company and its Affiliates shall maintain insurance or self-insurance that is reasonably adequate to fulfill any potential obligation to the Indemnitees, but not less than two million dollars (\$2,000,000) for injuries to any one person arising out of a single occurrence pursuant to any right or license granted herein and four million dollars (\$4,000,000) for injuries to all persons arising out of a single occurrence pursuant to any right or license granted herein. Company shall provide University, upon request, with written evidence of insurance or self-insurance. Company and its Affiliates shall continue to maintain such insurance or self insurance after the expiration or termination of this Agreement during any period in which Company or Affiliate continues to make, use, or sell a product that was envisioned by the license under this Agreement.

3.3. Use of University Name. In accordance with Section 7.3., Company and its Affiliates may not use the name "University of Massachusetts" or any variation of that name in connection with the marketing or sale of any Licensed Products.

3.4. Marking of Licensed Products. To the extent commercially feasible and consistent with prevailing business practices, Company shall mark and shall cause its Affiliates to mark all Licensed Products that are manufactured or sold under this Agreement with the number of each issued patent under the Patent Rights that applies to a Licensed Product.

3.5. Compliance with Law. Company shall comply with, and shall ensure that its Affiliates comply with, all local, state, federal, and international laws and regulations relating to the development, manufacture, use, and sale of Licensed Products. Company expressly agrees to comply with the following:

(a) Company and its Affiliates shall obtain all necessary approvals from the United States Food & Drug Administration and any similar governmental authorities of any foreign jurisdiction in which Company or Affiliate intends to make, use, or sell Licensed Products.

(b) Company and its Affiliates shall comply with all United States laws and regulations controlling the export of commodities and technical data, including without limitation all Export Administration Regulations of the United States Department of Commerce. Among other things, these laws and regulations prohibit or require a license for the export of certain types of commodities and technical data to specified countries and foreign nationals. Company hereby gives written assurance that it will comply with and will cause its Affiliates to comply with all United States export control laws and regulations, that it bears sole responsibility for any violation of those laws and regulations by itself or its Affiliates, and that it will indemnify, defend, and hold University harmless (in accordance with Section 3.2.) for the consequences of any violation.

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(c) To the extent that any invention claimed in the Patent Rights has been partially funded by the United States government, and only to the extent required by applicable laws and regulations, Company agrees that any Licensed Products used or sold in the United States will be manufactured substantially in the United States or its territories. Current law provides that if domestic manufacture is not commercially feasible under the circumstances, University may seek a waiver of this requirement from the relevant federal agency on behalf of Company.

4. Consideration for Grant of Rights.

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5. Royalty Reports; Payments; Records.

5.1. First Sale. Company shall report to University the date of first commercial sale of each Licensed Product within thirty (30) days after occurrence in each country.

5.2. Reports and Payments. Within sixty (60) days after the conclusion of each Royalty Period, Company shall deliver to University a report containing the following information:

(a) the number of Licensed Products sold to independent third parties in each country;

(b) the gross sales price for each Licensed Product during the applicable Royalty Period in each country;

(c) calculation of Net Sales for the applicable Royalty Period in each country, including a listing of applicable deductions;

(d) total royalty payable on Net Sales in United States dollars, together with the exchange rates used for conversion; and

If no royalties are due to University for any Royalty Period, the report shall so state. Concurrent with this report, Company shall remit to University any payment due for the applicable Royalty Period.

5.3. Payments in United States Dollars. All payments due under this Agreement are payable in United States dollars. Conversion of foreign currency to United States dollars shall be made at the conversion rate existing in the United States (as reported in the Wall Street Journal) on the last working day of the calendar quarter preceding the applicable Royalty Period. Payments shall be without deduction of exchange, collection, or other charges.

5.4. Payments in Other Currencies. If by law, regulation, or fiscal policy of a particular country, conversion into United States dollars or transfer of funds of a convertible currency to the United States is restricted or forbidden, Company shall give University prompt written notice of the restriction, within the sixty-day payment deadline described in Section 5.2. Company shall pay any amounts due University through whatever lawful methods University reasonably designates. However, if University fails to designate a payment method within thirty (30) days after University is notified of the restriction, Company may deposit payment in local currency to the credit of University in a recognized banking institution selected by Company and identified by written notice to University, and that deposit fulfills all obligations of Company to University with respect to that payment.

5.5. Records. Company shall maintain and shall cause its Affiliates to maintain complete and accurate records of Licensed Products that are made, used, sold, or performed under this Agreement and any amounts payable to University in relation to Licensed Products, which records shall contain sufficient information to permit University to confirm the accuracy of any reports delivered to University under Section 5.2. The relevant party shall retain records relating to a given Royalty Period for at least three (3) years after the conclusion of that Royalty Period, during which time University shall have the right, at its expense, to cause its internal accountants or an independent, certified public accountant to inspect records during normal business hours for the sole purpose of verifying any reports and payments delivered under this Agreement. The accountant may not disclose to University any information other than information relating to accuracy of reports and payments delivered under this Agreement. The parties shall reconcile any underpayment or overpayment

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within thirty (30) days after the accountant delivers the results of the audit. If any audit performed under this Section reveals an underpayment in excess of ten percent (10%) in any Royalty Period, Company shall bear the full cost of the audit. University may exercise its rights under this Section only once every year and only with reasonable prior notice to Company.

5.6. Late Payments. Any payments by Company that are not paid on or

before the date payments are due under this Agreement bear interest, to the extent permitted by law, at one and one half percent (1.5%) per month calculated based on the number of days that payment is delinquent.

5.7. Method of Payment. All payments under this Agreement should be made to the "University of Massachusetts" and sent to the address identified below. Each payment should reference this Agreement and identify the obligation under this Agreement that the payment satisfies.

5.8. Withholding and Similar Taxes. Royalty payments and other payments due to University under this Agreement may not be reduced by reason of any withholding or similar taxes applicable to payments to University.

6. Patents and Infringement.

6.1. Responsibility for Patent Rights. University has primary responsibility at the expense of Company for the preparation, filing, prosecution, and patent maintenance of all Patent Rights, using patent counsel reasonably acceptable to Company. University shall consult with Company as to the preparation, filing, prosecution, and patent maintenance of all Patent Rights reasonably prior to any deadline or action with the United States Patent & Trademark Office or any foreign patent office and shall furnish Company with copies of relevant documents reasonably in advance of consultation.

6.2. Cooperation. Company shall cooperate fully in the preparation, filing, prosecution, and patent maintenance of all Patent Rights. Cooperation includes, without limitation, (a) promptly executing all papers and instruments or requiring employees of Company to execute papers and instruments as reasonable and appropriate to enable University to file, prosecute, and maintain Patent Rights in any country; and (b) promptly informing the University of matters that may affect the preparation, filing, prosecution, or maintenance of Patent Rights (such as, becoming aware of an additional inventor who is not listed as an inventor in a patent application).

6.3. Payment of Expenses.

(a) Within thirty (30) days of the Effective Date, Company will pay University nineteen thousand three hundred ninety eight dollars and ninety nine cents (\$19,398.99) to reimburse University for its actual expenses incurred as of the Effective Date in connection with obtaining the Patent Rights, which amount shall be payable together with the Company's payment pursuant to Section 4.1. To clarify, this Exclusive License Agreement does not require the payment of license maintenance fees.

(b) Within thirty (30) days after University invoices Company, Company shall reimburse University for all patent-related expenses incurred by University pursuant to Section 6.1. Company may elect, upon sixty (60) days written notice to University, to cease payment of the expenses associated with obtaining or maintaining patent protection for one or more Patent Rights in one or more countries. If Company elects to cease payment of any patent expenses, Company loses all rights under this Agreement with respect to the particular Patent Rights in the particular country or countries.

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6.4. Infringement.

(a) Notification of Infringement. Each party agrees to provide written notice to the other party promptly after becoming aware of any infringement of the Patent Rights.

(b) Company Right to Prosecute. So long as Company remains the only licensee of the Patent Rights in the Field, Company may, under its own control and at its own expense, prosecute any third party infringement of the Patent Rights in the Field or, together with licensees of the Patent Rights in other fields (if any), defend the Patent Rights in any declaratory judgment action brought by a third party which alleges invalidity, unenforceability, or infringement of the Patent Rights. Prior to commencing any action, Company shall consult with University and shall consider the views of University regarding the

advisability of the proposed action and its effect on the public interest. Company may not enter into any settlement, consent judgment, or other voluntary final disposition of any infringement action under this Subsection without the prior written consent of University, which consent may not be unreasonably withheld or delayed. Any recovery obtained in an action under this Subsection shall be distributed as follows: (i) each party shall be reimbursed for any expenses incurred in the action (including the amount of any royalty payments withheld from University as described below); (ii) as to ordinary damages, Company shall receive an amount equal to its lost profits or a reasonable royalty on the infringing sales (whichever measure of damages the court applied), less a reasonable approximation of the royalties that Company would have paid to University if Company had sold the infringing products and services rather than the infringer; and (iii) as to special or punitive damages, the parties shall share equally in any award. Company may offset a total of fifty percent (50%) of any expenses incurred under this Subsection against any royalty payments due to University under this Agreement. However, royalty payments under Article 4 may never be reduced by more than fifty percent (50%) in any Royalty Period.

(c) University as Indispensable Party. University shall permit any action under this Section to be brought in its name if required by law, provided that Company and its Affiliates shall hold University harmless from, and if necessary indemnify University against, any costs, expenses, or liability that University may incur in connection with the action.

(d) University Right to Prosecute. If Company fails to initiate an infringement action within a reasonable time after it first becomes aware of the basis for the action, or to answer a declaratory judgment action within a reasonable time after the action is filed, University may prosecute the infringement or answer the declaratory judgment action under its sole control and at its sole expense, and any recovery obtained shall be given to University.

(e) Cooperation. Both parties shall to cooperate fully in any action under this Section 6.6. which is controlled by the other party, provided that the controlling party reimburses the cooperating party promptly for any costs and expenses incurred by the cooperating party in connection with providing assistance.

7. Confidential Information; Publications; Publicity.

7.1. Confidential Information.

(a) Designation. Confidential Information that is disclosed in writing shall be marked with a legend indicating its confidential status (such as, "Confidential" or "Proprietary"). Confidential Information that is disclosed orally or visually shall be documented in a written notice prepared by the Disclosing Party and delivered to the Receiving Party within thirty (30) days of the date of disclosure. The notice shall summarize the Confidential Information disclosed to the Receiving Party and reference the time and place of disclosure.

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(b) Obligations. For a period of five (5) years after disclosure of any portion of Confidential Information, the Receiving Party shall (i) maintain Confidential Information in confidence, except that the Receiving Party may disclose or permit the disclosure of any Confidential Information to its trustees or directors, officers, employees, consultants, and advisors who are obligated to maintain the confidential nature of Confidential Information and who need to know Confidential Information for the purposes of this Agreement; (ii) use Confidential Information solely for the purposes of this Agreement; and (iii) allow its trustees or directors, officers, employees, consultants, and advisors to reproduce the Confidential Information only to the extent necessary for the purposes of this Agreement, with all reproductions being Confidential Information.

(c) Exceptions. The obligations of the Receiving Party under Subsection 7.1.(b) above do not apply to the extent that the Receiving Party can demonstrate that Confidential Information (i) was in the public domain prior to the time of its disclosure under this Agreement; (ii) entered the public domain after the time of its disclosure under this Agreement through means other than an unauthorized disclosure resulting from an act or omission by the Receiving

Party; (iii) was already known or independently developed or discovered by the Receiving Party without use of the Confidential Information; (iv) is or was disclosed to the Receiving Party at any time, whether prior to or after the time of its disclosure under this Agreement, by a third party having no fiduciary relationship with the Disclosing Party and having no obligation of confidentiality with respect to the Confidential Information; or (v) is required to be disclosed to comply with applicable laws or regulations or with a court or administrative order, provided that the Disclosing Party receives reasonable prior written notice of the disclosure.

(d) Ownership and Return. The Receiving Party acknowledges that the Disclosing Party (or a third party entrusting its own information to the Disclosing Party) owns the Confidential Information in the possession of the Receiving Party. Upon expiration or termination of this Agreement, or at the request of the Disclosing Party, the Receiving Party shall return to the Disclosing Party all originals, copies, and summaries of documents, materials, and other tangible manifestations of Confidential Information in the possession or control of the Receiving Party, except that the Receiving Party may retain one copy of the Confidential Information in the possession of its legal counsel solely for the purpose of monitoring its obligations under this Agreement.

7.2. Publications. University and its employees are free to disclose publicly (through journals, lectures, or otherwise) the results of any research relating to the Field or the subject matter of the Patent Rights, except as otherwise provided by written agreement between University and Company (e.g., a sponsored research agreement).

7.3. Publicity Restrictions. Company and its Affiliates may not use the name of University or any of its trustees, officers, faculty, students, employees, or agents, or any adaptation of their names, or any terms of this Agreement in any public announcement or disclosure without the prior written consent of University, with such consent not to be unreasonably withheld. The foregoing notwithstanding, Company may disclose that information without the consent of University in any prospectus, offering memorandum, or other document or filing required by applicable securities laws or other applicable law or regulation, provided that Company provides University at least ten (10) days prior written notice of the proposed text for the purpose of giving University the opportunity to comment on the text.

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8. Term and Termination.

8.1. Term. This Agreement commences on the Effective Date and remains in effect until the expiration of all issued patents within the Patent Rights, unless earlier terminated in accordance with the provisions of this Agreement.

8.2. Voluntary Termination by Company. Company may terminate this Agreement for any reason upon ninety (90) days prior written notice to University. Upon voluntary termination by Company, University will be given copies of Confidential Information that may be useful for the further commercialization of Licensed Products.

8.3. Termination for Default. If either party commits a material breach of its obligations under this Agreement and fails to cure that breach within sixty (60) days after receiving written notice of the breach, the other party may terminate this Agreement immediately upon written notice to the party in breach. If the alleged breach involves nonpayment of any amounts due University under this Agreement, Company has only one opportunity to cure a material breach for which it receives notice as described above. Any subsequent material breach by Company will entitle University to terminate this Agreement immediately upon written notice to Company, without the sixty-day cure period.

8.4. Force Majeure. Neither party is responsible for delays resulting from causes beyond its reasonable control, including without limitation fire, explosion, flood, war, strike, terrorist attack, or riot, provided that the nonperforming party uses commercially reasonable efforts to avoid or remove those causes of nonperformance and continues performance under this Agreement with reasonable dispatch whenever the causes are removed.

8.5. Effect of Termination. The following provisions survive the

expiration or termination of this Agreement: Articles 1 and 9; Sections 3.2., 3.5., 4.1, 5.2. (obligation to provide final report and payment), 5.5., 6.3., 6.4., 7.1., 7.3., 8.2., 8.4., and 10.9. Upon the early termination of this Agreement, Company and its Affiliates may complete and sell any work-in-progress and inventory of Licensed Products that exist as of the effective date of termination, provided that (a) Company is current in payment of all amounts due University under this Agreement, (b) Company pays University the applicable royalty on sales of Licensed Products in accordance with the terms of this Agreement, and (c) Company and its Affiliates complete and sell all work-in-progress and inventory of Licensed Products within six (6) months after the effective date of termination. During this six month period, the license grant to Company shall revert to a non-exclusive license and Company's rights shall be limited to the enumerated activities.

9. Dispute Resolution.

9.1. Procedures Mandatory. The parties agree to resolve any dispute arising out of or relating to this Agreement solely by means of the procedures set forth in this Article, and that these procedures constitute legally binding obligations that are an essential provision of this Agreement. However, all procedures and deadlines specified in this Article may be modified by written agreement of the parties. If either party fails to observe the procedures of this Article, as modified by their written agreement, the other party may bring an action for specific performance in any court of competent jurisdiction.

9.2. Dispute Resolution Procedures.

(a) Negotiation. In the event of any dispute arising out of or relating to this Agreement, the affected party shall notify the other party, and the parties shall attempt in good faith to resolve the matter within ten (10) days after the date of notice (the "Notice Date"). Any disputes not resolved by good

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faith discussions shall be referred to senior executives of each party, who shall meet at a mutually acceptable time and location within thirty (30) days after the Notice Date and attempt to negotiate a settlement.

(b) Mediation. If the matter remains unresolved within sixty (60) days after the Notice Date, or if the senior executives fail to meet within thirty (30) days after the Notice Date, either party may initiate mediation upon written notice to the other party, whereupon both parties shall engage in a mediation proceeding under the then current CPR Institute for Dispute Resolution ("CPR") Model Procedure for Mediation of Business Disputes, except that specific provisions of this Section override inconsistent provisions of the CPR Model Procedure. The mediator will be selected from the CPR Panels of Neutrals. If the parties cannot agree upon the selection of a mediator within ninety (90) days after the Notice Date, then upon the request of either party, the CPR shall appoint the mediator. The parties shall attempt to resolve the dispute through mediation until one of the following occurs: (i) the parties reach a written settlement; (ii) the mediator notifies the parties in writing that they have reached an impasse; (iii) the parties agree in writing that they have reached an impasse; or (iv) the parties have not reached a settlement within one hundred twenty (120) days after the Notice Date.

(c) Trial Without Jury. If the parties fail to resolve the dispute through mediation, or if neither party elects to initiate mediation, each party may pursue any other remedies legally available to resolve the dispute. However, the parties expressly waive the right to a jury trial in the legal proceeding under this Section.

9.3. Preservation of Rights Pending Resolution.

(a) Performance to Continue. Each party shall continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement. However, a party may suspend performance of its obligations during any period in which the other party fails or refuses to perform its obligations.

(b) Provisional Remedies. Although the procedures specified in this

Article are the exclusive procedures for resolution of disputes arising out of or relating to this Agreement, either party may seek a preliminary injunction or other provisional equitable relief if, in its reasonable judgment, that action is necessary to avoid irreparable harm to itself or to preserve its rights under this Agreement.

(c) Statute of Limitations. The parties agree that all applicable statutes of limitation and time-based defenses (such as, estoppel and laches) are tolled while the procedures set forth in Subsections 9.2 (a) and 9.2(b) are pending. The parties shall take any actions necessary to effectuate this result.

10. Miscellaneous.

10.1. Representations and Warranties. University represents that its employees have assigned to University their entire right, title, and interest in the Patent Rights and that it has authority to grant the rights and licenses set forth in this Agreement. UNIVERSITY MAKES NO OTHER WARRANTIES CONCERNING THE PATENT RIGHTS INCLUDING WITHOUT LIMITATION ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Specifically, University makes no warranty or representation (a) regarding the validity or scope of the Patent Rights, (b) that the exploitation of the Patent Rights or any Licensed Product will not infringe any patents or other intellectual property rights of a third party, and (c) that any third party is not currently infringing or will not infringe the Patent Rights

10.2. Compliance with Law and Policies. Company agrees to comply with applicable law and the policies of University in the area of technology transfer and shall promptly notify University of any violation that Company knows or has reason to believe has occurred or is likely to occur. The University policies

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currently in effect at the Worcester campus are the Intellectual Property Policy, Policy on Conflicts of Interest Relating to Intellectual Property and Commercial Ventures, and Policy on Faculty Consulting and Outside Activities.

10.3. Tax-Exempt Status. Company acknowledges that University, as a public institution of the Commonwealth of Massachusetts, is an exempt organization under the United States Internal Revenue Code of 1986, as amended. Company also acknowledges that certain facilities in which the licensed inventions were developed may have been financed through offerings of tax-exempt bonds. If the Internal Revenue Service determines, or if counsel to University reasonably determines, that any term of this Agreement jeopardizes the tax-exempt status of University or the bonds used to finance University facilities, the relevant term is invalid and shall be modified in accordance with Section 10.11.

10.4. Counterparts. This Agreement may be executed in one or more counterparts, each of which is an original, and all of which together are one instrument.

10.5. Headings. All headings are for convenience only and do not affect the meaning of any provision of this Agreement.

10.6. Binding Effect. This Agreement is binding upon and inures to the benefit of the parties and their respective permitted successors and assigns.

10.7. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party, such consent not to be unreasonably withheld. University hereby agrees that it would be unreasonable to withhold consent to the assignment of this Agreement to any third party that acquires all of the voting securities of Company.

10.8. Amendment and Waiver. This Agreement may be amended, supplemented, or otherwise modified only by means of a written instrument signed by both parties. Any waiver of any rights or failure to act in a specific instance relates only to that instance and is not an agreement to waive any rights or fail to act in any other instance.

10.9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts irrespective of any conflicts of law principles. The parties may only bring legal action that

arises out of or in connection with the Agreement in the Massachusetts Superior Court in Suffolk County.

10.10. Notice. Any notices required or permitted under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be sent by recognized national overnight courier, or registered or certified mail, postage prepaid, return receipt requested, to the following addresses:

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If to University:

Office of Technology Management
University of Massachusetts Medical School
333 South Street, Suite 400
Shrewsbury, MA 01545
Attention: James P. McNamara, Ph.D, Executive Director

If to Company:

Advanced Influenza Technologies, Inc.
2109 E. Palm Avenue
Tampa, FL 33605
Attention:
Joel Edelson, President

A party may change its contact information immediately upon written notice to the other party in the manner provided in this Section.

10.11. Severability. If any provision of this Agreement is held invalid or unenforceable for any reason, the invalidity or unenforceability does not affect any other provision of this Agreement, and the parties shall negotiate in good faith to modify the Agreement to preserve (to the extent possible) their original intent. If the parties fail to reach a modified agreement within sixty (60) days after the relevant provision is held invalid or unenforceable, then the dispute shall be resolved in accordance with the procedures set forth in Article 9. While the dispute is pending resolution, this Agreement shall be construed as if the provision were deleted by agreement of the parties.

10.12. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements or understandings between the parties relating to its subject matter.

The parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

UNIVERSITY OF MASSACHUSETTS

ADVANCED INFLUENZA TECHNOLOGIES, INC.

By: _____
James P. McNamara, Ph.D.
Executive Director, Office of
Technology Management

By: _____
Joel Edelson
President

Date: _____

Date: _____

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List of Patent Rights

University invention disclosure UMMC04-96 entitled "Influenza Nucleic Acids, Polypeptides, and Uses Thereof" as embodied in Patent Applications 60/655,979; 11,362,617; and PCT/US2006/006701 and naming Shan Lu and Shixia Wang as inventors.

NON-EXCLUSIVE LICENSE AGREEMENT

This Agreement, effective as of July 17, 2006 (the "Effective Date"), is between the University of Massachusetts ("University"), a public institution of higher education of the Commonwealth of Massachusetts as represented by its Worcester campus, and Advanced Influenza Technologies, Inc. ("Company"), a subsidiary of UTEK Corporation having corporate headquarters at 2109 E. Palm Avenue, Tampa, FL 33605.

R E C I T A L S

WHEREAS, University is co-owner by assignment with St. Jude's Children's Research Hospital ("SJCRH"), of the invention claimed in the United States Patents and Patent Applications listed in Exhibit A relating to the University's invention disclosure number UMMC91-03, entitled "Immunization by Inoculation of DNA Transcription Unit";

WHEREAS, pursuant to an inter-institutional agreement, effective November 2, 1994, SJCRH has authorized the University to negotiate and enter into license agreements with third parties for University's and SJCRH's ownership interest in the invention;

WHEREAS, Company wishes to obtain a non-exclusive license in the field of DNA-based vaccines for the prophylaxis and treatment of influenza, under the rights of University and SJCRH in any patent rights claiming those inventions; and

WHEREAS, University is willing to grant Company a non-exclusive license on the terms set forth in this Agreement;

NOW, THEREFORE, University and Company agree as follows:

1. Definitions.

1.1. "Affiliate" means any legal entity (such as a corporation, partnership, or limited liability company) that is controlled by Company. For the purposes of this definition, the term "control" means (i) beneficial ownership of at least fifty percent (50%) of the voting securities of a corporation or other business organization with voting securities or (ii) a fifty percent (50%) or greater interest in the net assets or profits of a partnership or other business organization without voting securities.

1.2. "Confidential Information" means any confidential or proprietary information furnished by one party (the "Disclosing Party") to the other party (the "Receiving Party") in connection with this Agreement that is specifically designated as confidential.

1.3. "Field" means the use of DNA-based vaccines for the prophylaxis and treatment of influenza in humans.

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1.4. "Licensed Product" means any product that cannot be developed, manufactured, used, or sold without infringing one or more claims under the Patent Rights.

1.5. "Net Sales" means the gross amount billed or invoiced on sales by Company and its Affiliates of Licensed Products, less the following: (i) customary trade, quantity, or cash discounts and commissions to non-affiliated brokers or agents to the extent actually allowed and taken; (ii) amounts repaid or credited by reason of rejection or return; (iii) to the extent separately stated on purchase orders, invoices, or other documents of sale, any taxes or other governmental charges levied on the production, sale, transportation, delivery, or use of a Licensed Product which is paid by or on behalf of Company; and (iv) outbound transportation costs prepaid or allowed and costs of insurance

in transit.

In any transfers of Licensed Products between Company and any Affiliate, Net Sales shall be calculated based on the final sale of the Licensed Product to an independent third party. In the event that Company or Affiliate receive non-monetary consideration for any Licensed Products, Net Sales shall be calculated based on the fair market value of such consideration. If Company or its Affiliates use or dispose of a Licensed Product in the provision of a commercial service, the Licensed Product is sold and the Net Sales are calculated based on the sales price of the Licensed Product to an independent third party during the same Royalty Period or, in the absence of sales, on the fair market value of the Licensed Product as determined by the parties in good faith.

1.6. "Patent Rights" means the Patents and patent applications listed on Exhibit A, and any divisional, continuation, or continuation-in-part (to the extent the claims are directed to subject matter specifically described therein), as well as any patents issued on these patent applications and any reissues, extensions or supplementary protection certificates thereof.

1.7. "Royalty Period" means the partial calendar quarter commencing on the date on which the first Licensed Product is sold and every complete or partial calendar quarter thereafter during which either (i) this Agreement remains in effect or (ii) Company has the right to complete and sell work-in-progress and inventory of Licensed Products pursuant to Section 7.5.

2. Grant of Rights. Subject to the terms of this Agreement, University hereby grants to Company and its Affiliates a non-exclusive, non-transferable, worldwide, royalty-bearing license (without the right to sublicense) under its commercial rights in the Patent Rights to develop, make, have made, use, sell and otherwise commercialize Licensed Products in the Field. This license grant to Company by University hereto shall also include the right to permit a third party or Affiliate manufacturer to practice or use the Patent Rights to manufacture the Licensed Products.

3. Company Obligations Relating to Commercialization.

3.1. Diligence Requirements. Company shall use diligent commercially reasonable efforts, or shall cause its Affiliates to use diligent commercially reasonable efforts, to develop Licensed Products and to introduce Licensed Products into the commercial market. Thereafter, Company and its Affiliates shall make Licensed Products reasonably available to the public. Specifically, Company shall fulfill the following obligation:

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(a) Within sixty (60) days after each anniversary of delivery of the optimized flu DNA vaccine plasmids ready for GMP manufacturing, Company shall furnish University with a written report on the progress of its commercially reasonable efforts during the prior year to develop and commercialize Licensed Products, including without limitation research and development efforts, commercially reasonable efforts to obtain regulatory approval, marketing efforts, and sales figures.

3.2. Indemnification.

(a) Indemnity. Company and its Affiliates shall indemnify, defend, and hold harmless University and its trustees, officers, faculty, students, employees, and agents and their respective successors, heirs and assigns (the "Indemnitees"), against any liability, damage, loss, or expense (including reasonable attorneys fees and expenses of litigation) incurred by or imposed upon any of the Indemnitees in connection with any claims, suits, actions, demands or judgments arising out of any theory of liability (including without limitation actions in the form of tort, warranty, or strict liability and regardless of whether such action has any factual basis) concerning any product, process, or service that is made, used, or sold pursuant to any right or license granted under this Agreement; provided, however, that such indemnification shall not apply to any liability, damage, loss, or expense to the extent directly attributable to (i) the gross negligence or intentional misconduct of the Indemnitees or (ii) the settlement of a claim, suit, action,

or demand by Indemnitees without the prior written approval of Company.

(b) Procedures. The Indemnitees agree to provide Company with prompt written notice of any claim, suit, action, demand, or judgment for which indemnification is sought under this Agreement. Company agrees, at its own expense, to provide attorneys reasonably acceptable to University to defend against any such claim. The Indemnitees shall cooperate fully with Company in such defense and will permit Company to conduct and control such defense and the disposition of such claim, suit, or action (including all decisions relative to litigation, appeal, and settlement); provided, however, that any Indemnitee shall have the right to retain its own counsel, at the expense of Company, if representation of such Indemnitee by the counsel retained by Company would be inappropriate because of actual or potential differences in the interests of such Indemnitee and any other party represented by such counsel. Company, its Affiliates agree to keep University informed of the progress in the defense and disposition of such claim and to consult with University with regard to any proposed settlement.

(c) Insurance Company and its Affiliates shall maintain insurance or self-insurance that is reasonably adequate to fulfill any potential obligation to the Indemnitees, but in any event not less than two million dollars (\$2,000,000) for injuries to any one person arising out of a single occurrence pursuant to any right or license granted herein and four million dollars (\$4,000,000) for injuries to all persons arising out of a single occurrence pursuant to any right or license granted herein. Company and its Affiliates shall provide University, upon request, with written evidence of such insurance or self-insurance. Company and its Affiliates shall continue to maintain such insurance or self-insurance after the expiration or termination of this Agreement during any period in which Company or any Affiliate or continues to make, use, or sell a product that was envisioned by the license under this Agreement.

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3.3. Marking of Licensed Products. To the extent commercially feasible and consistent with prevailing business practices, Company shall mark, and shall cause its Affiliates to mark, all Licensed Products that are manufactured or sold under this Agreement with the number of each issued patent under the Patent Rights that applies to such Licensed Product.

3.4. Compliance with Law. Company shall comply with, and shall ensure that its Affiliates comply with, all local, state, federal, and international laws and regulations relating to the development, manufacture, use, and sale of Licensed Products. Company expressly agrees to comply with the following:

(a) Company and its Affiliates shall obtain all necessary approvals from the United States Food & Drug Administration and any similar governmental authorities of any foreign jurisdiction in which Company or an Affiliate intends to make, use, or sell Licensed Products

(b) Company and its Affiliates shall comply with all United States laws and regulations controlling the export of certain commodities and technical data, including without limitation all Export Administration Regulations of the United States Department of Commerce. Among other things, these laws and regulations prohibit, or require a license for, the export of certain types of commodities and technical data to specified countries. Company hereby gives written assurance that it will comply with, and will cause its Affiliates to comply with, all United States export control laws and regulations, that it bears sole responsibility for any violation of such laws and regulations by itself and its Affiliates, and that it will indemnify, defend, and hold University harmless (in accordance with Section 3.2) for the consequences of any such violation.

4. Consideration for Grant of Rights.

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5. Royalty Reports; Payments; Records.

5.1. First Sale. Company shall report to University the date of first commercial sale of each Licensed Product by Company and its Affiliates within thirty (30) days of occurrence in each country.

5.2. Reports and Payments. Within sixty (60) days after the conclusion of each Royalty Period, Company shall deliver to University a report containing the following information:

(a) the number of Licensed Products sold to independent third parties in each country;

(b) the gross sales price for each Licensed Product in each country;

(c) calculation of Net Sales for the applicable Royalty Period in each country, including a listing of applicable deductions; and

(d) total royalty payable on Net Sales in U.S. dollars, together with the exchange rates used for conversion.

If no royalties are due to University for any Royalty Period, the report shall so state. Concurrent with this report, Company shall remit to University any payment due for the applicable Royalty Period. University shall instruct Company as to the method of payment. The contents of all such reports shall be the confidential and proprietary information of Company. To the extent permitted by applicable law, University shall use reasonable efforts to maintain the confidentiality of such reports.

5.3. Payments in U.S. Dollars. All payments due under this Agreement shall be payable in United States dollars. Conversion of foreign currency to U.S. dollars shall be made at the conversion rate existing in the United States (as reported in the Wall Street Journal) on the last working day of the calendar quarter preceding the applicable Royalty Period. Such payments shall be without deduction of exchange, collection, or other charges.

5.4. Payments in Other Currencies. If by law, regulation, or fiscal policy of a particular country, conversion into United States dollars or transfer of funds of a convertible currency to the United States is restricted or forbidden, Company and its Affiliates shall give University prompt written notice of such restriction, which notice shall satisfy the sixty-day payment deadline described in Section 5.2. Company and its Affiliates shall pay any amounts due University through whatever lawful methods University reasonably designates; provided, however, that if University fails to designate such payment method within thirty (30) days after University is notified of the restriction, Company may deposit such payment in local currency to the credit of University in a recognized banking institution selected by Company and identified by written notice to University, and such deposit shall fulfill all obligations of Company to University with respect to such payment.

5.5. Records. Company shall maintain, and shall cause its Affiliates to maintain, complete and accurate records of Licensed Products that are made, used, sold, or performed under this Agreement and any amounts payable to University in relation to such Licensed Products, which records shall contain sufficient information to permit University to confirm the accuracy of any

reports delivered to University under Section 5.2. The relevant party shall retain such records relating to a given Royalty Period for at least three (3) years after the conclusion of that Royalty Period, during which time University shall have the right, at its expense, to cause its internal accountants or an independent, certified public accountant to inspect such records during normal business hours for the sole purpose of verifying any reports and payments delivered under this Agreement. Such accountant shall not disclose to University any information other than information relating to accuracy of reports and payments delivered under this Agreement. The parties shall reconcile any underpayment or overpayment within thirty (30) days after the accountant

delivers the results of the audit. In the event that any audit performed under this Section reveals an underpayment in excess of ten percent (10%) in any Royalty Period, Company shall bear the full cost of such audit. University may exercise its rights under this Section only once every year and only with reasonable prior notice to Company.

5.6. Late Payments. Any payments by Company that are not paid on or before the date such payments are due under this Agreement shall bear interest, to the extent permitted by law, at two percentage points above the Prime Rate of interest as reported in the Wall Street Journal on the date payment is due, with interest calculated based on the number of days that payment is delinquent.

5.7. Method of Payment. All payments under this Agreement should be made in the name of the "University of Massachusetts" and sent to the address identified below. Each payment should reference this Agreement and identify the obligation under this Agreement that the payment satisfies.

5.8. Withholding and Similar Taxes. Royalty payments and other payments due to University under this Agreement shall not be reduced by reason of any withholding or similar taxes applicable to such payments to University.

6. Patents and Infringement.

6.1. Responsibility for Patent Rights. University has primary responsibility at the expense of Company for the preparation, filing, prosecution, and maintenance of all Patent Rights as they relate to influenza specific claims, using patent counsel reasonably acceptable to Company. University shall consult with Company as to the preparation, filing, prosecution, and maintenance of all Patent Rights as they relate to influenza reasonably prior to any deadline or action with the United States Patent & Trademark Office or any foreign patent office and shall furnish Company with copies of relevant documents reasonably in advance of consultation.

6.2. Cooperation. Company shall cooperate fully in the preparation, filing, prosecution, and maintenance of all Patent Rights. Cooperation includes, without limitation, (a) promptly executing all papers and instruments or requiring employees of Company to execute papers and instruments as reasonable and appropriate to enable University to file, prosecute, and maintain Patent Rights in any country; and (b) promptly informing the University of matters that may affect the preparation, filing, prosecution, or maintenance of Patent Rights.

6.3. Infringement. Each party agrees to provide written notice to the other party promptly after becoming aware of any infringement of the Patent Rights.

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6.4. Payment of Expenses.

(a) Within thirty (30) days after University invoices Company, Company shall reimburse University for all patent-related expenses incurred by University pursuant to Section 6.1, as they relate to the prosecution of influenza-related patent claims.

7. Confidential Information; Publications; Publicity.

7.1. Confidential Information.

(a) Designation. Confidential Information that is disclosed in writing shall be marked with a legend indicating its confidential status (such as, "Confidential" or "Proprietary"). Confidential Information that is disclosed orally or visually shall be documented in a written notice prepared by the Disclosing Party and delivered to the Receiving Party within thirty (30) days of the date of disclosure. The notice shall summarize the Confidential Information disclosed to the Receiving Party and reference the time and place of disclosure.

(b) Obligations. For a period of five (5) years after disclosure of any portion of Confidential Information, the Receiving Party shall (i) maintain Confidential Information in confidence, except that the Receiving Party may disclose or permit the disclosure of any Confidential Information to its trustees or directors, officers, employees, consultants, and advisors who are obligated to trustees or directors, officers, employees, consultants, and advisors who are obligated to maintain the confidential nature of Confidential Information and who need to know Confidential Information for the purposes of this Agreement; (ii) use Confidential Information solely for the purposes of this Agreement; and (iii) allow its trustees or directors, officers, employees, consultants, and advisors to reproduce the Confidential Information only to the extent necessary for the purposes of this Agreement, with all reproductions being Confidential Information.

(c) Exceptions. The obligations of the Receiving Party under Subsection 7.1.(b) above do not apply to the extent that the Receiving Party can demonstrate that Confidential Information (i) was in the public domain prior to the time of its disclosure under this Agreement; (ii) entered the public domain after the time of its disclosure under this Agreement through means other than an unauthorized disclosure resulting from an act or omission by the Receiving Party; (iii) was already known or independently developed or discovered by the Receiving Party without use of the Confidential Information; (iv) is or was disclosed to the Receiving Party at any time, whether prior to or after the time of its disclosure under this Agreement, by a third party having no fiduciary relationship with the Disclosing Party and having no obligation of confidentiality with respect to the Confidential Information; or (v) is required to be disclosed to comply with applicable laws or regulations or with a court or administrative order, provided that the Disclosing Party receives reasonable prior written notice of the disclosure.

(d) Ownership and Return. The Receiving Party acknowledges that the Disclosing Party (or a third party entrusting its own information to the Disclosing Party) owns the Confidential Information in the possession of the Receiving Party. Upon expiration or termination of this Agreement, or at the request of the Disclosing Party, the Receiving Party shall return to the Disclosing Party all originals, copies, and summaries of documents, materials, and other tangible manifestations of Confidential Information in the possession or control of the Receiving Party, except that the Receiving Party may retain one copy of the Confidential Information in the possession of its legal counsel solely for the purpose of monitoring its obligations under this Agreement.

7.2. Publications. University and its employees are free to disclose publicly (through journals, lectures, or otherwise) the results of any research relating to the Field or the subject matter of the Patent Rights, except as otherwise provided by written agreement between University and Company (e.g., a sponsored research agreement).

7.3. Publicity Restrictions. Company and its Affiliates may not use the name of University or any of its trustees, officers, faculty, students, employees, or agents, or any adaptation of their names, or any terms of this Agreement in any public announcement or disclosure without the prior written consent of University, with such consent not to be unreasonably withheld. The foregoing notwithstanding, Company may disclose that information without the consent of University in any prospectus, offering memorandum, or other document or filing required by applicable securities laws or other applicable law or regulation, provided that Company provides University at least ten (10) days prior written notice of the proposed text for the purpose of giving University the opportunity to comment on the text.

8. Term and Termination.

8.1. Term. This Agreement shall commence on the Effective Date and shall remain in effect until the expiration of all issued patents within the Patent Rights unless earlier terminated in accordance with the provisions of

this Agreement.

8.2. Voluntary Termination by Company. Company shall have the right to terminate this Agreement, for any reason, upon ninety (90) days prior written notice to University.

8.3. Termination for Default. In the event that either party commits a material breach of its obligations under this Agreement and fails to cure that breach within sixty (60) days after receiving written notice thereof, the other party may terminate this Agreement immediately upon written notice to the party in breach. If the alleged breach involves nonpayment of any amounts due University under this Agreement, Company shall have only one opportunity to cure a material breach for which it receives notice as described above; any subsequent material breach by Company will entitle University to terminate this Agreement immediately upon written notice to Company, without the sixty-day cure period.

8.4. Force Majeure. Neither party will be responsible for delays resulting from causes beyond the reasonable control of such party, including without limitation fire, explosion, flood, war, strike, acts of terrorism, or riot, provided that the nonperforming party uses commercially reasonable efforts to avoid or remove such causes of nonperformance and continues performance under this Agreement with reasonable dispatch whenever such causes are removed.

8.5. Effect of Termination. The following provisions shall survive the expiration or termination of this Agreement: Articles 1 and 9; Sections 3.2, 4.1, 5.2 (obligation to provide final report and payment), 5.3, 5.4, 5.5, 5.6, 6.4, 8.4, 8.5, 9.1, 9.6, and 9.7. Upon the early termination of this Agreement, Company and its Affiliates may complete and sell any work-in-progress and inventory of Licensed Products that exist as of the effective date of termination, provided that (i) Company is current in payment of all amounts due University under this Agreement, (ii) Company pays University the applicable royalty on such sales of Licensed Products in accordance with the terms and conditions of this Agreement, and (iii) Company and its Affiliates shall complete and sell all work-in-progress and inventory of Licensed Products within six (6) months after the effective date of termination.

9. Dispute Resolution.

9.1. Procedures Mandatory. The parties agree that any dispute arising out of or relating to this Agreement shall be resolved solely by means of the procedures set forth in this Article, and that such procedures constitute legally binding obligations that are an essential provision of this Agreement; provided, however, that all procedures and deadlines specified in this Article may be modified by written agreement of the parties. If either party fails to observe the procedures of this Article, as modified by their written agreement, the other party may bring an action for specific performance in any court of competent jurisdiction.

9.2. Dispute Resolution Procedures.

(a) Negotiation. In the event of any dispute arising out of or relating to this Agreement, the affected party shall notify the other party, and the parties shall attempt in good faith to resolve the matter within ten (10) days after the date of such notice (the "Notice Date"). Any disputes not resolved by good faith discussions shall be referred to senior executives of each party, who shall meet at a mutually acceptable time and location within thirty (30) days after the Notice Date and attempt to negotiate a settlement.

(b) Mediation. If the matter remains unresolved within sixty (60) days after the Notice Date, or if the senior executives fail to meet within thirty (30) days after the Notice Date, either party may initiate mediation upon written notice to the other party, whereupon both parties shall be obligated to engage in a mediation proceeding under the then current Center for Public Resources ("CPR") Model Procedure for Mediation of Business Disputes, except that specific provisions of this Section shall override inconsistent provisions of the CPR Model Procedure. The mediator will be selected from the CPR Panels of Neutrals. If the parties cannot agree upon the selection of a mediator within

ninety (90) days after the Notice Date, then upon the request of either party, the CPR shall appoint the mediator. The parties shall attempt to resolve the dispute through mediation until one of the following occurs: (i) the parties reach a written settlement; (ii) the mediator notifies the parties in writing that they have reached an impasse; (iii) the parties agree in writing that they have reached an impasse; or (iv) the parties have not reached a settlement within one hundred and twenty (120) days after the Notice Date.

(c) Trial Without Jury. If the parties fail to resolve the dispute through mediation, or if neither party elects to initiate mediation, each party shall have the right to pursue any other remedies legally available to resolve the dispute, provided, however, that the parties expressly waive any right to a jury trial in any legal proceeding under this Section.

9.3. Preservation of Rights Pending Resolution.

(a) Performance to Continue. Each party shall continue to perform its obligations under this Agreement pending final resolution of any dispute arising out or relating to this Agreement; provided, however, that a party may suspend performance of its obligations during any period in which the other party fails or refuses to perform its obligations.

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(b) Provisional Remedies. Although the procedures specified in this Article are the sole and exclusive procedures for the resolution of disputes arising out of relating to this Agreement, either party may seek a preliminary injunction or other provisional equitable relief if, in its reasonable judgment, such action is necessary to avoid irreparable harm to itself or to preserve its rights under this Agreement.

(c) Statute of Limitations. The parties agree that all applicable statutes of limitation and time-based defenses (such as estoppel and laches) shall be tolled while the procedures set forth in Subsections 8.2(a) and 8.2(b) are pending. The parties shall take any actions necessary to effectuate this result.

10. Miscellaneous.

10.1. Representations and Warranties. University represents and warrants that its employees have assigned to University their entire right, title, and interest in the Patent Rights and that it has authority to grant the rights and licenses set forth in this Agreement. UNIVERSITY MAKES NO OTHER WARRANTIES CONCERNING THE PATENT RIGHTS, INCLUDING WITHOUT LIMITATION ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Specifically, University makes no warranty or representation (i) that the exploitation of any Licensed Product will not infringe any patents or other intellectual property rights of a third party, (ii) regarding the validity or scope of the Patent Rights, and (iii) that any third party is not currently infringing or will not infringe the Patent Rights

10.2. Publications. University and its employees will be free to publicly disclose (through journals, lectures, or otherwise) the results of any research in the Field or relating to the subject matter of the Patent Rights, except as otherwise provided by written agreement between University and Company (e.g., a sponsored research agreement).

10.3. Publicity Restrictions. Company (as well as its Affiliates) shall not use the name of University or any of its trustees, officers, faculty, students, employees, or agents, or any adaptation of such names, or any terms of this Agreement in any public announcement or disclosure without the prior written consent of University, with such consent not to be unreasonably withheld. The foregoing notwithstanding, Company shall have the right to disclose such information without the consent of University in any prospectus, offering memorandum, or other document or filing required by applicable securities laws or other applicable law or regulation, provided that Company shall have given University at least ten (10) days prior written notice of the proposed text for the purpose of giving University the opportunity to comment on such text.

10.4. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party, such consent not to be unreasonably withheld. University hereby agrees that it would be unreasonable to withhold consent to the assignment of this Agreement to any third party that acquires all of the voting securities of Company.

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10.5. Amendment and Waiver. This Agreement may be amended, supplemented, or otherwise modified only by means of a written instrument signed by both parties. Any waiver of any rights or failure to act in a specific instance shall relate only to such instance and shall not be construed as an agreement to waive any rights or fail to act in any other instance, whether or not similar.

10.6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts irrespective of any conflicts of law principles.

10.7. Notice. Any notices required or permitted under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be sent by hand, recognized national overnight courier, confirmed facsimile transmission, confirmed electronic mail, or registered or certified mail, postage prepaid, return receipt requested, to the following addresses or facsimile numbers of the parties:

If to University:

Office of Technology Management
University of Massachusetts Medical School
333 South Street, Suite 400
Shrewsbury, MA 01545
Attention: James P. McNamara, Ph.D.
Executive Director

Tel: (508) 856-1626
Fax: (508) 856-1482

If to Company:

Advanced Influenza Technologies, Inc.
2109 E. Palm Avenue
Tampa, FL 33605
Attention: Joel Edelson, President

Tel: 813-754-4330
Fax: 813-754-2383

All notices under this Agreement shall be deemed effective upon receipt. A party may change its contact information immediately upon written notice to the other party in the manner provided in this Section.

10.8. Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect any other provision of this Agreement, and the parties shall negotiate in good faith to modify the Agreement to preserve (to the extent possible) their original intent. If the parties fail to reach a

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modified agreement within sixty (60) days after the relevant provision is held invalid or unenforceable, then the dispute shall be resolved in accordance with the procedures set forth in Article 8. While the dispute is pending resolution, this Agreement shall be construed as if such provision were deleted by agreement of the parties.

10.9. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements or understandings between the parties relating to its subject matter.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

UNIVERSITY OF MASSACHUSETTS

ADVANCED INFLUENZA TECHNOLOGIES, INC.

By: _____

By: _____

James P. McNamara, Ph.D.
Executive Director, OTM
Date:

Joel Edelson
President
Date:

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EXHIBIT A
List of Patent Rights

Serial Number	Filing Date	Issue Date	Patent #	Country
08/009,833	1/27/1993	7/1/1997	5,643,578	USA
08/187,879	1/27/1994	1/11/2005	6,841,381	USA
10/763,049	1/22/2004	NA	pending	USA
PCT/US93/02394	3/17/1993	NA	NA	PCT
PCT/US95/00997	1/25/1995	NA	NA	PCT
93907536	3/17/1993	NA	NA	EP
01202355.2	6/18/2001	NA	NA	EP
2,132,836	9/23/1994	NA	NA	CA
2,181,832	1/25/1995	NA	NA	CA
07-520142	1/25/1995	NA	NA	JP
2003-28160	7/29/2003	NA	NA	JP
JP7507203				
JP9508622T				
JP2004099603				
AU3150295				

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SPONSORED RESEARCH AGREEMENT

This Agreement, effective as of _____ (the "Effective Date"), is between the University of Massachusetts ("Institution"), a public institution of higher education of the Commonwealth of Massachusetts, as represented by its Worcester campus and having an office location at 333 South Street, Suite 400, Shrewsbury, MA, 01545 and Advanced Influenza Technologies, Inc. ("Sponsor"), a subsidiary of UTEK corporation having corporate headquarters at 2109 E. Palm Avenue, Tampa, Fl 33605.

R E C I T A L S

WHEREAS, Institution has expertise and an extensive technology portfolio relating to plasmid DNA vaccines for the prophylaxis and treatment of influenza, in the laboratory of Dr. Shan Lu, Professor of the Department of Medicine; and

WHEREAS, Sponsor desires to fund research in the laboratory of Dr. Lu for the further development of a polyvalent influenza deoxyribonucleic acid based vaccine; and

WHEREAS, Institution is willing to perform such research under the terms and conditions of this Agreement;

NOW, THEREFORE, Institution and Sponsor hereby agree as follows:

1. Definitions.

1.1. "Confidential Information" means any confidential or proprietary information furnished by one party (the "Disclosing Party") to the other party (the "Receiving Party") in connection with performance of the Research Project, provided that the information is specifically designated as confidential. Confidential Information may include, without limitation, trade secrets, know-how, inventions, technical data or specifications, testing methods, and research and development activities.

1.2. "Field" means polyvalent deoxyribonucleic acid based vaccine for the prophylaxis and treatment of influenza in humans.

1.3. "Inventions" means any potentially patentable invention based on the Research Results which is (i) conceived during the term of this Agreement by employees of Institution or Sponsor, or both, and (ii) reduced to practice either during or within six (6) months after the term of this Agreement.

1.4. "Materials" means any tangible biological, chemical, or physical materials. In the case of biological materials, the term "Materials" also means tangible materials that are routinely produced through use of original materials, including, for example, any progeny derived from a cell line, monoclonal antibodies produced by hybridoma cells, DNA or RNA replicated from isolated DNA or RNA, recombinant proteins produced through use of isolated DNA or RNA, and recombinant proteins isolated from a cell extract or supernatant by non-proprietary affinity purification methods.

1.5. "Material Information" means any information regarding the Sponsor's operations, business plans, finances, experimental findings from its own research, or ideas.

1.6. "Patent Rights" means all United States and foreign patent applications claiming an Invention, including any divisional, continuation, continuation-in-part (to the extent that the claims are directed to an Invention), and foreign equivalents of those patent applications, as well as any patents issued on those applications or reissues or reexaminations of them.

1.7. "Principal Investigator" means an employee of Institution who has

primary responsibility for performance of the Research Project.

1.8. "Project Materials" means Materials that are discovered or developed in performance of the Research Project.

1.9. "Research Project" means the research project described on Exhibit A, which Institution agrees to perform under the terms of this Agreement.

1.10. "Research Results" means all data, test results, laboratory notes, techniques, know-how, and any other research results that are obtained in performance of the Research Project. The term Research Results does not include any Project Materials, Inventions, copyrighted or copyrightable works, trademarks or service marks, or other intellectual property based on the Research Results. As a matter of policy, Institution ordinarily does not assert trade secret protection for Research Results.

1.11. "Technical Representative" means an individual designated by Sponsor as its principal technical representative for consultation and communications with Institution and the Principal Investigator. The Technical Representative is identified in Section 2.1 below.

2. Performance of Research Project.

2.1. Principal Investigator and Technical Representative. The Principal Investigator is Shan Lu, MD, Ph.D., MHA, Professor of the Department of Medicine. If Dr. Shan Lu ceases to serve as Principal Investigator for any reason, Institution shall promptly notify Sponsor, and Institution and Sponsor shall use good faith efforts to identify a mutually acceptable replacement within sixty (60) days. If a suitable replacement Principal Investigator cannot be identified within the sixty-day period, Sponsor may terminate this Agreement as provided in Section 6.2. [need to define someone or set a timeframe in which they will be identified]. Sponsor may change its Technical Representative upon thirty (30) days written notice to Institution.

2.2. Performance of Research Project. Institution shall use reasonable efforts to complete the Research Project; however, Institution makes no warranties regarding the completion of the Research Project or the achievement of any particular results. The Principal Investigator shall direct the Research Project and shall control the manner of its performance. The Technical Representative may consult informally with the Principal Investigator, both in person and by telephone, regarding the performance of the Research Project. The Technical Representative shall have reasonable access to Institution facilities where the Research Project is being conducted, but the exact time and manner of access will be determined by the Principal Investigator.

2.3. Records, Materials, and Reports. The Principal Investigator will prepare and maintain records containing all Research Results, including laboratory notebooks maintained in accordance with customary academic practice. During the term of this Agreement, and at the convenience of the Principal Investigator, the Technical Representative shall have reasonable access to research records, and the Principal Investigator agrees to furnish Sponsor, upon request, with reasonable amounts of any Project Materials, subject to availability. Within ninety (90) days after the expiration or termination of

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this Agreement, the Principal Investigator shall deliver to Sponsor a final report describing all significant Research Results in reasonable detail. However, the Principal Investigator may extend this ninety-day deadline with the consent of Sponsor, which consent shall not be unreasonably withheld.

3. Contributions of Sponsor.

3.1. Contributions to Research Project. Sponsor shall contribute to the Research Project the financial support, equipment, personnel, technology, and other resources listed on Exhibit B ("Sponsor Contributions").

3.2. Payments to Institution. In consideration of the performance of the Research Project, Sponsor shall make periodic advance payments to Institution in the amounts listed on Exhibit B ("Sponsor Contributions"). Payments should be made payable to the University of Massachusetts and sent to

Office of the Bursar, University of Massachusetts Medical School, 55 Lake Avenue North, Worcester, MA, 01655. If this Agreement is terminated prior to the completion of the first year for any reason, except for a material breach on the part of Institution, then on the effective date of termination, Sponsor shall pay Institution the entire amount of any balance due on the first year Sponsor Contribution of \$162,800 as further defined in Exhibit B. If the first year objectives are met on the part of Institution and if this Agreement is terminated prior to the completion of the second year for any reason, except for a material breach on the part of Institution, then on the effective date of termination, Sponsor shall pay Institution the entire amount of any balance due on the second year Sponsor Contribution of \$162,800 as further defined in Exhibit B.

3.3. Use of Funds. Institution shall monitor expenditures in accordance with its institutional policies to ensure that the funds provided by Sponsor are spent in connection with the performance of the Research Project.

3.4. Ownership of Equipment. Upon termination or expiration of this Agreement, Institution retains title to all equipment purchased or fabricated by Institution with funds provided by Sponsor.

4. Confidential Information and Publication

4.1. Confidential Information.

(a) Designation. Confidential Information that is disclosed in writing shall be marked with a legend indicating its confidential status (such as, "Confidential" or "Proprietary"). Confidential Information that is disclosed orally or visually shall be noted at the time of disclosure and documented in a written notice prepared by the Disclosing Party and delivered to the Receiving Party within thirty (30) days after the date of disclosure. The notice shall summarize the Confidential Information disclosed to the Receiving Party and reference the time and place of disclosure.

(b) Obligations. During the term of this Agreement and thereafter for five (5) years, the Receiving Party shall (i) maintain all Confidential Information in confidence, except that the Receiving Party may disclose or permit the disclosure of any Confidential Information to its directors, officers, employees, consultants, and advisors who are obligated to maintain the confidential nature of Confidential Information and who need to know Confidential Information for the performance of the Research Project; (ii) use all Confidential Information solely for the performance of the Research Project; and (iii) allow its directors, officers, employees, consultants, and advisors to reproduce the Confidential Information only to the extent necessary for the performance of the Research Project, with all reproductions being Confidential Information.

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(c) Exceptions. The obligations of the Receiving Party under Section 4.1.(b) above do not apply to the extent that the Receiving Party can demonstrate that certain Confidential Information (i) was in the public domain prior to the time of its disclosure under this Agreement; (ii) entered the public domain after the time of its disclosure under this Agreement through means other than an unauthorized disclosure resulting from an act or omission by the Receiving Party; (iii) was already known or independently developed or discovered by the Receiving Party without use of the Confidential Information; (iv) is or was disclosed to the Receiving Party at any time, whether prior to or after the time of its disclosure under this Agreement, by a third party having no fiduciary relationship with the Disclosing Party and having no obligation of confidentiality with respect to Confidential Information; or (v) is required to be disclosed to comply with applicable laws or regulations, or with a court or administrative order, provided that the Disclosing Party receives reasonable prior written notice of disclosure.

(d) Ownership and Return. The Receiving Party acknowledges that the Disclosing Party (or any third party entrusting its own information to the Disclosing Party) owns its Confidential Information in the possession of the Receiving Party. Upon the expiration or termination of this Agreement or at the request of the Disclosing Party, the Receiving Party shall return to the Disclosing Party all originals, copies, and summaries of documents, materials, and other tangible manifestations of Confidential Information in the possession

or control of the Receiving Party, except that the Receiving Party may retain one (1) copy of the Confidential Information in the possession of its legal counsel solely for the purpose of monitoring its obligations under this Agreement.

4.2 Publications.

(a) Sponsor Review of Proposed Publications. Institution and its employees are free to disclose publicly (through journals, lectures, or otherwise) Research Results, provided that the Principal Investigator provides a copy of the proposed disclosure to Sponsor at least sixty (60) days prior to the submission of any written publication and at least thirty (30) days prior to any oral public disclosure (the "Review Period") to allow Sponsor to determine whether any new Invention or Material Informationss. would be disclosed. The parties expressly agree that research grant proposals submitted to federal, state, or local agencies or non-profit organizations are not subject to review under this Section.

(b) Delay Period for Patent Filing. If Sponsor determines that the proposed disclosure would reveal a new Invention, then Sponsor shall notify Institution and the Principal Investigator of the determination and its basis prior to the expiration of the Review Period. Prior to the conclusion of the Review Period, one of the following events must occur: (i) Sponsor and Institution agree that no patentable Invention exists; (ii) Institution files a patent application claiming the relevant Invention pursuant to Article 5, or (iii) Sponsor, Institution and Principal Investigator jointly agree upon deletions that prevent disclosure of any Invention.

(c) Removal of Material Information. If Sponsor determines that the proposed disclosure would disclose Sponsor's Material Information that Sponsor does not want disclosed, then Sponsor shall notify Institution and the Principal Investigator of the determination and its basis prior to the expiration of the Review Period. Prior to the conclusion of the Review Period, one of the following events must occur: (i) Sponsor and Institution identify mutually agreeable information that will and will not be disclosed, or (ii) Institution agrees not to make the public disclosure, or (iii) Institution determines that it will make the public disclosure, whereupon Sponsor informs

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Institution of its right (and Institution acknowledges that right) to rebut, refute, or otherwise contest the Institution's disclosure. Without limitation, Institution shall not disclose contested information prior to the expiration of the Review Period.

(d) Disclosure of Financial Relationship.

If Principal Investigator and/or Institution (jointly and severally "Author") submit a manuscript, abstract, poster, or like presentation (collectively "Manuscript") for publication in a Journal, meeting, conference or similar professional gathering (collectively "Meeting") in any way related to Research Project described herein, then Author shall disclose in a transmittal letter sent to the editor of the Journal or the organizer of the Meeting at the time the Manuscript is submitted, as the case me be, that Author has a conflict of interest in that Author will benefit financially from the commercial development of products derived directly from the Research Project described herein. Furthermore, any Manuscript related to the Research Project described herein will acknowledge the financial support of AITI, Inc. in the standard and customary footnote.

5. Intellectual Property.

5.1. Assignment of Rights in Inventions and Project Materials. The Principal Investigator agrees to assign to Institution all rights in Inventions and commercial rights in Project Materials. The Principal Investigator shall certify that every person who may be involved in the Research Project has signed the University Participation Agreement, which assigns to Institution all rights in Inventions and commercial rights in Project Materials.

5.2. Ownership of Patent Rights and Project Materials. In accordance with United States patent law, Institution owns all Patent Rights and commercial rights in all Project Materials not claimed in the Patent Rights.

5.3. Notice of Inventions and Project Materials. The Principal Investigator shall promptly disclose to Institution the conception or reduction to practice of any Invention and the development or discovery of any commercially valuable Project Material that is not otherwise disclosed as an Invention. Institution and Sponsor shall provide prompt written notice to the other of the internal disclosure by its employees of any Invention.

5.4. Responsibility for Patent Rights.

(a) Primary Responsibility with Institution. Institution has primary responsibility, at the expense of Sponsor, for the preparation, filing, prosecution, and maintenance of all Patent Rights, using patent counsel reasonably acceptable to Sponsor. Institution shall consult with Sponsor as to the preparation, filing, prosecution, and maintenance of all Patent Rights reasonably prior to any deadline or action with the United States Patent & Trademark Office or any foreign patent office and shall furnish Sponsor with copies of all relevant documents reasonably in advance of consultation.

(b) Cooperation. Institution and Sponsor shall cooperate fully in the preparation, filing, prosecution, and maintenance of all Patent Rights. Cooperation includes, without limitation, (i) promptly executing all papers and instruments or requiring employees to execute papers and instruments as reasonable and appropriate; and (ii) promptly informing the other party of matters that may affect the preparation, filing, prosecution, or maintenance of any Patent Rights.

(c) Payment of Expenses. Within thirty (30) days after Institution invoices Sponsor, Sponsor shall reimburse Institution for all reasonable patent-related expenses incurred by Institution pursuant to

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Subsection 5.4(a). Sponsor may elect, upon sixty (60) days written notice to Institution, to cease payment of the expenses associated with obtaining or maintaining patent protection for one or more Patent Rights in one or more countries. In that event, Sponsor loses all rights under this Agreement with respect to Patent Rights in those countries.

5.5. Option for Exclusive License. Institution grants Sponsor a first option to obtain a worldwide, royalty-bearing, exclusive license (with the right to sublicense) under its commercial rights in the Patent Rights in the Field (the "Option Right"). Sponsor may exercise the Option Right with respect to a particular Patent Right by written notice to Institution which is received by Institution not later than sixty (60) days after the disclosure to Sponsor of the relevant Invention (the "Option Period"). If Sponsor elects not to exercise the Option Right, or fails to exercise the Option Right during the Option Period, Institution may license its commercial rights under the relevant Patent Right to any third party. If Sponsor does elect to exercise the Option Right, Institution and Sponsor shall negotiate in good faith a license agreement containing commercially reasonable terms. If Institution and Sponsor are unable to reach agreement within six (6) months after Sponsor exercised the Option Right (the "Negotiation Period"), Institution may offer its commercial rights in the relevant Patent Right to any third parties.

5.6. Use of Research Results and Project Materials. Sponsor may use Research Results and Project Materials for its own research and development purposes including i) production of a commercial seed to be delivered to Sponsor and submitted by Sponsor to the FDA and ii) compliance with any other FDA regulations or submissions for so long as the License Agreement between Sponsor and Institution, dated _____, 2006 remains in effect; provided, however that the use does not infringe any claim of a patent application or an issued patent included in the Patent Rights for which Sponsor has failed to obtain a license as provided in Section 5.5 above. If Sponsor desires to obtain a license under the commercial rights of Institution in any Project Materials, Institution agrees to discuss the possibility of granting a license, provided that commercial rights are available for licensing when Sponsor makes its request.

5.7. Copyrightable Works. Institution or its employees own any copyrighted or copyrightable works (including reports and publications) that are created by Institution employees in the performance of the Research Project. Institution and the Principal Investigator grant Sponsor an irrevocable, royalty-free, nontransferable, non-exclusive right to copy and distribute any such report or publication furnished to Sponsor under this Agreement.

6. Term and Termination.

6.1. Term. This Agreement commences on the Effective Date and remains in effect for two (2) years, unless earlier terminated in accordance with the provisions of this Agreement.

6.2. Loss of Principal Investigator. If the Principal Investigator leaves Institution or otherwise terminates his or her involvement in the Research Project, and if Institution and Sponsor fail to identify a mutually acceptable substitute as provided in Section 2.1, Sponsor may terminate this Agreement upon sixty (60) days prior written notice to Institution.

6.3. Termination for Default. If either party commits a material breach of its obligations under this Agreement and fails to cure that breach within sixty (60) days after receiving written notice thereof, the other party may terminate this Agreement immediately upon written notice to the party in breach. If the alleged breach involves nonpayment of any amounts due Institution under this Agreement, Sponsor has only one (1) opportunity to cure a material breach for which it receives notice as described above; any subsequent material breach by Sponsor will entitle Institution to terminate this Agreement immediately upon written notice to Sponsor, without the sixty-day cure period.

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6.4. Force Majeure. Neither party will be responsible for delays resulting from causes beyond reasonable control, including without limitation fire, explosion, flood, war, strike, terrorist attack, or riot, provided that the nonperforming party uses commercially reasonable efforts to avoid or remove causes of nonperformance and continues performance under this Agreement with reasonable dispatch after the causes are removed.

6.5. Effect of Termination. The following provisions survive the expiration or termination of this Agreement: Articles 1, 4, and 7; Sections 2.3 (obligation to deliver final report), 3.2. (obligation to deliver final accounting), 6.5, 8.2, 8.3, 8.5, 8.14, and 8.15. In addition, the provisions of Article 5 survive termination of this Agreement, as necessary to effectuate the rights of Sponsor, unless Institution has terminated this Agreement because of a material breach by Sponsor pursuant to Section 6.3.

7. Dispute Resolution.

7.1. Procedures Mandatory. The parties agree to resolve any dispute arising out of or relating to this Agreement solely by means of the procedures set forth in this Article, and that these procedures constitute legally binding obligations that are an essential provision of this Agreement. If either party fails to observe the procedures of this Article, as modified by their written agreement, the other party may bring an action for specific performance in any court of competent jurisdiction.

7.2. Dispute Resolution Procedures.

(a) Negotiation. In the event of any dispute arising out of or relating to this Agreement, the affected party shall notify the other party, and the parties shall attempt in good faith to resolve the matter within ten (10) days after the date notice is received by the other party (the "Notice Date"). Any disputes not resolved by good faith discussions shall be referred to senior executives of each party, who shall meet at a mutually acceptable time and location within thirty (30) days after the Notice Date and attempt to negotiate a settlement.

(b) Mediation. If the matter remains unresolved within sixty (60) days after the Notice Date, or if the senior executives fail to meet within thirty (30) days after the Notice Date, either party may initiate mediation upon

written notice to the other party, whereupon both parties shall engage in a mediation proceeding under the then current CPR Institute for Dispute Resolution ("CPR") Mediation Procedure, except that specific provisions of this Section override inconsistent provisions of the CPR Mediation Procedure. The mediator will be selected from the CPR Panels of Neutrals. If the parties cannot agree upon the selection of a mediator within ninety (90) days after the Notice Date, then upon the request of either party, CPR shall appoint the mediator. The parties shall attempt to resolve the dispute through mediation until one of the following occurs: (i) the parties reach a written settlement; (ii) the mediator notifies the parties in writing that they have reached an impasse; (iii) the parties agree in writing that they have reached an impasse; or (iv) the parties have not reached a settlement within one hundred twenty (120) days after the Notice Date.

(c) Trial Without Jury. If the parties fail to resolve the dispute through mediation, or if neither party elects to initiate mediation, each party may pursue any other remedies legally available to resolve the dispute. However, the parties expressly waive any right to a jury trial in any legal proceeding under this Section.

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7.3. Preservation of Rights Pending Resolution.

(a) Performance to Continue. Each party shall continue to perform its obligations under this Agreement pending final resolution of any dispute arising out or relating to this Agreement. However, a party may suspend performance of its obligations during any period in which the other party fails or refuses to perform its obligations.

(b) Provisional Remedies. Although the procedures specified in this Article are the sole and exclusive procedures for the resolution of disputes arising out of relating to this Agreement, either party may seek a preliminary injunction or other provisional equitable relief if, in its reasonable judgment, that action is necessary to avoid irreparable harm to itself or to preserve its rights under this Agreement.

(c) Statute of Limitations. The parties agree that all applicable statutes of limitation and time-based defenses (such as, estoppel and laches) are tolled while the procedures set forth in Subsections 7.2(a) and 7.2(b) are pending. The parties shall take any actions necessary to effectuate this result.

8. Miscellaneous.

8.1. Compliance with Law and Policies. Sponsor agrees to comply with all applicable laws and the policies of Institution in the area of technology transfer, including the Intellectual Property Policy, Policy on Conflicts of Interest Relating to Intellectual Property and Commercial Ventures, and Policy on Faculty Consulting and Outside Activities, and shall promptly notify Institution of any violation that Sponsor knows or has reason to believe has occurred or is likely to occur.

8.2. Indemnification.

(a) Indemnity. Sponsor shall indemnify, defend, and hold harmless Institution and its trustees, officers, faculty, students, employees, and agents and their respective successors, heirs and assigns (the "Indemnitees"), against any liability, damage, loss, or expense (including reasonable attorneys fees and expenses of litigation) incurred by or imposed upon any of the Indemnitees in connection with any claims, suits, actions, demands, or judgments arising out of any theory of liability (including without limitation actions in the form of tort, warranty, or strict liability and regardless of whether the action has any factual basis) relating to this Agreement or concerning any product, process, or service that is made, used, or sold pursuant to any right or license granted under this Agreement. However, indemnification does not apply to any liability, damage, loss, or expense to the extent directly attributable to (i) the negligent activities or intentional misconduct of the Indemnitees or (ii) the settlement of a claim, suit, action, or demand by Indemnitees without the prior written approval of Sponsor.

(b) Procedures. The Indemnitees agree to provide Sponsor with prompt written notice of any claim, suit, action, demand, or judgement for which indemnification is sought under this Agreement. Sponsor agrees, at its own expense, to provide attorneys reasonably acceptable to Institution to defend against any claim, suit, action, demand, or judgement. The Indemnitees shall cooperate fully with Sponsor in the defense and will permit Sponsor to conduct and control the defense and the disposition of the claim, suit, or action (including all decisions relative to litigation, appeal, and settlement). However, any Indemnitee may retain its own counsel, at the expense of Sponsor, if representation of that Indemnitee by the counsel retained by Sponsor would be inappropriate because of actual or potential differences in the interests of the

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Indemnitee and any other party represented by that counsel. Sponsor agrees to keep Institution informed of the progress in the defense and disposition of the claim and to consult with Institution with regard to any proposed settlement.

8.3. Publicity Restrictions. Sponsor shall not use the name of Institution or any of its trustees, officers, faculty, students, employees, or agents, or any adaptation of those names, or any terms of this Agreement in any public announcement or disclosure without the prior written consent of Institution, such consent not to be unreasonably withheld.

8.4. Warranty Disclaimer. Institution makes no express warranties and disclaims any implied warranties as to any matter relating to this Agreement, including without limitation the performance or results of the Research Project; the availability of legal protection for any Research Results, Project Materials, Inventions, copyrightable works, or any other work product of the Research Project; or the validity or enforceability of any Patent Right that may be obtained pursuant to this Agreement. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE FOR ANY PROJECT MATERIALS OR RESEARCH RESULTS, OR THAT THE USE OF PROJECT MATERIALS OR RESEARCH RESULTS WILL NOT INFRINGE ANY PATENT RIGHTS OR OTHER PROPRIETARY RIGHTS OF A THIRD PARTY.

8.5. Notice to Other Investigators. The Principal Investigator shall furnish all investigators involved in the Research Project, including faculty, staff, students, and post-doctoral fellows, with written notice of their obligations under Articles 4 and 5 of this Agreement.

8.6. Research Partially Funded by Grants.

(a) Federal Government. To the extent that any Invention has been funded by the federal government, this Agreement and the grant of any rights in that Invention is subject to and governed by federal law as set forth in 35 U.S.C. ss.ss. 201-211, and the regulations promulgated thereunder, as amended, or any successor statutes or regulations. If any term of this Agreement fails to conform with those laws and regulations, the relevant term is invalid and the parties shall modify the term pursuant to Section 8.16.

(b) Other Organizations. To the extent that any Invention has been funded by a non-profit organization or state or local agency, this Agreement and the grant of any rights in that Invention is subject to and governed by the terms of the applicable research grant. If any term of this Agreement fails to conform with those terms, the relevant term is invalid the parties shall modify the term pursuant to Section 8.16. At the request of Sponsor, Institution shall make available to Sponsor the terms of any research grants that will partially fund the Research Project.

8.7. Tax-Exempt Status. Sponsor acknowledges that Institution, as a public institution of the Commonwealth of Massachusetts, holds the status of an exempt organization under the United States Internal Revenue Code. Sponsor also acknowledges that certain facilities in which the Research Project may be performed were financed through offerings of tax-exempt bonds. If the Internal Revenue Service determines, or if counsel to Institution reasonably determines, that any term of this Agreement jeopardizes the tax-exempt status of Institution or the bonds used to finance Institution facilities, the relevant term is invalid and the parties shall modify the term pursuant to Section 8.16.

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8.8. Relationship of Parties. For the purposes of this Agreement, each party is an independent contractor and not an agent or employee of the other party. Neither party may make any statements, representations, or commitments of any kind, nor take any action which is binding on the other party, except as may be explicitly provided for in this Agreement or authorized in writing by the other party.

8.9. Counterparts. This Agreement may be executed in one or more counterparts, each of which is an original, and all of which together are the same instrument.

8.10. Headings. All headings are for convenience only and do not affect the meaning of any provision of this Agreement.

8.11. Binding Effect. This Agreement is binding upon and inures to the benefit of the parties and their respective permitted successors and assigns.

8.12. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party.

8.13. Amendment and Waiver. This Agreement may be amended, supplemented, or otherwise modified only by means of a written instrument signed by both parties. Any waiver of any rights or failure to act in a specific instance relate only to that instance and is not an agreement to waive any rights or fail to act in any other instance, whether or not similar.

8.14. Governing Law. This Agreement is governed by and construed in accordance with the laws of the Commonwealth of Massachusetts irrespective of any conflicts of law principles. The parties may only bring legal action that arises out of or in connection with this Agreement in Massachusetts Superior Court in Suffolk County.

8.15. Notice. Any notices required or permitted under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be sent recognized national overnight courier or registered or certified mail, postage prepaid, return receipt requested, to the following addresses or facsimile numbers of the parties:

If to Institution:
Office of Technology Management
333 South Street, Suite 400
Shrewsbury, MA 01545
(508) 856-1626 fax: (508) 856-1482
Attention: James P. McNamara, Ph.D.

If to Sponsor:

Advanced Influenza Technologies, Inc.
2109 E. Palm Avenue
Tampa, Fl 33605
Attention: Joel Edelson
Invoices to: Accounting

A party may change its contact information immediately upon written notice to the other party in the manner provided in this Section.

8.16. Severability. If any provision of this Agreement is held invalid or unenforceable for any reason, the invalidity or unenforceability does not affect any other provision of this Agreement, and the parties shall negotiate in good faith to modify the Agreement to preserve (to the extent possible) their original intent. If the parties fail to reach a modified agreement within sixty (60) days after the relevant provision is held invalid or unenforceable, then the dispute shall be resolved in accordance with the procedures set forth in Article 7. While the dispute is pending resolution, this Agreement shall be construed as if the provision were deleted by agreement of the parties.

8.17. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements or understandings between the parties relating to its subject matter.

The parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

UNIVERSITY OF MASSACHUSETTS

ADVANCED INFLUENZA TECHNOLOGIES, INC.

By: James P. McNamara, Ph.D.

By: Joel Edelson

Title: Executive Director

Title: President

Office of Technology Management

Date: _____

Date: _____

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EXHIBIT A

Outline of the Sponsored Research:

Laboratory research including both in vitro (lab bench based) and in vivo (animal) studies to support the GMP manufacturing, definitive toxicology and FDA IND application.

Specific tasks and deliverables:

1. Provide 3 finally optimized flu DNA vaccine plasmids ready for GMP manufacturing (one each for H1, H3 and H5 serotypes)
2. Support GMP facility to establish Master Cell Banks and Working Cell Banks;
3. Verify the quality of flu DNA vaccines produced by GMP facility A. Perform in vitro flu antigen expression studies;

The above plan does not include work to be performed by Dr. Lu to guide the whole product development plan including the interaction between the development team and CRO, his assistance on FDA application, clinical protocol design and submission.

The above work does not cover the clinical assay for the clinical trial, which will be included as part of the sponsored research for clinical trial. That agreement will be developed when the flu DNA vaccine products are almost ready for clinical testing.

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EXHIBIT B

Sponsor Contributions:

AITI agrees to fund a two year (\$325,600) unrestricted project for (\$162,800 per year which includes both direct and indirect rates) with a primary objective during the first year to conduct lab (including bench) work to provide three (3)

well documented DNA plasmids (H1, H3, & H5) in preparation for GMP manufacturing. The desired outcome will be to go through a GLP-like process to document the characterization, quality and authenticity of seed bacteria/DNA plasmids necessary for GMP manufacturing within acceptable current points of consideration from the Center for Biological Evaluation and Research (CBER), as outlined in Exhibit D. It is understood that after year one, if the desired outcome is not achieved, the agreement may be cancelled and the second year's payment not required at the sole discretion of the Sponsor.

Payment Schedule:

Year 1: \$162,800 as follows:

25% on or before the Effective Date of the Agreement
25% 90 days after the Effective Date of the Agreement
25% 180 days after the Effective Date of the Agreement
25% 270 days after the Effective Date of the Agreement

Year 2: \$162,800 as follows:

25% on or before the first anniversary of the Effective Date of the Agreement
25% 90 days after the first anniversary of the Effective Date of the Agreement
25% 180 days after the first anniversary of the Effective Date of the Agreement
25% 270 days after the first anniversary of the Effective Date of the Agreement

ADVANCED INFLUENZA TECHNOLOGIES, INC.

PLANT CITY, FLORIDA

 FINANCIAL STATEMENTS

FOR THE INTERIM PERIOD JUNE 9, 2006 TO JULY 18, 2006

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ADVANCED INFLUENZA TECHNOLOGIES, INC.

BALANCE SHEET
 JULY 18, 2006

ASSETS

ASSETS:	
Cash	\$ 675,000
Prepaid sponsored research - first year	162,800
License agreements	259,399

TOTAL ASSETS	\$ 1,097,199 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:	\$ --
STOCKHOLDERS' EQUITY:	
Common stock, \$1 par value; 1,000,000 shares authorized, 1,000 issued and outstanding	1,000
Additional paid in capital	1,096,199
Retained earnings	--

Total stockholders' equity	1,097,199

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,097,199
	=====

Unaudited

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ADVANCED INFLUENZA TECHNOLOGIES, INC.
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
FOR THE INTERIM PERIOD JUNE 9, 2006 TO JULY 18, 2006

REVENUE	\$ --
EXPENSES:	-----
NET LOSS BEFORE INCOME TAX	--
PROVISION FOR INCOME TAX	--

NET LOSS	--
RETAINED EARNINGS, JUNE 9, 2006	--

RETAINED EARNINGS, JULY 18, 2006	\$ --
	=====

Unaudited

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ADVANCED INFLUENZA TECHNOLOGIES, INC.
STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD JUNE 9, 2006 TO JULY 18, 2006

OPERATING ACTIVITIES:	
Net loss	\$ --
Adjustments to reconcile net loss to net cash provided by operating activities -	
License agreement	(259,399)
Prepaid sponsored research	(162,800)

Net cash used by operating activities	(422,199)

CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from capital contributions	1,097,199

Net cash provided by financing activities	1,097,199

NET INCREASE IN CASH	675,000

CASH AT JUNE 9, 2006

--

CASH AT JULY 18, 2006

\$ 675,000

=====

Unaudited

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ADVANCED INFLUENZA TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JUNE 9, 2006 TO JULY 18, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

FORMATION -

The Corporation was formed under the laws of the State of Florida on June 9, 2006. Utek Corporation owns 100% of the outstanding common stock.

ACCOUNTING BASIS -

The financial statements were prepared on the accrual basis of accounting.

Unaudited

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