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

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended October 31, 2016

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from ___________ to ___________

Commission file number: 0-11254

ITUS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	**11-2622630**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

12100 Wilshire Boulevard, Suite 1275
Los Angeles, CA 90025
(310) 484-5200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.01 par value
Securities registered pursuant to Section 12(g) of the Act:
None

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [_]

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

Large accelerated filer [__]	Accelerated filer [__]
Non-accelerated filer [__] (Do not check if a smaller reporting company)	Smaller reporting company [x]

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

Aggregate market value of the voting stock (which consists solely of shares of common stock) held by non-affiliates of the registrant as of April 30, 2016 (the last business day of the registrant's most recently completed second fiscal quarter), computed by reference to the closing sale price of the registrant's common stock on the NASDAQ on such date ($2.82): $21,608,013

On November 30, 2016, the registrant had outstanding 8,752,387 shares of common stock, par value $.01 per share, which is the registrant's only class of common stock.

DOCUMENTS INCORPORATED BY REFERENCE:
NONE

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Information included in this Annual Report on Form 10-K (this "Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are not statements of historical facts, but rather reflect our current expectations concerning future events and results. We generally use the words "believes," "expects," "intends," "plans," "anticipates," "likely," "will" and similar expressions to identify forward-looking statements. Such forward-looking statements, including those concerning our expectations, involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and factors include, but are not limited to, those factors set forth in this Report under "Item 1A. – Risk Factors" below. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Report.

CERTAIN TERMS USED IN THIS REPORT

References in this Report to "we," "us," "our," the "Company" or "ITUS" means ITUS Corporation unless otherwise indicated.

PART I

Item 1. Business.

Overview

We were incorporated on November 5, 1982 under the laws of the State of Delaware. From inception through October 2012, our primary operations involved the development of patented technologies in the areas of thin-film displays and encryption. Beginning in October of 2012 under the leadership of a new management team, we recapitalized the Company, unencumbered the Company's assets, changed the Company's name and ticker symbol, relocated the Company's headquarters, and modernized its systems. In July of 2015, the Company's stock was accepted for listing and began trading on the NASDAQ Capital Market.

In June of 2015, the Company announced the formation of a new subsidiary, Anixa Diagnostics Corporation ("Anixa"), to develop a platform for non-invasive blood tests for the early detection of cancer. That platform is called CchekÔ . In July of 2015, ITUS announced a collaborative research agreement with The Wistar Institute ("Wistar"), the nation's first independent biomedical research institute and a leading National Cancer Institute designated cancer research center, for the purpose of validating our cancer detection methodologies and establishing protocols for identifying certain biomarkers in the blood which we identified and which are known to be associated with malignancies. In August of 2016 ITUS announced the renewal and expansion of our relationship with Wistar.

In October of 2015, ITUS and Wistar announced favorable results from initial testing of a small group of Breast Cancer patients and healthy controls. One hundred percent (100%) of the blood samples tested from patients with varying stages of breast cancer showed the presence of the biomarkers we identified, and none of the healthy patient blood samples contained the biomarkers. Breast Cancer is the second most common cancer in the United States and throughout the world.

In April of 2016, ITUS announced that we had demonstrated the efficacy of our Cchek Ôearly cancer detection platform with Lung Cancer. Lung cancer is the leading cause of death among cancers in the U.S. and throughout the world, accounting for approximately 27% of all cancer related deaths in the U.S. and 19% worldwide. In September of 2016, ITUS announced that we had demonstrated the efficacy of our CchekÔ early cancer detection platform with Colon Cancer. Colon Cancer is the third most common cancer in men and the second most common cancer in woman worldwide, with approximately 1.4 million new cases diagnosed each year, and approximately 700,000 deaths. At the end of September 2016 through the end of October 2016, the Company made similar announcements with respect to the efficacy of our CchekÔ early cancer detection platform for Melanoma, Ovarian Cancer, Liver Cancer, Thyroid Cancer, and Pancreatic Cancer. On November 15, 2016, ITUS announced that we had demonstrated the efficacy of our CchekÔ early cancer detection platform with six additional cancer types including Appendiceal Cancer (cancer of the appendix), Uterine Cancer, Osteosarcoma (cancer of the bone), Leiomyosarcoma (cancer of the soft tissue), Liposarcoma (cancer of the connective tissue), and Vulvar Cancer (cancer of the vulva), bringing the number of cancer types for which the efficacy of CchekÔ has been validated thus far to fourteen.

Our CchekÔ cancer detection platform measures a patient's immune response to a malignancy by detecting the presence, absence, and quantity of certain immune cells that exist in and around a tumor and that enter the blood stream. These types of cells and the tumor micro-environment have been the focus of recent ground breaking published and reported research in immuno-oncology, enabling the development of revolutionary immunotherapies used for treating certain cancer types. Instead of seeking to alter or boost the body's immune system and its ability to destroy cancer cells, as is the case with immunotherapy drugs, we have developed proprietary techniques and protocols for measuring the subtle immunological changes that occur in the blood stream during tumor development. Specifically, we seek to identify a subset of myeloid cells that we believe are diagnostic. These cells, often referred to as Myeloid Derived Suppressor Cells (MDSCs), are identified by specific surface proteins enabling characterization. We generally refer to MDSC's and other cells of the immune system which we believe can be diagnostic in nature as biomarkers. Through our proprietary protocols, we have had early success and have demonstrated accuracy in detecting these biomarkers in the peripheral blood of biopsy verified cancer patients, and in distinguishing the blood of healthy patients from the blood of cancer patients. The goal is to establish Cchek™ as a non-invasive, inexpensive, cancer diagnostic blood test that can reduce or eliminate the need for traditionally expensive, invasive, painful, and often inaccurate cancer diagnostic procedures which are currently in use.

In each instance where ITUS has demonstrated the efficacy of its cancer detection platform, fresh (utilized within 48 hours) blood samples from biopsy verified cancer patients have been tested at Wistar using a variety of experimental methodologies and protocols. Such un-blinded, non-uniform testing is common during the initial development stage of new technologies and diagnostic tests. Blood samples from patients with differing severities of cancers (with some cancers such as Breast Cancer stage 0 to stage 4) have been tested, including samples from both pre-treatment and post-treatment patients. In addition, Wistar has also tested blood from healthy donors. A critical aspect of any cancer diagnostic is the ability to accurately distinguish patients with cancer from healthy patients. Based upon our encouraging early results, our scientists are working with Wistar to finalize protocols and methodologies for identifying and classifying the immunologic biomarkers that are the foundation for our CchekÔ early cancer detection platform. Although our scientists, working in collaboration with Wistar, will continue to improve our processes and methodologies to achieve maximum performance, we expect our testing to become more uniform over time, and to eventually test patient samples in a double blinded manner. While studies comparing biopsy verified cancer patients have been compared to healthy donors, we have not yet evaluated benign conditions such as non-malignant neoplasias, systemic inflammatory conditions, infections, and other potential conditions that impact or may impact the immune system. Such testing will be necessary for regulatory approval.

Based upon and following the results of the more extensive clinical study, we will determine what further studies are necessary and whether and when to begin the process of seeking regulatory approval for a cancer screening test or confirmatory diagnostic test based upon our CchekÔ technology. One manner of seeking regulatory approval is to have a lab certified to run our cancer tests pursuant to the Clinical Laboratory Improvement Act of 1988 (“CLIA”). Among other things, CLIA requires clinical laboratories that perform diagnostic testing to be certified by the state in which the lab is located, as well as the Center for Medicare and Medicaid Services. If we seek regulatory approval pursuant to CLIA, only those laboratories that are certified under CLIA to run our diagnostic test would be able to process test samples. CLIA certification may or may not require additional studies. We could seek to establish our own CLIA certified laboratory to run the diagnostic tests, or we could potentially contract with an existing CLIA certified lab, and seek to have that laboratory certified to run our diagnostic test.

Another manner of obtaining regulatory approval would be to seek to have Cchek™ approved by The Food and Drug Administration (“FDA”) pursuant to what are commonly referred to as either the 510(K) process, or the Premarket Application (“PMA”) process. The appropriate pathway for FDA approval would depend upon a variety of factors, including the intended use of the test, and the risks associated with such use. FDA approval can take several years and would entail additional clinical studies.

The decision of whether and when to seek CLIA certification or FDA approval of a diagnostic test or tests utilizing our Cchek Ô technology will be dependent on a variety of factors, including the results from more extensive clinical studies, the capital requirements of each approval process, the landscape for competitive diagnostic testing, and the time and resources required by each approval process. It is possible that we may seek to have one or more diagnostic tests approved via CLIA certification, and other diagnostic test or tests approved by the FDA, or that we may seek simultaneous FDA approval and CLIA certification of a particular diagnostic test or tests.

Over the next several quarters, we expect Cchek™ to be the primary focus of the Company. As part of our legacy operations, the Company remains engaged in limited patent licensing activities in the area of encrypted audio/video conference calling. We do not expect these activities to be a significant part of the Company's ongoing operations.

Over the past several quarters, our revenue has been derived from technology licensing and the sale of patented technologies, including in connection with the settlement of litigation. In addition to Anixa, the Company may make investments in and form new companies to develop additional emerging technologies.

Preliminary Biomarker Results

On December 7, 2016 we announced the preliminary results from our Cchek Ô cancer patient efficacy study. Using our most recent protocols and methods for measuring a patients' immunological response to a malignancy, the Company achieved Sensitivity of 92% and Specificity of 92% for 88 patient samples, including 54 samples from patients with multiple types and severities of cancer, and 34 healthy patients. During the initial phase of the study, which involved multiple experimental protocols and techniques for measuring immunological responses, the Company reviewed and analyzed data from a total of 315 patient samples, including 228 patients with varying stages of cancer, as well as blood samples from 87 healthy donors.

Patient samples representing 14 different types of cancer including Breast Cancer, Lung Cancer, Colon Cancer, Melanoma, Ovarian Cancer, Liver Cancer, Thyroid Cancer, Pancreatic Cancer, Appendiceal Cancer (cancer of the appendix), Uterine Cancer, Osteosarcoma (cancer of the bone), Leiomyosarcoma (cancer of the soft tissue), Liposarcoma (cancer of the connective tissue), and Vulvar Cancer (cancer of the Vulva) were included in the study. The study included samples from patients with early and late stage, biopsy-verified, drug-naïve (before therapy) tumors, as well as biopsy-verified, refractory (unresponsive to attempted chemotherapy) tumors.

Sensitivity and specificity are scientific measurements commonly used to determine the accuracy of a diagnostic test, where sensitivity measures how good a test is at identifying people with a particular disease, and specificity measures how good a test is at identifying people without the disease. Although published results vary widely, established diagnostic tests such as Low Dose Computed Tomography (LDCT) , which is used by other companies to screen for Lung Cancer, has sensitivity of approximately 93% and specificity of approximately 73%, the Prostate Specific Antigen ("PSA") test, which is used by other companies to screen for prostate cancer, has sensitivity of approximately 21% and specificity of approximately 91%, and Mammography, used by other companies to screen for breast cancer and considered to be the "gold standard" for breast cancer screening, has reported sensitivity as low as approximately 68% and specificity as low as approximately 75%. As these results indicate, current diagnostic testing is hampered by low sensitivity, low specificity or both, meaning that the tests miss a substantial portion of the cancers they are supposed to detect, or miss-diagnose a large number of healthy patients as having cancer. There is currently no inexpensive, non-invasive, diagnostic test that excels in both sensitivity and specificity. Our preliminary results, while extremely promising, will have to be confirmed in blinded clinical studies of sufficient size before we can seek marketing approval for CchekÔ from the FDA.

Initial samples in our study were tested utilizing immunostaining and fluorescent microscopic imaging. While results were promising, subjectivity in interpreting the imaging results together with labor intensive and time consuming sample processing hampered the commercial viability of this approach. Subsequently, patient samples were analyzed using flow cytometry, enabling more efficient processing and analysis. In addition, ITUS is developing a software application using a proprietary neural network, which currently relies on up to 13 quantitative parameters to analyze test results. This approach, which is highly data intensive and requires substantial computer processing power to develop, results in a test which can be performed using a desktop computer. An initial version of our neural network, which was trained to distinguish between the immunological responses from cancer patients and healthy patients, was responsible for the sensitivity and specificity results reported above. The Company expects to continue to improve its protocols, continue to upgrade its neural network-software by increasing the number of patient samples used to train the software and expanding the range of markers, increasing the data resolution, and enhancing the architecture of the software, which may enable better results.

Related to our collaborative research agreement, the Company and/or Wistar currently have collaborations with doctors from University of Pennsylvania Abramson Cancer Center, The Helen F. Graham Cancer Center and Research Institute at Christiana Hospital in Wilmington, Delaware, and Virtua Health System in southern New Jersey. In most cases, patients from participating doctors at these healthcare institutions who are beginning or in some cases, continuing cancer treatment are asked to consent to have an additional tube of blood drawn for the purpose of participating in the CchekÔ patients efficacy trials. Because the number of cancer patients treated by these hospitals varies over time, and the decision whether to participate in the CchekÔ patient studies is ultimately at the discretion of the patient, it is difficult to predict the number of patient samples that we will receive in any given week, or during any given month. ITUS is currently in discussions with additional doctors and healthcare providers about providing blood samples for our patient efficacy trials, and the Company has capacity available to process an additional quantity of samples. With the addition of these new sources of patient samples, the Company expects to process enough samples and generate enough data to begin its regulatory discussions in the next 6 to 12 month period.

The Market

There are four primary markets for a cancer diagnostic test: screening, confirmatory testing, treatment monitoring, and recurrence testing.

- Screening occurs when asymptomatic people are tested for indications of cancer. Examples of existing screening tests include the mammogram for Breast Cancer, Low Dose Tomography testing for Lung Cancer, and colonoscopy for Colon Cancer. All screening tests have their strengths and weaknesses, and for many cancers there are currently no recommended screening tests available.

- Confirmatory testing is used to confirm the results of a screening test. In certain instances, existing confirmatory testing can be invasive, painful, expensive, and have relatively high risks of complications. For example, a positive mammogram is often followed up with additional imaging, which can lead to a biopsy during which a needle is inserted into the breast to sample suspicious tissue or lesions. For Lung Cancer, existing confirmatory diagnostics include bronchoscopies, during which a flexible tube is inserted through the nose or mouth and into the lung, and needle biopsies, during which a long needle is inserted between the ribs and into the lung. One potential side effect a lung biopsy is a pneumothorax (commonly referred to as a “collapsed lung”), which has been reported to occur in approximately fifteen percent (15%) of needle biopsies of the lung. A pneumothorax can lead to other complications and sometimes requires extended hospitalization. In addition to the potential side effects, biopsies of any sort can be extremely painful for the patient.

- Treatment monitoring includes follow-on testing to monitor the effectiveness of a specific regimen of treatment. For example, diagnostic monitoring testing may be used to monitor the effectiveness of a particular type of chemotherapy, to determine how the cancer is responding and whether such treatment should be continued.

- Finally, recurrence diagnostic testing is used for cancer survivors to test for cancer recurrence. According to statistics published by the American Cancer Society, there are currently approximately fifteen million cancer survivors in the U.S., sixty-seven (67%) of which were diagnosed with cancer five or more years ago. Most cancer survivors live in fear of recurrence, and limitations of existing diagnostics, including repeated exposure to radiation from imaging tests, and invasiveness and costs and pain from tests such as traditional biopsies, prevent cancer survivors from being tested as often as they would like.

ITUS’s long term vision is to have one or more tests based upon the Cchek Ô platform to serve each of the markets identified above. At this stage, it is most likely that CchekÔ will begin as a confirmatory diagnostic test for one particular type of cancer, but our strategy for entering the market place will not be finalized until we have completed our developmental testing and analyzed all of our preliminary data.

Competition

Background

Continuing scientific advances and discoveries, the ability to more quickly process and analyze large amounts of scientific data, and decreases in the cost of sophisticated equipment and technologies, have resulted in the potential for significant advances in cancer treatment, and in particular, cancer diagnostics. Cancer statistics gathered over the past several decades provide overwhelming evidence that the earlier that cancers are detected, the greater the survival rates. Up until now, doctors have primarily relied upon technologies such as imaging (x-rays, mammograms, CT Scans, MRI’s, PET Scans, Ultrasounds) and biopsies and other invasive procedures for cancer detection and cancer diagnoses. In many cases, these diagnostic procedures were performed after patients exhibited one or more symptoms of cancer, at which point the cancer may likely no longer be at an early stage. Existing diagnostic technologies such as imaging have gotten better, and invasive diagnostic procedures such as colonoscopies have become more accurate and less risky, and we expect these types of traditional diagnostic tools to continue to predominate the cancer diagnostic market for the foreseeable future.

We believe that with advancing medical knowledge, improvements in equipment and technologies, and reduction in costs of new technologies, new types of cancer diagnostics will be created and new types of cancer diagnostic testing that will outperform many of the traditional diagnostic tests, eliminate many of the negative consequences of existing diagnostic testing, and ultimately predominate the cancer diagnostic market.

We have identified a class and subclasses of biomarkers that we believe are present in the blood of patients with malignancies, and are perfecting a process and methodology for detecting those biomarkers. The goal is to create a platform, CchekÔ , that can be used to launch a series of simple and affordable blood tests that can be used to detect and monitor many of the most deadly forms of cancer, including lung cancer, breast cancer, ovarian cancer, colon cancer, pancreatic cancer, and others. It is unlikely that the Company will initially simultaneously launch tests for each of the cancers identified above, and that specific and individual cancer tests for each of the four markets identified above (screening, confirmatory testing, treatment monitoring, recurrence) will be launched over time.

Statistics from The American Cancer Society indicate that one out of every two males, and one out of every three females that are born today, will develop some form of cancer during their lifetimes. With approximately 200 million adults in the United States alone, we believe that the market for new, non-invasive cancer diagnostic technologies and testing will be enormous, and that there will be sufficient demand to support many different technologies and tests.

Cancer Diagnostic Technologies

If successful, we believe CchekÔ will have several advantages over existing diagnostic technologies. For example, repeated exposure to radiation from x-ray technologies, such as mammograms, has become an increasing concern for the medical community, causing authorities to re-evaluate the recommended frequency of such x-ray based tests. Traditional biopsies are often impossible for some tumor based cancers depending on the location of the tumor, and are invasive, expensive, and painful enough to warrant only limited use for other cancers even when the tumor can be accessed. In addition, such biopsies are limited in their inability to detect the heterogeneity of many cancerous tumors, and the ongoing mutations that are often evident as the tumor progresses. False positives in existing testing such as the PSA test, result in otherwise healthy patients being misdiagnosed, and subject to unnecessary follow-on treatments and medical procedures. Patient inconvenience, risk of side effects from anesthesia, and risk of other complications result in low patient compliance with otherwise effective cancer screening tests such as the colonoscopy. These are just a few examples of the challenges with traditional diagnostic tests that we seek to eliminate with CchekÔ . This will be the foundation for the competitive advantages that we expect to have over existing diagnostic testing. We expect CchekÔ will be utilized as a component of multiple diagnostic technologies and patient background information to diagnose and manage the patient’s condition.

Many public and private companies have announced plans and ongoing research efforts to launch non-invasive cancer diagnostic tests and tools that can be used for non-invasive cancer testing. These companies include well established, and successful biotech companies, start-ups, and companies of all sizes. Almost every bodily fluid, including blood, plasma, urine, saliva, and excrement, are being studied for biomarkers or indicators of one or more types of cancer. The term that has been used to describe the category of this type of non-invasive cancer diagnostic testing is “Liquid Biopsy”. In general, most of these companies are focused on identifying and analyzing one of three types of biomarkers: circulating tumor cells (“CTC’s”), circulating tumor DNA (“ctDNA”), and Exosomes. Each of these types of biomarkers has their advantages and disadvantages, and we expect that tests incorporating these and other biomarkers will make their way into the cancer diagnostic marketplace.

ITUS believes that its Cchek Ô diagnostic platform has the potential for at least three distinct advantages over the types of biomarker tests referred to above. First, it appears that the biomarkers that we are using may be present in multiple types of and varying severities of cancers. As a result, we anticipate that CchekÔ will become a platform from which multiple tests could be launched for multiple types of cancers. Most biomarkers are associated with and useful for only one type or sub-type of cancer. Second, it appears that the biomarkers utilized by CchekÔ may be present in both advanced, and early stages of cancers. Third, we expect Cchek Ô to be significantly less expensive than the technologies commonly used for tests based on CTC’s, ctDNA, and Exosomes.

Employees

As of October 31, 2016, on a consolidated basis, we had seven full-time employees.

Other

Our principal executive offices are located at 12100 Wilshire Boulevard, Suite 1275, Los Angeles, California 90025, our telephone number is 310-484-5200 and our Internet website address is www.ITUScorp.com. We make available free of charge on or through our Internet website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements on Schedule 14A, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the Securities and Exchange Commission (the “SEC”). Alternatively, you may also access our reports at the SEC’s website at www.sec.gov. You may also read and copy any document we file with the SEC at the SEC’s public reference room located at 100 F Street, NE, Washington, DC 20549, on official business days during the hours of 10:00 a.m. and 3:00 p.m. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

Item 1A. Risk Factors.

Our business involves a high degree of risk and uncertainty, including the following risks and uncertainties:

Risks Related to Our Financial Condition and Operations

We have a history of losses and may incur additional losses in the future .

On a cumulative basis we have sustained substantial losses and negative cash flows from operations since our inception. As of October 31, 2016, our accumulated deficit was approximately $151,165,000. As of October 31, 2016, we had approximately $3,238,000 in cash and cash equivalents and short-term investments, and working capital of approximately $2,932,000. We incurred losses of approximately $5,016,000 in fiscal year 2016. We expect to incur material research and development expenses and to continue incurring significant legal and general and administrative expenses in connection with our operations. As a result, we anticipate that we will incur losses in the future.

As a result of our current lack of financial liquidity, our independent registered public accounting firm ("auditors") has expressed substantial doubt regarding our ability to continue as a "going concern."

As a result of our limited working capital, historical losses and our current burn rate, our auditors' report for our financial statements for the year ended October 31, 2016, which is included as part of this Annual Report, contains a statement expressing substantial doubt concerning our ability to continue as a "going concern". Potential sources of capital include income from operations, debt, and the sale of the company's equity securities. Many factors impact our ability to generate capital including the results of our ongoing clinical trials, the price of our stock, the liquidity of our stock, factors that influence the capital markets, and the overall health of the U.S. and world economies.

Because CchekÔ is at early stages of development, it is not likely that we will generate revenue from operations for the foreseeable future. In the event that we are unable to raise additional capital, the ongoing development of CchekÔ would be materially and adversely impacted as would the continuing viability of the Company.

The accompanying financial statements have been prepared assuming that we will continue as a going concern. In order for us to have sufficient capital to execute our business plan, fund our operations and meet our debt obligations over the next 12 months, we will need to raise additional capital. Although we have been successful in the past in raising capital, we cannot provide any assurance that we will be successful in doing so in the future to the extent necessary to be able to fund our operating activities and debt obligations over the next 12 months, which raises substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We will need additional funding in the future which may not be available on acceptable terms, or at all, and, if available, may result in dilution to our stockholders.

Based on currently available information as of December 7, 2016, we believe that our existing cash, cash equivalents, short-term investments and expected cash flows from operations will not be sufficient to fund our activities and debt obligations for the next 12 months. To date, we have relied primarily upon cash from the public and private sale of equity and debt securities, as well as net proceeds from the December 2014 AUO settlement, to generate the working capital needed to finance our operations. If current cash on hand, cash equivalents, short term investments and cash that may be generated from our business operations are insufficient to continue to operate our business, we will be required to obtain more working capital. We may seek to obtain working capital through sales of our equity securities or through bank credit facilities or public or private debt from various financial institutions where possible which would be junior to our existing Redemtion Debenture (as defined below). We cannot be certain that additional funding will be available on acceptable terms, or at all. If we do identify sources for additional funding, the sale of additional equity securities or convertible debt could result in dilution to our stockholders. Additionally, the sale of equity securities or issuance of debt securities may be subject to certain security holder approvals or may result in the downward adjustment of the exercise or conversion price of our outstanding securities. We can give no assurance that we will generate sufficient cash flows in the future to satisfy our liquidity requirements or sustain future operations, or that other sources of funding, such as sales of equity or debt, would be available or would be approved by our security holders, if needed, on favorable terms or at all. If we fail to obtain additional working capital as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition. Furthermore, such lack of funds may inhibit our ability to respond to competitive pressures or unanticipated capital needs, or may force us to reduce operating expenses, which would significantly harm the business and development of operations.

Failure to pay our secured debt holder may result in a foreclosure.

On September 9, 2014, we issued 140 shares of Series A Preferred Stock having an aggregate value of $3,500,000 (the "Series A Preferred") and a warrant to purchase 370,000 shares of the Company's common stock (the "September 2014 Warrant"). The September 2014 Warrant expired on November 11, 2016. Holders of our Series A Preferred had a one-time right to require the Company to redeem the Series A Preferred shares, which right was set to expire on November 11, 2016 (the "Redemption Date"). Under its terms, the Series A Preferred could only be redeemed from the proceeds of the sale of the Company's equity securities. On November 11, 2016 the holder of all of our outstanding Series A Preferred exercised its right of redemption. On December 6, 2016, we entered into an agreement with the holder of the Series A Preferred setting forth the terms under which such redemption would take place (the "Redemption Agreement") in lieu of paying the redemption from proceeds of the sale of equity securities. Pursuant to the Redemption Agreement, at closing the holder of the Series A Preferred will receive (i) $500,000 in cash, (ii) a 12% secured debenture evidencing the remaining $3,000,000 amount to be redeemed, $1,000,000 of which is due on or before June 1, 2017 and the remainder of which is due November 11, 2017 (the "Redemption Debenture"), and (iii) a 5 year warrant to purchase 500,000 shares of the Company's common stock with substantially the same terms as the expired September 2014 Warrant at an exercise price equal to 10% below the thirty (30) day volume weighted average closing price of our common stock at closing. The Redemption Debenture is secured by a lien on the Company's assets and prohibits the Company from incurring any senior indebtedness other than equipment financing in connection with the Company's business.

If we default under the Redemption Debenture, the creditor may seek to obtain a judgment against the Company for the remaining balance of the Redemption Debenture and attempt to foreclose on assets of the Company sufficient to repay the remaining balance of the Redemption Debenture. In the event of a default, if the Company is unable to re-negotiate the terms of the Redemption Debenture or raise sufficient capital to repay the remaining balance of the Redemption Debenture, such default could have a material adverse impact on the ongoing operations of the Company.

The terms set forth in the Redemption Debenture may make it difficult for us to borrow additional funds in the future.

Other than trade debt, he terms of the Redemption Debenture prohibit us from incurring indebtedness that is senior to the Redemption Debenture. This restriction may make it difficult for us to borrow additional funds from third parties. Additionally, the Redemption Debenture is secured by a lien on the assets of the Company which may prevent us from incurring additional secured debt. If we are unable to raise additional capital through the issuance of debt such failure could have a material adverse impact on our business, results of operations and financial condition.

Failure to effectively manage our potential growth could place strains on our managerial, operational and financial resources and could adversely affect our business and operating results.

Our business strategy and potential growth may place a strain on managerial, operational and financial resources and systems. Although we may not grow as we expect, if we fail to manage our growth effectively or to develop and expand our managerial, operational and financial resources and systems, our business and financial results will be materially harmed.

Risks Related to Cchek Ô

Our cancer diagnostic business is pre-revenue, and subject to the risks of an early stage biotechnology company.

Since the Company's primary focus for the foreseeable future will likely be our cancer diagnostics business, shareholders should understand that we are primarily an early stage biotechnology company with no history of revenue-generating operations, and our only assets consist of our proprietary technologies and the know-how of our officers. Therefore we are subject to all the risks and uncertainties inherent in a new business, in particular new businesses engaged in the early detection of certain cancers. CchekÔ is in its early stages of development, and we still must establish and implement many important functions necessary to commercialize the technology.

Accordingly, you should consider the Company's prospects in light of the costs, uncertainties, delays and difficulties frequently encountered by companies in their pre-revenue generating stages, particularly those in the biotechnology field. Shareholders should carefully consider the risks and uncertainties that a business with no operating history will face. In particular, shareholders should consider that there is a significant risk that we will not be able to:

- demonstrate the effectiveness of Cchek Ô;
- implement or execute our current business plan, or that our current business plan is sound;
- raise sufficient funds in the capital markets or otherwise to fully effectuate our business plan;
- maintain our management team, including the members of our scientific advisory board;
- determine that the processes and technologies that we have developed or will develop are commercially viable; and/or
- attract, enter into or maintain contracts with potential commercial partners such as licensors of technology and suppliers.

Any of the foregoing risks may adversely affect the Company and result in the failure of our business. In addition, we expect to encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. At some point, we will need to transition from a company with a research and development focus to a company capable of supporting commercial activities. We may not be able to reach such achievements, which would have a material adverse effect on our Company.

We may have difficulty in raising capital for our cancer diagnostic business and may consume resources faster than expected.

We currently do not generate any revenue from Cchek Ô or otherwise and as of October 31, 2016, the Company only had $ 3,238,000 in cash, cash equivalents and short-term investments. Therefore, we have a limited source of cash to meet our future capital requirements, which will include the repayment of the Redemption Debentures and may include the expensive process of obtaining FDA approval for Cchek Ô for each type of cancer for which we desire to launch a diagnostic test. We do not expect to generate revenues for the foreseeable future, and we may not be able to raise funds in the future, which would leave us without resources to continue our operations and force us to resort to the Company raising additional capital in the form of equity or debt financings, which may not be available to us. We may have difficulty raising needed capital in the near or longer term as a result of, among other factors, the very early stage of our diagnostic business and our lack of revenues as well as the inherent business risks associated with an early stage, biotechnology company and present and future market conditions. Also, we may consume available resources more rapidly than currently anticipated, resulting in the need for additional funding sooner than anticipated. Our inability to raise funds could lead to decreases in the price of our common stock and the failure of our cancer diagnostic business which would have a material adverse effect on the Company.

While our CchekÔ diagnostic technology has shown favorable results from initial testing, we cannot guarantee that these results will be replicated in future testing nor can we guarantee the success of the technology at all.

We have initially used CchekÔ to test the blood of small groups of individuals consisting of cancer patients and healthy patients and have reported sensitivity of 92% and specificity of 92%. While these preliminary results far exceed existing diagnostic testing, there is no guarantee that these results will be replicable when we test a larger group of patients or at all. If we are unable to consistently attain results that are necessary for commercialization of CchekÔ , our diagnostic technology will not have any monetary value and we will be unable to generate any revenue from this technology.

Even if we are able to attain results necessary for the commercialization of CchekÔ , our ability to commercialize the technology in the future will depend on our ability to provide evidence of clinical utility.

Our ability to successfully commercialize CchekÔ will depend on numerous factors, including whether health care providers believe that CchekÔ provides sufficient incremental clinical utility; whether the medical community accepts that CchekÔ has sufficient sensitivity (there are no or very few false positives), specificity (detects the cancer the test is supposed to detect) and predictive value to be meaningful in patient care and treatment decisions; whether the cost of the test is reasonably priced and commercially viable; and whether health insurers, government health programs and other third-party payers will cover and pay for CchekÔ and the amount that they will reimburse for such tests. These factors may present obstacles to commercial acceptance of CchekÔ . To the extent these obstacles arise, we will need to devote substantial time and resources to overcome these obstacles, and we might not be successful. Failure to achieve widespread market acceptance of CchekÔ would materially harm our business, financial condition and results of operations.

We are unable to give any assurance that we will be successful in providing sufficient evidence of clinical utility or any assurance that we will have adequate managerial, technical or financial resources to support the studies necessary to provide sufficient evidence of clinical utility of CchekÔ or to adequately differentiate our test from other diagnostic products in the manner, timeframe or cost parameters we anticipate, if at all. If we are unable to provide evidence of clinical utility and differentiate CchekÔ , we will not be able to generate the revenues and market growth that we seek. Our failure to generate revenue from the sale of our products would materially adversely impact our business, financial condition, results of operations and prospects.

Diagnostic test development involves a lengthy and complex process, and we may be unable to commercialize CchekÔ on a timely basis, or at all.

We have begun to devote considerable resources to research and development for CchekÔ , however there can be no assurance that CchekÔ will be capable of reliably predicting the occurrence or recurrence of any cancers with the sensitivity and specificity necessary to be clinically and commercially useful, or, even if such technology is clinically and commercially useful, that it will result in commercially successful products. In addition, before we can fully develop CchekÔ and commercialize any new products, we will need to:

- conduct substantial research and development;
- conduct validation studies;
- expend significant funds;
- enter into agreements and maintain relationships with third party vendors to provide third party blood samples;
- obtain regulatory approval (either CLIA, FDA or both); and
- establish or contract with the owner of a CLIA certified laboratory to process test samples.

Accordingly, our product development process involves a high degree of risk and may take several years, especially if the Company seeks FDA approval for each of its diagnostic tests. If CchekÔ should fail at the research or development stage, not produce sufficient clinical validation data to support the effectiveness of the product or not gain regulatory approval or if we should run out of cash to devote towards the commercialization of the technology or fail to establish agreements with necessary third party vendors, we will not make it to commercialization and we will not generate any revenue from the technology.

If we fail to obtain, or if there are delays in obtaining, required regulatory approvals, we will not be able to commercialize our CchekÔ technology, and our ability to generate revenue and the viability of our Company will be materially impaired.

Commercialization of CchekÔ will require that we obtain either CLIA certification, FDA approval or both. If we are unable to obtain regulatory approval for CchekÔ , we will be unable to commercialize and generate revenue from the technology which would have a material adverse effect on our business, financial condition and results of operations.

Unless we obtain FDA approval for CchekÔ , we will be dependent on laboratory contractors for testing of patient samples that are essential to the development and validation of CchekÔ **.**

To pursue the development and validation of CchekÔ, we will require access to test results obtained from patient blood samples. We have currently contracted with Wistar to provide these services. Unless and until CchekÔ receives FDA approval, we may elect to seek CLIA certification for one or more of our CchekÔ tests. Failure to receive FDA approval or CLIA certification would have a material adverse effect on our ability to develop and validate CchekÔ .

We will be dependent on third parties for the patient samples that are essential to the development and validation of Cceck Ô.

To pursue our development and validation of CchekÔ, we are likely to need access, over time, to patient blood samples and such patients will need to consent to the use of their blood. As a result, we have made arrangements with Wistar and neighboring hospitals and medical practices to give us access to patient samples for the development and validation of CchekÔ. In the event that we are unable to obtain patient samples, or access to patient samples becomes more limited due to changes in privacy laws governing the use and disclosure of medical information or due to changes in the laws restricting our ability to obtain patient samples and associated information, our ability to pursue the development of CchekÔ may be slowed or halted, which could have a material adverse effect on our business, financial condition and results of operations

Our business could be harmed from the loss or suspension of a license or imposition of a fine or penalties under, or future changes in, or changing interpretations of, the law or regulations of the Clinical Laboratory Improvement Act of 1967, the Clinical Laboratory Improvement Amendments of 1988, or the FDA or other federal, state or local agencies.

ITUS will need to seek regulatory approval in order to market CchekÔ. The clinical laboratory testing industry is subject to extensive federal and state regulation, and many of these statutes and regulations have not been interpreted by the courts. The Clinical Laboratory Improvement Act of 1967, the Clinical Laboratory Improvement Amendments of 1988 (collectively “CLIA”) are federal regulatory standards that apply to virtually all clinical laboratories (regardless of the location, size or type of laboratory), including those operated by physicians in their offices, by requiring that they be certified under federal law. CLIA does not pre-empt state law, which in some cases may be more stringent than federal law and require additional personnel qualifications, quality control, record maintenance and proficiency testing. The sanction for failure to comply with CLIA and state requirements may be suspension, revocation or limitation of a laboratory’s CLIA certificate, which is necessary to conduct business, as well as significant fines and/or criminal penalties. Several states have similar laws and we may be subject to similar penalties. The FDA regulates diagnostic products and periodically inspects and reviews their manufacturing processes and product performance. We may choose to seek FDA approval for one or more CchekÔ tests, opposed to seeking CLIA certification. We cannot assure that applicable statutes and regulations will not be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that would adversely affect our business. Potential sanctions for violation of these statutes and regulations include significant fines and the suspension or loss of various licenses, certificates and authorizations, which could have a material adverse effect on our business. In addition, compliance with future legislation could impose additional requirements on us, which may be costly, including FDA regulation of laboratory developed tests.

Health insurers and other third-party payers may decide not to reimburse our CchekÔ diagnostic testing or may provide inadequate reimbursement, which could jeopardize our commercial prospects and require customers to pay for the tests out of pocket.

In the United States, the regulatory process that allows diagnostic tests to be marketed is independent of any coverage determinations made by third-party payers. For new diagnostic tests, private and government payers decide whether to cover the test, the reimbursement amount for a covered test and the specific conditions for reimbursement. Physicians may order diagnostic tests that are not reimbursed by third-party payers, but coverage determinations and reimbursement levels and conditions are critical to the commercial success of a diagnostic product. Each third-party payer makes its own decision about which tests it will cover and how much it will pay, although many payers will follow the lead of Medicare. As a result, the coverage determination process will be a time-consuming and costly process that requires us to provide scientific, clinical and economic support for the use of CchekÔ diagnostic testing to each payer separately, with no assurance that approval will be obtained. If third-party payers decide not to cover CchekÔ or if they offer inadequate payment amounts, our ability to generate revenue from CchekÔ could be limited since patients who want to take the diagnostic tests would have to pay for it out of pocket. Even if one or more third-party payers decide to reimburse for CchekÔ diagnostic testing, a third-party payer may stop or lower payment at any time, which could reduce revenue. We cannot predict whether third-party payers will cover CchekÔ diagnostic testing or offer adequate reimbursement. We also cannot predict the timing of such decisions. In addition, physicians or patients may decide not to order CchekÔ tests if third-party payments are inadequate, especially if ordering the test could result in financial liability for the patient.

Whether or not health insurers and other third-party payers decide to reimburse CchekÔ , the technology may cost patients more than we anticipate.

We believe that our CchekÔ diagnostic testing will significantly reduce the cost to patients of screening and confirmatory testing for certain types of cancer. If, however, the cost to utilize CchekÔ is more expensive than we anticipate, many patients and third-party payers may elect not to utilize the technology which would significantly impact our ability to generate revenue on the technology.

We operate in a competitive market and expect to face intense competition, often from companies with greater resources and experience than us.

The clinical diagnostics industry is highly competitive and subject to rapid change. We are aware of many different types of diagnostic tests available to detect cancer that are currently in use or being developed and many more types of diagnostic tests may be developed in the future. If we are able to successfully commercialize CchekÔ , all of these tests will compete with our product. If CchekÔ is more expensive than and/or does not have sufficient specificity, sensitivity or predictive value to compete with tests that are currently on the market, or if any other diagnostic tests that are under development, once successfully developed and commercialized, have greater specificity, sensitivity or predictive value and/or are cheaper than our technology, we may be unable to compete successfully with such products which would have a material adverse effect on our business, financial condition and results of operations.

Furthermore, as the industry continues to expand and evolve, an increasing number of competitors and potential competitors may enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than we do. Some of these competitors and potential competitors have more experience than we do in the development of diagnostic products, including validation procedures and regulatory matters. In addition, CchekÔ will compete with product offerings from large and well established companies that have greater marketing and sales experience and capabilities than we do. If we are unable to compete successfully, we may be unable to sustain and grow our revenue.

If we are unable to obtain and maintain intellectual property protection, our competitive position will be harmed.

Our ability to compete and to achieve sustained profitability will be impacted by our ability to protect our CchekÔ cancer diagnostic technologies and other proprietary discoveries and technologies. We expect to rely on a combination of patent protection, copyrights, trademarks, trade secrets, know-how, and regulatory approvals to protect CchekÔ and any of our other technologies. Our intellectual property strategy is intended to help develop and maintain our competitive position. However, there is no assurance that we will be able to obtain patent protection for CchekÔ and any other technologies, nor can we be certain that the steps we will have taken will prevent the misappropriation and unauthorized use of our technologies. If we are not able to obtain and maintain patent protection our competitive position may be harmed.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of our business.

Our commercial success depends upon our ability to develop, manufacture, market and sell our CchekÔ cancer diagnostic technologies and other proprietary discoveries and technologies without infringing, misappropriating or otherwise violating the proprietary rights or intellectual property of third parties. We may become party to, or be threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our CchekÔ cancer diagnostic technologies and other proprietary discoveries and technologies. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future. If we are found to infringe a third-party's intellectual property rights, we could be required to obtain a license from such third-party to continue developing our CchekÔ cancer diagnostic technologies and other proprietary discoveries and technologies. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. We could be forced, including by court order, to cease developing the infringing technology or product. In addition, we could be found liable for monetary damages. Claims that we have misappropriated the confidential information or trade secrets of third parties can have a similar negative impact on our business.

We are dependent upon a few key personnel and the loss of their services could adversely affect us.

Our future success of developing CchekÔ will depend on the efforts of ITUS's Executive Chairman of the Board Dr. Amit Kumar. We do not maintain "key person" life insurance on Dr. Kumar. The loss of the services of Dr. Kumar could have a material adverse effect on our business and operating results.

Risks Related to Legacy Patent Licensing Activities

In connection with our legacy patent licensing activities, we may not be able to license our patent portfolios which may have an adverse impact on our future operations.

We may generate revenues and related cash flows from the licensing and enforcement of patents that we currently own, from technologies that we develop and from the rights to license and enforce additional patents we have obtained, and may obtain in the future, from third parties. However, we can give no assurances that we will be able to identify opportunities to exploit such patents or that such opportunities, even if identified, will generate sufficient revenues to sustain future operations.

We, in certain circumstances, rely on representations, warranties and opinions made by third parties that, if determined to be false or inaccurate, may expose us to certain material liabilities.

From time to time, we may rely upon the opinions of purported experts. In certain instances, we may not have the opportunity to independently investigate and verify the facts upon which such opinions are made. By relying on these opinions, we may be exposed to liabilities in connection with the licensing and enforcement of certain patents and patent rights which could have a material adverse effect on our operating results and financial condition.

In connection with patent licensing activities conducted by certain of our subsidiaries, a court that has ruled unfavorably against us may also impose sanctions or award attorney's fees, exposing us and our operating subsidiaries to certain material liabilities.

In connection with any of our patent licensing activities, it is possible that a court that has ruled against us may also impose sanctions or award attorney's fees to defendants, exposing us or our operating subsidiaries to material liabilities, which could materially harm our operating results and our financial condition.

Our patented technologies have an uncertain market value.

Many of our patents and technologies are in the early stages of adoption in the commercial and consumer markets. Demand for some of these technologies is untested and is subject to fluctuation based upon the rate at which our licensees will adopt our patents and technologies in their products and services.

Risks Related to Our Common Stock

The availability of shares for sale in the future could reduce the market price of our common stock.

In the future, we may issue securities to raise cash for operations, to pay down existing or then existing indebtedness, to pay for the development of our CchekÔ platform and for acquisitions of companies. We have and in the future may issue securities convertible into our common stock. Any of these events may dilute stockholders' ownership interests in our company and have an adverse impact on the price of our common stock.

In addition, sales of a substantial amount of our common stock in the public market, or the perception that these sales may occur, could reduce the market price of our common stock. This could also impair our ability to raise additional capital through the sale of our securities.

Any actual or anticipated sales of shares by our stockholders may cause the trading price of our common stock to decline. The sale of a substantial number of shares of our common stock by our stockholders, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

Delaware law and our charter documents contain provisions that could discourage or prevent a potential takeover of our company that might otherwise result in our stockholders receiving a premium over the market price of their shares.

Provisions of Delaware General Corporation Law ("DGCL") and our certificate of incorporation, as amended (the "Certificate of Incorporation") and by-laws ("By-Laws") could make the acquisition of our company by means of a tender offer, proxy contest or otherwise, and the removal of incumbent officers and directors, more difficult. These provisions include:

· Section 203 of the DGCL, which prohibits a merger with a 15%-or-greater stockholder, such as a party that has completed a successful tender offer, until three years after that party became a 15%-or-greater stockholder;

· The authorization in our Certificate of Incorporation of undesignated preferred stock, which could be issued without stockholder approval in a manner designed to prevent or discourage a takeover; and

· Provisions in our By-Laws regarding stockholders' rights to call a special meeting of stockholders limit such rights to stockholders holding together at least a majority of shares of the Company entitled to vote at the meeting, which could make it more difficult for stockholders to wage a proxy contest for control of our Board of Directors or to vote to repeal any of the anti-takeover provisions contained in our Certificate of Incorporation and By-Laws.

Together, these provisions may make the removal of management more difficult and may discourage transactions that could otherwise involve payment of a premium over prevailing market prices for our common stock.

We may fail to meet market expectations because of fluctuations in quarterly operating results, which could cause the price of our common stock to decline.

Our reported revenues and operating results have fluctuated in the past and may continue to fluctuate significantly from quarter to quarter in the future, specifically as we continue to devote more of our resources towards our CchekÔ diagnostic technology. It is possible that in future periods, we will have no revenue or, in any event, revenues could fall below the expectations of securities analysts or investors, which could cause the market price of our common stock to decline. The following are among the factors that could cause our operating results to fluctuate significantly from period to period:

- clinical trial results relating to our diagnostic technology;
- progress with regulatory authorities towards the certification/approval of our diagnostic technology;
- commercialization of our diagnostic technology; and
- costs related to acquisitions, alliances and licenses.

Biotechnology company stock prices are especially volatile, and this volatility may depress the price of our common stock.

The stock market has experienced significant price and volume fluctuations, and the market prices of biotechnology companies have been highly volatile. We believe that various factors may cause the market price of our common stock to fluctuate, perhaps substantially, including, among others, the following:

- announcements of developments in the cancer diagnostic testing industry;
- developments in relationships with third party vendors and laboratories;
- announcements of developments in our remaining patent enforcement actions;
- developments or disputes concerning our patents and other intellectual property;
- our or our competitors' technological innovations;
- variations in our quarterly operating results;
- our failure to meet or exceed securities analysts' expectations of our financial results;
- a change in financial estimates or securities analysts' recommendations;
- changes in management's or securities analysts' estimates of our financial performance;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, capital commitments, new technologies, or patents; and
- the timing of or our failure to complete significant transactions.

In addition, we believe that fluctuations in our stock price during applicable periods can also be impacted by changes in governmental regulations in the diagnostic testing industry and/or court rulings and/or other developments in our remaining patent licensing and enforcement actions. For example, if government regulators no longer allow for the use of diagnostic technology that has not been granted FDA approval (e.g. denying products that have only received CLIA certification), the time and cost to bring our technology to market will increase which will likely have an adverse impact on our stock price.

In the past, companies that have experienced volatility in the market price of their stock have been the objects of securities class action litigation. If our common stock was the object of securities class action litigation, it could result in substantial costs and a diversion of management's attention and resources, which could materially harm our business and financial results.

Our common stock is currently listed on NASDAQ Capital Market, however if our common stock is delisted for any reason, it will become subject to the SEC's penny stock rules which may make our shares more difficult to sell.

If our common stock is delisted from NASDAQ Capital Market, our common stock will then fit the definition of a penny stock and therefore would be subject to the rules adopted by the SEC regulating broker-dealer practices in connection with transactions in penny stocks. The SEC rules may have the effect of reducing trading activity in our common stock making it more difficult for investors to sell their shares. The SEC's rules require a broker or dealer proposing to effect a transaction in a penny stock to deliver the customer a risk disclosure document that provides certain information prescribed by the SEC, including, but not limited to, the nature and level of risks in the penny stock market. The broker or dealer must also disclose the aggregate amount of any compensation received or receivable by him in connection with such transaction prior to consummating the transaction. In addition, the SEC's rules also require a broker or dealer to make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction before completion of the transaction. The existence of the SEC's rules may result in a lower trading volume of our common stock and lower trading prices.

We do not anticipate declaring any cash dividends on our common stock which may adversely impact the market price of our stock.

We have never declared or paid cash dividends on our common stock and do not plan to pay any cash dividends in the near future. Our current policy is to retain all funds and any earnings for use in the operation and expansion of our business. If we do not pay dividends, our stock may be less valuable to you because a return on your investment will only occur if our stock price appreciates.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We lease approximately 3,000 square feet of office space at 12100 Wilshire Boulevard, Los Angeles, California (our principal executive offices) from an unrelated party pursuant to a lease that expires May 31, 2019. Our base rent is approximately $11,000 per month and the lease provides for annual increases of approximately 3% and an escalation clause for increases in certain operating costs.

Item 3. Legal Proceedings.

Other than suits we bring to enforce our patent rights we are not a party to any material pending legal proceedings other than that which arise in the ordinary course of business. We believe that any liability that may ultimately result from the resolution of these matters will not, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Since July 2015, our common stock has traded on the NASDAQ Capital Market under the symbol "ITUS". Prior to July 2015, our common stock traded on the OTCQB. The high and low sales prices as reported by the NASDAQ Capital Market and OTCQB for each quarterly fiscal period during our fiscal years ended October 31, 2016 and 2015 is as follows (all sales prices below reflect our one-for-twenty-five reverse stock split which was effected in June 2015):

Fiscal Period	High	Low
4th quarter 2016	$6.82	$2.85
3rd quarter 2016	3.70	2.55
2nd quarter 2016	3.31	1.88
1st quarter 2016	4.85	2.01
4th quarter 2015	$6.00	$3.50
3rd quarter 2015	6.40	1.75
2nd quarter 2015	4.10	1.39
1st quarter 2015	5.53	2.25

Holders

As of November 30, 2016, the approximate number of record holders of our common stock was 299 and the closing price of our common stock was $5.70 per share.

Securities Authorized for Issuance Under Equity Compensation Plans

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

Dividend Policy

No cash dividends have been paid on our common stock since our inception. We have no present intention to pay any cash dividends in the foreseeable future.

Recent Sales of Unregistered Securities

During the three months ended October 31, 2016, the Company issued an aggregate of 1,038 shares of our common stock to various companies in payment of public relations and investor relations services. The common stock was issued in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act as they were issued to accredited investors, without a view to distribution, and were not issued through any general solicitation or advertisement.

Item 6. Selected Financial Data.

Not required for a smaller reporting company.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

In reviewing Management's Discussion and Analysis of Financial Condition and Results of Operations, you should refer to our Consolidated Financial Statements and the notes related thereto.

Results of Operations

Fiscal Year ended October 31, 2016 compared with Fiscal Year ended October 31, 2015

Revenue from Licensing Activities

In fiscal year 2016, we recorded revenue from licensing activities of $300,000 from two license agreements. In fiscal year 2015, we recorded revenue from licensing activities of $255,000 from six license agreements and $9,000,000 from AUO as described below. The license agreements provided for one-time, non-recurring, lump sum payments in exchange for non-exclusive retroactive and future licenses, and/or covenants not to sue. Accordingly, the earnings process from these licenses was complete and 100% of the revenue was recognized upon execution of the license agreements.

Revenue from Settlement with AU Optronics Corporation

We did not record any revenue from the settlement with AUO during the fiscal year 2016. Revenue from the settlement with AUO was $9,000,000 in fiscal year 2015. On December 29, 2014, the Company and AUO entered into a Settlement Agreement (the "AUO Settlement Agreement") and a Patent Assignment Agreement (the "AUO Patent Assignment Agreement") pursuant to which the Company received an aggregate of $9,000,000 from AUO. The AUO Settlement Agreement and the AUO Patent Assignment Agreement were entered into to resolve a lawsuit filed by the Company against AUO in January of 2013, in connection with the joint development and commercialization of two of the Company's thin-film display technologies.

Inventor Royalties and Contingent Legal Fees

Inventor royalties and contingent legal fees decreased by approximately $36,000 in fiscal year 2016, to approximately $111,000, from approximately $148,000 in fiscal year 2015. The decrease was due to the decrease in revenue from licensing activities. Inventor royalties and contingent legal fees are expensed in the period that the related revenues are recognized. The economic terms of patent agreements and contingent legal fee arrangements vary across the patent portfolios owned or controlled by the Company.

Litigation and Licensing Expenses

Litigation and licensing expenses decreased by approximately $3,395,000 to approximately $106,000 in fiscal year 2016, from approximately $3,501,000 in fiscal year 2015. Litigation and licensing expenses included approximately $3,298,000 of legal fees and litigation costs in fiscal year 2015, related to the settlement with AUO.

Amortization of Patents

Amortization of patents was approximately $325,000 in fiscal years 2016 and 2015. We capitalize patent and patent rights acquisition costs and amortize the cost over the estimated economic useful life. During fiscal year 2016, we did not capitalize any patents or patent rights.

Research and Development Expenses

Research and development expenses increased by approximately $845,000 to approximately $1,556,000 in fiscal year 2016, from approximately $711,000 in fiscal 2015. The increase in research and development expenses was primarily due to an increase in costs in connection with the development of CchekÔ, including increased employee compensation and related costs, other than stock option expense, of approximately $626,000 and increased costs related to our collaboration with Wistar of approximately $121,000.

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses decreased by approximately $2,805,000 to approximately $2,710,000 in fiscal year 2016, from approximately $5,515,000 in fiscal 2015. The decrease in marketing, general and administrative expenses was principally due to a decrease in employee stock option expense of approximately $1,272,000, a decrease in employee compensation and related costs, other than stock option expense, of approximately $552,000, a decrease in consultant stock option expense of approximately $484,000, a decrease in consulting and outside services expense other than stock option expenses of approximately $276,000, and a decrease in legal and accounting fees of approximately $224,000, offset by an increase in investor relations and public relations expense of approximately $198,000.

Interest Expense

Interest expense increased by approximately $68,000 to approximately $520,000 in fiscal year 2016, from approximately $452,000 in fiscal 2015. Interest expense in fiscal years 2016 and 2015 consisted of accreted interest on our patent acquisition obligation.

Interest Income

Interest income decreased to approximately $13,000 in fiscal year 2016 compared to approximately $18,000 in fiscal year 2015, due to a decrease in funds available for short-term investments.

Liquidity and Capital Resources

Our primary sources of liquidity are cash, cash equivalents and short term investments.

Based on currently available information as of December 7, 2016, we believe that our existing cash, cash equivalents, short-term investments and expected cash flows from operations will not be sufficient to fund our activities and debt obligations for the next 12 months. Our basic monthly overhead expenses are approximately $300,000, excluding payments of principal and interest due on our Redemption Debenture in 2017. To date, we have relied primarily upon cash from the public and private sale of equity and debt securities, as well as net proceeds from the December 2014 AUO settlement, to generate the working capital needed to finance our operations. If current cash on hand, cash equivalents, short term investments and cash that may be generated from our business operations are insufficient to continue to operate our business, we will be required to obtain more working capital. We may seek to obtain working capital through sales of our equity securities or through bank credit facilities or public or private debt from various financial institutions where possible and as permitted pursuant to the Redemption Debenture which prohibits the Company from incurring any senior indebtedness other than equipment financing in connection with the Company's business . We cannot be certain that additional funding will be available on acceptable terms, or at all. If we do identify sources for additional funding,the sale of additional equity securities or convertible debt could result in dilution to our stockholders. Additionally, the sale of equity securities or issuance of debt securities may be subject to certain security holder approvals or may result in the downward adjustment of the exercise or conversion price of our outstanding securities. We can give no assurance that we will generate sufficient cash flows in the future to satisfy our liquidity requirements or sustain future operations, or that other sources of funding, such as sales of equity or debt, would be available or would be approved by our security holders, if needed, on favorable terms or at all. If we fail to obtain additional working capital as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition. Furthermore, such lack of funds may inhibit our ability to respond to competitive pressures or unanticipated capital needs, or may force us to reduce operating expenses, which would significantly harm the business and development of operations.

The accompanying financial statements have been prepared assuming that we will continue as a going concern. In order for us to have sufficient capital to execute our business plan, fund our operations and meet our debt obligations over the next 12 months, we will need to raise additional capital. Although we have been successful in the past in raising capital, we cannot provide any assurance that we will be successful in doing so in the future to the extent necessary to be able to fund our operating activities and debt obligations over the next 12 months, which raises substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

During the year ended October 31, 2016, cash used in operating activities was approximately $3,382,000. Cash provided by investing activities was approximately $1,503,000, which resulted from the proceeds on maturity of certificates of deposit totaling $3,550,000 which was offset by the purchase of certificates of deposit totaling $1,900,000 and the purchase of property and equipment of approximately $147,000. Our cash used in financing activities was approximately $3,000, which resulted from a royalty payment of approximately $36,000 applied to the patent acquisition obligation liability, offset by the proceeds from exercise of stock options of approximately $34,000. As a result, our cash, cash equivalents, and short-term investments at October 31, 2016 decreased approximately $3,531,000 to approximately $3,238,000 from approximately $6,769,000 at the end of fiscal year 2015.

In October 2015, the Company entered into an At Market Issuance Sales Agreement (the "Sales Agreement") with National Securities Corporation ("National") to create an at-the-market equity program under which the company could sell up to $10,000,000 worth of its common stock (the "Shares") from time to time through National, as sales agent. On December 2, 2016, the Company terminated the Agreement with National.

Off-Balance Sheet Arrangements

We have no variable interest entities or other significant off-balance sheet obligation arrangements.

Critical Accounting Policies

The Company's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing these financial statements, we make assumptions, judgments and estimates that can have a significant impact on amounts reported in our consolidated financial statements. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis, we evaluate our assumptions, judgments and estimates and make changes accordingly.

We believe that, of the significant accounting policies discussed in Note 3 to our consolidated financial statements, the following accounting policies require our most difficult, subjective or complex judgments:

- Revenue Recognition; and
- Stock-Based Compensation

Revenue Recognition

Revenue is recognized when (i) persuasive evidence of an arrangement exists, (ii) all obligations have been substantially performed pursuant to the terms of the arrangement, (iii) amounts are fixed or determinable, and (iv) the collectability of amounts is reasonably assured.

Patent Licensing

In certain instances, our past revenue arrangements have provided for the payment of contractually determined fees in settlement of litigation and in consideration for the grant of certain intellectual property rights for patented technologies owned or controlled by the Company. These arrangements typically include some combination of the following: (i) the grant of a non-exclusive, retroactive and future license to manufacture and/or sell products covered by patented technologies owned or controlled by the Company, (ii) a covenant-not-to-sue, (iii) the release of the licensee from certain claims, and (iv) the dismissal of any pending litigation. In such instances, the intellectual property rights granted have been perpetual in nature, extending until the expiration of the related patents. Pursuant to the terms of these agreements, we have no further obligations. As such, the earnings process was complete and revenue has been recognized upon the execution of the agreement, when collectability was reasonably assured, and when all other revenue recognition criteria were met.

Stock-Based Compensation

We account for stock options granted to employees and directors using the accounting guidance in ASC 718. We recognize compensation expense for stock option awards over the requisite or implied service period of the grant. We recorded stock-based compensation expense, related to stock options granted to employees and directors, of approximately $874,000 and $2,192,000 during the years ended October 31, 2016 and 2015, respectively. We account for stock options granted to consultants using the accounting guidance under ASC 505-50. We recognized stock-based compensation expense for stock options granted to non-employee consultants during the years ended October 31, 2016 and 2015, of approximately $-0- and $484,000, respectively.

As of October 31, 2016, there was unrecognized compensation cost related to non-vested share-based compensation arrangements for stock options granted to employees and directors of approximately $1,139,000, which will be recognized in future periods upon vesting of the stock options.

Determining the appropriate fair value model and calculating the fair value of stock-based awards requires judgment, including estimating stock price volatility, forfeiture rates and expected term. If factors change and we employ different assumptions in the application of ASC 718 and ASC 505-50 in future periods, the compensation expense that we record may differ significantly from what we have recorded in the current period. See Note 3 to the consolidated financial statements for additional information.

Effect of Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09 (“ASU 2014-09”), Revenue from Contracts with Customers. This amendment updates addressing revenue from contracts with customers, which clarifies existing accounting literature relating to how and when a company recognizes revenue. Under the standard, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. This standard update is effective for interim and annual reporting periods beginning after December 15, 2016, and are to be applied retrospectively or the cumulative effect as of the date of adoption, with early application not permitted. In July 2015, a one-year deferral of the effective date of the new guidance was approved. We are currently evaluating the impact ASU 2014-09 will have on our consolidated financial statements and related disclosures.

In June 2014, the FASB issued Accounting Standards Update 2014-12 (“ASU 2014-12”), Compensation – Stock Compensation. This amendment requires that a performance target that affects vesting and could be achieved after the requisite service period shall be treated as a performance condition. Adoption of this standard is required for annual periods beginning after December 15, 2015. Early adoption is permitted. We do not expect this update to have a significant impact on our consolidated financial statements and related disclosures.

In August 2014, the FASB issued Accounting Standards Update 2014-15 ("ASU 2014-15"). This amendment requires management to assess an entity's ability to continue as a going concern every reporting period including interim periods, and to provide related footnote disclosure in certain circumstances. Adoption of this standard is required for annual periods ending after December 15, 2016 and are to be applied retrospectively or the cumulative effect as of the date of adoption. We do not expect this update to have a significant impact on our consolidated financial statements and related disclosures.

In April 2015, the FASB issued Accounting Standards Update 2015-03 ("ASU 2015-03") to simplify the presentation of debt issuance costs. This amendment requires debt issuance costs be presented on the balance sheet as a direct reduction from the carrying amount of the debt liability, consistent with debt discounts or premiums. Adoption of this standard is required for interim and annual periods beginning after December 15, 2015 and is to be applied retrospectively. The adoption of this amendment on November 1, 2016 did not have an impact on our consolidated financial statements and related disclosures.

In November 2015, the FASB issued Accounting Standards Update 2015-17 ("ASU 2015-17") to simplify the presentation of deferred taxes. This amendment requires that all deferred tax assets and liabilities, along with any related valuation allowances, be classified as noncurrent on the balance sheet. Adoption of this standard is required for annual periods beginning after December 15, 2016. We are currently evaluating the impact ASU 2015-17 will have on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued Accounting Standards Update 2016-02 ("ASU 2016-02") which requires lessees to recognize most leases on the balance sheet. This is expected to increase both reported assets and liabilities. The new lease standard does not substantially change lessor accounting. For public companies, the standard will be effective for the first interim reporting period within annual periods beginning after December 15, 2018, although early adoption is permitted. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. We are currently evaluating the impact ASU 2016-02 will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued Accounting Standards Update 2016-09 ("ASU 2016-09") that changes the accounting for certain aspects of share-based payments to employees. The new guidance requires all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. It also allows an employer to repurchase more of an employee's shares than it can today for tax withholding purposes without triggering liability accounting and to make a policy election for forfeitures as they occur. The guidance is effective for public business entities for fiscal years beginning after December 15, 2016, and interim periods within those years. Early adoption is permitted. We are currently evaluating the impact ASU 2016-09 will have on our consolidated financial statements and related disclosures.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Not required for a smaller reporting company.

Item 8. Financial Statements and Supplementary Data.

See accompanying “Index to Consolidated Financial Statements.”

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer and Vice President - Finance, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 and 15d-15 of the Exchange Act. Based upon that evaluation, our President and Chief Executive Officer and the Chief Financial Officer and Vice President - Finance concluded that our disclosure controls and procedures were effective as of the end of fiscal year 2016.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our management, including the principal executive officer and principal financial officer, does not expect that our internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, cannot provide full assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Under the supervision and with the participation of our management, including the principal executive officer and principal financial officer, we conducted an evaluation as to the effectiveness of our internal control over financial reporting as of October 31, 2016. In making this assessment, our management used the criteria for effective internal control set forth by the Committee of Sponsoring Organizations of the Treadway Commission in the *2013 Internal Control – Integrated Framework*. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of October 31, 2016.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to a permanent exemption of the Commission that permits the Company to provide only management's report in this Annual Report on Form 10-K. Accordingly, our management's assessment of the effectiveness of our internal control over financial reporting as of October 31, 2016 has not been audited by our auditors, Haskell & White LLP.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of fiscal year 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

Redemption of Series A Preferred

On September 9, 2014, we issued 140 shares of Series A Preferred having an aggregate value of $3,500,000 and the September 2014 Warrant to purchase 370,000 shares of the Company's common stock. The September 2014 Warrant expired on November 11, 2016. Holders of our Series A Preferred had a one-time right to require the Company to redeem the Series A Preferred shares, which right was set to expire on November 11, 2016. Under its terms, the Series A Preferred could only be redeemed from the proceeds of the sale of the Company's equity securities. On November 11, 2016 the holder of all of our outstanding Series A Preferred exercised its right of redemption. On December 6, 2016, we entered into an agreement with the holder of the Series A Preferred setting forth the terms under which such redemption would take place in lieu of paying the redemption from proceeds of sales of equity securities. Pursuant to the Redemption Agreement, upon closing the holder of the Series A Preferred will receive (i) $500,000 in cash (ii) a 12% secured debenture evidencing the remaining $3,000,000 amount to be redeemed, and (iii) a 5 year warrant to purchase 500,000 shares of the Company's common stock.

The Redemption Debenture shall be paid in cash by the Company as follows: $1,000,000 of the principal amount shall be paid on or before June 1, 2017, and the remaining $2,000,000 of the principal amount shall be paid on or before November 11, 2017. Interest shall accrue on any unpaid principal of the Redemption Debenture at the rate of 12% per annum, payable in cash on the first day of each calendar quarter beginning 90 days after issuance of the Redemption Debenture, with all accrued and unpaid interest to be paid with the final payment of principal under the Redemption Debenture (regardless of such repayment date). The Redemption Debenture is secured by a lien on the Company's assets and prohibits the Company from incurring any senior indebtedness other than equipment financing in connection with the Company's business.

The warrant grants the holder the right to purchase 500,000 shares of common stock (such shares of common stock issuable upon exercise of the warrant, the "Warrant Shares") at an exercise price equal to 10% below the thirty (30) day volume weighted average closing price of our common stock at closing. The warrant expires on November 30, 2021. If there is not an effective registration statement covering the Warrant Shares, the warrant may be exercised on a cashless basis, otherwise the warrant holder must exercise for cash.

Pursuant to the warrant, the investor may not exercise its warrant if such exercise would result in the investor beneficially owning in excess of 4.99% of our then issued and outstanding common stock. A holder may, however, increase this limitation (but in no event exceed 9.99% of the number of shares of common stock issued and outstanding) by providing the Company with 61 days' notice that such holder wishes to increase this limitation. In connection with this transaction, the Company granted the investor registration rights with respect to the Warrant Shares.

Termination of Sales Agreement

On December 2, 2016, the Company terminated its Sales Agreement with National. The Sales Agreement, which was entered into on October 2, 2015 between the parties, created an at-the-market equity program under which the Company could sell up to $10,000,000 worth of its common stock from time to time through National, as sales agent. The Company did not sell any securities pursuant to the Sales Agreement. The Company elected to terminate the Sales Agreement because it did not desire to pursue an at-the-market equity program.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

(a) Our Directors and Executive Officers

The following table sets forth certain information with respect to all of our directors and executive officers:

Name	Position with the Company and Principal Occupation	Age	Director and/or Executive Officer Since
Dr. Amit Kumar	Executive Chairman of the Board	52	2012
Robert A. Berman	Director, President and Chief Executive Officer	53	2012
Dale Fox	Director	49	2014
Dr. Arnold Baskies	Director	67	2016
Dr. John Monahan	Director	70	2016
Michael J. Catelani	Chief Financial Officer	50	2016

We believe that our Board represents a desirable mix of backgrounds, skills, and experiences. The principal occupation and business experience during the last five years for our executive officers and directors and some of the specific experiences, qualifications, attributes or skills that led to the conclusion that each person should serve as one of our directors in light of our business and structure is as follows:

Dr. Amit Kumar, 52, Executive Chairman of the Board and Executive Chairman of Anixa Diagnostics . Dr. Kumar has served as a director since November 30, 2012 and as Chairman of the Board since August 23, 2016. From June 15, 2015 until August 23, 2016, Dr. Kumar served as Vice Chairman of the Company. Dr. Kumar served as a strategic advisor to the Company since September 19, 2012. Dr. Kumar has been Executive Chairman of Anixa Diagnostics Corporation, a wholly-owned subsidiary of the Company since June 15, 2015. Upon his appointment as Executive Chairman of Anixa, Dr. Kumar resigned from his position as the CEO of Geo Fossil Fuels LLC, an energy company, which he had held since December 2010. From September 2001 to June 2010, Dr. Kumar was President and CEO of CombiMatrix Corporation, a NASDAQ listed biotechnology company and also served as director from September 2000 to June 2012. Dr. Kumar was Vice President of Life Sciences of Acacia Research Corporation, a publicly traded investment company, from July 2000 to August 2007 and also served as a director from January 2003 to August 2007. Dr. Kumar has served as Chairman of the board of directors of Ascent Solar Technologies, Inc., a publicly-held solar energy company, since June 2007, and as a director of Aeolus Pharmaceuticals, Inc. since June 2004. Dr. Kumar holds an A.B. in Chemistry from Occidental College and Ph.D. from Caltech and completed his post-doctoral training at Harvard University. Dr. Kumar has experience in technology driven startups, both at the board and operating levels, in a broad variety of areas including finance, acquisitions, R&D, and marketing, and has served as a director and officer of another publicly traded company.

Robert A. Berman, 53, Director, President and Chief Executive Officer . Mr. Berman has served as our President and Chief Executive Officer since September 19, 2012 and was elected to our Board on November 30, 2012. Mr. Berman has experience in a broad variety of areas including finance, acquisitions, marketing, and the development, licensing, and monetization of intellectual property. He was recently the CEO of IP Dispute Resolution Corporation ("IPDR"), a consulting company focused on technology licensing and product development, from March 2007 to September 2012. Prior to IPDR, Mr. Berman was the Chief Operating Officer and General Counsel of Acacia Research Corporation from 2000 to March 2007. Mr. Berman holds a J.D. from the Northwestern University School of Law and a B.S. in Entrepreneurial Management from the Wharton School of the University of Pennsylvania. Mr. Berman has experience in both investing in and starting new ventures and new technologies, in areas including finance, acquisitions, operations, and marketing, and has served as an officer of another publicly traded company.

Dale Fox, 49, Director. Mr. Fox is an entrepreneur and innovator who has launched many companies. He is currently the CEO of Tribogenics, a start-up company he co-founded in 2010 that develops portable, powerful X-ray devices based, in part, upon a technology conceived and licensed from the University of California, Los Angeles. Mr. Fox has raised numerous rounds of capital for many types of companies, including venture capital, strategic investments, and other financings. Mr. Fox has built executive and advisory teams. He received a Bachelor of Business Administration degree from Southern Methodist University's Cox School of Business. Since 2009, Mr. Fox has taught at the Founders Institute where he teaches classes on start-ups and continues to mentor young entrepreneurs. Mr. Fox is an experienced startup entrepreneur and inventor who has successfully launched a number of companies. As a result, Mr. Fox has gained experience is a broad variety of other areas including finance, research and development and marketing.

Dr. Arnold Baskies, 67, Director. Dr. Baskies, Vice Chairman of the National Board of Directors of the American Cancer Society, is a board certified general surgeon and fellowship trained surgical oncologist with special interests in breast cancer, thyroid cancer, and melanoma. Dr. Baskies has been a member of Virtua Surgical Specialists, a multi-specialty practice since 2011. In addition to his pioneering efforts to promote the latest surgical and nonsurgical techniques, including minimally invasive surgery (and advanced radioguided techniques) for diseases of the breast, thyroid, and parathyroid glands, he has cared for thousands of surgical patients in his 30-year career. Dr. Baskies received his Bachelor of Arts degree summa cum laude and was a member of Phi Beta Kappa at Boston University, graduated from the Boston University School of Medicine, completed his surgical residency at Boston Medical Center, and had fellowship training in surgical oncology at the National Cancer Institute.

Dr. John Monahan, 70, Director. Dr. Monahan is an experienced executive and has served on a number of biotechnology company boards over the years. He is currently a Scientific Advisory Consultant for Synthetic Biologics, Inc. (NYSE MKT: SYN) and from 2010 through 2015 he was the Sr. Executive Vice President of Research & Development at Synthetic Biologics, Inc. He is also a director of Heat Biologics, Inc. (Nasdaq: HTBX), a position that he has held since 2011, and was a director of Tacere Therapeutics, Inc., a wholly-owned subsidiary of Benitec Biopharma Limited (Nasdaq: BNTC) from 2006 to 2015. In addition to his work with public companies, Dr. Monahan is also currently a member of the Scientific Advisory Board of Agilis Biotherapeutics, Inc., a position that he has held since 2014, and is a board member of several other biotechnology companies. In addition, in 1992 he founded Avigen, Inc., a biotech company that pioneered the development of gene medicines based on adeno-associated virus vectors, now an industry standard. Over a 12-year period as its CEO, Dr. Monahan took Avigen public through an initial public offering raising over $235M and led the company through several Investigational New Drug (IND) applications. Prior to Avigen, Dr. Monahan served as Vice President - Research and Development at Somatix B.V., and Director of Molecular & Cell Biology at Triton Biosciences, Inc. He was also previously Research Group Chief, Department of Molecular Genetics at Hoffmann-LaRoche Inc., and Adjunct Assistant Professor, Department of Cell Biology at New York University. Dr. Monahan earned a Ph.D. in Biochemistry from McMaster University, Hamilton, Canada, and a B.S. in Science from University College, Dublin, Ireland. Dr. Monahan has over 50 publications in scientific literature and has made hundreds of presentations and public TV appearances, to scientific groups, investors and the general public over the years.

Michael J. Catelani, 50, Chief Financial Officer. Mr. Catelani, has served as our Chief Financial Officer since November 1, 2016. Previously, Mr. Catelani co-founded Tacere Therapeutics, Inc., a privately held biotechnology company, and served as its Chairman, President and Chief Financial Officer until its sale. Prior to Tacere, Mr. Catelani served on the Board of Directors and was the Chief Financial Officer of Benitec Biopharma Limited, an Australian Stock Exchange-listed biotechnology company. Prior to Benitec, Mr. Catelani served as Vice President and Chief Financial Officer at Axon Instruments, a U.S. corporation publicly traded on the Australian Stock Exchange that was a leading designer and manufacturer of instrumentation and software systems for biotechnology and diagnostics research. Prior to Axon, Mr. Catelani served as the Vice President of Finance for Media Arts Group, Inc., an NYSE-listed company. Mr. Catelani has also worked with several early stage start-up companies in a variety of industries, including biotechnology, retail, waste water recovery, and distributed power generation, in both advisory and management roles and has served as a contract Chief Financial Officer to a number of established businesses in the biotechnology field. Mr. Catelani began his professional career at Ernst & Young and is a CPA. He received his B.S. degree in business administration, with a concentration in accountancy, from Sacramento State University and earned his MBA from the University of California, Davis.

Except for Drs. Kumar and Monahan, none of our current directors or executive officers has served as a director of another public company within the past five years.

(c) Our Significant Employees

We have no significant employees other than our executive management team.

(d) Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chosen by the Company to become directors or executive officers.

(e) Involvement of Certain Legal Proceedings

To the best of our knowledge, during the past ten years, none of the following occurred with respect to a present or former director or executive officer of the Company: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities or banking activities; (4) being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated; (5) being subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree or finding relating to an alleged violation of the federal or state securities, commodities, banking or insurance laws or regulations or any settlement thereof or involvement in mail or wire fraud in connection with any business entity not subsequently reversed, suspended or vacated and (6) being subject of, or a party to, any disciplinary sanctions or orders imposed by a stock, commodities or derivatives exchange or other self-regulatory organization.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and ten percent stockholders to file initial reports of ownership and reports of changes in ownership of our common stock with the Commission. Directors, executive officers and ten percent stockholders are also required to furnish us with copies of all Section 16(a) forms that they file. Based upon a review of these filings, we believe that all required Section 16(a) reports were made on a timely basis during fiscal year 2016.

Code of Ethics

We have adopted a formal code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. We will provide a copy of our code of ethics to any person without charge, upon request. For a copy of our code of ethics write to Secretary, ITUS Corporation, 12100 Wilshire Boulevard, Suite 1275, Los Angeles, California.

Nomination Procedures

On July 9, 2015, the Board established a nominating and corporate governance committee (the “Nominating Committee”). The Nominating Committee has a charter which will be reviewed on an annual basis by members of the committee and will be at all times composed of exclusively independent directors. The principal duties and responsibilities of the Nominating Committee are to identify qualified individuals to become board members, recommend to the Board individuals to be designated as nominees for election as directors at the annual meetings of stockholders, and develop and recommend to the Board the Company’s corporate governance guidelines. In selecting directors, the Nominating Committee will consider candidates that possess qualifications and expertise that will enhance the composition of the Board, including the considerations set forth below. The considerations set forth below are not meant as minimum qualifications, but rather as guidelines in weighing all of a candidate’s qualifications and expertise.

- Candidates should be individuals of personal integrity and ethical character.
- Candidates should have background, achievements, and experience that will enhance our Board. This may come from experience in areas important to our business, substantial accomplishments or prior or current associations with institutions noted for their excellence.
- Candidates should have demonstrated leadership ability, the intelligence and ability to make independent analytical inquiries and the ability to exercise sound business judgment.

- Candidates should be free from conflicts that would impair their ability to discharge the fiduciary duties owed as a director to ITUS and its stockholders, and we will consider directors' independence from our management and stockholders.
- Candidates should have, and be prepared to devote, adequate time and energy to the Board and its committees to ensure the diligent performance of their duties, including by attending meetings of the Board and its committees.
- Due consideration will be given to the Board's overall balance of diversity of perspectives, backgrounds and experiences, as well as age, gender and ethnicity.
- Consideration will also be given to relevant legal and regulatory requirements.

We are of the view that the continuing service of qualified incumbents promotes stability and continuity in the board room, contributing to the Board's ability to work as a collective body, while giving us the benefit of the familiarity and insight into our affairs that our directors accumulate during their tenure. Accordingly, the process of the Nominating Committee for identifying nominees for directors will reflect our practice of generally re-nominating incumbent directors who continue to satisfy the Board's criteria for membership on the Board, whom the Nominating Committee believes continue to make important contributions and who consent to continue their service on the Board. If the Nominating Committee determines that an incumbent director consenting to re-nomination continues to be qualified and has satisfactorily performed his or her duties as director during the preceding term, and that there exist no reasons, including considerations relating to the composition and functional needs of the Board as a whole, why in the Nominating Committee's view the incumbent should not be re-nominated, the Nominating Committee will, absent special circumstances, generally propose the incumbent director for re-election. Although we do not have a formal policy regarding the consideration of diversity in identifying and evaluating potential director candidates, the Nominating Committee will take into account the personal characteristics (gender, ethnicity and age), skills and experience, qualifications and background of current and prospective directors' diversity as one factor in identifying and evaluating potential director candidates, so that the Board, as a whole, will possess what the nominating and corporate governance committee believes are appropriate skills, talent, expertise and backgrounds necessary to oversee our Company's business.

If the incumbent directors are not nominated for re-election or if there is otherwise a vacancy on the Board, the Nominating Committee may solicit recommendations for nominees from persons that the Nominating Committee believes are likely to be familiar with qualified candidates, including from members of the Board and management. While the Nominating Committee may also engage a professional search firm to assist in identifying qualified candidates, the Nominating Committee did not engage any third party to identify or evaluate or assist in identifying or evaluating the Director Nominees. We do not have a policy with regard to the consideration of director candidates recommended by stockholders. Due to the size of our Company and Board, the Nominating Committee does not believe that such a policy is necessary.

Depending on its level of familiarity with the candidates, the Nominating Committee may choose to interview certain candidates that it believes may possess qualifications and expertise required for membership on the Board. It may also gather such other information it deems appropriate to develop a well-rounded view of the candidate. Based on reports from those interviews or from Board members with personal knowledge and experience with a candidate, and on all other available information and relevant considerations, the Nominating Committee will select and nominate candidates who, in its view, are most suited for membership on the Board.

The members of the nominating committee are Dale Fox (Chairman) and Drs. Arnold Baskies and John Monahan.

Audit Committee and Audit Committee Financial Expert

On July 9, 2015, the Board established a separately-designated standing audit committee (the "Audit Committee") established in accordance with Section 3(a)(58)(A) of the Exchange Act, and Nasdaq Listing Rules. The Audit Committee has a charter which will be reviewed on an annual basis by members of the committee and will be at all times composed of exclusively independent directors who are "financially literate," meaning they are able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. In addition, the committee will have at least one member who qualifies as an "audit committee financial expert" as defined in rules and regulations of the SEC.

The principal duties and responsibilities of the Company's Audit Committee are to appoint the Company's independent auditors, oversee the quality and integrity of the Company's financial reporting and the audit of the Company's financial statements by its independent auditors and in fulfilling its obligations, the Company's Audit Committee will review with the Company's management and independent auditors the scope and result of the annual audit, the auditors' independence and the Company's accounting policies.

The Audit Committee will be required to report regularly to the Board to discuss any issues that arise with respect to the quality or integrity of the Company's financial statements, its compliance with legal or regulatory requirements and the performance and independence of the Company's independent auditors.

The members of the Audit Committee are Drs. John Monahan (Chairman) and Arnold Baskies, and Dale Fox. Our Board has determined that Dr. Monahan qualifies as an Audit Committee financial expert as defined by SEC rules, based on his education, experience and background. Please see Dr. Monahan's biographical information above for a description of his relevant experience.

Item 11. Executive Compensation.

The following table sets forth certain information for the fiscal years ended October 31, 2016 and 2015, with respect to compensation awarded to, earned by or paid to our Executive Chairman, our Chief Executive Officer and our Chief Financial Officer (the "Named Executive Officers"). No other executive officer received total compensation in excess of $100,000 during fiscal year 2016.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($) (2)	All Other Compensation ($) (3)	Total Compensation ($)
Dr. Amit Kumar (1)	2016	$300,000	$200,000	$566,896	$12,000	$1,078,896
Executive Chairman of the Board	2015	$112,500	$-	$-	$-	$112,500
Robert A. Berman	2016	$300,000	$200,000	$566,896	$-	$1.066,896
Chief Executive Officer and Director	2015	$300,000	$150,000	$169,081	$4,160	$623,241
Henry P. Herms (4)	2016	$87,500	$-	$85,034	$-	$172,534
Chief Financial Officer, Vice President- Finance	2015	$168,000	$-	$16,252	$-	$184,252

(1) On June 15, 2015 Dr. Kumar was appointed Vice Chairman of the Company and Executive Chairman of Anixa Diagnostics Corporation, a wholly-owned subsidiary of the Company. The above table represents Dr. Kumar's compensation subsequent to June 15, 2015. Prior to that date Dr. Kumar received compensation for his services as a consultant.For more information about Dr. Kumar's consultancy arrangements, see the section entitled "Transactions with Related Persons" below.

(2) Amounts in the Option Awards column represent the aggregate grant date fair value of stock option awards made during the fiscal years ended October 31, 2016 for each Named Executive Officer in accordance with Accounting Standards Codification ("ASC") 718 and also reflects the repricing of outstanding options on February 5, 2015. A discussion of assumptions used in valuation of option awards may be found in Note 3 to our Consolidated Financial Statements for fiscal year ended October 31, 2016, included elsewhere in this Annual Report on Form 10-K.

(3) Amounts in the All Other Compensation column reflect, for each Named Executive Officer, the sum of the incremental cost to us of all perquisites and personal benefits, which for Dr. Kumar consisted solely of compensation for use of a home office, and for Mr. Berman consisted solely of life insurance premiums.

(4) Mr, Herms resigned his position as Chief Financial Officer, Vice President-Finance on November 1, 2016. Mr. Herms will retire from the Company on December 31, 2016.

Employment Agreements

Employment Agreement with Robert Berman

On September 19, 2012, the Company entered into an Employment Agreement with Mr. Berman (the "Berman Agreement") to serve as President and Chief Executive Officer of the Company. Pursuant to the Berman Agreement, Mr. Berman initially received an annual base salary of $290,000, which was increased to $300,000 by the Board effective November 1, 2013.

If Mr. Berman's employment is terminated by the Company or he terminates his employment for any reason or no reason, the Company shall be obligated to pay to Mr. Berman only any earned compensation and/or bonus due under the Berman Agreement, any unpaid reasonable and necessary expenses, and any accrued and unpaid benefits due to him in accordance with the terms and conditions of the Company's benefit plans and policies including any accrued but unpaid vacation up to the cap of 20 days through the date of termination. All such payments shall be made in a lump sum immediately following termination as required by law.

Consulting Agreement with Amit Kumar

On September 19, 2012, the Company entered into a Consulting Agreement with Dr. Amit Kumar (the "Kumar Agreement") pursuant to which Dr. Kumar agreed to provide business consulting services for an initial annual consulting fee of $120,000. On June 15, 2015, Dr. Kumar was appointed Vice Chairman of the Company and Executive Chairman of Anixa Diagnostics Corporation, a wholly-owned subsidiary of the Company. As a result of this appointment, Dr. Kumar's cash compensation was increased to $300,000 by the Board. The terms of the Kumar Agreement still remain in effect.

If Dr. Kumar's services are terminated by the Company or he terminates his services for any reason or no reason, the Company shall be obligated to pay to Dr. Kumar only any earned compensation and/or bonus due under the Kumar Agreement and any unpaid reasonable and necessary expenses, due to him through the date of termination. All such payments shall be made in a lump sum immediately following termination.

Stock Options

The following table sets forth certain information with respect to unexercised stock options held by the Named Executive Officers outstanding on October 31, 2016:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

	Option Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-Exercisable	Option Exercise Price ($)	Option Expiration Date
Dr. Amit Kumar	320,000(1)		$2.575	9/19/2022
	106,667(2)		$2.575	9/19/2022
	213,333(3)		$2.575	9/19/2022
	38,889(4)	1,111(4)	$2.575	11/8/2023
	44,444(5)	155,556(5)	$2.920	2/18/2026
Robert A. Berman	320,000(1)		$2.575	9/19/2022
	106,667(2)		$2.575	9/19/2022
	213,333(3)		$2.575	9/19/2022
	38,889(4)	1,111(4)	$2.575	11/8/2023
	44,444(5)	155,556(5)	$2.920	2/18/2026
Henry P. Herms	3,000		$2.575	11/11/2017
	4,000		$2.575	10/7/2019
	4,000		$2.575	6/1/2021
	12,000		$2.575	9/19/2022
	21,389(4)	611(4)	$2.575	11/8/2023
	6,667(5)	23,333(5)	$2.920	2/18/2026

(1) Options vested and became exercisable in 36 consecutive monthly installments, beginning October 31, 2012 and continuing through September 30, 2015.

(2) Options vested upon achievement of a cash milestone.

(3) Options were to vest in two equal installments upon achievement of certain stock price targets. On November 8, 2013, the vesting conditions were modified by the Board to provide that the unvested portion of the stock options vest in 23 consecutive monthly installments, commencing on November 30, 2013 through September 30, 2015.

(4) Options vest and became exercisable in 36 consecutive monthly installments, beginning December 31, 2013 and continuing through November 30, 2016.

(5) Options vest and became exercisable in 36 consecutive monthly installments, beginning March 31, 2016 and continuing through February 28, 2019.

The following table summarizes stock option grants during fiscal year 2016.

GRANTS OF PLAN BASED AWARDS TABLE

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price of Option Awards ($)	Grant Date Fair Value ($)
Dr. Amit Kumar	2/18/16	200,000	$2.920	$566,896
Robert A. Berman	2/18/16	200,000	$2.920	$566,896
Henry P. Herms	2/18/16	30,000	$2.920	$85,034

The following table summarizes the exercise of stock options during fiscal 2016 by Named Executive Officers:

OPTION EXERCISES AND STOCK VESTED TABLE

	Option Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($) (1)
Henry P. Herms	4,000	$9,060

(1) The value realized on exercise is calculated based on the difference between the exercise price of the options and the market price of the stock at the time of exercise.

Potential Payments upon Termination or Change in Control

Dr. Amit Kumar

Options granted Dr. Kumar on November 8, 2013 and February 18, 2016 provide for the vesting of the unvested portion of his options to be accelerated and such accelerated options to become immediately exercisable if Dr. Kumar is terminated without cause or upon a change in control as defined below. The intrinsic value of options granted on November 8, 2013 would be $4,194, which was calculated by multiplying (a) 1,111 options (being the number of options granted to him on November 8, 2013 that would be accelerated) by (b) an amount equal to the excess of (x) our closing share price on October 31, 2016 of $6.35 and (y) the options' exercise price of $2.575 per share. The intrinsic value of options granted on February 18, 2016 would be $533,557, which was calculated by multiplying (a) 155,556 options (being the number of options granted to him on February 18, 2016 that would be accelerated) by (b) an amount equal to the excess of (x) our closing share price on October 31, 2016 of $6.35 and (y) the options' exercise price of $2.92 per share.

Robert A. Berman

Options granted Mr. Berman on November 8, 2013 and February 18, 2016 provide for the vesting of the unvested portion of his options to be accelerated and such accelerated options to become immediately exercisable if Mr. Berman is terminated without cause or upon a change in control as defined below. The intrinsic value of options granted on November 8, 2013 would be $4,194, which was calculated by multiplying (a) 1,111 options (being the number of options granted to him on November 8, 2013 that would be accelerated) by (b) an amount equal to the excess of (x) our closing share price on October 31, 2016 of $6.35 and (y) the options' exercise price of $2.575 per share. The intrinsic value of options granted on February 18, 2016 would be $533,557, which was calculated by multiplying (a) 155,556 options (being the number of options granted to him on February 18, 2016 that would be accelerated) by (b) an amount equal to the excess of (x) our closing share price on October 31, 2016 of $6.35 and (y) the options' exercise price of $2.92 per share.

In addition to the acceleration of the options, if Mr. Berman's employment is terminated by the Company or he terminates his employment for any reason or no reason, the Company shall be obligated to pay to Mr. Berman only any earned compensation and/or bonus due under the Berman Agreement, any unpaid reasonable and necessary expenses, and any accrued and unpaid benefits due to him in accordance with the terms and conditions of the Company's benefit plans and policies including any accrued but unpaid vacation up to the cap of 20 days through the date of termination (which accrued and unpaid benefits would have a maximum value of $23,077).

Henry P. Herms

Options granted Mr. Herms on November 8, 2013 and February 18, 2016 provide for the vesting of the unvested portion of his options to be accelerated and such accelerated options to become immediately exercisable if Mr. Herms is terminated without cause or upon a change in control as defined below. The intrinsic value of options granted on November 8, 2013 would be $2,307, which was calculated by multiplying (a) 611 options (being the number of options granted to him on November 8, 2013 that would be accelerated) by (b) an amount equal to the excess of (x) our closing share price on October 31, 2016 of $6.35 and (y) the options' exercise price of $2.575 per share. The intrinsic value of options granted on February 18, 2016 would be $80,032, which was calculated by multiplying (a) 23,333 options (being the number of options granted to him on February 18, 2016 that would be accelerated) by (b) an amount equal to the excess of (x) our closing share price on October 31, 2016 of $6.35 and (y) the options' exercise price of $2.92 per share.

Under the 2010 Share Incentive Plan, "change in control" means:

- Change in Ownership: A change in ownership of the Company occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company, excluding the acquisition of additional stock by a person or more than one person acting as a group who is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company.

- Change in Effective Control: A change in effective control of the Company occurs on the date that either:

  - Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company; or

  - a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; provided, that this paragraph will apply only to the Company if no other corporation is a majority shareholder.

- Change in Ownership of Substantial Assets: A change in the ownership of a substantial portion of the Company's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of the assets of the Company immediately before such acquisition or acquisitions. For this purpose, “gross fair market value” means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

It is the intent that this definition be construed consistent with the definition of “Change of Control” as defined under Code Section 409A and the applicable treasury regulations, as amended from time to time.

Director’s Compensation

There is no present arrangement for cash compensation of directors for services in that capacity. Consistent with the non-employee director compensation approved on March 28, 2013 for calendar year 2013, on November 8, 2013, the Board approved an amendment to the 2010 Share Incentive Plan to provide that on January 1st of each year commencing on January 1, 2014, each non-employee director (a “Director Participant”) of the Company at that time shall automatically be granted a 10 year nonqualified stock option to purchase 12,000 shares of common stock (or 16,000 in the case of the Chairman of the Board to the extent he qualifies as a Director Participant), with an exercise price equal to the closing price on the date of grant, that will vest in four equal quarterly installments in the year of grant. In addition, each person who is a Director Participant and joins the Board after January 1 of any year, shall be granted on the date such person joins the Board, a nonqualified stock option to purchase 12,000 shares of common stock (or 16,000 in the case of the Chairman of the Board) pro-rated based upon the number of calendar quarters remaining in the calendar year in which such person joins the Board (rounded up for partial quarters).

Our employee directors, Dr. Amit Kumar and Robert A. Berman, did not receive any additional compensation for services provided as a director during fiscal year 2016. The following table sets forth compensation of Dale Fox and Drs. Arnold Baskies and John Monahan, our non-employee directors, and Lewis H. Titterton and Bruce F. Johnson, our former non-employee directors, for fiscal year 2016:

DIRECTORS COMPENSATION

Name	Option Awards ($) (1)	Bonus ($)	All Other Compensation ($)
Dale Fox	$33,939	$ -	$ -
Dr. Arnold Baskies	$18,240	$ -	$ -
Dr. John Monahan	$18,240	$ -	$ -
Lewis H. Titterton	$45,251	$ -	$ -
Bruce F. Johnson	$38,939	$ -	$ -

(1) Amounts in the Option Awards column represent the aggregate grant date fair value of stock option awards made during the fiscal year ended October 31, 2016, in accordance with ASC 718. A discussion of assumptions used in valuation of option awards may be found in Notes 3 to our Consolidated Financial Statements for fiscal year ended October 31, 2016, included elsewhere in this Annual Report on Form 10-K. At October 31, 2016, Dale Fox and Drs. Arnold Baskies and John Monahan, nd Lewis Titterton and Bruce Johnson held unexercised stock options to purchase 30,000, 6,000, 6,000, 256,400 and 52,800 shares respectively, of our common stock.

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

The following table sets forth certain information with respect to our common s tock beneficially owned as of November 30, 2016 (or exercisable within 60 days of such date) by (a) each person who is known by our management to be the beneficial owner of more than 5% of our outstanding common stock, (b) each of our directors and executive officers, and (c) all directors and executive officers as a group:

NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)(2)(3)(4)(5)	PERCENT OF CLASS (6)
DIRECTORS AND OFFICERS OF THE COMPANY		
DR. AMIT KUMAR 12100 WILSHIRE BOULEVARD, SUITE 1275 LOS ANGELES, CA 90025	847,533	8.93%
ROBERT A. BERMAN 12100 WILSHIRE BOULEVARD, SUITE 1275 LOS ANGELES, CA 90025	786,683	8.29%
DALE FOX 12100 WILSHIRE BOULEVARD, SUITE 1275 LOS ANGELES, CA 90025	30,000	*
DR. ARNOLD BASKIES 12100 WILSHIRE BOULEVARD, SUITE 1275 LOS ANGELES, CA 90025	7,000	*
DR. JOHN MONAHAN 12100 WILSHIRE BOULEVARD, SUITE 1275 LOS ANGELES, CA 90025	6,000	*
MICHAEL J. CATELANI 12100 WILSHIRE BOULEVARD, SUITE 1275 LOS ANGELES, CA 90025	-	-
ALL DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP (6 PERSONS)	1,677,216	16.32%
5% STOCKHOLDERS OF THE COMPANY		
LEWIS H. TITTERTON 1900 PURDY AVENUE, UNIT 2904 MIAMI BEACH, FL 33139	802,812	8.91%
BRUCE F. JOHNSON 6519 SHABBONA ROAD INDIAN HEAD PARK, IL 60525	471,919	5.36%

* LESS THAN 1%.

(1) A beneficial owner of a security includes any person who directly or indirectly has or shares voting power and/or investment power with respect to such security or has the right to obtain such voting power and/or investment power within sixty (60) days. Except as otherwise noted, each designated beneficial owner in this Annual Report on Form 10-K has sole voting power and investment power with respect to the shares of common stock beneficially owned by such person.

(2) Includes 101,125 shares, 101,125 shares, 30,000 shares, 6,000 shares, 6,000 shares, and 244,250 shares which Dr. Amit Kumar, Robert A. Berman, Dale Fox, Dr. Arnold Baskies, Dr. John Monahan and all directors and executive officers as a group, respectively, and 170,400 shares and 40,800 shares which Lewis H. Titterrton and Bruce Johnson, respectively, have the right to acquire within 60 days upon exercise of options granted pursuant to the 2003 Share Incentive Plan and/or the 2010 Share Incentive Plan.

(3) Includes 2,000 shares that Dr. Amit Kumar and all directors and executive officers as a group, respectively, and 2,000 shares that Lewis H. Titterton have the right to acquire within 60 days upon exercise of warrants purchased by them in the private placement on July 15, 2014.

(5) Includes 640,000 shares, 640,000 shares and 1,280,000 shares which Dr. Amit Kumar, Robert A. Berman and all directors and executive officers as a group, respectively, and 86,000 shares and 12,000 shares that Lewis H. Titterton and Bruce Johnson, respectively, have the right to acquire within 60 days pursuant to option agreements with the Company.

(6) Based on 8,752,387 shares of common stock outstanding as of November 30, 2016.

Change in Control

We are not aware of any arrangement that might result in a change in control of the Company in the future.

Equity Compensation Plan Information

The following is information as of October 31, 2016 about shares of our common stock that may be issued upon the exercise of options, warrants and rights under all equity compensation plans in effect as of that date, including our 2003 Share Incentive Plan and our 2010 Share Incentive Plan. See Note 5 to Consolidated Financial Statements for more information on these plans.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
Equity compensation plans not approved by security holders (1)(2)	3,086,472	$4.02	431,956

(1) On April 23, 2003 the Board adopted the 2003 Share Incentive Plan. Officers, key employees and non-employee directors of, and consultants to, the Company or any of its subsidiaries and affiliates were eligible to participate in the 2003 Share Incentive Plan. The 2003 Share Incentive Plan provided for the grant of stock options, stock appreciation rights, stock awards, performance awards and stock units (the "2003 Benefits"). The maximum number of shares of common stock available for issuance under the 2003 Share Incentive Plan was 2,800,000. The 2003 Share Incentive Plan was administered by the Stock Option Committee through June 2004, from June 2004 through July 2010, by the Board of Directors, from July 2010 through August 2012, by the Stock Option Committee, from August 2012 through November 2012, by the Executive Committee of the Board of Directors, from November 2012 to July 2015, by the Board of Directors and since July 2015 by the Compensation Committee, which determined the option price, term and provisions of the 2003 Benefits. The 2003 Share Incentive Plan contains provisions for equitable adjustment of the 2003 Benefits in the event of a merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, spinoff, combination of shares, exchange of shares, dividends in kind or other like change in capital structure or distribution (other than normal cash dividends) to stockholders of the Company. The 2003 Share Incentive Plan terminated with respect to additional grants on April 21, 2013.

(2) On July 14, 2010 the Board adopted the 2010 Share Incentive Plan. Officers, key employees and non-employee directors of, and consultants to, the Company or any of its subsidiaries and affiliates are eligible to participate in the 2010 Share Incentive Plan. The 2010 Share Incentive Plan provides for the grant of stock options, stock appreciation rights, stock awards, and performance awards and stock units (the "2010 Benefits"). The maximum number of shares of common stock available for issuance under the 2010 Share Incentive Plan was initially 600,000 shares. On July 6, 2011 and August 29, 2012, the 2010 Share Incentive Plan was amended by our Board to increase the maximum number of shares of common stock that may be granted to 1,080,000 and 1,200,000 shares, respectively. On November 8, 2013, the Board approved an amendment to provide that effective and following November 8, 2013, the maximum aggregate number of shares available for issuance will be 800,000 shares. Additionally, commencing on the first business day in 2014 and on the first business day of each calendar year thereafter, the maximum aggregate number of shares available for issuance shall be replenished such that, as of such first business day, the maximum aggregate number of shares available for issuance shall be 800,000 shares. Current and future non-employees directors are automatically granted a 10 year nonqualified stock option to purchase 12,000 shares of Common Stock (or 16,000 in the case of the Chairman of the Board) on January 1st of each year that will vest in four equal quarterly installments. The 2010 Share Incentive Plan was administered by the Stock Option Committee through August 2012, from August 2012 through November 2012, by the Executive Committee of the Board of Directors, from November 2012 through July 2015, by the Board of Directors and since July 2015, by the Compensation Committee, which determines the option price, term and provisions of the 2010 Benefits. The 2010 Share Incentive Plan terminates with respect to additional grants on July 14, 2020. The Board may amend, suspend or terminate the 2010 Share Incentive Plan at any time.

Item 13. Certain Relationships and Related Transactions, and Director Independence .

Transactions with Related Persons

Aside from compensation arrangements with executive officers described above, there are no other transactions entered into by the Company with related persons.

Related Person Transaction Approval Policy

While we have no written policy regarding approval of transactions between us and a related person, our Board, as matter of appropriate corporate governance, reviews and approves all such transactions, to the extent required by applicable rules and regulations. Generally, management would present to the Board for approval at the next regularly scheduled Board meeting any related person transactions proposed to be entered into by us. The Board may approve the transaction if it is deemed to be in the best interests of our stockholders and the Company.

Director Independence

Our Board oversees the activities of our management in the handling of the business and affairs of our company. Our common stock trades on the NASDAQ Capital Markets and we are subject to listing requirements which include the requirement that our Board be comprised of a majority of “independent” directors. Dale Fox and Drs. Arnold Baskies and John Monahan currently meet the definition of “independent” as defined by the SEC. The Board of Directors has separately designated audit, nominating and compensation committees. Our directors, Robert A. Berman and Dr. Amit Kumar, are employees of, or consultants to, the Company and as such do not qualify as “independent” directors.

Item 14. Principal Accounting Audit Fees and Services.

The following table describes fees for professional audit services rendered and billed by Haskell & White LLP, our present independent registered public accounting firm and principal accountant, for the audit of our consolidated financial statements and for other services during fiscal years 2016 and 2015.

Type of Fee	2016	2015
Audit Fees (1)	$ 79,910	$ 97,390
Audit Related Fees (2)	7,500	34,500
Tax Fees (3)	25,025	21,000
All Other Fees (4)	12,450	6,400
Total	$ 124,885	$ 159,290

(1) Audit fees for fiscal years 2016 and 2015 represent fees billed for services rendered by Haskell & White LLP for the audit of our consolidated financial statements and review of our quarterly reports on Form 10-Q.

(2) Audit related fees for fiscal years 2016 and 2015 represent fees billed for services rendered by Haskell & White in connection with our Registration Statements filed during fiscal years 2016 and 2015.

(3) Tax Fees for fiscal years 2016 and 2015 represent fees billed for services rendered by Haskell & White for the preparation of Federal and State income tax returns.

(4) All other fees for fiscal years 2016 and 2015 represent fees billed for services by Haskell & White LLP in connection with the preparation of comfort letters and research of various tax subjects.

Procedures For Board of Directors Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor

Our Board was responsible for reviewing and approving, in advance, any audit and any permissible non-audit engagement or relationship between us and our independent registered public accounting firm. On July 9, 2015, the Board established an Audit Committee which assumed these responsibilities. Haskell & White LLP's engagement to conduct our fiscal year 2016 audit was approved by our Board on May 19, 2016.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1)(2) Financial Statement Schedules

See accompanying "Index to Consolidated Financial Statements."

(b) Exhibits

3.1	Certificate of Incorporation, as amended. (Incorporated by reference to Form 10-Q for the fiscal quarter ended July 31, 1992 and Form S-3, dated February 11, 2014.)
3.2	Amendment to the Certificate of Incorporation. (Incorporated by reference to Form 10-K for the fiscal year ended October 31, 2013.)
3.3	Certificate of Amendment to the Certificate of Incorporation. (Incorporated by reference to Exhibit 3.1 on Form 8-K, dated September 4, 2014.)
3.4	Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock. (Incorporated by reference to Exhibit 3.1 of our Form 8-K, dated September 10, 2014.)
3.5	Amended and Restated By-laws. (Incorporated by reference to Exhibit 3.1 to our Form 8-K dated, November 8, 2012.)
3.6	Certificate of Amendment to the Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 on Form 8-K, dated June 25, 2015.)
4.1	Form of Warrant issued to investors in connection with the Company's registered direct offering. (Incorporated by reference to Exhibit 4.1 to Form 8-K, dated July 15, 2014).
4.2	Form of Warrant to be issued to Adaptive Capital LLC (filed herewith).
10.1	2003 Share Incentive Plan. (Incorporated by reference to Exhibit 4 to our Form S-8 dated May 5, 2003.)
10.2	Amendment No. 1 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 4(e) to our Form S-8 dated November 9, 2004.)
10.3	Amendment No. 2 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2006.)
10.4	Amendment No. 3 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2006.)
10.5	Amendment No. 4 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 4(g) to our Form S-8 dated September 21, 2007.)
10.6	Amendment No. 5 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 4(g) to our Form S-8 dated January 21, 2009.)
10.7	Amendment No. 6 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 10.5 to our Form 8-K, dated July 20, 2010.)
10.8	2010 Share Incentive Plan. (Incorporated by reference to Exhibit 10.1 to our Form 8-K, dated July 20, 2010.)
10.9	Amendment No. 1 to the 2010 Share Incentive Plan. (Incorporated by reference to Exhibit 10.1 to our Form 8-K, dated July 7, 2011.)
10.10	Amendment No. 2 to the 2010 Share Incentive Plan. (Incorporated by reference to Exhibit 10.1 to our Form 8-K, dated September 5, 2012.)
10.11	Amendment No. 3 to the 2010 Share Incentive Plan (Incorporated by reference to Exhibit 10.1 to our Form 10-Q for the fiscal quarter ended January 31, 2014.)

10.12 Employment Agreement, dated as of September 19, 2012, between the Company and Robert Berman. (Incorporated by reference to Exhibit 10.35 to our Form 10-K for the fiscal year ended October 31, 2012.) (Portions of Section 4 of this exhibit have been redacted and filed separately with the Commission in accordance with a request for, and related Order by the Commission, dated May 3, 2013, File No. 0-11254-CF#29240, granting confidential treatment for portions of Section 4 of this exhibit to pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.)
10.13 Consulting Agreement, dated as of September 19, 2012, between the Company and Amit Kumar. (Incorporated by reference to Exhibit 10.37 to our Form 10-K for the fiscal year ended October 31, 2012.) (Portions of Section 4 of this exhibit have been redacted and filed separately with the Commission in accordance with a request for, and related Order by the Commission, dated May 3, 2013, File No. 0-11254-CF#29240, granting confidential treatment for portions of Section 4 of this exhibit to pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.)
10.14 Securities Purchase Agreement, dated July 15, 2014, between the Company and the Purchasers named therein in connection with the Company's registered direct offering. (Incorporated by reference to Exhibit 10.1 to Form 8-K, dated July 15, 2014.)
10.15 Termination Agreements, each dated August 29, 2014, relating to the Company's transaction with Videocon Industries Limited. (Incorporated by reference to Exhibit 10.20 to our Form S-1 dated December 8, 2014.)
10.16 Debt Conversion Agreement, dated September 9, 2014, between the Company and Adaptive Capital, LLC. (Incorporated by reference to Exhibit 10.21 to our Form S-1 dated December 8, 2014.)
10.17 Warrant issued to Adaptive Capital, LLC. (Incorporated by reference to Exhibit 10.22 to our Form S-1 dated December 8, 2014.)
10.18 At Market Issuance Sales Agreement, dated October 2, 2015, between the Company and National Securities Corporation (Incorporated by reference to Exhibit 10.1 to Form 8-K, dated October 2, 2015.)
10.19 Letter Agreement, dated December 6, 2016, between the Company and Adaptive Capital LLC (Filed herewith).
10.20 Form of 12% Secured Debenture, dated December [ ], 2016, to be issued to Adaptive Capital LLC (Filed herewith).
10.21 Letter Agreement, dated October 17, 2016, between the Company and Mike Catelani (Filed herewith).
21 Subsidiaries of ITUS Corporation. (Filed herewith.)
23.1 Consent of Haskell & White LLP. (Filed herewith.)
31.1 Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated December 5, 2016. (Filed herewith.)
31.2 Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated December 5, 2016. (Filed herewith.)
32.1 Statement of Chief Executive Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated December 5, 2016. (Furnished herewith.)
32.2 Statement of Chief Financial Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated December 5, 2016. (Furnished herewith.)
99.1 Collaborative Research Agreement, dated July 14, 2015, between Anixa Diagnostic Corporation and The Wistar Institute of Anatomy and Biology (Filed herewith) (Portions of this exhibit have been redacted pursuant to a request for confidential treatment. The redacted portions have been separately filed with the Securities and Exchange Commission.)
99.2 First Amendment to The Collaborative Research Agreement, dated August 4, 2016, between Anixa Diagnostic Corporation and The Wistar Institute of Anatomy and Biology (Filed herewith) (Portions of this exhibit have been redacted pursuant to a request for confidential treatment. The redacted portions have been separately filed with the Securities and Exchange Commission.)
99.3 Collaborative Research Agreement, dated August 4, 2016, between Anixa Diagnostic Corporation and The Wistar Institute of Anatomy and Biology. (Filed herewith) (Portions of this exhibit have been redacted pursuant to a request for confidential treatment. The redacted portions have been separately filed with the Securities and Exchange Commission.)

SIGNATURES

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

ITUS CORPORATION

By: /s/ Robert A. Berman
Robert Berman
President and
December 7, 2016 Chief Executive Officer

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

By: /s/ Robert A. Berman
Robert A. Berman
President, Chief Executive Officer
December 7, 2016 and Director (Principal Executive Officer)

By: /s/ Michael J. Catelani
Michael J. Catelani
Chief Financial Officer
(Principal Financial
December 7, 2016 and Accounting Officer)

By: /s/ Dr. Amit Kumar
Dr. Amit Kumar
December 7, 2016 Executive Chairman of the Board

By: /s/ Dale Fox
Dale Fox
December 7, 2016 Director

By: /s/ Dr. Arnold Baskies
Dr. Arnold Baskies
December 7, 2016 Director

By: /s/ Dr. John Monahan
Dr. John Monahan
December 7, 2016 Director

EXHIBITS

3.1 Certificate of Incorporation, as amended. (Incorporated by reference to Form 10-Q for the fiscal quarter ended July 31, 1992 and Form S-3, dated February 11, 2014.)
3.2 Amendment to the Certificate of Incorporation. (Incorporated by reference to Form 10-K for the fiscal year ended October 31, 2013.)
3.3 Certificate of Amendment to the Certificate of Incorporation. (Incorporated by reference to Exhibit 3.1 on Form 8-K, dated September 4, 2014.)
3.4 Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock. (Incorporated by reference to Exhibit 3.1 of our Form 8-K, dated September 10, 2014.)
3.5 Amended and Restated By-laws. (Incorporated by reference to Exhibit 3.1 to our Form 8-K dated, November 8, 2012.)
3.6 Certificate of Amendment to the Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 on Form 8-K, dated June 25, 2015.)
4.1 Form of Warrant issued to investors in connection with the Company's registered direct offering. (Incorporated by reference to Exhibit 4.1 to Form 8-K, dated July 15, 2014).
4.2 Form of Warrant to be issued to Adaptive Capital LLC (filed herewith).
10.1 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 4 to our Form S-8 dated May 5, 2003.)
10.2 Amendment No. 1 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 4(e) to our Form S-8 dated November 9, 2004.)
10.3 Amendment No. 2 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2006.)
10.4 Amendment No. 3 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2006.)
10.5 Amendment No. 4 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 4(g) to our Form S-8 dated September 21, 2007.)
10.6 Amendment No. 5 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 4(g) to our Form S-8 dated January 21, 2009.)
10.7 Amendment No. 6 to the 2003 Share Incentive Plan. (Incorporated by reference to Exhibit 10.5 to our Form 8-K, dated July 20, 2010.)
10.8 2010 Share Incentive Plan. (Incorporated by reference to Exhibit 10.1 to our Form 8-K, dated July 20, 2010.)
10.9 Amendment No. 1 to the 2010 Share Incentive Plan. (Incorporated by reference to Exhibit 10.1 to our Form 8-K, dated July 7, 2011.)
10.10 Amendment No. 2 to the 2010 Share Incentive Plan. (Incorporated by reference to Exhibit 10.1 to our Form 8-K, dated September 5, 2012.)
10.11 Amendment No. 3 to the 2010 Share Incentive Plan (Incorporated by reference to Exhibit 10.1 to our Form 10-Q for the fiscal quarter ended January 31, 2014.)

10.12 Employment Agreement, dated as of September 19, 2012, between the Company and Robert Berman. (Incorporated by reference to Exhibit 10.35 to our Form 10-K for the fiscal year ended October 31, 2012.) (Portions of Section 4 of this exhibit have been redacted and filed separately with the Commission in accordance with a request for, and related Order by the Commission, dated May 3, 2013, File No. 0-11254-CF#29240, granting confidential treatment for portions of Section 4 of this exhibit to pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.)
10.13 Consulting Agreement, dated as of September 19, 2012, between the Company and Amit Kumar. (Incorporated by reference to Exhibit 10.37 to our Form 10-K for the fiscal year ended October 31, 2012.) (Portions of Section 4 of this exhibit have been redacted and filed separately with the Commission in accordance with a request for, and related Order by the Commission, dated May 3, 2013, File No. 0-11254-CF#29240, granting confidential treatment for portions of Section 4 of this exhibit to pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.)
10.14 Securities Purchase Agreement, dated July 15, 2014, between the Company and the Purchasers named therein in connection with the Company's registered direct offering. (Incorporated by reference to Exhibit 10.1 to Form 8-K, dated July 15, 2014.)
10.15 Termination Agreements, each dated August 29, 2014, relating to the Company's transaction with Videocon Industries Limited. (Incorporated by reference to Exhibit 10.20 to our Form S-1 dated December 8, 2014.)
10.16 Debt Conversion Agreement, dated September 9, 2014, between the Company and Adaptive Capital, LLC. (Incorporated by reference to Exhibit 10.21 to our Form S-1 dated December 8, 2014.)
10.17 Warrant issued to Adaptive Capital, LLC. (Incorporated by reference to Exhibit 10.22 to our Form S-1 dated December 8, 2014.)
10.18 At Market Issuance Sales Agreement, dated October 2, 2015, between the Company and National Securities Corporation (Incorporated by reference to Exhibit 10.1 to Form 8-K, dated October 2, 2015.)
10.19 Letter Agreement, dated December 6, 2016, between the Company and Adaptive Capital LLC (Filed herewith).
10.20 Form of 12% Secured Debenture, dated December [ ], 2016, to be issued to Adaptive Capital LLC (Filed herewith).
10.21 Letter Agreement, dated October 17, 2016, between the Company and Mike Catelani (Filed herewith).
21 Subsidiaries of ITUS Corporation. (Filed herewith.)
23.1 Consent of Haskell & White LLP. (Filed herewith.)
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31.2 Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated December 5, 2016. (Filed herewith.)
32.1 Statement of Chief Executive Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated December 5, 2016. (Furnished herewith.)
32.2 Statement of Chief Financial Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated December 5, 2016. (Furnished herewith.)
99.1 Collaborative Research Agreement, dated July 14, 2015, between Anixa Diagnostic Corporation and The Wistar Institute of Anatomy and Biology (Filed herewith) (Portions of this exhibit have been redacted pursuant to a request for confidential treatment. The redacted portions have been separately filed with the Securities and Exchange Commission.)
99.2 First Amendment to The Collaborative Research Agreement, dated August 4, 2016, between Anixa Diagnostic Corporation and The Wistar Institute of Anatomy and Biology (Filed herewith) (Portions of this exhibit have been redacted pursuant to a request for confidential treatment. The redacted portions have been separately filed with the Securities and Exchange Commission.)
99.3 Collaborative Research Agreement, dated August 4, 2016, between Anixa Diagnostic Corporation and The Wistar Institute of Anatomy and Biology. (Filed herewith) (Portions of this exhibit have been redacted pursuant to a request for confidential treatment. The redacted portions have been separately filed with the Securities and Exchange Commission.)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2016

Additional information required by schedules called for under Regulation S-X is either not applicable or is included in the consolidated financial statements or notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Shareholders
ITUS Corporation

We have audited the accompanying consolidated balance sheets of ITUS Corporation (the "Company") as of October 31, 2016 and 2015, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years ended October 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of October 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the years ended October 31, 2016 and 2015, in conformity with accounting principles generally accepted in the United States.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has limited working capital and limited revenue-generating operations and a history of net losses and net operating cash flow deficits. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

/s/ Haskell & White LLP
HASKELL & WHITE LLP

Irvine, California
December 7, 2016

ITUS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	October 31, 2016	October 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,488,323	$ 4,369,219
Short–term investments in certificates of deposit	750,000	2,400,000
Prepaid expenses and other current assets	162,069	126,528
Total current assets	3,400,392	6,895,747
Patents, net of accumulated amortization of $965,040 and $639,744, respectively	2,071,071	2,396,367
Property and equipment, net of accumulated depreciation of $46,950 and $13,617, respectively	156,644	43,456
Total assets	$ 5,628,107	$ 9,335,570
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 468,756	$ 380,765
Royalties and contingent legal fees payable	-	213,017
Total current liabilities	468,756	593,782
Patent acquisition obligation (Note 6)	4,171,876	3,688,187
Total liabilities	4,640,632	4,281,969
Commitments and contingencies (Notes 6 and 7)		
Shareholders' equity:		
Preferred stock, par value $100 per share; 19,860 shares authorized; no shares issued or outstanding	-	-
Series A convertible preferred stock, par value $100 per share; 140 shares authorized, issued and outstanding	14,000	14,000
Common stock, par value $.01 per share; 24,000,000 shares authorized; 8,752,387 and 8,724,878 shares issued and outstanding, respectively	87,524	87,249
Additional paid-in capital	152,051,144	151,101,117
Accumulated deficit	(151,165,193)	(146,148,765)
Total shareholders' equity	987,475	5,053,601
Total liabilities and shareholders' equity	$ 5,628,107	$ 9,335,570

The accompanying notes are an integral part of these statements.
See Report of Independent Registered Public Accounting Firm.

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ITUS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the years ended October 31,	
	2016	2015
Revenue:		
Revenue from licensing activities	$ 300,000	$ 255,000
Settlement with AU Optronics Corporation	-	9,000,000
Total revenue	300,000	9,255,000
Operating costs and expenses:		
Inventor royalties and contingent legal fees	111,192	147,670
Litigation and licensing expenses	106,224	3,500,852
Amortization of patents	325,296	325,291
Research and development expenses (including non-cash stock option compensation expenses of $259,930 and $306,584, respectively)	1,556,459	711,391
Marketing, general and administrative expenses (including non-cash stock option compensation expense of $613,631 and $2,369,806, respectively)	2,709,841	5,514,555
Total operating costs and expenses	4,809,012	10,199,759
Loss from operations	(4,509,012)	(944,759)
Interest expense (Note 6)	(519,946)	(451,906)
Interest income	12,530	17,622
Loss before income taxes	(5,016,428)	(1,379,043)
Provision for income taxes (Note 7)	-	-
Net loss	$ (5,016,428)	$ (1,379,043)
Net loss per share:		
Basic and diluted	$ (0.57)	$ (0.16)
Weighted average common shares outstanding:		
Basic and diluted	8,739,453	8,760,126

The accompanying notes are an integral part of these statements.
See Report of Independent Registered Public Accounting Firm.

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ITUS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED OCTOBER 31, 2016 and 2015

	Series A Convertable Preferred Stock		Common Stock			
	Shares	Par Value	Shares	Par Value	Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
BALANCE, October 31, 2014	140	$ 14,000	8,788,176	$ 87,882	$ 148,677,413	$ (144,769,722)	$ 4,009,573
Stock option compensation to employees and consultants	-	-	-	-	2,676,309	-	2,676,309
Common stock issued upon exercise of stock options	-	-	17,334	173	44,462	-	44,635
Common stock issued to consultants	-	-	11,600	116	45,984	-	46,100
Repurchase 92,232 shares of common stock and cancellation of warrants to purchase 16,000 shares of common stock	-	-	-	-	(343,973)	-	(343,973)
Retire common stock repurchased	-	-	(92,232)	(922)	922	-	-
Net Loss	-	-	-	-	-	(1,379,043)	(1,379,043)
BALANCE, October 31, 2015	140	14,000	8,724,878	87,249	151,101,117	(146,148,765)	5,053,601
Stock option compensation to employees and consultants	-	-	-	-	873,561	-	873,561
Common stock issued upon exercise of stock options	-	-	12,676	127	33,454	-	33,581
Common stock issued to consultants	-	-	10,833	108	31,252	-	31,360
Common stock issued to acquire patents	-	-	4,000	40	11,760	-	11,800
Net Loss	-	-	-	-	-	(5,016,428)	(5,016,428)
BALANCE, October 31, 2016	140	$ 14,000	8,752,387	$ 87,524	$ 152,051,144	$ (151,165,193)	$ 987,475

The accompanying notes are an integral part of this statement.
See Report of Independent Registered Public Accounting Firm.

ITUS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended October 31, 2016	For the years ended October 31, 2015
Cash flows from operating activities:		
Net loss	$ (5,016,428)	$ (1,379,043)
Stock option compensation to employees and consultants	873,561	2,676,309
Common stock issued to consultants	31,360	46,100
Amortization of patents	325,296	325,291
Accretion of interest on patent acquisition obligations to interest expense	519,946	451,906
Loss on acquisition of common stock and warrants to purchase common stock	-	101,280
Common stock issued to acquire patent license	11,800	-
Depreciation and amortization of property and equipment	33,333	12,515
Loss on disposal of property and equipment	-	10,680
Change in operating assets and liabilities:		
Accounts receivable	-	400,000
Prepaid expenses and other current assets	(35,541)	(65,951)
Accounts payable and accrued expenses	87,991	(868,661)
Royalties and contingent legal fees payable	(213,017)	(347,059)
Net cash (used in) provided by operating activities	(3,381,699)	1,363,367
Cash flows from investing activities:		
Disbursements to acquire short-term investments in certificates of deposit	(1,900,000)	(2,900,000)
Proceeds from maturities of short-term investments in certificates of deposit	3,550,000	3,000,000
Purchase of property and equipment	(146,521)	(54,776)
Net cash provided by investing activities	1,503,479	45,224
Cash flows from financing activities:		
Proceeds from exercise of employee stock options	33,581	44,635
Royalty payment applied to patent acquisition obligation	(36,257)	-
Payments to acquire 92,232 shares of common stock and cancellation of warrantsto purchase 16,000 shares of common stock	-	(445,253)
Net cash used in financing activities	(2,676)	(400,618)
Net (decrease) increase in cash and cash equivalents	(1,880,896)	1,007,973
Cash and cash equivalents at beginning of year	4,369,219	3,361,246
Cash and cash equivalents at end of year	$ 2,488,323	$ 4,369,219

The accompanying notes are an integral part of these statements.
See Report of Independent Registered Public Accounting Firm.

ITUS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND FUNDING

Description of Business

As used herein, "we," "us," "our," the "Company" or "ITUS" means ITUS Corporation and its wholly-owned subsidiaries. From inception through October 2012, our primary operations involved the development of patented technologies in the areas of thin-film displays and encryption. Beginning in October of 2012 under the leadership of a new management team, we recapitalized the Company, unencumbered the Company's assets, changed the Company's name and ticker symbol, relocated the Company's headquarters, and modernized its systems. In July of 2015, the Company's stock was accepted for listing and began trading on the NASDAQ Capital Market.

In June of 2015, the Company announced the formation of a new subsidiary, Anixa Diagnostics Corporation ("Anixa"), to develop a platform for non-invasive blood tests for the early detection of cancer. That platform is called CchekÔ . In July of 2015, ITUS announced a collaborative research agreement with The Wistar Institute ("Wistar"), the nation's first independent biomedical research institute and a leading National Cancer Institute designated cancer research center, for the purpose of validating our cancer detection methodologies and establishing protocols for identifying certain biomarkers in the blood which we identified and which are known to be associated with malignancies. In August of 2016 ITUS announced the renewal and expansion of our relationship with Wistar. In October of 2015, ITUS and Wistar announced favorable results from initial testing of a small group of Breast Cancer patients and healthy controls. One hundred percent (100%) of the blood samples tested from patients with varying stages of Breast Cancer showed the presence of the biomarkers we identified, and none of the healthy patient blood samples contained the biomarkers. Breast Cancer is the second most common cancer in the United States and throughout the world.

In April of 2016, ITUS announced that we had demonstrated the efficacy of our Cchek Ô early cancer detection platform with Lung Cancer. Lung cancer is the leading cause of death among cancers in the U.S. and throughout the world, accounting for approximately 27 percent of all cancer related deaths in the U.S. and 19 percent worldwide. In September of 2016, ITUS announced that we had demonstrated the efficacy of our CchekÔ early cancer detection platform with Colon Cancer. Colon Cancer is the third most common cancer in men and the second most common cancer in woman worldwide, with approximately 1.4 million new cases diagnosed each year, and approximately 700,000 deaths. At the end of September 2016 through the end of October 2016, the Company made similar announcements with respect to the efficacy of our CchekÔ early cancer detection platform for Melanoma, Ovarian Cancer, Liver Cancer, Thyroid Cancer, and Pancreatic Cancer. On November 15, 2016, ITUS announced that we had demonstrated the efficacy of our Cchek Ô early cancer detection platform with six additional cancer types including Appendiceal Cancer (cancer of the appendix), Uterine Cancer, Osteosarcoma (cancer of the bone), Leiomyosarcoma (cancer of the soft tissue), Liposarcoma (cancer of the connective tissue), and Vulvar Cancer (cancer of the vulva), bringing the number of cancer types for which the efficacy of CchekÔ has been validated thus far to fourteen.

Over the next several quarters, we expect Cchek™ to be the primary focus of the Company. As part of our legacy operations, the Company remains engaged in limited patent licensing activities in the area of encrypted audio/video conference calling. We do not expect these activities to be a significant part of the Company's ongoing operations.

ITUS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During years ended October 31, 2016 and 2015, our revenue has been derived from technology licensing and the sale of patented technologies, including in connection with the settlement of litigation. In addition to Anixa, the Company may make investments in and form new companies to develop additional emerging technologies.

AUO Lawsuit and Settlement

On December 29, 2014, the Company and AUO Optronics Corporation ("AUO") entered into a Settlement Agreement (the "Settlement Agreement") and a Patent Assignment Agreement (the "Patent Assignment Agreement" and together with the Settlement Agreement, the "Agreements") pursuant to which the Company received an aggregate of $9,000,000 from AUO. The Agreements were entered into to resolve a lawsuit filed by the Company against AUO, relating to the Company's patented ePaper® Electrophoretic Display, and Nano Field Emission Display ("nFED") technologies.

Background

In May 2011, the Company entered into an Exclusive License Agreement (the "EPD License Agreement") and a License Agreement (the "Nano Display License Agreement") with AUO (together the "AUO License Agreements"). Under the EPD License Agreement, the Company provided AUO with an exclusive, non-transferable, worldwide license to its ePaper® Electrophoretic Display ("EPD") patents and technology, in connection with AUO jointly developing EPD products with the Company. Under the Nano Display License Agreement, the Company provided AUO with a non-exclusive, non-transferable, worldwide license to its Nano Field Emission Display patents and technology, in connection with AUO jointly developing nFED products with the Company.

On January 28, 2013, the Company terminated the AUO License Agreements due to numerous alleged material and continual breaches of the agreements by AUO. On January 28, 2013, the Company also filed a lawsuit in the United States District Court for the Northern District of California against AUO and E Ink Corporation in connection with the AUO License Agreements, alleging breach of contract, breach of the implied covenant of good faith and fair dealing, fraudulent inducement, unjust enrichment, unfair business practices, and other charges (the "AUO/E Ink Lawsuit"). In June 2013, the Company and AUO agreed to arbitrate the charges (the case against E Ink Corporation had been dismissed without prejudice) (the "AUO/E Ink Arbitration").

The Agreements

Pursuant to the Settlement Agreement, AUO paid the Company $2,000,000 in U.S. currency, net of any Taiwanese withholding taxes. The Settlement Agreement further provides that:

- the Company will dismiss the AUO/E Ink Lawsuit and AUO/E Ink Arbitration, with prejudice;
- the AUO License Agreements are terminated;
- AUO gives up all rights to the nFED Technology;

- for a period of two years, the Company agrees not to initiate (whether on its own or through a third party) any patent infringement lawsuits against AUO or its affiliates alleging infringement by AUO's or AUO's affiliates products or services, for patents owned or controlled by the Company as of the date of the Settlement Agreement. Any potential damages for patent infringement will toll uninterrupted during this two-year period. The prohibition does not apply to patents acquired by the Company after the date of the Settlement Agreement; and

- each of AUO and the Company mutually released each other from all claims that either may have against the other in connection with the AUO License Agreements, including any claims relating to the ePaper® Electrophoretic Display and nFED patents and technologies.

Pursuant to the Patent Assignment Agreement, AUO paid the Company $7,000,000 in U.S. currency, net of any Taiwanese withholding taxes in exchange for the Company's ePaper® Electrophoretic Display patent portfolio for which AUO was previously the exclusive licensee, consisting of:

- 10 active U.S. patents and 1 U.S. pending patent application; and

- 103 expired and/or abandoned U.S. and foreign patents and/or patent applications.

In connection with the lawsuit and settlement, the Company incurred a total of approximately $3,604,000 of legal fees and litigation costs.

Funding

In October 2015, the "Company entered into an At Market Issuance Sales Agreement (the "Agreement") with National Securities Corporation ("National") to create an at-the-market equity program under which it may sell up to $10,000,000 worth of its common stock (the "Shares") from time to time through National, as sales agent. The Company has no obligation to sell any of the Shares, and may at any time suspend offers under the Agreement or terminate the Agreement. The Shares will be issued pursuant to the Company's previously filed registration statement that was declared effective by the Securities and Exchange Commission (the "SEC") on September 18, 2015. As of October 31, 2016, no Shares have been sold under the Agreement.

During the year ended October 31, 2016, cash used in operating activities was approximately $3,382,000. Cash provided by investing activities was approximately $1,503,000, which resulted from the proceeds on maturity of certificates of deposit totaling $3,550,000 which was offset by the purchase of certificates of deposit totaling $1,900,000 and the purchase of property and equipment of approximately $147,000. Our cash used in financing activities was approximately $3,000, which resulted from a royalty payment of approximately $36,000 applied to the patent acquisition obligation liability, offset by the proceeds from exercise of stock options of approximately $34,000. As a result, our cash, cash equivalents, and short-term investments at October 31, 2016 decreased approximately $3,531,000 to approximately $3,238,000 from approximately $6,769,000 at the end of fiscal year 2015.

Based on currently available information as of December 7, 2016, we believe that our existing cash, cash equivalents, short-term investments and expected cash flows from operations will not be sufficient to fund our activities and debt obligations (Note 2) for the next 12 months. To date, we have relied primarily upon cash from the public and private sale of equity and debt securities, as well as net proceeds from the December 2014 AUO settlement, to generate the working capital needed to finance our operations. If current cash on hand, cash equivalents, short term investments and cash that may be generated from our business operations are insufficient to continue to operate our business, we will be required to obtain more working capital. We may seek to obtain working capital through sales of our equity securities or through bank credit facilities or public or private debt from various financial institutions where possible and as permitted pursuant to our existing indebtedness. We cannot be certain that additional funding will be available on acceptable terms, or at all. If we do identify sources for additional funding, the sale of additional equity securities or convertible debt could result in dilution to our stockholders. Additionally, the sale of equity securities or issuance of debt securities may be subject to certain security holder approvals or may result in the downward adjustment of the exercise or conversion price of our outstanding securities. We can give no assurance that we will generate sufficient cash flows in the future to satisfy our liquidity requirements or sustain future operations, or that other sources of funding, such as sales of equity or debt, would be available or would be approved by our security holders, if needed, on favorable terms or at all. If we fail to obtain additional working capital as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition. Furthermore, such lack of funds may inhibit our ability to respond to competitive pressures or unanticipated capital needs, or may force us to reduce operating expenses, which would significantly harm the business and development of operations.

The accompanying financial statements have been prepared assuming that we will continue as a going concern. In order for us to have sufficient capital to execute our business plan, fund our operations and meet our debt obligations over the next 12 months, we will need to raise additional capital. Although we have been successful in the past in raising capital, we cannot provide any assurance that we will be successful in doing so in the future to the extent necessary to be able to fund our operating activities and debt obligations over the next 12 months, which raises substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. SUBSEQUENT EVENT

On November 11, 2016, the holder of all our outstanding Series A Preferred Stock (the "Series A Preferred") with an aggregate stated value of $3,500,000 exercised its right of redemption to receive such amount from proceeds from the sale of the Company's equity securities. On December 6, 2016, we entered into an agreement with the holder of the Series A Preferred setting forth the terms under which such redemption would take place (the "Series A Redemption Terms"). Pursuant to the Series A Redemption Terms, at closing the holder of the Series A Preferred will receive (i) $500,000 in cash, (ii) a 12% secured debenture evidencing the remaining $3,000,000 amount to be redeemed, $1,000,000 of which is due on or before June 1, 2017 and the remainder of which is due November 11, 2017 (the "Redemption Debenture"), and (iii) a 5 year warrant to purchase 500,000 shares of the Company's common stock at an exercise price equal to 10% below the thirty (30) day volume weighted average closing price of our common stock at closing. The Redemption Debenture is secured by a lien on the Company's assets and prohibits the Company from incurring any senior indebtedness other than equipment financing in connection with the Company's business.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of ITUS Corporation and its wholly owned subsidiaries. All intercompany transactions have been eliminated.

Revenue Recognition

Revenue is recognized when (i) persuasive evidence of an arrangement exists, (ii) all obligations have been substantially performed pursuant to the terms of the arrangement, (iii) amounts are fixed or determinable, and (iv) the collectability of amounts is reasonably assured.

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Patent Licensing

In certain instances, our past revenue arrangements have provided for the payment of contractually determined fees in settlement of litigation and in consideration for the grant of certain intellectual property rights for patented technologies owned or controlled by the Company. These arrangements typically include some combination of the following: (i) the grant of a non-exclusive, retroactive and future license to manufacture and/or sell products covered by patented technologies owned or controlled by the Company, (ii) a covenant-not-to-sue, (iii) the release of the licensee from certain claims, and (iv) the dismissal of any pending litigation. In such instances, the intellectual property rights granted have been perpetual in nature, extending until the expiration of the related patents. Pursuant to the terms of these agreements, we had no further obligations. As such, the earnings process was complete and revenue has been recognized upon the execution of the agreement, when collectability was reasonably assured, and when all other revenue recognition criteria were met.

Inventor Royalties and Contingent Legal Fees

Inventor royalties and contingent legal fees are expensed in the consolidated statements of operations in the period that the related revenues are recognized.

Research and Development Expenses

Research and development expenses, consisting primarily of salaries and other direct costs associated with developing a platform for non-invasive blood tests for early detection of cancer, are expensed in the consolidated financial statements in the year incurred.

Fair Value Measurements

Accounting Standards Codification ("ASC") 820 “Fair Value Measurements and Disclosures” (“ASC 820”) defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. In accordance with ASC 820, we have categorized our financial assets and liabilities, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded in the accompanying consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial instruments whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market which we have the ability to access at the measurement date.

Level 2 - Financial instruments whose values are based on quoted market prices in markets where trading occurs infrequently or whose values are based on quoted prices of instruments with similar attributes in active markets.

Level 3 – Financial instruments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the instrument.

The following table presents the hierarchy for our financial assets measured at fair value on a recurring basis as of October 31, 2016:

	Level 1	Level 2	Level 3	Total
Money market funds – Cash and cash equivalents	$ 1,899,136	$ -	$ -	$ 1,899,136
Certificates of deposit - Short term investments	-	750,000	-	750,000
Total financial assets	$ 1,899,136	$ 750,000	$ -	$ 2,649,136

The following table presents the hierarchy for our financial assets measured at fair value on a recurring basis as of October 31, 2015:

	Level 1	Level 2	Level 3	Total
Money market funds – Cash and cash equivalents	$ 467,967	$ -	$ -	$ 467,967
Certificates of deposit - Short term investments	-	2,400,000	-	2,400,000
Total financial assets	$ 467,967	$ 2,400,000	$ -	$ 2,867,967

The following table presents the hierarchy for our financial liabilities measured at fair value on the transaction date and then adjusted for the subsequent accretion of interest, as of October 31, 2016:

	Level 1	Level 2	Level 3	Total
Patent acquisition obligation	-	-	$ 4,171,876	$ 4,171,876

The following table presents the hierarchy for our financial liabilities measured at fair value on the transaction date and then adjusted for the subsequent accretion of interest, as of October 31, 2015:

	Level 1	Level 2	Level 3	Total
Patent acquisition obligation	-	-	$ 3,688,187	$ 3,688,187

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities that are measured at fair value on a recurring basis:

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Patent acquisition obligation:	
Balance October 31, 2014	$ 3,236,281
Accretion of interest on patent obligation	451,906
Balance October 31, 2015	3,688,187
Accretion of interest on patent obligation	519,946
Royalty payment applied to patent acquisition obligation	(36,257)
Balance October 31, 2016	$ 4,171,876

Our non-financial assets that are measured on a non-recurring basis include our patents and property and equipment which are measured using fair value techniques whenever events or changes in circumstances indicate a condition of impairment exists. The estimated fair value of prepaid expenses, accounts payable and accrued expenses approximates their individual carrying amounts due to the short term nature of these measurements.

Cash and Cash Equivalents

Cash equivalents consists of highly liquid, short term investments with original maturities of three months or less when purchased.

Short-term Investments

At October 31, 2016 and 2015, we had certificates of deposit with maturities greater than 90 days and less than 12 months when acquired of $750,000 and $2,400,000, respectively, that were classified as short-term investments and reported at fair value.

Patents

Our only identifiable intangible assets are patents and patent rights. We capitalize patent and patent rights acquisition costs and amortize the cost over the estimated economic useful life. No patent acquisition costs were capitalized during the years ended October 31, 2016 and 2015. We recorded patent amortization expense of approximately $325,000 and $325,000 during the years ended October 31, 2016 and 2015, respectively.

Impairment

Long-lived assets, including intangible assets that are amortized, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company evaluates potential impairment by comparing the carrying amount of the assets with the estimated undiscounted future cash flows associated with them. Should the analysis indicate that an asset is not recoverable, the carrying value of the asset would be reduced to fair value and a corresponding charge would be recognized.

Intangible assets that are not amortized are reviewed for impairment at least annually. The Company evaluates potential impairment by comparing the carrying amount of the asset with its estimated fair value. Should the carrying amount exceed the estimated fair value, a corresponding charge would be recognized for the difference.

Income Taxes

We recognize deferred tax assets and liabilities for the estimated future tax effects of events that have been recognized in our financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Stock-Based Compensation

We maintain stock equity incentive plans under which we may grant non-qualified stock options, incentive stock options, stock appreciation rights, stock awards, performance and performance-based awards, or stock units to employees, non-employee directors and consultants.

Stock Option Compensation Expense

We account for stock options granted to employees and directors using the accounting guidance in ASC 718 "Stock Compensation" ("ASC 718"). In accordance with ASC 718, we estimate the fair value of service based options and performance based options on the date of grant, using the Black-Scholes pricing model. For options vesting if the trading price of the Company's common stock achieves a defined target, we use a Monte Carlo simulation in estimating the fair value at grant date. We recognize compensation expense for stock option awards over the requisite or implied service period of the grant. With respect to performance based awards, compensation expense is recognized when the performance target is deemed probable. We recorded stock-based compensation expense, related to stock options granted to employees and directors, of approximately $874,000 and $2,192,000, during the years ended October 31, 2016 and 2015, respectively.

Included in stock-based compensation cost for employees and directors during the years ended October 31, 2016 and 2015 was approximately $393,000 and $2,093,000, respectively, related to the amortization of compensation cost for stock options granted in prior periods but not yet vested. As of October 31, 2016, there was unrecognized compensation cost related to non-vested stock options granted to employees and directors, related to service based options of approximately $1,139,000 which will be recognized over a weighted-average period of 2.3 years.

We account for stock options granted to consultants using the accounting guidance included in ASC 505-50 "Equity-Based Payments to Non-Employees" ("ASC 505-50"). In accordance with ASC 505-50, we estimate the fair value of service based stock options and performance based options at each reporting period, using the Black-Scholes pricing model. For options vesting if the trading price of the Company's common stock achieves a defined target we estimate the fair value at each reporting period using a Monte Carlo simulation. We recognize compensation expense for service based stock options and options subject to market conditions over the requisite or implied service period of the grant. For performance based awards, compensation expense is recognized when the performance target is achieved.

We recorded consulting expense, related to stock options granted to consultants, during the years ended October 31, 2016 and 2015 of approximately $-0- and $484,000, respectively. Stock-based consulting expense for the years ended October 31, 2016 and 2015 includes approximately $-0- and $484,000, respectively, related to the amortization of compensation cost for stock options granted in prior periods but vested in the current period. As of October 31, 2016, there was no unrecognized consulting expense related to non-vested stock options granted to consultants.

Fair Value Determination

We use the Black-Scholes pricing model in estimating the fair value of stock options which vest over a specific period of time or upon achieving performance targets. To determine the weighted average fair value of stock options on the date of grant, employees and directors are included in a single group. The fair value of stock options granted to consultants is determined on an individual basis. The stock options we granted during the year ended October 31, 2015 consisted of awards with 10-year terms that vest over one year, options with 10-year terms that vest over 36 months. The stock options we granted during the year ended October 31, 2014 consisted of awards with 10-year terms that vest over one year and options with 10-year terms that vest over 36 months, options with 5-year terms which vest immediately and options with 10-year terms which vest upon achievement of performance milestones.

The following weighted average assumptions were used in estimating the fair value of stock options granted during the years ended October 31, 2016 and 2015:

	For the Year Ended October 31,	
	2016	2015
Weighted average fair value at grant date	$ 2.84	$ 3.09
Valuation assumptions:		
Expected life (years)	5.70	5.75
Expected volatility	181.1%	117.8%
Risk-free interest rate	1.26%	2.01%
Expected dividend yield	0%	0%

The expected term of stock options represents the weighted average period the stock options are expected to remain outstanding. We use the simplified method to determine expected term. The simplified method was adopted since we do not believe that historical experience is representative of future performance because of the impact of the changes in our operations and the change in terms from historical options which vested immediately to terms including vesting periods of up to three years. Under the Black-Scholes pricing model, we estimated the expected volatility of our shares of common stock based upon the historical volatility of our share price over a period of time equal to the expected term of the options. We estimated the risk-free interest rate based on the implied yield available on the applicable grant date of a U.S. Treasury note with a term equal to the expected term of the underlying grants. We made the dividend yield assumption based on our history of not paying dividends and our expectation not to pay dividends in the future.

Under ASC 718, the amount of stock-based compensation expense recognized is based on the portion of the awards that are ultimately expected to vest. Accordingly, if deemed necessary, we reduce the fair value of the stock option awards for expected forfeitures, which are forfeitures of the unvested portion of surrendered options. Based on our historical experience and future expectations, we have not reduced the amount of stock-based compensation expenses for anticipated forfeitures.

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We will reconsider use of the Black-Scholes pricing model if additional information becomes available in the future that indicates another model would be more appropriate. If factors change and we employ different assumptions in the application of ASC 718 in future periods, the compensation expense that we record under ASC 718 may differ significantly from what we have recorded in the current period.

Net Loss Per Share of Common Stock

In accordance with ASC 260, "Earnings Per Share", basic net loss per common share ("Basic EPS") is computed by dividing net loss by the weighted average number of common shares outstanding. Diluted net loss per common share ("Diluted EPS") is computed by dividing net loss by the weighted average number of common shares and dilutive common share equivalents and convertible securities then outstanding. Diluted EPS for all years presented is the same as Basic EPS, as the inclusion of the effect of common share equivalents then outstanding would be anti-dilutive. For this reason, excluded from the calculation of Diluted EPS for the years ended October 31, 2016 and 2015, were options to purchase 3,086,472 and 2,672,471 shares, respectively, warrants to purchase 707,379 shares and 1,028,931 shares, respectively, preferred stock convertible into 739,958 shares.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are used for, but not limited to, determining stock-based compensation, asset impairment evaluations, tax assets and liabilities, license fee revenue, the allowance for doubtful accounts, depreciation lives and other contingencies. Actual results could differ from those estimates.

Effect of Recently Issued Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09 ("ASU 2014-09"), Revenue from Contracts with Customers. This amendment updates addressing revenue from contracts with customers, which clarifies existing accounting literature relating to how and when a company recognizes revenue. Under the standard, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. This standard update is effective for interim and annual reporting periods beginning after December 15, 2016, and are to be applied retrospectively or the cumulative effect as of the date of adoption, with early application not permitted. In July 2015, a one-year deferral of the effective date of the new guidance was approved. We are currently evaluating the impact ASU 2014-09 will have on our consolidated financial statements and related disclosures.

In June 2014, the FASB issued Accounting Standards Update 2014-12 ("ASU 2014-12"), Compensation – Stock Compensation. This amendment requires that a performance target that affects vesting and could be achieved after the requisite service period shall be treated as a performance condition. Adoption of this standard is required for annual periods beginning after December 15, 2015. Early adoption is permitted. We do not expect this update to have a significant impact on our consolidated financial statements and related disclosures.

In August 2014, the FASB issued Accounting Standards Update 2014-15 ("ASU 2014-15"). This amendment requires management to assess an entity's ability to continue as a going concern every reporting period including interim periods, and to provide related footnote disclosure in certain circumstances. Adoption of this standard is required for annual periods ending after December 15, 2016 and are to be applied retrospectively or the cumulative effect as of the date of adoption. We do not expect this update to have a significant impact on our consolidated financial statements and related disclosures.

In April 2015, the FASB issued Accounting Standards Update 2015-03 ("ASU 2015-03") to simplify the presentation of debt issuance costs. This amendment requires debt issuance costs be presented on the balance sheet as a direct reduction from the carrying amount of the debt liability, consistent with debt discounts or premiums. Adoption of this standard is required for interim and annual periods beginning after December 15, 2015 and is to be applied retrospectively. The adoption of this amendment on November 1, 2016 did not have an impact on our consolidated financial statements and related disclosures.

In November 2015, the FASB issued Accounting Standards Update 2015-17 ("ASU 2015-17") to simplify the presentation of deferred taxes. This amendment requires that all deferred tax assets and liabilities, along with any related valuation allowances, be classified as noncurrent on the balance sheet. Adoption of this standard is required for annual periods beginning after December 15, 2016. We are currently evaluating the impact ASU 2015-17 will have on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued Accounting Standards Update 2016-02 ("ASU 2016-02") which requires lessees to recognize most leases on the balance sheet. This is expected to increase both reported assets and liabilities. The new lease standard does not substantially change lessor accounting. For public companies, the standard will be effective for the first interim reporting period within annual periods beginning after December 15, 2018, although early adoption is permitted. Lessees and lessors will be required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance, using a modified retrospective transition method. The requirements of this standard include a significant increase in required disclosures. We are currently evaluating the impact ASU 2016-02 will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued Accounting Standards Update 2016-09 ("ASU 2016-09") that changes the accounting for certain aspects of share-based payments to employees. The new guidance requires all income tax effects of awards to be recognized in the income statement when the awards vest or are settled. It also allows an employer to repurchase more of an employee's shares than it can today for tax withholding purposes without triggering liability accounting and to make a policy election for forfeitures as they occur. The guidance is effective for public business entities for fiscal years beginning after December 15, 2016, and interim periods within those years. Early adoption is permitted. We are currently evaluating the impact ASU 2016-09 will have on our consolidated financial statements and related disclosures.

Concentration of Credit Risks

Financial instruments that potentially subject us to concentrations of credit risk are cash equivalents, short-term investments and accounts receivable. Cash equivalents are primarily highly rated money market funds. Short-term investments are certificates of deposit within federally insured limits. Where applicable, management reviews our accounts receivable and other receivables for potential doubtful accounts and maintains an allowance for estimated uncollectible amounts. Our policy is to write-off uncollectable amounts at the time it is determined that collection will not occur.

Two licensees accounted for 67% and 33%, respectively, of revenues from patent licensing activities during fiscal year 2016. Three licensees accounted for 53%, 37% and 10%, respectively, of revenues from patent licensing activities during fiscal year 2015.

4. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued liabilities consist of the following as of:

	October 31,	
	2016	2015
Accounts payable	$ 373,224	$ 374,703
Payroll and related expenses	49,901	-
Accrued other	45,631	6,062
	$ 468,756	$ 380,765

5. SHAREHOLDERS' EQUITY

Reverse Stock Split

On June 26, 2015, we effected a 1-for-25 reverse stock split (the "Stock Split") of our issued common stock and preferred stock. Each shareholders' percentage ownership and proportional voting power remained unchanged as a result of the Stock Split. All applicable share data, per share amounts and related information in the consolidated financial statements and notes thereto have been adjusted retroactively to give effect to the Stock Split. As a result of the Stock Split, the number of shares of our common stock and preferred stock authorized was also decreased by the same proportion as the outstanding shares.

Common Stock Issuances

During the years ended October 31, 2016 and 2015, we issued 10,833 shares and 11,600 shares, respectively, of common stock to consultants for services rendered, pursuant to the 2010 Share Plan. We recorded consulting expense for the years ended October 31, 2016 and 2015 of approximately $31,000 and $46,000, respectively, for shares of common stock issued to consultants.

Stock Option Plans

As of October 31, 2016, we have two stock option plans: the ITUS Corporation 2003 Share Incentive Plan (the "2003 Share Plan") and the ITUS Corporation 2010 Share Incentive Plan (the "2010 Share Plan") which were adopted by our Board of Directors on April 21, 2003 and July 14, 2010, respectively.

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The 2003 Share Plan provided for the grant of nonqualified stock options, stock appreciation rights, stock awards, performance awards and stock units to key employees and consultants. The maximum number of shares of common stock in the 2003 Share Plan was 2,800,000 shares. The 2003 Share Plan was administered by the Stock Option Committee through June 2004, from June 2004 through July 2010, by the Board of Directors, from July 2010 through August 2012, by the Stock Option Committee, from August 2012 through November 2012, by the Executive Committee of the Board of Directors, from November 2012 to July 2015, by the Board of Directors and since July 2015 by the Compensation Committee, which determined the option price, term and provisions of each option. The exercise price with respect to all of the options granted under the 2003 Share Plan since its inception was equal to the fair market value of the underlying common stock at the grant date. In accordance with the provisions of the 2003 Share Plan, the plan terminated with respect to the grant of future options on April 21, 2013.

Information regarding the 2003 Share Plan for the two years ended October 31, 2016 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2014	493,991	$18.00	
Exercised	(4,000)	$2.58	
Forfeited	(123,791)	$14.71	
Options Outstanding at October 31, 2015	366,200	$17.86	
Exercised	(11,080)	$2.58	
Forfeited	(129,520)	$17.72	
Options Outstanding and Exercisable at October 31, 2016	225,600	$18.69	$ 142,470

The following table summarizes information about stock options outstanding and exercisable under the 2003 Share Plan as of October 31, 2016:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$ 1.79 - $ 7.75	41,200	1.77	$2.91
$14.75 - $17.50	50,400	.43	$16.98
$20.50 - $23.00	94,000	.83	$22.04
$29.25	40,000	.81	$29.25

The 2010 Share Plan provides for the grant of nonqualified stock options, stock appreciation rights, stock awards, performance awards and stock units to key employees and consultants. The maximum number of shares of common stock in the 2010 Share Plan was initially 600,000 shares. On July 6, 2011, the 2010 Share Plan was amended by our Board of Directors to increase the maximum number of shares of common stock in the plan to 1,080,000 shares and on August 29, 2012, the maximum number of shares in the plan was further increased to 1,200,000 shares. On November 8, 2013, the Board of Directors approved an amendment to provide that effective November 8, 2013, the maximum aggregate number of shares available for future issuance will be 800,000 shares and that on the first business day in 2014 and on the first business day of each calendar year thereafter the maximum aggregate number of shares available for future issuance shall be replenished such that 800,000 shares will be available. Accordingly, on November 8, 2013, January 2, 2014 and January 2, 2015, the number of shares in the 2010 Share Plan was increased to 1,957,000 shares, 2,225,400 shares and 2,569,400 shares, respectively. In addition, on November 8, 2013, the 2010 Share Plan was amended to provide that on the first business day of each year commencing on January 2, 2014, each non-employee director of the Company at that time shall automatically be granted a 10-year stock option to purchase 12,000 shares of common stock (16,000 for the Chairman) that will vest in four equal quarterly installments. The 2010 Share Plan was administered by the Stock Option Committee through August 2012, from August 2012 through November 2012, by the Executive Committee of the Board of Directors, from November 2012 through July 2015, by the Board of Directors and since July 2015, by the Compensation Committee, which determines the option price, term and provisions of each option. The exercise price with respect to all of the options granted under the 2010 Share Plan was equal to the fair market value of the underlying common stock at the grant date. As of October 31, 2016, the 2010 Share Plan had 431,956 shares available for future grants.

Information regarding the 2010 Share Plan as of October 31, 2016 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2014	728,561	$5.75	
Granted	60,400	$2.91	
Exercised	(13,334)	$2.58	
Forfeited	(249,355)	$6.24	
Options Outstanding at October 31, 2015	526,272	$3.33	
Granted	557,000	$2.92	
Exercised	(2,400)	$4.25	
Options Outstanding at October 31, 2016	1,080,872	$3.12	$ 3,569,079
Options Exercisable at October 31, 2016	659,439	$3.16	$ 2,126,338

The following table summarizes information about stock options outstanding under the 2010 Share Plan as of October 31, 2016:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$2.58 - $9.25	1,080,872	7.71	$3.12	659,439	6.71	$3.16

In addition to options granted under the 2003 Share Plan and the 2010 Share Plan, during the years ended October 31, 2012 and 2013, the Board of Directors approved the grant of stock options to purchase 1,660,000 shares and 120,000 shares, respectively.

Information regarding stock options that were not granted under the 2003 Share Plan or the 2010 Share Plan for the two years ended October 31, 2016 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2014, 2015 and 2016	1,780,000	$2.70	
Options Outstanding and exercisable at October 31, 2016	1,780,000	$2.70	$ 6,494,275

The following table summarizes information about stock options outstanding and exercisable that were not granted under the 2003 Share Plan or the 2010 Share Plan as of October 31, 2016:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$ 2.58 - $ 5.56	1,780,000	5.76	$2.70

Re-Priced Stock Options

On January 28, 2015, the Board of Directors authorized management of the Company to re-price issued and outstanding stock options for all of the officers, directors and employees of the Company, at any time prior to February 16, 2015. On February 5, 2015, management acted to re-price 2,184,125 issued and outstanding stock options (the “Re-Priced Options”) pursuant to the authority granted by the Board of Directors. The new exercise price of the Re-Priced Options is $2.575, the closing sales price of the Company’s common stock on February 5, 2015. All other terms of the previously granted Re-Priced Options remain the same. The Company recorded additional stock-based compensation of approximately $297,000, as of February 5, 2015, related to this re-pricing. This amount was determined to be the incremental value of the fair value of the Re-Priced Options compared to the fair value of the original option immediately before the re-pricing.

Preferred Stock

In May 1986, our shareholders authorized 200,000 shares of preferred stock with a par value of $100 per share. The shares of preferred stock may be issued in series at the direction of the Board of Directors, and the relative rights, preferences and limitations of such shares will all be determined by the Board of Directors. As of October 31, 2016, 140 shares of preferred stock had been designated and issued as Series A Preferred Stock.

Series A Convertible Preferred Stock

On September 9, 2014, the Company designated 140 shares of the preferred stock as Series A Convertible Preferred Stock, par value $100 per share, in accordance with the Certificate of Designation of Series A Convertible Preferred Stock filed with the Secretary of State of the State of Delaware on September 9, 2014 (the "Series A Convertible Preferred Stock"). On September 9, 2014, 140 shares of Series A Convertible Preferred Stock with a stated value of $25,000 per share were issued in connection with the conversion of a Convertible Debenture due November 2016.

Ranking

The Series A Convertible Preferred Stock ranked senior to the Company's common stock, to all series of any other classes of equity which may be issued and to any indebtedness, unless the Company obtained the prior written consent of the Series A Convertible Preferred Stock holder.

Redemption

At any time on or after November 11, 2016 (the "Redemption Date"), and upon at least 60 days prior written notice to the Company (a "Redemption Notice"), any holder of the Series A Convertible Preferred Stock had a one-time right to require the Company to redeem all or some of its shares of Series A Convertible Preferred Stock (a "Redemption") for cash generated from a subsequent sale of the Company's equity securities. The redemption price being equal to the stated value ($25,000 per share) of the shares of Series A Convertible Preferred Stock being converted, (the "Redemption Purchase Price"). Upon receipt of a Redemption Notice, the Company shall complete a sale or sales of its equity securities for the purpose of accumulating net proceeds sufficient to pay the Redemption Purchase Price.

On September 9, 2016, the holder of 140 shares of the Series A Convertible Preferred Stock delivered a Redemption Notice to the Company requesting a redemption date of November 11, 2016 (it being understood by the holder of the Series A Convertible Preferred Stock that the Company may only redeem shares of Series A Convertible Preferred Stock with the proceeds from the sale of the Company's equity securities). On December 6, 2016, we entered into an agreement with the holder of the Series A Preferred Stock to exchange the Series A Preferred Stock for a secured debenture, cash and warrants. See Note 2, Subsequent Event.

Optional Conversion

Holders of the Series A Convertible Preferred Stock had the right at any time convert their shares of Series A Convertible Preferred Stock into such number of shares of the Company's common stock in such an amount equal to (a) the stated value of $25,000 per share of the shares of Series A Convertible Preferred Stock being converted, divided by the conversion price of $4.73, multiplied by (b) the number of shares of Series A Preferred Stock being converted.

The holder did not have the right to convert any portion of the Series A Convertible Preferred Stock if after giving effect to such conversion, the holder, together with any affiliate thereof, would beneficially own in excess of 4.99% of the number of shares of common stock outstanding immediately after giving effect to such conversion.

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The embedded conversion option had certain anti-dilution protection provisions which would be triggered if the Company issues its common stock, or certain common stock equivalents, (as defined) at a price below $3.55 per share.

Board and Observer Rights

Each holder of Series A Convertible Preferred Stock shall have the right, upon 10 days' prior written notice, to designate one representative, reasonably acceptable to the Company, who shall be entitled to attend and observe meetings of the Company's Board of Directors in a non-voting observer capacity (the "Observer").

Accounting for the Series A Convertible Preferred Stock

The Company determined that the economic characteristics and risks of the conversion feature and the preferred stock instrument were clearly and closely related as equity instruments and accordingly, the conversion feature would not require separate accounting. In addition, the redemption feature was contingent upon Series A Convertible Preferred Stock not being converted into common stock and upon the holder delivering a redemption notice to the Company. Further, the redemption purchase price may only be paid from the proceeds of a subsequent sale of equity securities. Accordingly, the Series A Convertible Preferred Stock was accounted for as an equity instrument. Further, because the conversion rate of the Series A Convertible Preferred Stock of $4.73 per share was less than the Company's closing stock price on the date of this transaction, the Company determined that the Series A Convertible Preferred Stock contained a beneficial conversion feature. The beneficial conversion feature was recorded in additional paid-in-capital as a result of the Company's accumulated deficit.

Common Stock Purchase Warrants

As of October 31, 2016, we had warrants to purchase 10,000 shares and 10,000 shares of common stock at $9.25 and $13.875 per share, respectively, expiring on August 19, 2019, warrants to purchase 369,979 shares of common stock at $7.75 per share expiring on November 11, 2016, warrants to purchase 8,000 shares of common stock at $6.925 per share expiring on June 2, 2017 and warrants to purchase 309,400 shares of common stock at $10.00 per share expiring on July 15, 2019.

6. COMMITMENTS AND CONTINGENCIES

Patent Acquisition Obligations

As of October 31, 2016, we have incurred obligations due no later than November 2017 related to the acquisition of patents, which have a discounted present value of approximately $4,172,000, and which amount will be reduced by royalties paid during the period, if any. The payment due in November 2017 is payable at the option of the Company in cash or common stock. We recorded interest expense of approximately $520,000 and $452,000, respectively, for the years ended October 31, 2016 and 2015, for the accretion of interest on patent acquisition obligations. The payment due date of November 2017 may be extended for up to two years if any patent infringement lawsuit initiated by the Company is stayed because of any re-exam or similar proceeding in the United States Patent and Trademark Office.

Leases

We lease approximately 3,000 square feet of office space in Los Angeles, California pursuant to a lease that expires May 31, 2019. The lease contains base rentals of approximately $11,000 per month with annual increases of approximately 3% and an escalation clause for increases in certain operating expenses. As of October 31, 2016, our non-cancelable operating lease commitments for the years ending October 31, 2017, 2018 and 2019 were approximately $129,000, 134,000 and $80,000, respectively. Rent expense for the years ended October 31, 2016 and 2015, was approximately $104,000 and $100,000, respectively.

Litigation Matters

On December 29, 2014, we settled our lawsuit against AUO which had been filed on January 28, 2013. For a more detailed description of the settlement with AUO see Note 1, "Business and Funding - Description of Business - AUO Lawsuit and Settlement".

Other than suits we bring to enforce our patent rights we are not a party to any material pending legal proceedings other than that which arise in the ordinary course of business. We believe that any liability that may ultimately result from the resolution of these matters will not, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

7. INCOME TAXES

Income tax provision (benefit) consists of the following:

	Year Ended October 31, 2016	Year Ended October 31, 2015
Federal:		
Current	$ -	$ -
Deferred	(1,631,000)	(487,000)
State:		
Current	-	-
Deferred	(134,000)	(120,000)
Adjustment to valuation allowance related to net deferred tax assets	1,765,000	607,000
	$ -	$ -

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset, net, at October 31, 2016 and 2015, are as follows:

	2016	2015
Long-term deferred tax assets:		
Federal and state NOL and tax credit carryforwards	$ 33,079,000	$ 31,261,000
Deferred compensation	6,232,000	6,522,000
Intangibles	713,000	483,000
Other	289,000	282,000
Subtotal	40,313,000	38,548,000
Less: valuation allowance	(40,313,000)	(38,548,000)
Deferred tax asset, net	$ -	$ -

ITUS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of October 31, 2016, we had tax net operating loss and tax credit carryforwards of approximately $79,428,000 and $1,110,000, respectively, available within statutory limits (expiring at various dates between 2020 and 2035), to offset any future regular Federal corporate taxable income and taxes payable. If the tax benefits relating to deductions of option holders' income are ultimately realized, those benefits will be credited directly to additional paid-in capital. Certain changes in stock ownership can result in a limitation on the amount of net operating loss and tax credit carryovers that can be utilized each year. As of October 31, 2016, management has not determined the extent of any such limitations, if any.

We had New York, California and Pennsylvania tax net operating loss carryforwards of approximately $76,847,000, $4,849,000 and $841,000, respectively, as of October 31, 2016, available within statutory limits (expiring at various dates between 2020 and 2035), to offset future corporate taxable income and taxes payable, if any, under certain computations of such taxes.

We have provided a valuation allowance against our deferred tax asset due to our current and historical pre-tax losses and the uncertainty regarding their realizability. The primary differences from the Federal statutory rate of 34% and the effective rate of 0% is attributable to certain permanent differences and a change in the valuation allowance. The following is a reconciliation of income taxes at the Federal statutory tax rate to income tax expense (benefit):

	Year Ended October 31,			
	2016		2015	
Income tax benefit at U.S.				
Federal statutory income Tax rate	$ (1,706,000)	(34.0)%	$ (469,000)	(34.0)%
State income taxes	(411,000)	(8.2)%	(117,000)	(8.5)%
Permanent differences	2,000	0.1%	1,000	0.1%
Expiring net operating losses, credits and other	350,000	7.0 %	(22,000)	(1.6)%
Change in valuation allowance	1,765,000	35.1%	607,000	44.0%
Income tax provision	$ -	0.0%	$ -	0.0%

During the two fiscal years ended October 31, 2016, we incurred no Federal and no State income taxes. We have no unrecognized tax benefits as of October 31, 2016 and 2015 and we account for interest and penalties related to income tax matters in marketing, general and administrative expenses. Tax years to which our net operating losses relate remain open to examination by Federal authorities and other jurisdictions to the extent which the net operating losses have yet to be utilized.

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE OFFERED FOR SALE, SOLD,ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

Warrant
No. C-
[__]

Warrant to Purchase 500,000 Shares

ITUS CORPORATION
COMMON STOCK PURCHASE WARRANT

This certifies that, for good and valuable consideration, ITUS Corporation, a Delaware corporation (including any successor thereto with respect to the obligations hereunder, by merger, consolidation or otherwise, the "**Company**"), grants to Adaptive Capital LLC or permitted assigns (the "**Warrantholder**") the right to subscribe for and purchase, in whole or in part, from time to time from the Company Five Hundred Thousand (500,000) duly authorized, validly issued, fully paid and nonassessable shares (the "**Warrant Shares**") of the Company's Common Stock, par value $.01 per share (the "**Common Stock**"), at the purchase price per share $[___] (the '**Exercise Price**") at any time prior to 5:00 p.m., New York time on the Expiration Date, all subject to the terms, conditions and adjustments herein set forth. The terms that are capitalized herein shall have the meanings specified in Section 11 hereof, unless the context shall otherwise require.

This Warrant ("**Warrant**") is being issued pursuant to the terms of that certain letter agreement, dated December 1, 2016, by and between the Company and Warrantholder.

1. Duration and Exercise of Warrant: Limitation on Exercise: Payment of Taxes.

1.1. Duration and Exercise of Warrant. Subject to the terms and conditions set forth herein, this Warrant may be exercised, in whole or in part, by the Warrantholder by:

(a) the surrender of this Warrant to the Company, with a duly executed Exercise Form specifying the number of Warrant Shares to be purchased, during normal business hours on any Business Day prior to the Expiration Date, and the delivery of payment to the Company of the Exercise Price for the number of Warrant Shares specified in the Exercise Form in the form of cash or certified or bank check payable to the order of the Company; or

(b) if at any time after the initial effectiveness of the Registration Statement (as defined below), there is not an effective Registration Statement covering the Warrant Shares at the time of exercise, in lieu of any cash payment, the surrender of this Warrant to the Company, with a duly executed Exercise Form specifying the number of Warrant Shares to be purchased, during normal business hours on any Business Day prior to the Expiration Date, in exchange for the number of shares of Common Stock computed by using the following formula:

$$X = \frac{Y\,(A - B)}{A}$$

Where X =	the number of shares of Common Stock to be issued to the Warrantholder pursuant to the net exercise.
Y =	the number of shares of Common Stock subject to the Warrant being exercised or, if only a portion of such Warrant is being exercised, the portion of such Warrant being canceled (at the time of such calculation).
A =	the Weighted Average Price of one share of Common Stock (at the date of such calculation).
B =	the Exercise Price (as adjusted to the date of such calculation).

The Company agrees that such Warrant Shares shall be deemed to be issued to the Warrantholder as the record holder of such Warrant Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid. Notwithstanding the foregoing, no such surrender shall be effective to constitute the Person entitled to receive such shares as the record holder thereof while the transfer books of the Company for the Common Stock are closed for any purpose (but not for any period in excess of five (5) days); but any such surrender of this Warrant for exercise during any period while such books are so closed shall become effective for exercise immediately upon the reopening of such books, as if the exercise had been made on the date this Warrant was surrendered and for the number of shares of Common Stock and at the Exercise Price in effect at the date of such surrender. This Warrant and all rights and options hereunder shall expire on the Expiration Date, and shall be wholly null and void and of no value to the extent this Warrant is not exercised before it expires.

The delivery by (or on behalf of) the Warrantholder of the Exercise Form and the applicable Exercise Price as provided above shall constitute the Warrantholder's certification to the Company that it is an "accredited investor," as such term is defined in Rule 501(a) under the Securities Act, as of the exercise date.

1.2. Warrant Shares Certificate. A stock certificate or certificates for the Warrant Shares specified in the Exercise Form shall be delivered to the Warrantholder within fifteen (15) Business Days after receipt of the Exercise Form by the Company and payment of the purchase price. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the stock certificate or certificates, deliver to the Warrantholder a new Warrant evidencing the rights to purchase the remaining Warrant Shares, which new Warrant shall in all other respects be identical with this Warrant.

1.3 Payment of Taxes. The issuance of certificates for Warrant Shares shall be made without charge to the Warrantholder for any stock transfer or other issuance tax in respect thereto; provided, however, that the Warrantholder shall be required to pay any and all taxes that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Warrantholder as reflected upon the books of the Company.

2. Restrictions on Transfer: Restrictive Legends.

2.1. Limitation on Transfer. The Warrantholder shall not, directly or indirectly, sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of (whether by operation of law or otherwise) (each a "**Transfer**") this Warrant or any right, title or interest herein or hereto, except in accordance with the provisions of this Warrant. Any attempt to Transfer this Warrant, in whole or in part, or any rights hereunder in violation of the preceding sentence shall be null and void ab initio and the Company shall not register any such Transfer.

2.2. Transfer Procedures. If the Warrantholder wishes to Transfer this Warrant to a transferee (a "**Transferee**") under this Section 2, the Warrantholder shall give notice to the Company through the use of the assignment form attached hereto as Exhibit B of its intention to make any Transfer permitted under this Section 2 not less than five (5) days prior to effecting such Transfer, which notice shall state the name and address of each Transferee to whom such Transfer is proposed. This Warrant may, in accordance with the terms hereof, be transferred in whole or in part. If this Warrant is transferred in whole, the assignee shall receive a new Warrant (registered in the name of such assignee or its nominee) which new Warrant shall cover the number of shares assigned. If this Warrant is transferred in part, the assignor and assignee shall each receive a new Warrant (which, in the case of the assignee, shall be registered in the name of the assignee or its nominee), each of which new Warrant shall cover the number of shares not so assigned and in respect of which no such exercise has been made in the case of the assignor and the number of shares so assigned, in the case of the assignee.

2.3 Transfers in Compliance with Law: Substitution of Transferee. Notwithstanding any other provision of this Warrant, no Transfer may be made pursuant to this Section 2 unless (a) the Transferee has agreed in writing to be bound by the terms and conditions hereto, (b) the Transfer complies in all respects with the applicable provisions of this Warrant, and (c) the Transfer complies in all respects with applicable federal and state securities laws, including, without limitation, the Securities Act. If requested by the Company in its reasonable judgment, the transferring Warrantholder shall supply to the Company (x) an opinion of counsel, at such transferring Warrantholder's expense, to the effect that such Transfer complies with the applicable federal and state securities laws; and (y) a written statement to the Company, in such form as it may reasonably request, certifying that the Transferee is an "accredited investor" as defined in Rule 501(a) under the Securities Act.

3. Legends.

Each Warrant (and each Warrant issued in substitution for any Warrant pursuant hereto) shall be stamped or otherwise imprinted with a legend in substantially the following form:

NEITHER THIS WARRANT NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE OFFERED FOR SALE, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

Each stock certificate for Warrant Shares issued upon the exercise of any Warrant and each stock certificate issued upon the direct or indirect transfer of any such Warrant Shares shall be stamped or otherwise imprinted with a legend in substantially the following form:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, ASSIGNED,TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

Notwithstanding the foregoing, the Warrantholder may require the Company to issue a Warrant or a stock certificate for Warrant Shares, in each case without a legend, if either (i) such Warrant or such Warrant Shares, as the case may be, have been registered for resale under the Securities Act or (ii) the Warrantholder has delivered to the Company an opinion of counsel (reasonably satisfactory to the Company) which opinion shall be addressed to the Company and be reasonably satisfactory in form and substance to the Company's counsel, to the effect that such registration is not required with respect to such Warrant or such Warrant Shares, as the case may be.

4. Reservation of Shares, Etc.

The Company covenants and agrees as follows:

(a) All Warrant Shares that are issued upon the exercise of this Warrant will, upon issuance, be duly and validly issued, fully paid and nonassessable, not subject to any preemptive rights, and free from all taxes, liens, security interests, charges, and other encumbrances with respect to the issuance thereof, other than taxes in respect of any transfer occurring contemporaneously with such issue.

(b) During the period within which this Warrant may be exercised, the Company will at all times have authorized and reserved, and keep available free from preemptive rights out of its authorized Common Stock, solely for the purpose of issuance upon exercise of this Warrant, a sufficient number of shares of Common Stock to provide for the exercise of the rights represented by this Warrant.

5. Loss or Destruction of Warrant. In case this Warrant shall be mutilated, lost, stolen or destroyed, the Company shall issue and deliver in exchange and substitution for and upon cancellation of the mutilated Warrant, or in lieu of and substitution for the Warrant, mutilated, lost, stolen or destroyed, a new Warrant of like tenor and representing an equivalent right or interest, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and an indemnity or bond, if requested, also reasonably satisfactory to it.

6. Ownership of Warrant.

6.1 Ownership of Warrant. The Company may deem and treat the Person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer. Notwithstanding the foregoing, the Warrant represented hereby, if properly assigned in compliance with this Agreement, may be exercised by an assignee for the purchase of Warrant Shares without having a new Warrant issued.

6.2 Limitations on Exercise. The Company shall not effect any exercise of this Warrant and the Warrantholder shall not have the right to exercise any portion of this Warrant or to the extent that after giving effect to such exercise, the holder, together with any affiliate thereof, would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act and the rules promulgated thereunder) in excess of 4.99% (the "**Maximum Percentage**") of the number of shares of Common Stock outstanding immediately after giving effect to such exercise. Since the Warrantholder will not be obligated to report to the Company the number of shares of Common Stock it may hold at the time of an exercise hereunder, unless the exercise at issue would result in the issuance of shares of Common Stock in excess of 4.99% of the then outstanding shares of Common Stock without regard to any other shares which may be beneficially owned by the Warrantholder or an affiliate thereof, the Warrantholder shall have the authority and obligation to determine whether the restriction contained in this Section will limit any particular exercise and to the extent that the Warrantholder determines that the limitation contained in this Section applies, the determination of which portion of the principal amount of this Warrant is exercisable shall be the responsibility and obligation of the Warrantholder. If the Warrantholder has delivered an Exercise Notice for a portion of this Warrant that, without regard to any other shares that the Warrantholder or its affiliates may beneficially own, would result in the issuance in excess of the permitted amount hereunder, the Company shall notify the Warrantholder of this fact and shall honor the exercise for the maximum principal amount permitted to be exercised on such exercise date in accordance with Section I and, any principal amount tendered for exercise in excess of the permitted amount hereunder shall remain outstanding under this Warrant. By written notice to the Company, the Warrantholder may (but only as to itself and not to any other holder) from time to time increase the Maximum Percentage to any other percentage not in excess of 9.99% specified in such notice; provided that any such increase will not be effective until the sixty-first (61st) day after such notice is delivered to the Company. Upon request of the Company, the Warrantholder shall promptly advise the Company as to the number of shares of Common stock then owned by the Warrantholder.

7. Certain Adjustment.

7.1. Adjustment for Certain Events. The number of Warrant Shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment as follows:

(a) Stock Dividends: Stock Splits. If at any time after the Issuance Date of this Warrant (i) the Company shall pay a stock dividend or make any other distribution payable in shares of Common Stock or (ii) the number of shares of Common Stock shall have been increased by a subdivision or split-up of shares of Common Stock, then, on the date of the payment of such dividend or immediately after the effective date of subdivision or split-up, as the case may be, the number of shares to be delivered upon exercise of this Warrant will be increased so that the Warrantholder will be entitled to receive the number of shares of Common Stock that such Warrantholder would have owned immediately following such action had this Warrant been exercised immediately prior thereto, and the Exercise Price will be adjusted as provided in Section 7.1(f).

(b) Combination of Stock. If the number of shares of Common Stock outstanding at any time after the Issuance Date of this Warrant shall have been decreased by a combination of the outstanding shares of Common Stock, then, immediately after the effective date of such combination, the number of shares of Common Stock to be delivered upon exercise of this Warrant will be decreased so that the Warrantholder thereafter will be entitled to receive the number of shares of Common Stock that such Warrantholder would have owned immediately following such action had this Warrant been exercised immediately prior thereto, and the Exercise Price will be adjusted as provided in Section 7.1(f).

(c) Reorganization, etc. If any capital reorganization of the Company, or any reclassification of the Common Stock, or any consolidation or share exchange of the Company with or merger of the Company with or into any other Person or any sale, lease or other transfer of all or substantially all of the assets of the Company to any other Person, shall be effected in such a way that the holders of Common Stock shall be entitled to receive stock, other securities or assets (whether such stock, other securities or assets are issued or distributed by the Company or another Person) with respect to or in exchange for Common Stock, then, upon exercise of this Warrant, the Warrantholder shall have the right to receive the kind and amount of stock, other securities or assets receivable upon such reorganization, reclassification, consolidation, merger or sale, lease or other transfer by a holder of the number of shares of Common Stock that such Warrantholder would have been entitled to receive upon exercise of this Warrant had this Warrant been exercised immediately before such reorganization, reclassification, consolidation, merger or sale, lease or other transfer, subject to adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7.1.

(d) Fractional Share. No fractional shares of Common Stock shall be issued to the Warrantholder in connection with the exercise of this Warrant. Instead of any fractional shares of Common Stock that would otherwise be issuable to such Warrantholder, the Company will pay to the Warrantholder a cash adjustment in respect of such fractional interest in an amount equal to that fractional interest of the then current fair market value per share of Common Stock (based on the Closing Sale Price of the Common Stock).

(e) Carryover. Notwithstanding any other provision of this Section 7.1, no adjustment shall be made to the number of shares of Common Stock to be delivered to the Warrantholder (or to the Exercise Price) if such adjustment represents less than one percent (1%) of the number of shares to be so delivered, but any lesser adjustment shall be carried forward and shall be made at the time and together with the next subsequent adjustment that together with any adjustments so carried forward shall amount to one percent (1%) or more of the number of shares to be so delivered. However, upon the exercise of this Warrant, the Company shall make all necessary adjustments not theretofore made to the number of shares of Common Stock to be delivered to the Warrantholder (or to the Exercise Price) up to and including the date upon which this Warrant is exercised. All calculations under this Section 7 shall be made to the nearest cent or the nearest share, as applicable.

(f) Exercise Price Adjustment. Whenever the number of Warrant Shares purchasable upon the exercise of the Warrant is adjusted as provided pursuant to this Section 7.1, the Exercise Price payable upon the exercise of this Warrant shall be adjusted by multiplying such Exercise Price immediately prior to such adjustment by a fraction, of which the numerator shall be the number of Warrant Shares purchasable upon the exercise of the Warrant immediately prior to such adjustment, and of which the denominator shall be the number of Warrant Shares purchasable immediately thereafter; provided, however, that the Exercise Price for each Warrant Share shall in no event be less than the par value of such Warrant Share.

7.2. No Adjustment for Dividends. Except as provided in Section 7.1, no adjustment in respect of any dividends shall be made during the term of this Warrant or upon the exercise of this Warrant. Notwithstanding any other provision hereof, no adjustments shall be made on Warrant Shares issuable on the exercise of this Warrant for any cash dividends paid or payable to holders of record of Common Stock prior to the date as of which the Warrantholder shall be deemed to be the record holder of such Warrant Shares.

7.3 Notice of Adjustment. Whenever the number of Warrant Shares or the Exercise Price of such Warrant Shares is adjusted, as herein provided, or the rights of the Warrantholder shall change by reason of other events specified herein, the Company shall promptly deliver to the Warrantholder, notice of such adjustment or adjustments and a certificate of the Chief Financial Officer of the Company setting forth the number of Warrant Shares and the Exercise Price of such Warrant Shares after such adjustment, setting forth a brief statement of the facts requiring such adjustment and setting forth the computation by which such adjustment was made.

8. Amendments. Except as otherwise provided herein, the provisions of the Warrants (including this Warrant) may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Warrantholder.

9. Notices of Corporate Action.

So long as this Warrant is outstanding and has not been exercised in full, in the event of:

(a) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right,

(b) any capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company or any consolidation or merger involving the Company and any other party or any transfer of all or substantially all the assets of the Company to any other party, or

(c) any voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company will deliver to the Warrantholder a notice specifying (i) the date or expected date on which any such record is to be taken for the purpose of such dividend, distribution or right and the amount and character of any such dividend, distribution or right and (ii) the date or expected date on which any such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be delivered at least ten (10) days prior to the date therein specified, in the case of any date referred to in the foregoing subdivisions (i) and (ii).

10. Registration Rights.

10.1 Registration Right

(a) The Company shall use its reasonable best efforts to prepare and file with the Securities and Exchange Commission (the "**Commission**"), following the closing of the Company's next financing, but in any event prior to February 28, 2017, a Registration Statement on Form S-1 or other applicable form under the Securities Act (the "**Registration Statement**") covering the resale the Registrable Securities (as defined in Section 11) by the Warrantholder (and certain other subscribers of the Company's securities). Notwithstanding anything in this Warrant to the contrary, the Company may, by written notice to the Warrantholder, delay the filing of a Registration Statement or any amendment thereto, if in the good faith determination of the Board of Directors of the Company, the filing of any registration statement would adversely affect a material proposed or pending acquisition, merger or other material corporate event to which the Company is or expects to be a party.

(b) For the avoidance of doubt, the parties agree that the Company shall not be liable for liquidated damages with respect to any Warrants or Warrant Shares.

10.2 Obligations of the Company. In connection with the registration of the Registrable Securities as contemplated by Section 10.1, the Company shall:

(a) prepare a Registration Statement and file it with the Commission, and thereafter use its reasonable best efforts to cause the Registration Statement to become effective as soon as possible after the filing thereof, but in any event within 180 days after the Issuance Date, which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(b) use its reasonable best efforts to prepare and file with the Commission such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by the Registration Statement until the Registrable Securities can be sold under Rule 144 under the Securities Act or such earlier date when all Registrable Securities covered by such Registration Statement have been sold publicly; provided, however, the Company shall not be required to keep the Registration Statement effective for a period of more than three years from the Issuance Date;

(c) furnish to the Warrantholder such number of copies of a prospectus, including a preliminary prospectus and all amendments and supplements thereto, and such other documents, as the Warrantholder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by the Warrantholder;

(d) use reasonable efforts to (i) register and qualify the Registrable Securities covered by the Registration Statement under such other securities or Blue Sky laws of such jurisdictions reasonably requested by the Warrantholder, (ii) prepare and file in those jurisdictions all required amendments (including post-effective amendments) and supplements, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times the Registration Statement is in effect, and (iv) take all other actions necessary or advisable to enable the disposition of such securities in all such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 10;

(e) use its reasonable best efforts to prepare a supplement or amendment to the Registration Statement to correct any untrue material statement or omission, and deliver a number of copies of such supplement or amendment to the Warrantholder as he, she or it may reasonably request;

(f) promptly notify the Warrantholder (or, in the event of an underwritten offering, the managing underwriters) of the issuance by the Commission of any stop order or other suspension of effectiveness of the Registration Statement, and make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of the Registration Statement at the earliest possible time;

(g) provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the effective date of the Registration Statement; and

(h) cooperate with the Warrantholder to enable such certificates to be in such denominations or amounts, as the case may be, and registered in such names as the managing underwriter or underwriters, if any, or the Warrantholder may reasonably request in order for the Holder and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing Registrable Securities to be sold pursuant to the Registration Statement.

10.3 Obligations of the Warrantholder.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 10.1 and 10.2 with respect to the Warrantholder that the Warrantholder shall furnish to the Company such information regarding the Warrantholder, the Registrable Securities held by the Warrantholder and the intended method of disposition of such securities as shall be reasonably required to effect the registration of the Registrable Securities and shall execute such documents and agreements in connection with such registration as the Company may reasonably request. At least five (5) Business Days prior to the first anticipated filing date of the Registration Statement, the Company shall notify the Warrantholder of the information the Company requires from the Warrantholder (the "**Requested Information**") if the Warrantholder elects to have any of its Registrable Securities included in the Registration Statement. If within three (3) Business Days of the filing date the Company has not received the Requested Information from the Warrantholder, then the Company may file the Registration Statement without including Registrable Securities of the Warrantholder.

(b) The Warrantholder, by its acceptance of the Registrable Securities, agrees to cooperate with the Company in connection with the preparation and filing of any Registration Statement hereunder.

(c) In the event of an underwritten offering, the Warrantholder agrees to enter into and perform its obligations under an underwriting agreement, in usual and customary form, including, without limitation, customary indemnification and contribution obligations, with the managing underwriter of such offering and to take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities, unless the Warrantholder has decided not to participate.

(d) The Warrantholder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 10.2(e), the Warrantholder will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until its receipt of the copies of the supplemented or amended prospectus contemplated by Section 10.2(e). In addition, the Company may restrict disposition of Registrable Securities and the Warrantholder will not be able to dispose of such Registrable Securities, if the Company shall have delivered a certificate to the Warrantholder signed by an officer of the Company stating that in the good faith judgment of the Board of Directors of the Company a delay in the disposition of such Registrable Securities is necessary because the Company has determined that such sales would require public disclosure by the Company of material nonpublic information that is not included in such registration statement.

10.4 Expenses of Registration. In connection with any and all registrations pursuant to Section 10, all expenses other than underwriting discounts and commissions incurred in connection with registration, filings or qualifications, including, without limitation, all registration, listing, filing and qualification fees, printing and accounting fees and costs and the fees and disbursements of counsel for the Company shall be borne by the Company.

10.5 Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Warrant:

(a) To the extent permitted by law, the Company will indemnify and hold harmless the Warrantholder (in such capacity) and its members, managers, directors, officers and/or agents, any underwriter (as defined in the Securities Act) for the Warrantholder, and each Person, if any, who controls any such underwriter within the meaning of Section 15 of the Securities Act (each, an "**Indemnified Party**"), against any losses, claims, damages, expenses, liabilities joint or several) (collectively, "**Claims**") to which any of them may become subject under of the Exchange Act, or otherwise, insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each, a "**Violation**"); (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any post-effective amendment thereof, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented if the Company files any amendment thereof or supplement thereto with the Commission), or the omission or alleged omission to state therein a material fact required to be stated therein, or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Subject to the restrictions set forth in Section 10.5(d) with respect to the number of legal counsel, in the event that a conflict arises with Company's attorneys where Warrantholder deems it necessary, in Warrantholder's reasonable discretion, to engage outside, independent counsel, the Company shall promptly reimburse the Warrantholder, and each such other Person entitled to indemnification under this Section 10.5, as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim, whether or not such Claim, investigation or proceeding is brought or initiated by the Company or a third party. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 10.5(a) shall not (i) apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by the Warrantholder expressly for use in connection with the preparation of the Registration Statement, any prospectus or any such amendment thereof or supplement thereto or any failure of the Warrantholder to deliver a prospectus as required by the Securities Act; or (ii) apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Warrantholder and shall survive the transfer of the Registrable Securities by the Warrantholder as provided herein.

(b) In connection with any Registration Statement in which the Warrantholder is participating in such capacity, the Warrantholder agrees to indemnify and hold harmless, to the same extent and in the same manner set forth in Section 10.5(a), the Company, each of its directors, each of its officers who signs the Registration Statement, each Person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other stockholder selling securities pursuant to the Registration Statement or any of its directors or officers or any Person who controls such stockholder or underwriter (each, also an "**Indemnified Party**"), against any Claim to which any of them may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such Claim arises out of or is based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by the Warrantholder expressly for use in connection with such Registration Statement; and the Warrantholder shall promptly reimburse an Indemnified Party, as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by the Indemnified Party in connection with investigating or defending any such Claim, whether or not such Claim, investigation or proceeding is brought or initiated by the Indemnified Party or a third party; provided, however, that the indemnity agreement contained in this Section 10.5(b) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Warrantholder, which consent shall not be unreasonably withheld.

(c) The Company shall be entitled to receive indemnification from underwriters, selling brokers, dealer managers, and similar securities industry professionals participating in the distribution to the same extent as provided above, with respect to information about such Persons so furnished in writing by such Persons expressly for inclusion in the Registration Statement.

(d) Promptly after receipt by an Indemnified Party under this Section 10.5 of notice of the commencement of any action (including any governmental action), such Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 10.5, deliver to an indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly given notice, to assume control of the defense thereof with counsel satisfactory to the Indemnified Party; provided, however , that an Indemnified Party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel for such party, representation of such party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such party and any other party represented by such counsel in such proceeding. The Company shall pay for only one legal counsel for the Holder and any Indemnified Party related thereto; such legal counsel shall be selected by the Warrantholder or such other Indemnified Party subject to the Company's approval which shall not be unreasonably withheld. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to another under this Section 10.5, except to the extent that such failure to notify results in the forfeiture by the indemnifying party of substantive rights or defenses. The indemnification required by this Section 10.5 shall be made by periodic payments of the amount thereof during the course of the investigation or defense as such expense, loss, damage or liability is incurred and is due and payable.

10.6 Contribution. To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which, he, she or it would otherwise be liable under Section 10.5 to the fullest extent permitted by law; provided, however, that (a) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under Section 10.5, (b) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning used in the Securities Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation, and (c) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

11. Definitions.

As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"**Business Day**" means any day other than a Saturday, Sunday or a day on which national banks are authorized by law to close in the State of New York.

"**Closing Sale Price**" means, for any security as of any date, the last trade price for such security on the Principal Trading Market, as reported by Bloomberg Financial Markets, or, if the Principal Trading Market begins to operate on an extended hours basis and does not designate the last trade price then the last trade price of such security prior to 4:00 p.m., New York City time, as reported by Bloomberg, Financial Markets, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg Financial Markets, or, if no closing price is reported for such security by Bloomberg Financial Markets, the average of the bid prices and asked prices of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as determined by the Company's Board of Directors in good faith.

"**Common Stock**" has the meaning specified on the cover of this Warrant.

"**Company**" has the meaning specified on the cover of this Warrant.

"**Exercise Form**" means an Exercise Form in the form annexed hereto as Exhibit A.

"**Exercise Price**" has the meaning specified on the cover of this Warrant.

"**Expiration Date**" means November 11, 2021; provided, however, that if such date shall not be a Business Day, then on the next following day that is a Business Day.

"**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

"**Principal Trading Market**" means the Trading Market on which the Common Stock is primarily listed on and quoted for trading, which, as of the Issuance Date, is the Nasdaq Capital Market.

"**Registrable Securities**" means (i) the shares of Common Stock issuable upon exercise of this Warrant, and (ii) any securities issued or issuable with respect to Common Stock by way of a stock dividend or stock split or in connection with a combination or reorganization or otherwise.

"**Securities Act**" has the meaning specified on the cover of this Warrant, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Act, shall include a reference to the comparable section, if any, of any such similar Federal statute.

"**Trading Day**" means any day on which the Common Stock is listed or quoted and traded on its Principal Trading Market.

"**Trading Market**" means whichever of the New York Stock Exchange, the American Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or the OTC Bulletin Board on which the Common Stock is listed or quoted for trading on the date in question.

"**Transfer**" has the meaning specified in Section 2.1.

"**Transferee**" has the meaning specified in Section 2.2.

"**Warrantholder**" has the meaning specified on the cover of this Warrant.

"**Warrant Shares**" has the meaning specified on the cover of this Warrant.

"**Weighted Average Price**" means the price determined by dividing (a) the sum of (i) Closing Sales Price of the Common Stock on each Trading Day multiplied by (ii) the trading volume of the Common Stock for each day during the thirty (30) Trading Days ending on the Trading Day traded immediately preceding the day as of which Weighted Average Price is being determined by (b) the total trading volume of the Common Stock during such thirty (30) Trading Day Period.

12. Miscellaneous.

12.1. Entire Agreement. This Warrant constitutes the entire agreement between the Company and the Warrantholder with respect to the Warrants.

12.2. Binding Effect; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warrantholder and their respective successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any Person other than the Company and the Warrantholder, or their respective successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

12.3. Section and Other Headings. The section and other headings contained in this Warrant are for reference purposes only and shall not be deemed to be a part of this Warrant or to affect the meaning or interpretation of this Warrant.

12.4. Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder (including, without limitation, any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile (provided the sender receives a machine-generated confirmation of successful transmission) at the facsimile number specified below prior to 5:00 P.M., New York City time, on a trading day, (ii) the next trading day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified below on a day that is not a trading day or later than 5:00 P.M., New York City time, on any trading day, (iii) the trading day following the date of mailing, if sent by nationally recognized overnight courier service specifying next Business Day delivery, or (iv) upon actual receipt by the party to whom such notice is required to be given, if by hand delivery. The address and facsimile number of a party for such notices or communications shall be as set forth below unless changed by such party by two (2) Business Days' prior notice to the other party in accordance with this Section 12.4:

(a) if to the Company, addressed to:

ITUS Corporation
12100 Wilshire Blvd., Suite 1275
Los Angeles, CA 90025

(b) if to Warrantholder, to the address set forth herein, or if to any permitted assignee of Warrantholder, to the address of such Person provided to the Company.

12.5. Severability. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

12.6. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to such agreements made and to be performed entirely within such State.

12.7. No Rights or Liabilities as Stockholder. Nothing contained in this Warrant shall be determined as conferring upon the Warrantholder any rights as a stockholder of the Company or as imposing any liabilities on the Warrantholder to purchase any securities whether such liabilities are asserted by the Company or by creditors or stockholders of the Company or otherwise.

12.8. Copy of Warrant. A copy of this Warrant shall be filed among the records of the Company

12.9. Exercise of Remedies. In the event that the Company shall fail to observe any provision contained in this Warrant, the holder hereof and/or any holder of the Common Stock issued hereunder, as the case may be, may enforce its rights hereunder by suit in equity, by action at law, or by any other appropriate proceedings in aid of the exercise of any power granted in this Warrant and, without limiting the foregoing, said holder shall be entitled to the entry of a decree for specific performance and to such other and further relief as such court may decree.

* * *

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer.

Date: December [__], 2016

By:______________________
Name: Robert A. Berman
Title: President and CEO

Exhibit A

EXERCISE FORM
(To be executed upon exercise of this Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant, to purchase ____________________of the Warrant Shares and:

- herewith tenders payment for such Warrant Shares to the order of ITUS Corporation in the amount of $__________________ , in accordance with the terms of this Warrant; or
- elects the cashless exercise option to be conducted in accordance with Section 1.1 (b) and the other terms of this Warrant.

The undersigned requests (a) that a certificate for such Warrant Shares be registered in the name of the undersigned, (b) if such shares shall not include all of the shares issuable as provided in such Warrant, that a new Warrant of like tenor and date for the balance of the shares issuable thereunder be issued to the undersigned and (c) that such certificates and Warrant, if any, be delivered to the undersigned's address below.

The delivery by (or on behalf of) the Warrantholder of this Exercise Form and the payment of the applicable Exercise Price or exercise of the cashless exercise option shall constitute the Warrantholder's certification to ITUS Corporation that its representations and warranties contained in Section 7 of the Debt Conversion Agreement, including without limitation the representation and warranty that the Warrantholder is an "accredited investor," are true and correct as of the date hereof.

Dated: ____________________

Signature_______________________
(Print Name)
(Street Address)
(City) (State) (Zip Code)
Social Security or Tax Identification Number

Signed in the presence of: _______________________

Exhibit B
Assignment

For value received, the undersigned hereby assigns to _____________________, the right to purchase ___________________ of the Warrant Shares evidenced hereby and hereby irrevocably appoints ______________________ attorney to transfer the Warrant on the books of the within named corporation with full power of substitution in the premises.

Dated:

In the presence of: __________________________

Print Name ___________________________________

Signature__________________________________

Exhibit 10.19

LETTER AGREEMENT

This Letter Agreement (the "Agreement") is entered into by and between ITUS Corporation, a Delaware corporation (the "Company"), and Adaptive Capital LLC ("Adaptive").

WHEREAS, Adaptive is the holder of 3,500 shares of Series A Convertible Preferred Stock (the "Preferred Stock") representing all of the issued and outstanding shares of preferred stock of the Company;

WHEREAS, the terms of the Preferred Stock provide that the holder has a one-time right to require the Company to redeem its shares of Preferred Stock, with such redemption to be paid by the Company only from the proceeds of the sale of the Company's equity securities;

WHEREAS, in accordance with the terms of the Preferred Stock, Adaptive validly exercised its right of redemption (the "Redemption"); and

WHEREAS, Adaptive has agreed to accept in lieu of cash for the full Redemption amount a combination of a note, warrants and cash.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Adaptive agree as follows:

1. Redemption of Preferred Stock. Adaptive hereby agrees, subject to the conditions set forth herein, to accept the following in lieu of receiving cash for the full Redemption of its 3,500 shares of Preferred Stock: (a) a 12% Secured Debenture in the principal amount of $3,000,000, in the form attached hereto as Exhibit A (the "Debenture"), (b) a warrant to purchase 500,000 shares of Common Stock, exercisable until November 30, 2021, with an exercise price equal to 10% below the thirty (30) day volume weighted average closing price of the Company's Common Stock at Closing, in the form attached hereto as Exhibit B (the "Warrant" and together with the Debenture, sometimes referred to as the "Securities") and (c) $500,000 in cash to be paid to Adaptive by the Company at Closing by wire transfer of immediately available funds.

2. Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement shall take place at a closing ("Closing") to be held at 12:00 p.m., New York time, on the date (the "Closing Date") on which the last of the conditions set forth in Sections 3(a) and 3(b) below is fulfilled, at the offices of Ellenoff Grossman & Schole, LLP, 1345 Avenue of the Americas, New York, New York 10105, or at such other time, date or place as the parties may agree upon.

3. Conditions to Closing.

a) The obligations of the Company to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment of the following conditions:

i. The representations and warranties of Adaptive made in this Agreement shall be true and correct in all material respects as of the Closing Date as if such representations and warranties had been made on and as of such date;

ii. Adaptive shall have delivered to the Company for cancellation the Preferred Stock certificate;

iii. Adaptive shall have obtained any necessary approvals from its board of directors or other governing bodies; and

iv. Adaptive shall have complied in all material respects with all of its obligations hereunder.

b) The obligations of Adaptive to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment of the following conditions:

i. The representations and warranties of the Company made in this Agreement shall be true and correct in all material respects as of the Closing Date as if such representations and warranties had been made on and as of such date;

ii. The Company shall have complied in all material respects with all of its obligations hereunder; and

iii. The Company shall have delivered to Adaptive a duly executed Debenture and a duly executed Warrant and shall have made the payment contemplated by Section 1(c).

4 . Representations and Warranties Incorporated by Reference. Each of the representations and warranties made by Adaptive in that certain Debt Conversion Agreement, dated September 9, 2014, between the parties (the "Debt Conversion Agreement"), to the extent applicable, are hereby incorporated herein by reference (as though fully restated herein) and are, as of the date of this Agreement, hereby made to, and in favor of, the Company, with such modifications as are necessary to make such representations and warranties relate to this Agreement and the transactions contemplated hereby, and it being understood and agreed by Adaptive that such representations and warranties that relate to securities other than the Securities shall be deemed modified so as to be made with respect to the Securities.

5. Representations and Warranties of the Company. Each of the representations and warranties made by the Company in the Debt Conversion Agreement, to the extent applicable, are hereby incorporated herein by reference (as though fully restated herein) and are, as of the date of this Agreement, hereby made to, and in favor of, Adaptive, with such modifications as are necessary to make such representations and warranties relate to this Agreement and the transactions contemplated hereby, and it being understood and agreed by the Company that such representations and warranties that relate to securities other than the Securities shall be deemed modified so as to be made with respect to the Securities. In addition, the Company hereby represents and warrants to Adaptive as follows.

a) 100,800 shares of Common Stock held by Adaptive (the "Registered Shares") are currently registered on an effective registration statement on Form S-3 (File No. 333-193869).

b) There are no outstanding liens on any of the Company's material tangible or intangible assets.

6 . Covenants of the Company. The Company covenants and agrees to take all reasonable steps necessary to assist Adaptive to perfect its security interest in the Company's assets that has been granted in the Debenture.

7. Lock-up of Adaptive Shares. Adaptive agrees that for the period beginning on the date hereof (A) through the later of (i) 90 days following the closing date of the Company's next financing (the "Next Financing"), and (ii) the effectiveness of a registration statement registering for resale the Warrant

Shares, as it relates to the Warrant Shares, and (B) through 90 days following the closing date of the Next Financing, as it relates to the Registered Shares, Adaptive shall not directly or indirectly (1) offer, pledge, assign, encumber, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, the Warrant Shares or the Registered Shares or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Warrant Shares or Registered Shares, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, or publicly announce an intention to do any of the foregoing. The foregoing shall not apply to Common Stock to be transferred to an affiliate of Adaptive or as a gift or gifts (provided that any transferee or donee thereof agrees in writing to be bound by the terms hereof). If the Company does not complete its Next Financing prior to February 28, 2017, this Section 7 shall be deemed null and void.

8. Payment of Expenses. Within thirty (30) days of the Company's receipt of appropriate documentation evidencing such expenses, the Company shall reimburse Adaptive's reasonable expenses in connection with (i) the transactions contemplated herein, including (x) this Agreement, (y) the Debenture and Warrant, and (z) the review of any other document or instrument prepared by the Company or its advisors relating to the actions to be taken hereunder, and (ii) the $16,589 of legal fees incurred by Adaptive in connection with the issuance of Preferred Stock.

9. Survival of Representations, Warranties and Covenants. The respective agreements, representations, warranties and other statements made by or on behalf of each party hereto pursuant to this Agreement shall remain in full force and effect, regardless of any investigation made by or on behalf of any party.

10. Notices. Any notice, demand or request required or permitted to be given by the Company or Adaptive pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered personally, one day after being delivered to an overnight courier of national reputation for next day priority delivery, or upon delivery (if prior to 5:00 p.m. recipient's local time on a business day, otherwise on the next business day) by facsimile or electronic mail (with a hard copy to follow by delivery to a national reputation carrier for non-priority delivery), addressed to the parties at the addresses and/or facsimile telephone number/electronic mail address of the parties set forth at the end of this Agreement, or such other address as a party may request by notifying the other in writing.

11. Miscellaneous.

a) This Agreement may be executed in one or more counterparts, and such counterparts shall constitute but one and the same agreement.

b) This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective successors and permitted assigns, and no other person shall have any right or obligation hereunder. This Agreement shall not be assignable by any party hereto without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld, conditioned or delayed. Any assignment contrary to the terms hereof shall be null and void and of no force or effect.

c) This Agreement represents the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior agreements between the parties including, but not limited to, the Subscription Agreement dated November 11, 2013 and the Debt Conversion Agreement dated September 9, 2014, and can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought.

d) Each provision of this Agreement shall be considered separable and, if for any reason any provision or provisions hereof are determined to be invalid or contrary to applicable law, such invalidity or illegality shall not impair the operation of or affect the remaining portions of this Agreement.

e) Except as described in Section 8 hereof, each of the parties hereto shall pay its own fees and expenses (including the fees of any attorneys, accountants, appraisers or others engaged by such party) in connection with this Agreement and the transactions contemplated hereby whether or not the transactions contemplated hereby are consummated.

f) Paragraph titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

g) This Agreement shall be governed by the internal laws of the State of New York, without regard to conflicts of law.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of _______________, 2016.

ITUS CORPORATION

By: ___________________________________
Name: Robert A. Berman
Title: President and Chief Executive Officer

ADAPTIVE CAPITAL, LLC

By: ___________________________________
Name: James Brown
Title: Manager

Business Address:
500 Ygnacio Valley Road
Suite 360
Walnut Creek, CA 94596

Exhibit A – 12% Secured Debenture

Exhibit B - Warrant

Exhibit 10.20

ITUS CORPORATION
12% Secured Debenture
Due November 11, 2017

$3,000,000

ITUS Corporation., a Delaware corporation (the "**Company**" or "**Maker**"), for value received, hereby promises to pay to Adaptive Capital LLC or its registered assigns (the "**Payee**" or "**Holder**"), at 500 Ygnacio Valley Road, Suite 360 Walnut Creek, CA 94596 upon due presentation and surrender of this twelve percent (12%) Secured Debenture (this "**Debenture**"), on or before November 11, 2017 (the "**Maturity Date**"), the principal amount of Three Million Dollars ($3,000,000) (the "**Principal**") and accrued interest thereon as hereinafter provided.

This Debenture is being issued by the Company as of [________________] (the "**Issuance Date**") in exchange for the surrender to the Company of all the Company's shares of Series A Convertible Preferred Stock held by Holder as of such date.

ARTICLE I
PAYMENT OF PRINCIPAL AND INTEREST; METHOD OF PAYMENT

Section 1.1 <u>Payment of Principal and Interest</u>. Payment of the Principal and accrued interest on this Debenture shall be made in such installments as set forth herein in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Interest (computed on the basis of a 360-day year for the number of days elapsed) on the unpaid portion of said Principal amount from time to time outstanding shall accrue at the rate of twelve percent (12%) per annum in like coin and currency, beginning on the date hereof, and all accrued but unpaid interest shall be paid beginning on April 1, 2017 and on the first day of each calendar quarter thereafter until the entire Principal amount and all accrued interest shall have been paid in full. Both Principal hereof and interest thereon are payable at the Holder's address above or such other address as the Holder shall designate from time to time by written notice to the Company. The Company will pay or cause to be paid all sums becoming due hereon for Principal and interest by check or wire transfer of immediately available funds, as requested by Holder, without any requirement for the presentation of this Debenture or making any notation thereon, except that the Holder hereof agrees that payment of the final amount due shall be made only upon surrender of this Debenture to the Company for cancellation.

The Company will pay the Principal as follows: (i) One Million Dollars ($1,000,000) on or before June 1, 2017; and (ii) Two Million Dollars ($2,000,000) on or before November 11, 2017.

Prior to any sale or other disposition of this instrument, the Holder agrees to endorse hereon the amount of Principal paid hereon and the last date to which interest has been paid hereon and to notify the Company of the name and address of the transferee in accordance with the terms of Section 2.1 of this Debenture.

Section 1.2 Extension of Payment Date. If this Debenture or any installment hereof becomes due and payable on a day that is not a Business Day (as defined in Section 4.1 hereof), the due date hereof shall be extended to the next succeeding Business Day.

ARTICLE II
OTHER RIGHTS

Section 2.1 Transfer of Debenture. The Holder shall not, directly or indirectly, sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of (whether by operation of law or otherwise) (each a "**Transfer**") this Debenture, in whole or in part, or any right, title or interest herein or hereto, except in accordance with the provisions of this Debenture. Any attempt to Transfer this Debenture or rights hereunder in violation of this Debenture shall be null and void ab initio and the Company shall not register such Transfer. Upon the Transfer of this Debenture, in whole or in part, through the use of the assignment form attached hereto as Attachment I, and in accordance with applicable law or regulation, and the payment by the Holder of funds sufficient to pay any transfer tax, the Company shall issue and register this Debenture in the name of the new Holder or, in the event this Debenture is transferred in part, the Company shall deliver new Debentures of like tenor registered in the names of each of the current Holder and the transferee in principal amounts that give effect to such partial Transfer. Notwithstanding any other provision of this Debenture, no Transfer may be made pursuant to this Section 2.1 unless (a) the Transferee has agreed in writing to be bound by the terms and conditions hereto, (b) the Transfer complies in all respects with the applicable provisions of this Debenture, and (c) the Transfer complies in all respects with applicable federal and state laws.

Section 2.2 Security Interest and Collateral; Ranking.

(a) Secured Obligation. To secure the Company's Obligations pursuant to this Debenture, the Company hereby grants to the Holder a continuing first priority security interest in and lien upon all of the Company's property and assets, whether real or personal, tangible or intangible, and whether now owned or hereafter acquired, or in which it now has or at any time in the future may acquire any right, title or interest, including, without limitation, all of the following property in which it now has or at any time in the future may acquire any right, title or interest: all accounts, accounts receivable, deposit accounts, inventory, equipment, goods, documents, instruments (including, without limitation, promissory notes), contract rights, general intangibles (including, without limitation, payment intangibles), chattel paper, supporting obligations, investment property, letter-of-credit rights, commercial tort claims, the Company's right, title and interest in and to all shares of capital stock, securities, membership interests and equity interests in the subsidiaries of the Company, permits, licenses, intellectual property, trademarks, tradestyles, patents and copyrights in which the Company now has or hereafter may acquire, title and interest, all books, records, computer programs, tapes, disks and related data processing software, all proceeds and products thereof (including, without limitation, proceeds of insurance) and all additions, accessions and substitutions thereto or therefor (collectively, the "**Collateral**"); provided, however, that the Holder acknowledges that in connection with any equipment financing undertaken by the Company, the respective lender may have a purchase money security interest that is senior to the Holder's security interest on the related asset.

(b) At any time after the Issuance Date, other than equipment financing in connection with the Company's business, the Company will not, directly or indirectly, enter into, create, incur, assume or suffer to exist any additional indebtedness for borrowed money that by its terms is senior in right of payment to the Company's obligations under this Debenture, unless the Company has obtained the written consent of the Holder (or in the case of permitted assigns, holders representing at least two thirds of the outstanding principal amount of indebtedness originally represented by this Debenture).

(c) The Company authorizes the Holder to file such financing statements and amendments thereto as may be necessary to establish and maintain a valid, enforceable, perfected security interest in the Collateral as provided herein and the other rights and security contemplated hereby all in accordance with the Uniform Commercial Code of the State of Delaware as in effect from time to time. In addition, the Company covenants and agrees to take all reasonable steps necessary to assist the Holder to perfect its security interest in the Company's assets that has been granted herein.

Section 2.3 No Impairment. The Company will not, through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company.

ARTICLE III
EVENTS OF DEFAULT

Section 3.1 Default. If one or more of the following described events (each of which being an "**Event of Default**" hereunder) shall occur and shall be continuing:

(a) the Company shall default in the payment of any Principal on this Debenture when and as the same shall become due and payable within the time period set forth herein;

(b) the Company shall not have paid any amount of interest owed hereunder when due, and such failure to pay shall not have been cured within five (5) Business Days after receipt of written notice to the Company;

(c) any of the representations, covenants, or warranties made by the Company herein shall have been incorrect when made in any material respect;

(d) the Company shall breach, fail to perform, or fail to observe in any material respect any material covenant, term, provision, condition, agreement or obligation of the Company under this Debenture, and such breach or failure to perform shall not be cured within ten (10) days after written notice to the Company; or

(e) bankruptcy, reorganization, insolvency or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company and, if instituted against the Company, the Company shall by any action or answer approve of, consent to or acquiesce in any such proceedings or admit the material allegations of, or default in answering a petition filed in any such proceeding or such proceedings shall not be dismissed within ninety (90) calendar days thereafter;

then, or at any time thereafter, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) or cured as provided herein, the Holder may consider the entire principal amount of this Debenture (and all interest through such date) immediately due and payable in cash, without presentment, demand protest or notice of any kind, all of which are hereby expressly waived, anything herein or in any Debenture or other instruments contained to the contrary notwithstanding, and the Holder may immediately enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law.

ARTICLE IV
DEFINITIONS

Section 4.1 Definitions. In addition to those terms already defined herein, the following terms as used in this Debenture shall have the meanings set forth below:

"**Business Day**" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of New York.

"**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

ARTICLE V
MISCELLANEOUS

Section 5.1 Rights Cumulative. The rights, powers and remedies given to the Holder under this Debenture shall be in addition to all rights, powers and remedies given to him, her or it by virtue of any document or instrument executed in connection therewith, or any statute or rule of law.

Section 5.2 No Waivers. Any forbearance, failure or delay by the Payee in exercising any right, power or remedy under this Debenture, any documents or instruments executed in connection therewith or otherwise available to the Holder shall not be deemed to be a waiver of such right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude the further exercise thereof.

Section 5.3 Amendments in Writing. Except as otherwise provided herein, the provisions of this Debenture may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder.

Section 5.4 Governing Law. This Debenture and the rights and obligations of the parties hereto, shall be governed, construed and interpreted according to the laws of the State of New York applicable to agreements made and to be performed entirely within such State.

Section 5.5 Successors. The term "Payee" and "Holder" as used herein shall be deemed to include the Payee and its successors, endorsees and permitted assigns. This Debenture may not be assigned without the prior written consent of the other party hereto, which, in the case of consent to be given by Maker, shall not be unreasonably withheld, conditioned or delayed.

Section 5.6 Stamp or Transfer Tax. The Company will pay any documentary stamp or transfer taxes attributable to the initial issuance of the Common Stock issuable upon the conversion of this Debenture;

Section 5.7 Mutilated, Lost, Stolen or Destroyed Debenture. In case this Debenture shall be mutilated, lost, stolen or destroyed, the Company shall issue and deliver in exchange and substitution for and upon cancellation of the mutilated Debenture, or in lieu of and substitution for the Debenture, mutilated, lost, stolen or destroyed, a new Debenture of like tenor and representing an equivalent right or interest, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and an indemnity or bond, if requested, also reasonably satisfactory to it.

Section 5.8 No Rights as Stockholder. Nothing contained in this Debenture shall be construed as conferring upon the Holder the right to vote or to receive dividends (except as provided in Article II of this Debenture) or to consent or to receive notice as a stockholder in respect of any meeting of stockholders for the election of directors of the Company or of any other matter, or any rights whatsoever as stockholders of the Company.

Section 5.9 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder (including, without limitation, any Conversion Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile (provided the sender receives a machine-generated confirmation of successful transmission) at the facsimile number specified below prior to 5:00 P.M., New York City time, on a trading day, (ii) the next trading day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified below on a day that is not a trading day or later than 5:00 P.M., New York City time, on any trading day, (iii) the trading day following the date of mailing, if sent by nationally recognized overnight courier service specifying next Business Day delivery, or (iv) upon actual receipt by the party to whom such notice is required to be given, if by hand delivery. The address and facsimile number of a party for such notices or communications shall be as set forth below unless changed by such party by two (2) Business Days' prior notice to the other party in accordance with this Section 5.9:

(a) if to the Company, addressed to:

ITUS Corporation
12100 Wilshire Blvd.
Suite 1275
Los Angeles, CA 90025

(b) if to Holder, to the address first set forth above, or if to any permitted assignee of Holder, at the address of such Person provided to the Company.

[Remainder of page is intentionally left blank]

IN WITNESS WHEREOF, ITUS Corporation has caused this Debenture to be duly executed and delivered as of the date first above written.

ITUS Corporation

By:________________________

Name:

Title:

ATTACHMENT I

Assignment

For value received, the undersigned hereby assigns to ______________, $____________ principal amount of 12% Secured Debenture due November 11, 2017 evidenced hereby and hereby irrevocably appoints ___________________ attorney to transfer the Debenture on the books of the within named corporation with full power of substitution in the premises.

Dated:

In the presence of:

______________________________ ______________________________
Print Name

____
Signature

Exhibit 10.21

ITUS

CORPORATION

October 17, 2016

Mr. Mike Catelani

Re: Employment - CFO Position ITUS Corporation

Dear Mike:

We are pleased to extend you an offer for full time employment at ITUS Corporation (the "Company") as Chief Financial Officer. As we discussed, our current CFO is on part time status, and will be retiring on December 31, 2016. We would like you to join the Company as of November 1, 2016 as CFO.

1. Your annual starting salary will be $150,000/year.

2. We shall request that the Company's Compensation Committee to grant You options to purchase fifty thousand (50,000) shares of the Company's stock, which will vest in quarterly installments over a three (3) year period, with the one third (1/3) of the options vesting on the one year anniversary of your first day of employment, and the remaining two thirds (2/3) vesting quarterly over the remaining two (2) year period. The strike price of the options shall be the closing share price of ITUS's common stock on the day that your options are approved by the Company's Compensation Committee.

3. You will get 2 weeks of paid vacation per year to start, which will increase to 3 weeks after your first 3 years of employment;

4. The company will provide medical insurance coverage for you, which will begin 30 days after your start date. Our current policy is to not require employee contribution towards medical insurance, but that may change over time;

5. As CFO, your responsibilities will include:

   a. Maintenance of the Company's books and records;

   b. Preparation of financial statements and tax returns for the Company and its subsidiary companies;

   c. Preparation of all public filings on behalf of the Company, including 10Q's, 10K's, 8K's, Prospectuses, Registration Statements, Proxy Statements, Annual Reports, and other filings;

   d. Working with the Company's outside corporate counsel and the Company's auditors to implement and maintain all policies and procedures to ensure that the Company maintains compliance with GAAP, Sarbanes Oxley, Federal and State securities rules and regulations, NASDAQ rules and regulations, and all other applicable laws, rules and regulations;

   e. Managing the Company's cash, including the payment of the Company's bills, investing the Company's excess cash, and preparing such cash projections and pro forms financial statements as may be requested from time to time;

   f. Such other activities as may be reasonably requested from time to time.

Please let me know if you have any questions, and confirm that these terms meet with your approval. We look forward to you coming on board.

Thank you.

Sincerely,

/s/ Robert Berman
Robert Berman
CEO and President

cc: Dr. Amit Kumar

Agreed and accepted:

/s/ Michael Catelani
Michael Catelani

Exhibit 21

SUBSIDIARIES OF ITUS CORPORATION

Name of Company and Name Doing Business	Jurisdiction of Organization
Anixa Diagnostics Corporation	Sate of Delaware
CopyTele International Ltd.	British Virgin Islands
CopyTele Marketing Inc.	British Virgin Islands
ITUS Patent Acquisition Corporation	State of Delaware
J-Channel Industries Corporation	State of Delaware
Loyalty Conversion Systems Corporation	State of Delaware
Secure Web Conference Corporation	State of Delaware
Encrypted Cellular Communications Corporation	State of Delaware
Auction Acceleration Corp.	State of Delaware
Cyber Instruments Technologies Corporation.	State of Delaware
Meetrix IP, LLC	State of Texas

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Post-Effective Amendment No. 2 to the Registration Statement on Form S-1 on Form S-3 (No. 333-193869), Amendment No. 1 to the Registration Statement on Form S-3 (No. 333-206782) and the Registration Statement on Form S-8 (No. 333-202473) of ITUS Corporation (the “Company”) of our report dated December 7, 2016 relating to our audit of the Company’s consolidated financial statements as of October 31, 2016 and 2015, and for each of the years then ended, included in the Company’s Annual Report on Form 10-K for the year ended October 31, 2016.

Our report dated December 7, 2016, contains an explanatory paragraph that states that the Company has limited working capital and limited revenue-generating operations and a history of net losses and net operating cash flow deficits. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

HASKELL & WHITE LLP

Irvine, California
December 7, 2016

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert A. Berman, President and Chief Executive Officer of ITUS Corporation, certify that:

1. I have reviewed this Annual Report on Form 10-K of ITUS Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant 's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant 's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant 's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2016

/s/ Robert A. Berman
Robert A. Berman
President and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECURITIES EXCHANGE ACT RULES 13A-14(A) AND 15D-14(A)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael J. Catelani, Chief Financial Officer of ITUS Corporation, certify that:

1. I have reviewed this Annual Report on Form 10-K of ITUS Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant ’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 7, 2015

/s/ Michael J. Catelani
Michael J. Catelani
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350 of Title 18 of the United States Code, the undersigned, Robert A. Berman, President and Chief Executive Officer of ITUS Corporation, hereby certifies that:

1. The Company's Form 10-K Annual Report for the fiscal year ended October 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 7, 2015

/s/ Robert A. Berman
Robert A. Berman
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350 of Title 18 of the United States Code, the undersigned, Michael J. Catelani, Chief Financial Officer of ITUS Corporation, hereby certifies that:

1. The Company's Form 10-K Annual Report for the fiscal year ended October 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 7, 2015	/s/ Michael J. Catelani
	Michael J. Catelani Chief Financial Officer

Confidential Treatment Requested by ITUS Corporation,
IRS Employer Identification No. 11-2622630

*****CONFIDENTIAL TREATMENT REQUESTED*****

Note: Confidential treatment requested with respect to certain portions hereof denoted with "[***]"

COLLABORATIVE RESEARCH AGREEMENT

This **COLLABORATIVE RESEARCH AGREEMENT** (the "Agreement") is made as of the 14th day of July, 2015 (the "Effective Date") by and between **THE WISTAR INSTITUTE OF ANATOMY AND BIOLOGY**, a Pennsylvania nonprofit corporation ("Wistar") and **ANIXA DIAGNOSTIC CORPORATION**, a Delaware corporation ("Collaborator").

RECITALS

A. Frank J. Rauscher, III, PhD, a principal investigator and employee of Wistar, is performing research in the field of cancer diagnostics.

B. Collaborator is interested in and desires to contribute to and support such research in accordance with the terms and conditions of this Agreement.

C. The research and development program contemplated by this Agreement is of mutual interest to Collaborator and Wistar and furthers the educational, scholarship and research objectives of Wistar as a nonprofit, tax-exempt research institution.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

The following terms, as used herein, shall have the following meanings:

1.1 "Collaborative Research" means the research and development programs as more fully described in Exhibit A to this Agreement, which may be modified by the parties in writing from time to time. For clarity, the Collaborative Research is not a clinical trial.

1.2 "Collaborator Background Intellectual Property" means any information, data, tangible materials, inventions, processes, method, results, techniques, technologies, software, patents, copyrights, know-how or other items patentable, copyrightablc, or otherwise that are (i) owned or controlled by Collaborator as of the Effective Date, and/or (ii) made available by Collaborator hereunder for the performance of the Collaborative Research.

1.3 "Collaborator Invention(s)" means Inventions determined to be made solely by the Collaborator, or other inventors owing a duty to assign to Collaborator, during the performance of the Collaborative Research.

1.4 "Confidential Information" means: (i) the Inventions, (ii) any information or material in tangible form that is marked as "confidential" or "proprietary" by the furnishing party at the time it is delivered to the receiving party, and (iii) information that is furnished orally if the furnishing party identifies such information as confidential or proprietary when it is disclosed and promptly confirms such designation in writing after such disclosure. Notwithstanding the foregoing, the Collaborator understands and agrees that the failure by Wistar to designate the Confidential Information as provided for in this Section 1.4 will not constitute a designation of non-confidentiality when the confidential nature of the information is apparent from context and subject matter.

1.5 "Invention(s)" means all patentable inventions conceived and/or reduced to practice solely in the performance of the Collaborative Research and otherwise not obligated to a third party. Inventions include all United States and foreign patent applications claiming said patentable inventions, including any divisional, continuation, continuation-in-part (to the extent that the claims are directed to said patentable inventions), and foreign equivalents thereof, as well as any patents issued thereon or reissues or reexaminations thereof. Inventorship of all Inventions shall be determined in accordance with U.S. patent law. Ownership shall follow inventorship. Inventions shall exclude the Collaborator Background Intellectual Property, Wistar Background Intellectual Property and Research Results.

1.6 "Joint Invention(s)" means Inventions determined to be made jointly by the Principal Investigator and other inventors owing a duty to assign to Wistar and by employees of Collaborator and other inventors owing a duty to assign to Collaborator, in the performance of the Collaborative Research.

1.7 "Principal Investigator" means the individual designated in accordance with Section 2.2 hereof.

1.8 "Research Results" means all data, information, processes, methods, results, techniques, technologies and technical specifications generated in the performance of the Collaborative Research during the term of this Agreement. Research Results shall exclude the Collaborator Background Intellectual Property, Inventions and Wistar Background Intellectual Property,

1.9 "Wistar Background Intellectual Property" means any information, data, tangible materials, inventions, processes, methods, results, techniques, technologies, software, patents, copyrights, know-how or other items patentable, copyrightable or otherwise that are (i) owned or controlled by Wistar as of the Effective Date, and/or (ii) made available by Wistar hereunder for the performance of the Collaborative Research.

1.10 "Wistar Invention(s)" means Inventions determined to be made solely by the Principal Investigator, or other inventors owing a duty to assign to Wistar, during the performance of the Collaborative Research.

ARTICLE 2 - COLLABORATIVE RESEARCH

2.1 Statement of Work. The parties undertake to conduct the Collaborative Research with funds made available by Collaborator. The parties shall furnish the appropriate personnel, materials, services, facilities and equipment for the performance of the Collaborative Research, consistent with the Collaborative Research. Wistar is under no obligation to fund any of the Collaborative Research.

2.2 Participation of Principal Investigator and Collaborator.

(a) Dr. Frank J. Rauscher, III, shall serve as the Principal Investigator for the Collaborative Research and shall be responsible for the administration and supervision of the Collaborative Research. Both parties acknowledge that time is of the essence in connection with their respective obligations under this Agreement, and Wistar shall use its good faith reasonable efforts to complete the Collaborative Research in a timely manner.

(b) If the services of the Principal Investigator become unavailable to Wistar for any reason, Wistar shall be entitled to designate another member of its scientific staff who is agreeable to both parties to serve as the Principal Investigator of the Collaborative Research. If a substitute Principal Investigator has not been designated within sixty (60) days after the original Principal Investigator ceases his or her services under this Agreement, either party may terminate this Agreement upon written notice thereof to the other party.

(c) Dr. Amit Kumar, or another Collaborator designee, shall have the opportunity to meet with the Principal Investigator on a mutually agreeable schedule to exchange ideas and information regarding the direction and progress of the Collaborative Research. Should any of these exchanges result in an Invention, the parties agree to notify one another promptly as required under Section 5.1 of this Agreement.

ARTICLE 3 - PERIOD OF PERFORMANCE

3.1 Term. The initial term of the Collaborative Research shall begin as of the Effective Date and shall end on the first anniversary hereof, unless terminated sooner pursuant to Section 8.1 hereof This Agreement may be extended or renewed only by written agreement of both parties.

ARTICLE 4 - FUNDING, ETC.

4 . 1 Funding. Collaborator shall pay Wistar the amounts listed in budget(s) attached to this Agreement as Exhibit B, as may be amended from time to time, in accordance with the payment schedule listed in the table below. Each payment shall clearly identify the Principal Investigator and reference this Agreement. Collaborator shall make each payment by check made payable to "The Wistar Institute of Anatomy and Biology" and drawn on a U.S. bank, or by wire transfer and sent to the following:

For Payment By ACH/Wire:
[***]

Account No. [***]
ABA No. [***]
Swift No. [***]

For Payment By Check (Mail To):
[***]

Due Date	Payment Amount
Effective Date	$[***] USD
Within six (6) calendar months of the Effective Date.	$[***] USD
The earlier of (i) completion of the Collaborative Research, or (ii) the first anniversary of the Effective Date.	$[***] USD

4.2 Record Keeping and Reports to Collaborator. Principal Investigator and Collaborator shall maintain records of the Research Results and shall provide each other with reports of the progress and results of the Collaborative Research upon a mutually agreeable schedule. Wistar shall maintain records of the use of the funds provided by Collaborator and shall make such records available to Collaborator upon reasonable prior written notice during Wistar's regular business hours, but not more frequently than each anniversary of the Effective Date.

4.3 Equipment. Title to any equipment, instruments, laboratory animals or any other materials purchased, built or manufactured by Wistar or the Principal Investigator in the performance of the Collaborative Research shall vest solely in Wistar and any such equipment, instruments, animals or materials shall be and remain the property of Wistar following expiration or termination of the Collaborative Research.

4.4 Research Results. Both parties shall have the right to use the Research Results disclosed to the other party for any reasonable purpose subject to the terms and conditions of this Agreement. Each party shall need to obtain a license from the other party to use the Research Results of the other party if such use would infringe any copyright or any claim of a patent application or issued patent owned by the other party.

ARTICLE 5 - INVENTIONS, OPTION TO LICENSE, ETC.

5.1 Notice of Invention. Wistar shall promptly provide to Collaborator a written disclosure of each and every Wistar Invention and Joint Invention reasonably considered patentable. Collaborator shall promptly provide to Wistar's Office of Business Development a written disclosure of each and every Joint Invention reasonably considered patentable. Collaborator shall advise Wistar in writing, no later than thirty (30) days after receipt of such disclosure, whether it requests Wistar to file and prosecute patent applications related to such Joint Invention and/or Wistar Invention at its sole expense. If Collaborator does not request Wistar to file and prosecute such patent applications, Wistar may proceed with such preparation and prosecution at its own cost and expenses, but such patent applications shall be excluded from Collaborator's option under Section 5.3 hereof.

5.2 Prosecution of Patents.

(a) Wistar shall be responsible for and shall control the preparation, prosecution and maintenance of all patents and patent applications related to Joint Inventions and Wistar Inventions (the "Patent(s)"). With regard to any Patents filed at the request and expense of Collaborator, Wistar will consult with Collaborator on patent prosecution and Wistar shall instruct patent counsel to copy Collaborator on patent office correspondence related to such Patents, Collaborator shall reimburse Wistar upon receipt of invoice for all documented expenses incurred in connection with the filing, prosecution and maintenance of the Patents that Collaborator has requested Wistar to prosecute under Section 5.1. hereof.

(b) The filing and prosecution of copyright, trademark and other intellectual property protections related to the Inventions shall be subject to the provisions of this Section 5.2.

(c) Each party shall cooperate with the other party to execute all lawful papers and instruments and to make all rightful oaths and declarations as may be necessary in the preparation and prosecution of all Patents and other filings.

5.3 Option. In consideration of Collaborator's participation in the Collaborative Research and payment for patent expenses as provided for in Section 5.2, Wistar grants to Collaborator a first option to negotiate an exclusive, world-wide, sublicensable license on commercially reasonable terms to practice Wistar's interest in the Patents. Wistar and Collaborator will negotiate in good faith to determine the terms of a license agreement as to each Patent for which Collaborator has agreed to make payment for patent expenses as provided for in Sections 5.1 and 5.2, if any. If Collaborator and Wistar fail to execute a license agreement within six (6) months after the end of the term of the Agreement or if Collaborator fails to make payment for patent expenses as provided for in Section 5.2, (i) Wistar shall be free to license Wistar's interest in the Patents to any party upon such terms as Wistar deems appropriate, without any further obligation to Collaborator; and (ii) Collaborator shall be free to use or license Collaborator's interest in any Joint Invention(s) to any party upon such terms as Collaborator deems appropriate, without any further obligation to Wistar.

5.4 Retained Rights. Any option granted to Collaborator pursuant to Section 5.3 hereof shall be subject to Wistar's right to use, and permit other non-profit organizations to use, Wistar's interest in the Wistar Background Intellectual Property, Inventions, and Patents for educational and research purposes and to the rights of the United States government reserved under Public Laws 96- 517, 97-256 and 98-620, codified at 35 U.S.C. 200-212, and any regulations issued thereunder.

ARTICLE 6 - CONFIDENTIALITY AND PUBLICATION

6.1 Confidentiality.

(a) The receiving party shall maintain in confidence and shall not disclose to any third party the furnishing party's Confidential Information received pursuant to this Agreement, without the prior written consent of the furnishing party. The foregoing obligation of confidentiality shall not apply to:

(i) information that is known to the receiving party or independently developed by the receiving party prior to the time of disclosure by the furnishing party, in each case, to the extent evidenced by written records promptly disclosed to the furnishing party upon receipt of the Confidential Information;

(ii) information disclosed to the receiving party by a third party that has a right to make such disclosure;

(iii) information that becomes patented, published or otherwise part of the public domain as a result of acts by the furnishing party or a third party obtaining such information as a matter of right; or

(iv) information that is required to be disclosed by order of the U.S. Food and Drug Administration, Securities and Exchange Commission, or similar authority or a court of competent jurisdiction, provided that the parties shall use their best efforts to obtain confidential treatment of such information by the agency or court.

(b) The receiving party will take all reasonable steps to protect the furnishing party's Confidential Information with the same degree of care the receiving party uses to protect its own confidential or proprietary information. Without limiting the foregoing, Collaborator shall ensure that all of its employees having access to the Confidential Information of Wistar are obligated in writing to abide by Collaborator's obligations hereunder,

(c) Notwithstanding any of the foregoing, Wistar shall not be obligated to accept any Confidential Information of Collaborator hereunder.

(d) Wistar acknowledges that Collaborator's parent company, ITUS Corporation ("ITUS") is a public company and as such, Collaborator is subject to certain reporting requirements, and rules and regulations with respect to the disclosure of information. Nothing herein shall adversely effect Collaborator's obligations to comply with any such reporting and/or disclosure requirements. Wistar shall direct any third party inquiries regarding Collaborator's business or research interests or initiatives to Collaborator.

6.2 Publication.

(a) Collaborator acknowledges that the basic objective of research and development activities at Wistar is the generation of new knowledge and its expeditious dissemination. To further that objective, Wistar retains the right, at its discretion, to demonstrate, publish or publicize a description of the results of the Collaborative Research or any Inventions, subject to the provisions of subsection (b) below.

(b) Should Wistar desire to disclose publicly, in writing or by oral presentation, the results of the Collaborative Research or any Invention, Wistar shall notify Collaborator in writing of its intention at least thirty (30) days before such disclosure. Wistar shall include with such notice a description of the oral presentation or, in the case of a manuscript or other proposed written disclosure, a current draft of such written disclosure, and shall afford Collaborator the opportunity to give input on any such disclosure. Collaborator may request Wistar, no later than thirty (30) days following the receipt of Wistar's notice, to file a patent application, copyright or other filing related to such Invention and/or to redact Confidential Information from such publication. All such filings shall be subject to the provisions of Section 5.2 of this Agreement. Upon receipt of such request, Wi star shall arrange for a short delay in publication, not to exceed thirty (30) days, to permit filing of a patent or other application by Wistar, or if Wistar declines to file such application, to permit Collaborator to make such a filing.

6.3 Use of Name; Publicity. Neither party shall otherwise directly or indirectly use the name or logo, or the name of any trustee, manager, officer, collaborator or employee of the other party, without such party's prior written consent. Neither party shall issue a press release or other public statement related to this Agreement without the prior written approval of the other party. Any approvals needed in accordance with this Section 6.3 shall not be unreasonably delayed, withheld, or denied, and any such approvals shall be deemed to have been given, in the event that the approving party takes more than seven (7) business days to respond to a request for any such approval. Notwithstanding anything herein to the contrary, (i) the parties may repeat or re-publicize information disclosed in an approved press release, provided such disclosure does not expand or alter the substance of the original press release, and does not suggest or imply Wistar's endorsement of any product or service of Collaborator, and (ii) the parties may disclose an accurate description of this Agreement in order to comply with federal or state securities or other disclosure laws, but only if and to the extent required under such laws. The restrictions on use of name and publicity set forth in this Section 6.3 shall apply also to ITUS, and any disclosure by ITUS that would violate the terms of this Agreement were the disclosure made by Collaborator shall be deemed a breach of this Agreement by Collaborator.

6 . 4 Injunctive Relief. Because damages at law may be an inadequate remedy for breach of any of the covenants, promises and agreements contained in Section 6.1 hereof, Wistar shall be entitled to injunctive relief in any state or federal court located within the Eastern District of Pennsylvania, including specific performance or an order enjoining the breaching party from any threatened or actual breach of such covenants, promises or agreements. Collaborator hereby waives any objection it may have to the personal jurisdiction or venue of any such court with respect to any such action. The rights set forth in this Section 6.4 shall be in addition to any other rights which Wistar may have at law or in equity.

ARTICLE 7 - DISCLAIMERS, ETC.

7 . 1 No Warranties. WISTAR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, WARRANTIES WITH RESPECT TO THE CONDUCT, COMPLETION, SUCCESS OR PARTICULAR RESULTS OF THE COLLABORATIVE RESEARCH, OR THE CONDITION OF ANY RESEARCH RESULTS, INVENTION(S), PATENTS, WISTAR BACKGROUND INTELLECTUAL PROPERTY OR ANY PRODUCT(S) DERIVED THEREFROM, WHETHER TANGIBLE OR INTANGIBLE, CONCEIVED, DISCOVERED OR DEVELOPED UNDER THIS AGREEMENT, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE COLLABORATIVE RESEARCH OR ANY SUCH RESEARCH RESULTS, INVENTIONS, PATENTS, WISTAR BACKGROUND INTELLECTUAL PROPERTY OR ANY PRODUCTS DERIVED THEREFROM. WISTAR SHALL NOT BE LIABLE FOR ANY DIRECT, CONSEQUENTIAL, PUNITIVE OR OTHER DAMAGES SUFFERED BY COLLABORATOR OR ANY OTHER PERSON RESULTING FROM THE COLLABORATIVE RESEARCH OR THE USE OF ANY SUCH RESEARCH RESULTS, INVENTIONS, MATERIALS, PATENTS, BACKGROUND INTELLECTUAL PROPERTY OR ANY PRODUCT DERIVED THEREFROM.

7.2 Indemnity. Collaborator will defend, indemnify and hold Wistar, the Principal Investigator, and any of Wistar's trustees, officers, directors, employees and agents (hereinafter referred to collectively as the "Indemnified Persons") harmless against any and all liability, loss, damage, claim or expense (including attorney's fees) (collectively the "Indemnified Losses") arising out of or in connection with this Agreement, including without limitation, Indemnified Losses resulting from Collaborator's breach of this Agreement or any use or other disposition by Collaborator, its employees, affiliates, contractors, vendors, licensees or agents of the results of the Collaborative Research, or any Inventions,, materials or products derived therefrom. Collaborator agrees to pay promptly to the Indemnified Persons the amount of all Indemnified Losses to which the foregoing indemnity relates. The indemnification rights of the Indemnified Persons contained herein are in addition to all rights which the Indemnified Persons may have at law or in equity or otherwise,

ARTICLE 8 - TERMINATION

8.1 Termination.

(a) In addition to the termination right set forth in Section 2.2(13) hereof, either party may terminate this Agreement effective upon written notice to the other party, if the other party breaches the terms of this Agreement, including the payment schedule in the Exhibits, and fails to cure such a breach within thirty (30) days after receiving notice thereof.

(b) Wistar may terminate this Agreement if Collaborator becomes insolvent or voluntary or involuntary proceedings by or against Collaborator are instituted in bankruptcy or under any insolvency law, or a receiver or custodian is appointed for Collaborator, or proceedings are instituted by or against Collaborator for corporate reorganization or the dissolution of Collaborator, which proceedings, if involuntary, shall not have been dismissed within sixty (60) days after the date of filing, or Collaborator makes an assignment for the benefit of creditors, or substantially all of the assets of the Collaborator are seized or attached and not released within sixty (60) days thereafter.

(c) In addition, either party may terminate this Agreement for any reason upon ninety (90) days prior written notice to the other party.

8.2 Effect of Termination. In the event of termination of this Agreement prior to its stated term whether for breach or for any other reason whatsoever, Wistar shall be entitled to retain from the payments made by Collaborator prior to termination Wistar's reasonable costs of concluding the work in progress. Allowable costs include, without limitation, all costs of noncancellable commitments incurred prior to the receipt of or issuance by Wistar of the notice of termination. In the event of termination, Wistar shall submit a final report of all costs incurred and all funds received under this Agreement within sixty (60) days after the effective termination date.

8.3 Survival. Expiration or termination of this Agreement shall not affect the rights and obligations of the parties accrued prior to expiration or termination hereof. The provisions of Articles 5, 6 and 7 and Sections 4.3, 4.4, 4.5, 8.2, 8.3, 9.1, 9.5, 9.9 and 9.11 shall survive expiration or termination of this Agreement.

ARTICLE 9 - ADDITIONAL PROVISIONS

9.1 Independent Contractor. Nothing herein shall be deemed to establish a relationship of principal and agent between Wistar and Collaborator, nor any of their agents or employees for any purpose whatsoever. This Agreement shall not be construed as constituting Wistar and Collaborator as partners, or as creating any other form of legal association or arrangement which would impose liability upon one party for the act or failure to act of the other party.

9.2 Independent Research. This Agreement shall not be construed to limit the freedom of individuals participating in the Collaborative Research to engage in any other research.

9.3 Nondiscrimination. Wistar and Collaborator shall not discriminate against any employee or applicant for employment because of race, color, sex, sexual or affectational preference, age, religion, national or ethnic origin, or handicap.

9.4 Force Majeure. Neither party shall be liable for any failure to perform as required by this Agreement to the extent such failure to perform is due to circumstances reasonably beyond such party's control, including, without limitation, labor disturbances or labor disputes of any kind, accidents, failure of any governmental required for full performance, civil disorders or commotions, acts of god, energy or other conservation measures imposed by law or regulation, explosions, failure of utilities, mechanical breakdowns, material shortages, disease, or other such occurrences.

9.5 Notices. Any notice under this Agreement shall be sufficiently given if sent in writing by prepaid first class, certified or registered mail, return receipt requested, addressed as follows:

If to Wistar:

The Wistar Institute
3601 Spruce Street
Philadelphia, PA 19104
Attn: Office of Business Development

with a copy to: Vice President, Legal & External Affairs at the above address.

If to Collaborator:

Anixa Diagnostic Corporation
12100 Wilshire Blvd.
Suite 1275
Los Angeles, CA 90025
Attn: Dr. Amit Kumar

9.6 Severability. Any of the provisions of this Agreement which are determined to be invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability in such jurisdiction, without rendering invalid or unenforceable the remaining provisions hereof or affecting the validity or unenforceability of any of the terms of this Agreement in any other jurisdiction and the invalid or unenforceable provision shall be modified to the extent required to be enforceable.

9.7 No Waiver. A waiver by either party of a breach or violation of any provision of this Agreement will not constitute or be construed as a waiver of any subsequent breach or violation of that provision or as a waiver of any breach or violation of any other provision of this Agreement.

9.8 Headings. The headings and captions used in this Agreement are for convenience of reference only and shall not affect its construction or interpretation.

9,9 No Third Party Benefits. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto or their permitted assigns, any benefits, rights or remedies.

9.10 Assignment. No rights hereunder may be assigned by Collaborator, directly or by merger or other operation of law, without the express prior written consent of Wistar. Any prohibited assignment of this Agreement of the rights hereunder shall be null and void. No assignment shall relieve Collaborator of responsibility for the performance of any accrued obligations which it has prior to such assignment. This Agreement shall inure to the benefit of permitted assigns of Collaborator.

9.11 Governing Law.

9.11.1 In the case of any dispute, claim, question or disagreement arising out of or relating to this Agreement, or the parties' activities hereunder, including any question regarding the existence, validity or termination of this Agreement, the parties shall use all reasonable efforts to settle such dispute, claim, question or disagreement by amicable agreement, including by escalation to the Chief Executive Officer of Wistar and the Chief Executive Officer of Collaborator, if necessary, prior to commencement of litigation.

9.11.2 This Agreement shall be construed, governed, interpreted and applied in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to conflict of law principles.

9.11.3 Each party irrevocably (i) submits to the exclusive jurisdiction of the United States District Court for the Eastern District of Pennsylvania or a local court sitting in the city of Philadelphia, Pennsylvania (collectively "Courts") for purposes of any action, suit or other proceeding relating to or arising out of this Agreement, (ii) agrees not to raise any objection at any time to the laying or maintaining of the venue of any such action, suit or other proceeding in any of the Courts, (iii) waives any claim that such action, suit or other proceeding has been brought in an inconvenient forum, and (iv) waives the right to object, with respect to such action, suit or other proceeding, that such Courts do not have any jurisdiction over such party.

9.12 Entire Agreement. This Agreement embodies the entire understanding between the parties relating to the subject matter hereof and supersedes all prior understandings and agreements, whether written or oral. This Agreement may not be varied except by a written document signed by duly authorized representatives of both parties.

9.13 Counterparts. This Agreement shall become binding when any one or more counterparts hereof, individually or taken together, shall bear the signatures of Wistar and Collaborator. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against the party whose signature appears thereon, but all of which taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the duly authorized representatives of the parties hereby execute this Agreement as of the dates below.

THE WISTAR INSTITUTE OF ANATOMY AND BIOLOGY		**ANIXA DIAGNOSTIC CORPORATION**	
By:	/s/ Heather A. Steinman, Ph.D., M.B.A	By:	/s/ Amit Kumar
Name:	Heather A. Steinman, Ph.D., M.B.A	Name:	Amit Kumar
Title:	Vice President, Business Development and Executive Director, Technology Transfer	Title:	Chief Executive Officer
Date:	July 14, 2015	Date:	07/14/15

I have read, understand, and agree to the responsibilities of the Principle Investigator stated in this Agreement.

By: /s/ Frank J. Rauscher, III, Ph.D.
Name: Frank J. Rauscher, III, Ph.D.
Title: Professor
Date: July 14, 2015

COLLABORATIVE RESEARCH AGREEMENT

Exhibit A

Verification of giant circulating macrophages by microfiltration using whole blood from tumor bearing patients

Rationale: There is extant published data showing that a "giant" circulating macrophage-like cell (DTAM cells) is present in whole blood in all tumor bearing humans tested, while none of these cells are detectable in non-tumor bearing human blood samples. These DTAM cells express macrophage markers, seem to be phagocytic and may be detected through a number of techniques. Detection of this cell and its functions could lead to development of a simple test for tumor bearing individuals, response to therapy etc. Verification of' these observations and further development is needed to develop a commercial test by Collaborator.

Specific Aims:

1 [***].

2 [***].

3 [***].

4 [***].

COLLABORATIVE RESEARCH AGREEMENT

Exhibit B

<u>Budget</u>

[***]

Exhibit 99.2

Confidential Treatment Requested by ITUS Corporation,
IRS Employer Identification No. 11-2622630

*****CONFIDENTIAL TREATMENT REQUESTED*****

Note: Confidential treatment requested with respect to certain portions hereof denoted with "[***]"

FIRST AMENDMENT TO THE COLLABORATIVE RESEARCH AGREEMENT

This **FIRST AMENDMENT TO THE COLLABORATIVE RESEARCH AGREEMENT** (the "First Amendment") is made as of the 4th day of August, 2016 (the "First Amendment Effective Date") by and between **THE WISTAR INSTITUTE OF ANATOMY AND BIOLOGY**, a Pennsylvania nonprofit corporation ("Wistar") and **ANIXA DIAGNOSTIC' CORPORATION**, a Delaware corporation ("Collaborator").

WHEREAS, the parties entered into a collaborative research agreement on July 14, 2015, under which Collaborator agreed to support research in the laboratory of Frank J. Rauscher. III., Ph. D. (the "CRA").

WHEREAS, the parties would like to amend the CRA to extend the term, revise termination provisions, and revise the scope of work and associated budget as set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. All capitalized terms not expressly defined herein shall have the meanings ascribed to them in the CRA.
2. Section 3.1 (Term) of the CRA shall he deleted in its entirety and replaced with the following:

   3.1 Term. The initial term of the Collaborative Research shall begin as of the Effective Date and shall end on the second anniversary hereof, unless terminated sooner pursuant to Section 8.1 hereof. This Agreement may be extended or renewed only by written agreement of both parties.

3. The payment schedule table in Section 4.1 (Funding) of the CRA shall be deleted in its entirety and replaced with the following:

Due Date	Payment amount
Effective Date	$[***] USD
Within six (6) calendar months of the Effective Date	$[***] USD
Completion of Collaborative Research, or the first anniversary of the Effective Date, whichever is sooner	$[***] USD (waived)
First Amendment Effective Dale	$[***] USD
Within six (6) calendar months of the Effective Date	$[***] USD
Completion of Collaborative Research. or the first anniversary of the First Amendment Effective Date, whichever is sooner	$[***] USD

4. Section 8.1(c) (Termination) of the CRA shall be deleted in its entirety and replaced with the following:

   (c) In addition, either party may terminate this Agreement for any reason upon ninety (90) days prior written notice to the other party. Except in the case where Collaborator wishes to transfer the project and associated budget to another Principal Investigator at Wistar in which case the Collaborator may terminate this Agreement upon thirty (30) days prior written notice to Wistar.

5. Exhibit A of the CRA shall be deleted in its entirety and replaced with the attached Exhibit A-1.

6. Exhibit B of the CRA shall be deleted in its entirety and replaced with the attached Exhibit B-1.

7. Except as expressly amended or modified herein, any and all the terms and conditions of the CRA shall remain in full force and effect.

8. This First Amendment, together with the CRA, embody the entire understanding between the parties relating to the subject matter thereof and supersedes all prior understandings and agreements, whether written or oral.

9. Counterparts. This First Amendment shall become binding when any one or more counterparts hereof, individually or taken together, shall bear the signatures of Wistar and Collaborator. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original as against the party whose signature appears thereon, but all of which taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the duly authorized representatives or the parties hereby execute this First Amendment as of the dates below.

THE WISTAR INSTITUTE OF ANATOMY AND BIOLOGY		**ANIXA DIAGNOSTIC CORPORATION**	
By:	/s/ Heather A. Steinman, Ph.D., M.B.A	By:	/s/ Robert Berman
Name:	Heather A. Steinman, Ph.D., M.B.A	Name:	Robert Berman
Title:	Vice President, Business Development and Executive Director, Technology Transfer	Title:	President
Date:	August 9, 2016	Date:	August 10, 2016

I have read, understand, and agree to the responsibilities of the Principle Investigator stated in this Agreement.

By: /s/ Frank J. Rauscher, III, Ph.D.

Name: Frank J. Rauscher, III, Ph.D.

Title: Caspar Wistar Professor

Date: August 9, 2016

Exhibit A-1

Verification of giant circulating macrophages by microfiltration using whole blood from tumor bearing patients

Rationale: There is extant published data showing that a "giant" circulating macrophage-like cell (DTA M cells) is present in whole blood in all tumor bearing humans tested, while none of these cells are detectable in non-tumor bearing human blood samples. These DTA M cells express macrophage markers, seem to be phagocytic and may be detected through a number of techniques. Detection of this cell and its functions could lead to development of a simple test for tumor bearing individuals, response to therapy etc. Verification of these observations and further development is needed to develop a commercial test by Collaborator.

Specific Aims:

1. [***].
2. [***].
3. [***].
4. [***].

Exhibit B-1

[***]

Exhibit 99.3

Confidential Treatment Requested by ITUS Corporation,
IRS Employer Identification No. 11-2622630

*****CONFIDENTIAL TREATMENT REQUESTED*****

Note: Confidential treatment requested with respect to certain portions hereof denoted with "[***]"

COLLABORATIVE RESEARCH AGREEMENT

This **COLLABORATIVE RESEARCH AGREEMENT** (the "Agreement") is made as of the 4th day of August, 2016 (the "Effective Date") by and between **THE WISTAR INSTITUTE OF ANATOMY AND BIOLOGY**, a Pennsylvania nonprofit corporation ("Wistar") and **ANIXA DIAGNOSTIC CORPORATION**, a Delaware corporation ("Collaborator").

RECITALS

A. Dr. Dmitry I. Gabrilovich, M.D., Ph.D. is a principal investigator and employee of Wistar, is performing research in the field of cancer diagnostics.

B. Collaborator is interested in and desires to contribute to and support such research in accordance with the terms and conditions of this Agreement.

C. The research and development program contemplated by this Agreement is of mutual interest to Collaborator and Wistar and furthers the educational, scholarship and research objectives of Wistar as a nonprofit, tax-exempt research institution.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

The following terms, as used herein, shall have the following meanings:

1.1 "<u>Collaborative Research</u>" means the research and development programs as more fully described in Exhibit A to this Agreement, which may be modified by the parties in writing from time to time. For clarity, the Collaborative Research is not a clinical trial.

1.2 "<u>Collaborator Background Intellectual Property</u>" means any information, data, tangible materials, inventions, processes, method, results, techniques, technologies, software, patents, copyrights, know-how or other items patentable, copyrightable, or otherwise that are (i) owned or controlled by Collaborator as of the Effective Date, and/or (ii) made available by Collaborator hereunder for the performance of the Collaborative Research.

1.3 "<u>Collaborator Invention(s)</u>" means Inventions determined to be made solely by the Collaborator, or other inventors owing a duty to assign to Collaborator, during the performance of the Collaborative Research.

1.4 "<u>Confidential Information</u>" means: (i) the Inventions, (ii) any information or material in tangible form that is marked as "confidential" or "proprietary" by the furnishing party at the time it is delivered to the receiving party, and (iii) information that is furnished orally if the furnishing party identifies such information as confidential or proprietary when it is disclosed and promptly confirms such designation in writing after such disclosure. Notwithstanding the foregoing, the Collaborator understands and agrees that the failure by Wistar to designate the Confidential Information as provided for in this Section 1.4 will not constitute a designation of non-confidentiality when the confidential nature of the information is apparent from context and subject matter.

1.5 “Invention(s)” means all patentable inventions conceived and/or reduced to practice solely in the performance of the Collaborative Research and otherwise not obligated to a third party. Inventions include all United States and foreign patent applications claiming said patentable inventions, including any divisional, continuation, continuation-in-part (to the extent that the claims are directed to said patentable inventions), and foreign equivalents thereof, as well as any patents issued thereon or reissues or reexaminations thereof. Inventorship of all Inventions shall be determined in accordance with U.S. patent law. Ownership shall follow inventorship. Inventions shall exclude the Collaborator Background Intellectual Property, Wistar Background Intellectual Property and Research Results.

1.6 “Joint Invention(s)” means Inventions determined to be made jointly by the Principal Investigator and other inventors owing a duty to assign to Wistar and by employees of Collaborator and other inventors owing a duty to assign to Collaborator, in the performance of the Collaborative Research.

1.7 “Principal Investigator” means the individual designated in accordance with Section 2.2 hereof.

1.8 “Research Results” means all data, information, processes, methods, results, techniques, technologies and technical specifications generated in the performance of the Collaborative Research during the term of this Agreement. Research Results shall exclude the Collaborator Background Intellectual Property, Inventions and Wistar Background Intellectual Property.

1.9 “Wistar Background Intellectual Property” means any information, data, tangible materials, inventions, processes, methods, results, techniques, technologies, software, patents, copyrights, know-how or other items patentable, copyrightable or otherwise that are (i) owned or controlled by Wistar as of the Effective Date, and/or (ii) made available by Wistar hereunder for the performance of the Collaborative Research.

1.10 “Wistar Invention(s)” means Inventions determined to be made solely by the Principal Investigator, or other inventors owing a duty to assign to Wistar, during the performance of the Collaborative Research.

ARTICLE 2 - COLLABORATIVE RESEARCH

2.1 Statement of Work. The parties undertake to conduct the Collaborative Research with funds made available by Collaborator. The parties shall furnish the appropriate personnel, materials, services, facilities and equipment for the performance of the Collaborative Research, consistent with the Collaborative Research. Wistar is under no obligation to fund any of the Collaborative Research.

2.2 Participation of Principal Investigator and Collaborator.

(a) Dr. Dmitry I. Gabrilovich, shall serve as the Principal Investigator for the Collaborative Research and shall be responsible for the administration and supervision of the Collaborative Research. Both parties acknowledge that time is of the essence in connection with their respective obligations under this Agreement, and Wistar shall use its good faith reasonable efforts to complete the Collaborative Research in a timely manner.

(b) If the services of the Principal Investigator become unavailable to Wistar for any reason, Wistar shall be entitled to designate another member of its scientific staff who is agreeable to both parties to serve as the Principal Investigator of the Collaborative Research. If a substitute Principal Investigator has not been designated within sixty (60) days after the original Principal Investigator ceases his or her services under this Agreement, either party may terminate this Agreement upon written notice thereof to the other party.

(c) Dr. Amit Kumar, or another Collaborator designee, shall have the opportunity to meet with the Principal Investigator on a mutually agreeable schedule to exchange ideas and information regarding the direction and progress of the Collaborative Research. Should any of these exchanges result in an Invention, the parties agree to notify one another promptly as required under Section 5.1 of this Agreement.

ARTICLE 3 - PERIOD OF PERFORMANCE

3.1 Term. The initial term of the Collaborative Research shall begin as of the Effective Date and shall end on the first anniversary hereof, unless terminated sooner pursuant to Section 8.1 hereof This Agreement may be extended or renewed only by written agreement of both parties.

ARTICLE 4 - FUNDING, ETC .

4.1 Funding. Collaborator shall pay Wistar the amounts listed in budget(s) attached to this Agreement as Exhibit B, as may be amended from time to time, in accordance with the payment schedule listed in the table below. Each payment shall clearly identify the Principal Investigator and reference this Agreement. Collaborator shall make each payment by check made payable to "The Wistar Institute of Anatomy and Biology " and drawn on a U.S. bank and sent to the following:

For Payment By Check (Mail To):

[***]

Due Date	Payment amount
Effective Date	$[***] USD
Within six (6) calendar months of the Effective Date	$[***] USD
Completion of Collaborative Research, or the first anniversary of the Effective Date, whichever is sooner	$[***] USD

4.2 Record Keeping and Reports to Collaborator. Principal Investigator and Collaborator shall maintain records of the Research Results and shall provide each other with reports of the progress and results of the Collaborative Research upon a mutually agreeable schedule. Wistar shall maintain records of the use of the funds provided by Collaborator and shall make such records available to Collaborator upon reasonable prior written notice during Wistar's regular business hours, but not more frequently than each anniversary of the Effective Date.

4.3 Equipment. Title to any equipment, instruments, laboratory animals or any other materials purchased, built or manufactured by Wistar or the Principal Investigator in the performance of the Collaborative Research shall vest solely in Wistar and any such equipment, instruments, animals or materials shall be and remain the property of Wistar following expiration or termination of the Collaborative Research.

4.4 Research Results. Both parties shall have the right to use the Research Results disclosed to the other party for any reasonable purpose subject to the terms and conditions of this Agreement. Each party shall need to obtain a license from the other party to use the Research Results of the other party if such use would infringe any copyright or any claim of a patent application or issued patent owned by the other party.

ARTICLE 5 - INVENTIONS, OPTION TO LICENSE, ETC.

5.1 Notice of Invention. Wistar shall promptly provide to Collaborator a written disclosure of each and every Wistar Invention and Joint Invention reasonably considered patentable. Collaborator shall promptly provide to Wistar's Office of Business Development a written disclosure of each and every Joint Invention reasonably considered patentable. Collaborator shall advise Wistar in writing, no later than thirty (30) days after receipt of such disclosure, whether it requests Wistar to file and prosecute patent applications related to such Joint Invention and/or Wistar Invention at its sole expense. If Collaborator does not request Wistar to file and prosecute such patent applications, Wistar may proceed with such preparation and prosecution at its own cost and expenses, but such patent applications shall be excluded from Collaborator's option under Section 5.3 hereof

5.2 Prosecution of Patents.

(a) Wistar shall be responsible for and shall control the preparation, prosecution and maintenance of all patents and patent applications related to Joint Inventions and Wistar Inventions (the "Patent(s)"). With regard to any Patents filed at the request and expense of Collaborator, Wistar will consult with Collaborator on patent prosecution and Wistar shall instruct patent counsel to copy Collaborator on patent office correspondence related to such Patents. Collaborator shall reimburse Wistar upon receipt of invoice for all documented expenses incurred in connection with the filing, prosecution and maintenance of the Patents that Collaborator has requested Wistar to prosecute under Section 5.1. hereof

(b) The filing and prosecution of copyright, trademark and other intellectual property protections related to the Inventions shall be subject to the provisions of this Section 5.2.

(c) Each party shall cooperate with the other party to execute all lawful papers and instruments and to make all rightful oaths and declarations as may be necessary in the preparation and prosecution of all Patents and other filings.

5.3 Option. In consideration of Collaborator 's participation in the Collaborative Research and payment for patent expenses as provided for in Section 5.2, Wistar grants to Collaborator a first option to negotiate an exclusive, world-wide, sublicensable license on commercially reasonable terms to practice Wistar's interest in the Patents. Wistar and Collaborator will negotiate in good faith to determine the terms of a license agreement as to each Patent for which Collaborator has agreed to make payment for patent expenses as provided for in Sections 5.1 and 5.2, if any. If Collaborator and Wistar fail to execute a license agreement within six (6) months after the end of the term of the Agreement or if Collaborator fails to make payment for patent expenses as provided for in Section 5.2, (i) Wistar shall be free to license Wistar's interest in the Patents to any party upon such terms as Wistar deems appropriate, without any further obligation to Collaborator; and (ii) Collaborator shall be free to use or license Collaborator's interest in any Joint Invention(s) to any party upon such terms as Collaborator deems appropriate, without any further obligation to Wistar.

5.4 Retained Rights. Any option granted to Collaborator pursuant to Section 5.3 hereof shall be subject to Wistar's right to use, and permit other non-profit organizations to use, Wistar 's interest in the Wistar Background Intellectual Property, Inventions, and Patents for educational and research purposes and to the rights of the United States government reserved under Public Laws 96- 517, 97-256 and 98-620, codified at 35 U.S.C. 200-212, and any regulations issued thereunder.

ARTICLE 6 - CONFIDENTIALITY AND PUBLICATION

6.1 Confidentiality.

(a) The receiving party shall maintain in confidence and shall not disclose to any third party the furnishing party's Confidential Information received pursuant to this Agreement, without the prior written consent of the furnishing party. The foregoing obligation of confidentiality shall not apply to:

(i) information that is known to the receiving party or independently developed by the receiving party prior to the time of disclosure by the furnishing party, in each case, to the extent evidenced by written records promptly disclosed to the furnishing party upon receipt of the Confidential Information;

(ii) information disclosed to the receiving party by a third party that has a right to make such disclosure;

(iii) information that becomes patented, published or otherwise part of the public domain as a result of acts by the furnishing party or a third party obtaining such information as a matter of right; or

(iv) information that is required to be disclosed by order of the U.S. Food and Drug Administration, Securities and Exchange Commission, or similar authority or a court of competent jurisdiction, provided that the parties shall use their best efforts to obtain confidential treatment of such information by the agency or court.

(b) The receiving party will take all reasonable steps to protect the furnishing party 's Confidential Information with the same degree of care the receiving party uses to protect its own confidential or proprietary information.Without limiting the foregoing, Collaborator shall ensure that all of its employees having access to the Confidential Information of Wistar are obligated in writing to abide by Collaborator's obligations hereunder.

(c) Notwithstanding any of the foregoing, Wistar shall not be obligated to accept any Confidential Information of Collaborator hereunder.

(d) Wistar acknowledges that Collaborator's parent company, ITUS Corporation ("ITUS") is a public company and as such, Collaborator is subject to certain reporting requirements, and rules and regulations with respect to the disclosure of information. Nothing herein shall adversely effect Collaborator's obligations to comply with any such reporting and/or disclosure requirements. Wistar shall direct any third party inquiries regarding Collaborator's business or research interests or initiatives to Collaborator.

6.2 Publication.

(a) Collaborator acknowledges that the basic objective of research and development activities at Wistar is the generation of new knowledge and its expeditious dissemination. To further that objective, Wistar retains the right, at its discretion, to demonstrate, publish or publicize a description of the results of the Collaborative Research or any Inventions, subject to the provisions of subsection (b) below.

(b) Should Wistar desire to disclose publicly, in writing or by oral presentation, the results of the Collaborative Research or any Invention, Wistar shall notify Collaborator in writing of its intention at least thirty (30) days before such disclosure. Wistar shall include with such notice a description of the oral presentation or, in the case of a manuscript or other proposed written disclosure, a current draft of such written disclosure, and shall afford Collaborator the opportunity to give input on any such disclosure. Collaborator may request Wistar, no later than thirty (30) days following the receipt of Wistar's notice, to file a patent application, copyright or other filing related to such Invention and/or to redact Confidential Information from such publication. All such filings shall be subject to the provisions of Section 5.2 of this Agreement. Upon receipt of such request, Wistar shall arrange for a short delay in publication, not to exceed thirty (30) days, to permit filing of a patent or other application by Wistar, or if Wistar declines to file such application, to permit Collaborator to make such a filing.

6.3 Use of Name; Publicity. Neither party shall otherwise directly or indirectly use the name or logo, or the name of any trustee, manager, officer, collaborator or employee of the other party, without such party's prior written consent. Neither party shall issue a press release or other public statement related to this Agreement without the prior written approval of the other party. Any approvals needed in accordance with this Section 6.3 shall not be unreasonably delayed, withheld, or denied, and any such approvals shall be deemed to have been given, in the event that the approving party takes more than seven (7) business days to respond to a request for any such approval. Notwithstanding anything herein to the contrary, (i) the parties may repeat or re-publicize information disclosed in an approved press release, provided such disclosure does not expand or alter the substance of the original press release, and does not suggest or imply Wistar's endorsement of any product or service of Collaborator, and (ii) the parties may disclose an accurate description of this Agreement in order to comply with federal or state securities or other disclosure laws, but only if and to the extent required under such laws,. The restrictions on use of name and publicity set forth in this Section 6.3 shall apply also to ITUS; and any disclosure by ITUS that would violate the terms of this Agreement were the disclosure made by Collaborator shall be deemed a breach of this Agreement by Collaborator.

6.4 Injunctive Relief. Because damages at law may be an inadequate remedy for breach of any of the covenants, promises and agreements contained in Section 6.1 hereof, Wistar shall be entitled to injunctive relief in any state or federal court located within the Eastern District of Pennsylvania, including specific performance or an order enjoining the breaching party from any threatened or actual breach of such covenants, promises or agreements. Collaborator hereby waives any objection it may have to the personal jurisdiction or venue of any such court with respect to any such action. The rights set forth in this Section 6.4 shall be in addition to any other rights which Wistar may have at law or in equity.

ARTICLE 7 - DISCLAIMERS, ETC.

7.1 No Warranties. WISTAR MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, WARRANTIES WITH RESPECT TO THE CONDUCT, COMPLETION, SUCCESS OR PARTICULAR RESULTS OF THE COLLABORATIVE RESEARCH, OR THE CONDITION OF ANY RESEARCH RESULTS, INVENTION(S), PATENTS, WISTAR BACKGROUND INTELLECTUAL PROPERTY OR ANY PRODUCT(S) DERIVED THEREFROM, WHETHER TANGIBLE OR INTANGIBLE, CONCEIVED, DISCOVERED OR DEVELOPED UNDER THIS AGREEMENT, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE COLLABORATIVE RESEARCH OR ANY SUCH RESEARCH RESULTS, INVENTIONS, PATENTS, WISTAR BACKGROUND INTELLECTUAL PROPERTY OR ANY PRODUCTS DERIVED THEREFROM. WISTAR SHALL NOT BE LIABLE FOR ANY DIRECT, CONSEQUENTIAL, PUNITIVE OR OTHER DAMAGES SUFFERED BY COLLABORATOR OR ANY OTHER PERSON RESULTING FROM THE COLLABORATIVE RESEARCH OR THE USE OF ANY SUCH RESEARCH RESULTS, INVENTIONS, MATERIALS, PATENTS, BACKGROUND INTELLECTUAL PROPERTY OR ANY PRODUCT DERIVED THEREFROM.

7.2 Indemnity. Collaborator will defend, indemnify and hold Wistar, the Principal

Investigator, and any of Wistar 's trustees, officers, directors, employees and agents (hereinafter referred to collectively as the "Indemnified Persons") harmless against any and all liability, loss, damage, claim or expense (including attorney's fees) (collectively the "Indemnified Losses") arising out of or in connection with this Agreement, including without limitation, Indemnified Losses resulting from Collaborator's breach of this Agreement or any use or other disposition by Collaborator, its employees, affiliates, contractors, vendors, licensees or agents of the results of the Collaborative Research, or any Inventions,, materials or products derived therefrom. Collaborator agrees to pay promptly to the Indemnified Persons the amount of all Indemnified Losses to which the foregoing indemnity relates. The indemnification rights of the Indemnified Persons contained herein are in addition to all rights which the Indemnified Persons may have at law or in equity or otherwise.

ARTICLE 8 - TERMINATION

8.1 Termination.

(a) In addition to the termination right set forth in Section 2.2(b) hereof, either party may terminate this Agreement effective upon written notice to the other party, if the other party breaches the terms of this Agreement, including the payment schedule in the Exhibits, and fails to cure such a breach within thirty (30) days after receiving notice thereof.

(b) Wistar may terminate this Agreement if Collaborator becomes insolvent or voluntary or involuntary proceedings by or against Collaborator are instituted in bankruptcy or under any insolvency law, or a receiver or custodian is appointed for Collaborator, or proceedings are instituted by or against Collaborator for corporate reorganization or the dissolution of Collaborator, which proceedings, if involuntary, shall not have been dismissed within sixty (60) days after the date of filing, or Collaborator makes an assignment for the benefit of creditors, or substantially all of the assets of the Collaborator are seized or attached and not released within sixty (60) days thereafter.

(c) In addition, either party may terminate this Agreement for any reason upon ninety (90) days prior written notice to the other party.

8.2 Effect of Termination. In the event of termination of this Agreement prior to its stated term whether for breach or for any other reason whatsoever, Wistar shall be entitled to retain from the payments made by Collaborator prior to termination Wistar's reasonable costs of concluding the work in progress. Allowable costs include, without limitation, all costs of noncancellable commitments incurred prior to the receipt of or issuance by Wistar of the notice of termination. In the event of termination, Wistar shall submit a final report of all costs incurred and all funds received under this Agreement within sixty (60) days after the effective termination date.

8.3 Survival. Expiration or termination of this Agreement shall not affect the rights and obligations of the parties accrued prior to expiration or termination hereof The provisions of Articles 5, 6 and 7 and Sections 4.3, 4.4, 4.5, 8.2, 8.3, 9.1, 9.5, 9.9 and 9.11 shall survive expiration or termination of this Agreement.

ARTICLE 9 - ADDITIONAL PROVISIONS

9.1 Independent Contractor. Nothing herein shall be deemed to establish a relationship of principal and agent between Wistar and Collaborator, nor any of their agents or employees for any purpose whatsoever. This Agreement shall not be construed as constituting Wistar and Collaborator as partners, or as creating any other form of legal association or arrangement which would impose liability upon one party for the act or failure to act of the other party.

9.2 Independent Research. This Agreement shall not be construed to limit the freedom of individuals participating in the Collaborative Research to engage in any other research.

9.9 No Third Party Benefits. Nothing in this Agreement, express or implied, is intended to confer on any person other than the parties hereto or their permitted assigns, any benefits, rights or remedies.

9.10 Assignment. No rights hereunder may be assigned by Collaborator, directly or by merger or other operation of law, without the express prior written consent of Wistar. Any prohibited assignment of this Agreement of the rights hereunder shall be null and void. No assignment shall relieve Collaborator of responsibility for the performance of any accrued obligations which it has prior to such assignment. This Agreement shall inure to the benefit of permitted assigns of Collaborator.

9.11 Governing Law.

9.11.1 In the case of any dispute, claim, question or disagreement arising out of or relating to this Agreement, or the parties' activities hereunder, including any question regarding the existence, validity or termination of this Agreement, the parties shall use all reasonable efforts to settle such dispute, claim, question or disagreement by amicable agreement, including by escalation to the Chief Executive Officer of Wistar and the Chief Executive Officer of Collaborator, if necessary, prior to commencement of litigation.

9.11.2 This Agreement shall be construed, governed, interpreted and applied in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to conflict of law principles.

9.11.3 Each party irrevocably (i) submits to the exclusive jurisdiction of the United States District Court for the Eastern District of Pennsylvania or a local court sitting in the city of Philadelphia, Pennsylvania (collectively "Courts") for purposes of any action, suit or other proceeding relating to or arising out of this Agreement, (ii) agrees not to raise any objection at any time to the laying or maintaining of the venue of any such action, suit or other proceeding in any of the Courts, (iii) waives any claim that such action, suit or other proceeding has been brought in an inconvenient forum, and (iv) waives the right to object, with respect to such action, suit or other proceeding, that such Courts do not have any jurisdiction over such party.

9.12 Entire Agreement. This Agreement embodies the entire understanding between the parties relating to the subject matter hereof and supersedes all prior understandings and agreements, whether written or oral. This Agreement may not be varied except by a written document signed by duly authorized representatives of both parties.

9.13 Counterparts. This Agreement shall become binding when any one or more counterparts hereof, individually or taken together, shall bear the signatures of Wistar and Collaborator. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against the party whose signature appears thereon, but all of which taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the duly authorized representatives of the parties hereby execute this Agreement as of the dates below.

THE WISTAR INSTITUTE OF ANATOMY AND BIOLOGY		ANIXA DIAGNOSTIC CORPORATION	
By:	/s/ Heather A. Steinman, Ph.D., M.B.A	By:	/s/ Robert Berman
Name:	Heather A. Steinman, Ph.D., M.B.A	Name:	Robert Berman
Title:	Vice President, Business Development and Executive Director, Technology Transfer	Title:	President
Date:	August 8, 2016	Date:	August 10, 2016

COLLABORATIVE RESEARCH AGREEMENT

Exhibit A

[***]

COLLABORATIVE RESEARCH AGREEMENT

Exhibit B

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