



DYADIC INTERNATIONAL, INC.
140 Intracoastal Pointe Drive, Suite 404
Jupiter, Florida 33477
561-743-8333

Dear Dyadic International, Inc. Stockholder:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders of Dyadic International, Inc., a Delaware corporation, to be held on Wednesday, December 9, 2009, at 10:00 a.m., local time, at the Doubletree Hotel located at 4431 PGA Boulevard, Palm Beach Gardens, Florida.

At the meeting, you will be asked to consider and vote on the proposals described in the Notice of 2009 Annual Meeting of Stockholders and Proxy Statement which accompany this letter. We urge you to read these materials carefully. Following the meeting, management will be pleased to answer your questions.

We hope that you will be able to attend the annual meeting in person, but in all events, we ask that you please complete, sign and date the enclosed proxy card and return it in the postage-paid envelope provided to insure that your shares will be represented at the meeting.

On behalf of the board of directors, I would like to express our appreciation for your continued support and interest in Dyadic International, Inc. We look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Emalfarb", with a long, sweeping flourish extending to the right.

Mark A. Emalfarb
Chairman and Chief Executive Officer

Jupiter, Florida
November 11, 2009



**DYADIC INTERNATIONAL, INC.
140 Intracoastal Pointe Drive, Suite 404
Jupiter, Florida 33477**

NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON WEDNESDAY, DECEMBER 9, 2009

To the stockholders of Dyadic International, Inc.:

NOTICE IS HEREBY GIVEN that the annual meeting of the stockholders of Dyadic International, Inc., a Delaware corporation (the "Company"), will be held on Wednesday, December 9, 2009, at 10:00 a.m. local time at the Doubletree Hotel located at 4431 PGA Boulevard, Palm Beach Gardens, Florida, for the following purposes, as more fully described in the proxy statement accompanying this notice:

1. To elect two Class II directors to serve until the Company's 2012 annual meeting of stockholders or until their successors are duly elected and qualified;
2. To amend the Dyadic International, Inc. 2006 Stock Option Plan (the "2006 Stock Option Plan") to reserve and authorize for issuance an additional 2,000,000 shares of common stock underlying stock options which may be granted under the 2006 Stock Option Plan;
3. To ratify the selection of Goldstein Lewin & Co. as the Company's independent registered public accounting firm for the year ending December 31, 2009; and
4. To transact such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on October 21, 2009, are entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement thereof. The stock transfer books of the Company will remain open between the record date and the date of the meeting. A list of stockholders entitled to vote at the annual meeting will be available for inspection at the annual meeting and prior thereto at our principal executive offices.

All stockholders are cordially invited to attend the annual meeting in person. **Whether or not you expect to attend the annual meeting, please complete, date and sign the enclosed proxy and mail it promptly in the enclosed postage-paid envelope. If you are a holder of record, you may also cast your vote in person at the annual meeting. If your shares are held at a brokerage firm or bank, you must provide them with instructions on how to vote your shares.** Should you receive more than one proxy because your shares are registered in different names and addresses, each proxy should be signed and returned to ensure that all of your shares will be voted. You may submit your proxy and then later decide to attend the annual meeting to vote your shares in person. Your proxy is revocable in accordance with the procedures set forth in the attached proxy statement.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark A. Emalfarb', with a long, sweeping flourish extending to the right.

Mark A. Emalfarb
Chairman and Chief Executive Officer

Jupiter, Florida
November 11, 2009

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2009 ANNUAL MEETING OF STOCKHOLDERS

DECEMBER 9, 2009

PROXY STATEMENT

This proxy statement contains information related to the 2009 annual meeting of stockholders of Dyadic International, Inc., a Delaware corporation (the “Company,” “we,” “us” or “our”), to be held on Wednesday, December 9, 2009, at 10:00 a.m., local time, at the Doubletree Hotel located at 4431 PGA Boulevard, Palm Beach Gardens, Florida 33410, and at any adjournments or postponements thereof. The approximate date that this proxy statement, the accompanying notice of annual meeting and the enclosed form of proxy are first being mailed to stockholders is November 11, 2009. We are furnishing this proxy statement to stockholders of the Company as part of the solicitation of proxies by the Company’s board of directors for use at the annual meeting.

The Company’s common stock is not presently registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the “1934 Act”). As a result, the Company is not subject to the proxy rules. This proxy statement is being provided on a voluntary basis in order to describe the proposals to be voted on at the annual meeting and does not contain all of the information required by the proxy rules.

ABOUT THE ANNUAL MEETING

What is the purpose of the annual meeting?

At the annual meeting, we are asking stockholders:

- To elect two Class II directors, each for a term ending in 2012;
- To approve an amendment to the Dyadic International, Inc. 2006 Stock Option Plan (the “2006 Stock Option Plan”);
- To ratify the appointment of Goldstein Lewin & Co. (“Goldstein Lewin”) as our independent registered public accounting firm for the year ending December 31, 2009; and
- To transact such other business properly brought before the meeting and any adjournment or postponement of the meeting.

Who is entitled to notice of, and to vote at the annual meeting?

You are entitled to vote, in person or by proxy, at the annual meeting if you owned shares of our common stock as of the close of business (5:00 p.m. EST) on October 21, 2009, the record date of the annual meeting. On the record date, 30,181,561 shares of our common stock were issued and outstanding and held by 119 holders of record. Holders of record of our common stock on the record date are entitled to one vote per share at the annual meeting.

Who can attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, may attend. Please note that if you hold shares in “street name” (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

What shares may I vote?

You may vote all shares you owned as of the record date. These include (1) shares owned directly in your name as the stockholder of record and (2) shares held for you as the beneficial owner through a stockbroker, bank or other nominee.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Most of our stockholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those beneficially owned.

If our shares are registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, you are considered the stockholder of record with regard to those shares. As the stockholder of record, you have the right to grant your proxy directly to us to vote your shares on your behalf at the meeting or the right to vote in person at the meeting. We have enclosed or sent a proxy card for you to use.

If you hold our shares in a stock brokerage account or through a bank or other nominee, you are considered the beneficial owner of the shares held in “street name,” and these materials have been forwarded to you by your broker or nominee, which is considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the annual meeting so long as you bring a copy of a brokerage statement reflecting your ownership as of the record date. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting unless you obtain a signed proxy from your broker or nominee giving you the right to vote the shares. Your broker or nominee has enclosed or provided a voting instruction card for you to use to direct your broker or nominee how to vote these shares.

What constitutes a quorum?

If a majority of the shares of our common stock outstanding on the record date is represented either in person or by proxy at the annual meeting, a quorum will be present at the annual meeting. Shares held by persons attending the annual meeting but not voting, and shares represented in person or by proxy and for which the holder has abstained from voting, will be counted as present at the annual meeting for purposes of determining the presence or absence of a quorum.

A broker who holds shares in nominee or “street name” for a customer who is the beneficial owner of those shares may be prohibited from giving a proxy to vote those shares on any proposal to be voted on at the annual meeting without specific instructions from such customer with respect to such proposal. Accordingly, if a broker receives voting instructions from a customer with respect to one or more, but not all, of the proposals to be voted on at the annual meeting, the shares beneficially owned by such customer will not constitute “votes cast” or shares “entitled to vote” with respect to any proposal for which the customer has not provided voting instructions to the broker. These so-called “broker non-votes” will be counted as present at the annual meeting for purposes of determining whether a quorum exists.

How do I vote?

If you complete and properly sign and date the accompanying proxy card, and return it to us in the enclosed return envelope prior to the meeting, it will be voted as you direct. If you are a registered stockholder and you

attend the meeting, you may deliver your completed proxy card in person. "Street name" stockholders who wish to vote at the meeting will need to obtain a proxy from the broker or nominee that holds their shares.

All shares of our common stock represented by properly executed proxies received before or at the annual meeting will, unless revoked, be voted in accordance with the instructions indicated on those proxies. If no instructions are indicated on a properly executed proxy, the shares represented by such proxy card will be voted "FOR" the nominees for Class II directors, "FOR" the proposal to approve the amendment to the Company's 2006 Stock Option Plan, and "FOR" the proposal to ratify the appointment of Goldstein Lewin as our independent registered public accounting firm for 2009. You are urged to mark the box on your proxy to indicate how to vote your shares.

Can I vote by telephone or electronically?

If your shares are held in "street name," please check your proxy card or contact your broker or nominee to determine whether you will be able to vote by telephone or electronically.

If applicable, the deadline for voting by telephone or electronically will be 11:59 p.m., EDT, on December 8, 2009.

Can I change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy card, you may change your vote at any time before the proxy is exercised by filing with our Secretary either a notice of revocation or a duly executed proxy card bearing a later date. In such event, the later submitted vote will be recorded and the earlier vote revoked. The powers of the proxy holders will be suspended if you are a holder of record and attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

If your shares are held in "street name," you should contact the institution that holds your shares to change your vote.

What are the board's recommendations?

The board recommends a vote "FOR":

- each of the nominees for Class II directors;
- the proposal to approve the amendment to the 2006 Stock Option Plan; and
- the proposal to ratify the appointment of Goldstein Lewin as our independent registered public accounting firm for the year ending December 31, 2009.

Unless you give other instructions on your proxy card, the persons named as proxies on the proxy card will vote "FOR" each of the nominees for Class II directors and the other proposals.

We do not expect that any other matters will be brought before the annual meeting. If, however, other matters are properly presented, the persons named as proxies will vote the shares represented by properly executed proxies in accordance with their judgment with respect to those matters, including any proposal to adjourn or postpone the annual meeting. No proxy that is voted against all of the proposals will be voted in favor of any adjournment or postponement of the annual meeting for the purpose of soliciting additional proxies.

What vote is required to approve the proposal?

Proposal 1: Election of Class II Directors. The affirmative vote of a plurality of the votes cast, either in person or by proxy, at the annual meeting is required for the election of each of the Class II director nominees. You may vote "for" or "withheld" with respect to the election of one or more of the directors. Only votes "for" or

“withheld” are counted in determining whether a plurality has been cast in favor of a director. Abstentions are not counted for purposes of the election of directors, although they are counted for purposes of determining whether there is a quorum. Stockholders do not have the right to cumulate their votes for directors.

Proposal 2: Approval of Amendment to the 2006 Stock Option Plan. The affirmative vote of the holders of a majority of all shares casting votes, either in person or by proxy, at the annual meeting is required to approve the amendment to the 2006 Stock Option Plan. A properly executed proxy marked “abstain” with respect to this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

Proposal 3: Ratification of Appointment of Goldstein Lewin as our Independent Registered Public Accounting Firm. The affirmative vote of the holders of a majority of all shares casting votes, either in person or by proxy, at the annual meeting is required to ratify the appointment of Goldstein Lewin as our independent registered public accounting firm for the fiscal year ending December 31, 2009. We are not required to submit this matter to a vote of stockholders for ratification. However, our board of directors is doing so, based upon the recommendation of its audit committee, as a matter of good corporate practice. A properly executed proxy marked “abstain” with respect to this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

Other Items. In the event other items are properly brought before the annual meeting, the affirmative vote of a majority of the votes cast, either in person or by proxy, at the meeting will be required for approval. A properly executed proxy marked “abstain” with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

Who pays for the preparation of the proxy and soliciting proxies?

We will pay the cost of preparing, assembling and mailing the proxy statement and the accompanying notice of annual meeting and proxy card. In addition to the use of mail, our directors, officers and employees may solicit proxies by telephone or other electronic means or in person. These persons will not receive additional compensation for soliciting proxies. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of solicitation materials to the beneficial owners of stock held of record by these persons, and we will reimburse them for reasonable out-of-pocket expenses.

What should I have received to enable me to vote?

In addition to this proxy statement, you should have received the accompanying notice of annual meeting and proxy card. The mailing date of these materials is on or about November 11, 2009.

How can I obtain additional copies?

For additional copies of this proxy statement and the enclosed proxy card, please contact either our corporate office at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477, Attention: Heidi Zosiak, (561) 743-8333 or Continental Stock Transfer & Trust Company, 17 Battery Place, New York, NY 10004, telephone: (212) 509-4000.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

PROPOSAL 1: ELECTION OF CLASS II DIRECTORS

General

We have a staggered board of directors currently fixed at five members. Our board is divided into three classes: two Class I directors, two Class II directors and one Class III director. One class of each director is elected each year at our annual meeting of stockholders for an approximate three-year term. The terms of the Class II directors expire at the 2009 annual meeting.

The board of directors has nominated each of Frank Gerardi and Stephen J. Warner to stand for re-election as a Class II director, each for a term expiring in 2012.

We expect each nominee for election as a Class II director to be able to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the other nominee and may be voted for substitute nominees, unless the board of directors chooses to reduce the number of Class II directors serving on the board.

Vote Required

The affirmative vote of a plurality of the votes cast, either in person or by proxy, at the annual meeting by the holders of shares of our common stock entitled to vote at the annual meeting is required for the election of these nominees as Class II directors. You may vote "FOR" or "WITHHELD" with respect to the election of one or more directors. Only votes "FOR" or "WITHHELD" are counted in determining whether a plurality has been cast in favor of a director. Abstentions are not counted for purposes of the election of directors, although they are counted for purposes of determining whether there is a quorum. Stockholders do not have the right to cumulate their votes for directors.

Recommendation of the Board

The Company's board of directors recommends stockholders vote "FOR" the election of the two nominees as Class II directors.

Nominees for Election as Directors

The following information is given with respect to the nominees for election as Class II directors at the annual meeting, as of November 11, 2009.

Frank Gerardi, 64, has been on the Company's board of directors since June 2008. From February 2007 to the present, Mr. Gerardi has been a managing partner at QuantWorks, LLC, a registered investment advisor. From June 2003 to December 2006, Mr. Gerardi was the Chief Executive Officer of IGI, Inc. (now known as IGI Laboratories, Inc.), a publicly-traded company that engages in the development, manufacture, filling, and packaging of topical, semi-solid, and liquid products for pharmaceutical, cosmeceutical, and cosmetic companies. Mr. Gerardi has also served as the President of Univest Management, Inc., a management consulting company since 1986. Mr. Gerardi was a member of the New York Stock Exchange from 1969 to 1986.

Stephen J. Warner, 69, has been on the Company's board of directors since October 2004, and a director of our wholly owned subsidiary, Dyadic International (USA), Inc., a Florida corporation ("Dyadic-Florida"), since August 15, 2004. Mr. Warner is a director of Rock Energy Resources, Inc, a publicly-traded oil and gas production company in Houston Texas, UCT Coatings Inc., a private metal finishing technology company in Stuart, Florida, and AOI Medical, Inc., a medical device company in Orlando, Florida. Mr. Warner has over 30 years of venture capital experience. In 1981, Mr. Warner founded Merrill Lynch Venture Capital Inc., a wholly owned subsidiary of Merrill Lynch & Co. Inc. in New York and served as its President and Chief Executive Officer from 1981 to 1990. Under his leadership, Merrill Lynch Venture Capital managed over \$250 million and made over 50 venture capital investments. In 1999, Mr. Warner co-founded and became Chairman and CEO of Crossbow Ventures Inc. ("Crossbow") until 2004. Crossbow is a private equity fund that invests in early and expansion stage technology

companies primarily located in Florida and the Southeast, with over 20 venture capital investments in Florida. Mr. Warner earned a B.S. degree from the Massachusetts Institute of Technology and an MBA from the Wharton School of Business, University of Pennsylvania.

Directors Continuing in Office

The following information is provided with respect to the directors who are not nominees for election as directors at the 2009 annual meeting, as of November 11, 2009.

<u>Name</u>	<u>Age</u>	<u>Class</u>	<u>Term Expiring</u>	<u>Date of Appointment</u>
Mark A. Emalfarb	54	III	2010	6/20/08
Robert D. Burke, MD	54	I	2011	6/20/08
Seth J. Herbst, MD	52	I	2011	6/20/08

Mark A. Emalfarb, 54, is the founder of the Company. He has been a member of the Company's board of directors from October 2004 until the present, serving as its Chairman as well as President and Chief Executive Officer of the Company from October 2004 until April 2007 and as Chairman and Chief Executive Officer from June 2008 until the present. Mr. Emalfarb has been a member of the board of directors of Dyadic-Florida from its inception until the present, served as its President, Chief Executive Officer and Chairman from its inception until April 2007, and as Chairman and Chief Executive Officer since June 2008. Since founding Dyadic-Florida in 1979, Mr. Emalfarb has successfully led and managed the evolution of Dyadic-Florida from its origins as a pioneer and leader in providing ingredients used in stone-washing of blue jeans to the discovery, development, manufacturing and commercialization of specialty enzymes used in various industrial applications and the development of an integrated technology platform based on the Company's patented and proprietary C1 fungus. Mr. Emalfarb is an inventor of over 25 U.S. and foreign biotechnology patents and patent applications resulting from discoveries related to Dyadic-Florida's patented and proprietary C1 microorganism, and has been the architect behind its formation of several strategic research and development, manufacturing and marketing relationships with U.S. and international partners. Mr. Emalfarb earned his B.A. degree from the University of Iowa.

Robert D. Burke, MD, 54, has been on the Company's board of directors since June 2008 and is a board certified neuroradiologist. Dr. Burke is the founder and, since 1991, the President of Midtown Imaging, LLC, one of South Florida's leading imaging centers with multiple locations throughout Palm Beach County, Florida. From 1994 to 1996, Dr. Burke was the founder and President of U.S. Diagnostic Inc., a publicly-traded national diagnostic imaging company which under Dr. Burke's guidance grew from 30 to 300 million dollars in revenue and market capitalization. Dr. Burke serves on the board of directors of Stonegate Bank, a publicly-traded bank servicing Southeast Florida as well as the board of directors of the Palm Beach County Chapter of the Leukemia & Lymphoma Society. Dr. Burke earned his B.A. degree from the University of Louisville and his medical degree from the University of Louisville School of Medicine. Dr. Burke completed his radiology residency at the University of Chicago and a fellowship in neuroradiology at the University of Rochester.

Seth J. Herbst, MD, 52, has been on the Company's board of directors since June 2008 and is a board certified obstetrician/gynecologist who specializes in minimally invasive gynecologic surgery. Dr. Herbst is the founder and President of the Institute for Women's Health and Body, a community based OB/GYN practice with multiple locations in Palm Beach County, Florida. He is also the co-founder of Visions Clinical Research which performs extensive medical and surgical clinical trials throughout the United States. Dr. Herbst received his B.A. degree from American University and his medical degree from Universidad del Noreste School of Medicine in Tampico Mexico.

Our directors hold office for terms of approximately three years until the earlier of their death, resignation or removal or until their successors have been elected and qualified. Our officers are elected annually by the board of directors and serve at the discretion of the board. There are no family relationships among our directors and executive officers. Our above-listed directors have neither been convicted in any criminal proceeding during the past five years nor are parties to any judicial or administrative proceeding during the past five years that resulted in a judgment, decree or final order enjoining them from future violations of, or prohibiting activities subject to, federal

or state securities laws or a finding of any violation of federal or state securities laws or commodities laws. Similarly, no bankruptcy petitions have been filed by or against any business or property of any of our directors or officers, nor has any bankruptcy petition been filed against a partnership or business association in which these persons were general partners or executive officers, except that Dr. Seth Herbst was a partner in a company called Physician Billing Solutions, Inc. which filed for bankruptcy protection under Chapter 7 in December, 2007.

CORPORATE GOVERNANCE

The board of directors is committed to good business practices, transparency in financial reporting and the highest level of corporate governance. The board of directors, which is elected by the stockholders, is our ultimate decision-making body except with respect to those matters reserved to our stockholders. It selects the senior management team, which is charged with the conduct of our business. Having selected the senior management team, the board of directors acts as an advisor and counselor to senior management and ultimately monitors its performance.

Board Independence

We are not currently listed on any national securities exchange that has a requirement that the board of directors be independent. However, in evaluating the independence of its members and the composition of the committees of the board of directors, the board utilizes the definition of “independence” as that term is defined by United States Securities and Exchange Commission (“SEC”) rules.

We believe that Messrs. Burke, Gerardi, Herbst, and Warner qualify as “independent” directors, as that term is defined by SEC rules.

Stockholder Communications

Our board of directors believes that it is important for our stockholders to have a process to send communications to the board. Accordingly, stockholders desiring to send a communication to the board of directors, or to a specific director, may do so by delivering a letter to the Secretary of Dyadic at 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "stockholder-board communication" or "stockholder-director communication." All such letters must identify the author as the stockholder and clearly state whether the intended recipients of the letter are all members of our board of directors or certain specified individual directors. The Secretary will open such communications and make copies, and then circulate them to the appropriate director or directors.

Policy Concerning Director Attendance at Annual Meetings of Stockholders

While we encourage all members of our board of directors to attend our annual meetings of stockholders, there is no formal policy as to their attendance at such meetings.

Codes of Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. The Code of Business Conduct and Ethics is available at our website at www.dyadic.com.

Meetings and Committees of the Board

On June 30, 2008, all power and authority of all committees of the board of directors were restored to the board of directors and all such committees were dissolved. The board of directors has held three (3) meetings during 2009, and each of our directors attended at least seventy-five percent (75%) of the total number of meetings of the board of directors and committees (if any) on which he served. The board of directors has re-established an audit committee, a compensation committee and a conflicts committee. The audit committee has a written charter which can be found on our website at www.dyadic.com. Currently, Messrs. Gerardi, Burke, and Warner are the members of the audit committee, with Mr. Gerardi serving as its Chairman. The Company has also engaged

Advanced Financial Solutions, LLC, an outside accounting and financial consultant, to serve as the financial expert on the Audit Committee. Messrs. Burke and Gerardi are members of the compensation committee and Messrs. Herbst and Warner are the members of the conflicts committee.

Audit Committee. The audit committee has oversight responsibility for quality and integrity of our consolidated financial statements. The committee meets privately with members of our independent registered public accounting firm, has the sole authority to retain and dismiss the independent registered public accounting firm and reviews their performance and independence from management. The independent registered public accounting firm has unrestricted access and reports directly to the audit committee. The primary functions of the audit committee are to oversee: (i) the audit of our consolidated financial statements and (ii) our internal financial and accounting processes.

Compensation Committee. The compensation committee is responsible for reviewing and approving all compensation arrangements for our executive officers and is also responsible for administering our equity compensation plans.

Conflicts Committee. The purpose of the conflicts committee is to assess, with the power and authority to resolve on behalf of the Company, all pending and future claims between the Company and any of Mark A. Emalfarb, the Company's Chief Executive Officer, his spouse, descendants and any and all trusts under which Mr. Emalfarb, his spouse or any of his descendants is a beneficiary.

Compensation of Directors

In January 2005, our board of directors adopted a director compensation policy. Directors who are also employees or officers of the Company or any of its subsidiaries do not receive any separate compensation as a director. Non-employee directors receive a \$2,000 monthly cash retainer and stock options to purchase shares of our common stock under the 2006 Stock Option Plan. The chairman of the audit committee receives an additional \$800 monthly cash retainer. All non-employee directors also are reimbursed for their reasonable travel costs related to attendance at board and committee meetings. Upon joining our board, a non-employee director receives a stock option to purchase 30,000 shares of the Company's common stock at an exercise price equal to the fair market value of the stock on the date of grant. Twenty-five percent (25%) of these options vest upon grant, while the remaining portion vests in equal installments over a four-year period subject to the director's continued service. The stock options generally expire ten years from the date of grant or earlier in the event of certain grants of incentive stock options or in the event service as a director ceases. At the beginning of each year, non-employee directors will receive additional stock options to purchase 25,000 shares of our common stock, or a pro rata portion based on the number of months that the director served on the board of directors during the preceding year, subject to the same vesting provisions and other conditions as described above. On November 12, 2008, all of the members of the board of directors received a stock option to purchase 250,000 shares of the Company's common stock at an exercise price of \$.15 per share (\$.16 per share with respect to Mr. Emalfarb) based on the fair market value of the Company's common stock which generally contains the same terms and conditions as the other stock options granted to directors described above.

Executive Officers

The following table presents information with respect to the Company's executive officers and key employees as of November 11, 2009.

Name	Age	Position
Executive Officers:		
Mark A. Emalfarb	54	Chairman of the Board, Chief Executive Officer
Adam J. Morgan	44	Vice President General Counsel & Business Development, Secretary
Key Employees:		
Richard H. Jundzil	37	Director of Development and Quality
Brian E. Murdoch	34	Director of Sales & Marketing

Adam J. Morgan, 44, has been our Vice President General Counsel & Business Development and Secretary since joining the Company in January 2009. From December 2004 until October 2008, Mr. Morgan served as President, Chief Operating Officer and Secretary of Advance Publishers, L.C., a private distributor of licensed books and accessories in Maitland, Florida, and Executive Vice President from December 2003 through November 2004. From May 1996 to August 2003, Mr. Morgan served in various legal and business capacities for Rexall Sundown, Inc. (“Rexall”), a publicly-traded and later, privately held, manufacturer and distributor of vitamins and nutritional supplements including as Vice President New Business Development from July 2001 until August 2003. From May 1996 until July 2001, he served in various legal capacities of increasing responsibility for Rexall including, most recently, as Vice President-Legal Affairs and Assistant General Counsel. From 1990 until 1996, Mr. Morgan practiced law for several private law firms where he specialized in general corporate and securities law. Mr. Morgan earned his B.A. degree from Duke University and his law degree from the University of Connecticut School of Law. He is admitted to practice law in the States of Connecticut, Florida and New York.

Richard H. Jundzil, 37, has been our Director of Development & Quality since September 2008 and has held various laboratory, quality and regulatory positions of increasing responsibility since joining the Company in August 2003. Mr. Jundzil has more than 16 years of quality and operations experience in the biotechnology industry. Mr. Jundzil also is able to use his significant experience utilizing process engineering and project management fundamentals while managing the production and distribution of the Company’s various enzyme products. Prior to joining the Company, Mr. Jundzil worked for ten years at Genzyme Corporation as both a researcher and process engineer producing enzymes for patients with rare genetic diseases. Mr. Jundzil earned his B.A. degree in biotechnology sciences from Boston University.

Brian E. Murdoch, 34, has been our Director of Sales and Marketing since September 2008 and joined the Company in January 2005. Mr. Murdoch was initially responsible for managing Dyadic's pulp and paper enzymes business and is now responsible for all of the Company’s industrial enzyme markets. Prior to joining the Company, Mr. Murdoch was a Process Engineer with Dutton Engineering, a private design firm in Greenville, South Carolina from 2003 to 2005. Prior to that, Mr. Murdoch worked for five years in technical sales positions at Enzymatic Deinking Technologies (EDT), a private enzyme distributor in Norcross, Georgia. Mr. Murdoch earned his B.S degree in biochemistry with a minor in chemistry from Clemson University.

PROPOSAL 2: AMENDMENT TO 2006 STOCK OPTION PLAN

General

On April 19, 2006, our board of directors adopted the 2006 Stock Option Plan which was subsequently approved by a majority of the Company’s stockholders on June 12, 2006. The purpose of the 2006 Stock Option Plan is to retain and attract key management, employees, nonemployee directors and consultants by providing those persons with a proprietary interest in the Company. The Company does not believe that the current number of shares authorized under the 2006 Stock Option Plan is adequate for the Company's needs. At the annual meeting, stockholders will be asked to approve an amendment to the 2006 Stock Option Plan, to reserve and authorize for issuance under the 2006 Stock Option Plan an additional 2,000,000 shares of common stock underlying stock options.

The 2006 Stock Option Plan, when adopted, authorized 2,700,000 shares of common stock underlying stock options. There are currently 2,246,750 outstanding options under the 2006 Stock Option Plan exercisable for the purchase of 2,246,750 shares of common stock. Another 1,250 options have been issued and exercised under the 2006 Stock Option Plan for the purchase of 1,250 shares of common stock.

The 2006 Stock Option Plan is not subject to any provision of the Employee Retirement Income Security Act of 1974, as amended, and is not qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”).

Plan Administration. The compensation committee of our board of directors serves as the “plan administrator” of the 2006 Stock Option Plan. The compensation committee is authorized to:

- select persons eligible to receive awards of stock options;
- determine the type of stock option and number of shares as to which the stock option relates;
- specify times at which such stock options will be exercisable (including performance conditions that may be required to be satisfied as a condition to exercisability);
- set other terms and conditions of stock option awards;
- prescribe forms of stock option award agreements;
- interpret and specify rules and regulations relating to the 2006 Option Plan; and
- make all other decisions and determinations as the compensation committee may deem necessary or advisable for the administration of the 2006 Stock Option Plan.

Eligibility. All of the Company's and its subsidiaries' officers, employees and directors, and certain consultants determined by the compensation committee to be "Key Advisors" are eligible to be granted options under the 2006 Stock Option Plan.

Types of Options. The 2006 Stock Option Plan provides for the grant of stock options intended to qualify as incentive stock options ("ISOs") under Section 422 of the Code, to employees of us and our subsidiaries and non-statutory stock options ("NSOs," and together with "ISOs," collectively, "options") to directors, employees and Key Advisors to us and our subsidiaries.

Exercise Prices and Exercisability. The exercise price for options cannot be less than the fair market value of our common stock on the date the option is granted, except for ISOs granted to 10% stockholders, which must have an exercise price of not less than 110% of the fair market value of our common stock on the date the option is granted. ISOs have a maximum term of ten years, except for 10% stockholders who are subject to a maximum term of five years. Options are not transferable other than by will and the laws of descent and distribution. Options generally expire not later than ninety (90) days following a termination of employment, 12 months following the optionee's disability, or not later than 12 months following the optionee's death. In the administration of the 2006 Stock Option Plan, the compensation committee is proscribed from taking any action which would have the effect of causing the provisions of Section 409A of the Code to apply.

Options shall vest and become exercisable as determined by the compensation committee. The exercise price for an option is payable in (a) cash, (b) with the approval of the compensation committee, by delivering shares of our common stock owned by the optionee (including shares acquired in connection with the exercise of an option) and having a fair market value on the date of exercise equal to the exercise price or to the ownership of shares having a fair market value on the date of exercise equal to the exercise price, (c) payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve, or (d) by such other method as the compensation committee may approve.

If a participant's employment or relationship with the Company is terminated, the participant (or his or her designated beneficiary or estate representative in the case of death) may exercise his or her option within such period of time as is specified in the option agreement to the extent that the option is vested on the date of termination. In the absence of a specified time in the option agreement, the option will remain exercisable for three months following the date of termination, except in the case where termination is as a result of disability or death, in which case the option will remain exercisable for 12 months following the date of termination or death.

Shares Available For Option Grants. Subject to adjustment as provided below, there are presently 452,000 shares of our common stock reserved and remaining for issuance under the 2006 Stock Option Plan. The maximum number of shares which may be the subject of an option grant to any individual in a single year is 1,200,000 shares. If a stock option expires or is terminated or canceled without having been exercised or settled in full, the terminated portion of the option will become available for future grant under the 2006 Stock Option Plan (unless the 2006 Stock Option Plan has been terminated). If the exercise or purchase price of an option is paid for through the tender of shares, or withholding obligations are met through the tender or withholding of shares, those shares tendered or withheld will again be available for issuance under the 2006 Stock Option Plan.

Amendment and Termination of the Option Plan. The 2006 Stock Option Plan will automatically terminate in 2016. In addition, the 2006 Stock Option Plan may be amended or terminated by our board of directors, except that no amendment may be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement.

Change in Control. The compensation committee enjoys discretion with respect to the treatment of outstanding options upon the occurrence of a “Change in Control.” The term “Change in Control” is defined under the 2006 Stock Option Plan to mean:

- a sale of all or substantially all of our assets or our liquidation or dissolution;
- a merger or consolidation in which our stockholders immediately prior to the transaction own less than a majority of the voting securities of the surviving corporation;
- the sale or disposition of assets equal to or greater than 40% of the total gross fair market value of the assets of the Company immediately prior to such sale or disposition; or
- any person (other than our existing stockholders who beneficially own, directly or indirectly, more than 20% of the voting power of our outstanding shares of common stock) coming to own more than 50% of the voting power of our outstanding shares of common stock.

If the Company is not the surviving corporation in a change in control (or survives only as a subsidiary of another corporation), unless the compensation committee determines otherwise, all outstanding options that are not exercised shall be assumed by, or replaced with comparable options or rights by the surviving corporation (or a parent of the surviving corporation). However, the compensation committee may instead take any of the following alternative courses of action at that time:

- determine that outstanding options shall automatically accelerate and become fully exercisable;
- require that optionees surrender their outstanding options in exchange for a payment by the Company, in cash or shares as determined by the compensation committee, in an amount equal to the amount by which the then fair market value of the Company’s shares subject to the optionee’s unexercised options exceeds the exercise price of the options; or
- after giving optionees an opportunity to exercise their outstanding options, terminate any or all unexercised options at such time as the compensation committee deems appropriate.

Federal Income Tax Consequences

The following discussion of certain relevant federal income tax consequences applicable to stock options granted under the 2006 Stock Option Plan is a brief summary only and reference is made to the Code and the regulations and interpretations issued thereunder for a complete statement of all relevant federal tax consequences. This summary is not intended to be exhaustive and does not address state, local or foreign tax consequences.

Inapplicability of Section 409A. Section 409A of the Code does not apply to the 2006 Stock Option Plan because by its terms, no options granted under the 2006 Stock Option Plan will provide for the deferral of compensation (i.e., each option grant will meet the following three conditions: (i) the exercise price is required to be not less than the fair market value of the underlying shares of our common stock on the grant date; (ii) the number of shares subject to the option are required to be fixed on the date of grant; and (iii) the option cannot include any feature for the deferral of compensation).

Incentive Stock Options. ISOs are intended to be eligible for the favorable federal income tax treatment accorded “incentive stock options” under the Code. There generally are no federal income tax consequences to the optionee or the Company by reason of the grant or exercise of an ISO. However, the exercise of ISOs may increase the optionee’s alternative minimum tax liability, if any.

If an optionee holds stock acquired through exercise of an ISO for at least two years from the date on which the option is granted and at least one year from the date on which the shares are transferred to the optionee upon exercise of the option, any gain or loss on a disposition of such stock will be long-term capital gain or loss. Generally, if the optionee disposes of the stock before the expiration of either of these holding periods (a

“disqualifying disposition”), at the time of disposition, the optionee will realize taxable ordinary income equal to the lesser of (a) the excess of the stock’s fair market value on the date of exercise over the exercise price, or (b) the optionee’s actual gain, if any, on the purchase and sale. The optionee’s additional gain, or any loss, upon the disqualifying disposition will be a capital gain or loss. Capital gains currently are generally subject to lower tax rates than ordinary income. Slightly different rules may apply to optionees who acquire stock subject to certain repurchase options.

To the extent the optionee recognizes ordinary income by reason of a disqualifying disposition, we will generally be entitled (subject to the requirement of reasonableness and the satisfaction of a tax reporting obligation) to a corresponding business expense deduction in the tax year in which the disqualifying disposition occurs.

Non-Statutory Stock Options. Generally, there are no tax consequences to the optionee or us by reason of the grant of an NSO. Upon exercise of an NSO, the optionee normally will recognize taxable ordinary income equal to the excess of the stock’s fair market value on the date of exercise over the option exercise price. Generally, with respect to employees, the Company is required to withhold payroll and income taxes from regular wages or supplemental wage payments in an amount based on the ordinary income recognized. Subject to the requirement of reasonableness and the satisfaction of a reporting obligation, we will generally be entitled to a business expense deduction equal to the taxable ordinary income realized by the optionee. Upon disposition of the stock, the optionee will recognize a capital gain or loss equal to the difference between the selling price and the purchase price (to the extent not recognized as taxable income as described above). Slightly different rules may apply to optionees who acquire stock subject to certain repurchase options or who are subject to Section 16(b) of the 1934 Act.

Vote Required

The affirmative vote of the holders of a majority of all shares casting votes, either in person by proxy, at the annual meeting is required to approve the amendment to the 2006 Stock Option Plan. A properly executed proxy marked “ABSTAIN” with respect to this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

Recommendation of the Board

Dyadic’s board of directors recommends that stockholders vote “FOR” the amendment to the 2006 Stock Option Plan.

PROPOSAL 3: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Goldstein Lewin audited our consolidated financial statements for the years ended December 31, 2008 and 2007. We had no disagreements with Goldstein Lewin on accounting and financial disclosures. The audit committee has appointed Goldstein Lewin to serve as our independent registered public accounting firm for the year ending December 31, 2009.

We are not required to submit the appointment of our independent registered public accounting firm to a vote of our stockholders for ratification. However, the audit committee has recommended that our board submit this matter to stockholders as a matter of good corporate practice. If stockholders fail to ratify the appointment, the audit committee will reconsider whether to retain Goldstein Lewin, and may retain that firm or another without re-submitting the matter to our stockholders. Even if our stockholders ratify the appointment, the audit committee may, in its discretion, direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be advisable and in the best interests of us and our stockholders.

We expect representatives of Goldstein Lewin to be present at the annual meeting. They will have the opportunity to make a statement if they desire to do so, and we expect them to be available to respond to appropriate questions.

Vote Required

The affirmative vote of the holders of a majority of all shares casting votes, either in person or by proxy, at the annual meeting is required to ratify the appointment of Goldstein Lewin as our independent registered public accounting firm for the year ending December 31, 2009. A properly executed proxy marked "ABSTAIN" with respect to this proposal will not be voted, although it will be counted for purposes of determining whether there is a quorum. Abstentions and broker non-votes will have the same effect as a vote against this proposal.

Recommendation of the Board

The Company's board of directors unanimously recommends a vote "FOR" this proposal.

STOCKHOLDER PROPOSALS FOR 2010 ANNUAL MEETING

Any proposal that a stockholder intends to present at the 2010 annual meeting of stockholders must be submitted to the Secretary of the Company at its offices, 140 Intracoastal Pointe Drive, Suite 404, Jupiter, Florida 33477, no later than March 1, 2010, in order to be considered for inclusion in the Proxy Statement relating to that meeting.

If a stockholder of the Company wishes to present a proposal before the 2010 annual meeting of stockholders and the Company has not received notice of such matter prior to March 1, 2010, the Company shall have discretionary authority to vote on such matter, if the Company includes a specific statement in the proxy statement or form of proxy to the effect that it has not received such notice in a timely fashion.

OTHER MATTERS

We know of no other matters that will be presented for consideration at the annual meeting. If any other matters properly come before the annual meeting, it is the intention of the proxyholders to vote the shares they represent as our board of directors may recommend. Discretionary authority with respect to such other matters is granted by the execution of the enclosed proxy. It is important that you return your proxy promptly and that your shares be represented. You are urged to mark, date, sign and return the enclosed proxy in the accompanying reply envelope.

DYADIC INTERNATIONAL, INC.

Dated: November 11, 2009
Jupiter, Florida