

HEMISPHERX BIOPHARMA INC
Form DEF 14A
August 10, 2015

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

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Solicitation Material Pursuant to Rule 14a-11(c) or rule 14a-12

Hemispherx Biopharma, Inc.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - 1) Title of each class of securities to which transaction applies:
 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
 - 4) Proposed maximum aggregate value of transaction:
 - 5) Total fee paid:
- Fee paid previously with preliminary materials.

..
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

August 10, 2015

Dear Stockholder:

You are cordially invited to attend Hemispherx Biopharma, Inc.'s Annual Meeting of Stockholders at the Embassy Suites Hotel, 1776 Benjamin Franklin Parkway, Philadelphia Pennsylvania 19103, on Wednesday, September 16, 2015 at 10:00 a.m. (local time).

Included with this letter is a Notice of the 2015 Annual Meeting of Stockholders and the proxy statement. Please review this material for information about the nominees named in the proxy statement for election as Directors and the Company's appointed independent registered public accounting firm.

The Company is requesting the flexibility to allocate a part of the restricted shares of common stock, 60 million shares, so that we may achieve our goals related to manufacturing, R&D, clinical activities, regulatory approvals and sales. Such flexibility allows us to cover our operational expenses until such time as we can generate substantial revenues from sales. If we are able to reach a point where our operational expenses are covered by sales, we do not plan on utilizing the unrestricted shares for raising capital unless it is related to acquisitions or major expenditures, and with Board approval. The Board strongly believes it is appropriate to have further financial flexibility in light of several significant advancements over the past two years.

With regard to Alferon N Injection®, manufacturing facility construction is now complete and operational implementation of the facility is underway. While subject to a series of FDA approvals of the renovation and manufacturing upgrades, as well as numerous potential obstacles, we must prepare for the costs expected once manufacturing resumes in our expanded facility. Also, we believe that various investment opportunities may exist in other disease areas or geographic regions once we have a commercial stream of Alferon N available. For example, in Argentina Alferon N has been approved for all diseases in refractory uses, e.g., Hepatitis C, where the synthetic alpha interferons become refractory. An effort to obtain approval of the expanded therapeutic scope of Alferon N for other diseases treatable where patients become refractory with recombinant alpha interferons will be a priority for our natural interferon product. Having the critical flexibility of more common shares for fund raising purposes would allow us to:

- Get our manufacturing facility into FDA compliance and up and running with regard to Alferon N Injection® and Ampligen®;
- Support costs necessary to seek and gain FDA and/or EMA approvals for Ampligen® for CFS and for Ebola;
- Provide additional working capital and money for operational activities, enhanced research and development and capital expenditures to procure raw materials, supplies, labor and other items for our New Brunswick manufacturing facility;
- and/or
- Potentially establish our own sales and marketing capability, expand our manufacturing capacity and conduct a complete market analysis, giving us the tools to brand our products and work with insurance companies to ensure reimbursement at launch.

Any or all of these potential uses of proceeds would be incorporated into a final fundraising plan that would be approved by the Board of Directors.

Accordingly, we ask that you approve Proposal No. 4, and authorize removal of restrictions from the requested 60 million shares.

Next, we would like to discuss our executive compensation practices, for purposes of asking for your favorable vote for the non-binding item known as “Say on Pay”. While non-binding, we are striving to seriously consider stockholder input and maintain an efficient executive compensation plan, all the while incentivizing accomplishment of our critical commercial goals. In the BioTech R&D industry, the development of sophisticated and complex immune therapies is, in and of its self, a complex and high risk undertaking requiring highly specialized and highly educated medical, scientific and business executives as a part of the team. These issues are further complicated by the risks and unpredictable timing associated with the government approvals required for commercial therapies. Our executive team has achieved through multitasking, at the very top, significant savings by taking on multiple executive roles and thereby achieving savings of hundreds of thousands of dollars per year for each of the key positions. For example, Thomas Equels serves as our top operational and executive officer under my direction, he is also our General Counsel who has not only supervised litigation activities but in certain cases actually tried cases, such as our successful jury verdict in the multi-million dollar claim brought by Midsouth in federal court in Atlanta, Georgia last year. He also has assumed all of the roles, except for Chief Accounting Officer, and the job descriptions of our former CFO/CAO and former Sr. VP for Finance, with no increase in compensation. Our Controller, Adam Pascale, CPA, similarly has assumed the additional role of Chief Accounting Officer, with a small but not material increase in compensation. These savings from executive multitasking alone can reasonably be estimated at over \$500,000 annually. In the same vein, I serve as the company’s CEO and Chief Science Officer. I am also directly in charge of manufacturing and product research and development. Our team is hands on in all respects.

Further, both management and the Board have expressed a willingness to convert certain cash components of top executive performance and incentive bonuses to include a substantial stock component, in lieu of cash, assuming approval of the stock plan addressed below.

For all of these reasons, we respectfully ask for your favorable vote on “Say on Pay.”

Finally, one of the critical components in our future executive and employee compensation plan is to maximize long term incentives. That is best done using common stock, in lieu of cash, as a long term incentive. However, we do not have sufficient shares of common stock authorized in our existing plan to use common stock as an incentive in lieu of cash. Stock awards to executives require stockholder approval typically through a plan such as the existing one approved by you in 2009. We need you to authorize additional shares, 7,000,000, to this plan if we are to going to be able to use common stock as a component of performance and incentive bonuses instead of cash. To further strengthen the incentives, the plan will require all options to vest over a three year incremental term (current issued plan options vest after only one year); revise the definition of “change of control” to trigger accelerated vesting upon the consummation (rather than stockholder approval) of certain mergers, consolidations and sales of all or substantially all of our assets; and make it clearer that there is a “double trigger” required to accelerate vesting upon a change of control (i.e., in addition to the happening of a change of control, the holder of the option must be terminated other than for cause within a two year period after the change of control). Management and the Board are committed to renewing existing employment agreements to do so, providing sufficient shares are made available to achieve this goal. Accordingly we ask for your favorable vote on Proposal No. 5 in the proxy.

Details regarding Executive Officer and Director Compensation, corporate governance matters, and the business to be conducted at the Annual Meeting are also described in the enclosed materials.

Whether or not you plan to attend the annual meeting, please cast your vote, at your earliest convenience, as instructed in the Notice of Internet Availability of Proxy Materials or in the proxy card. Your vote is very important. Your vote before the annual meeting will ensure representation of your common shares at the annual meeting even if

you are unable to attend. We look forward to sharing more information with you about Hemispherx Biopharma and the value of your investment at the annual meeting.

Sincerely,
/s/ William A. Carter
William A. Carter
Chief Executive Officer and Chairman of the Board

August 10, 2015

Dear Stockholder,

On behalf of Management and the Board of Directors of Hemispherx Biopharma, I would like to remind you regarding our Shareholder Open House (see our Press Release of July 27, 2015 <http://www.hemispherx.net/content/investor/default.asp?goto=832>) at the Hemispherx Manufacturing and Development Center in New Brunswick, New Jersey on August 25, 2015 at 10:00 a.m. Our facility is located at 783 Jersey Ave, New Brunswick, NJ 08901, USA, GPS Coordinates: Latitude: 40.471614 | Longitude: -74.476833. We are pleased to present this opportunity to our stockholders as it gives us the chance to show our progress over the past two years. It is not uncommon for companies to talk about their accomplishments. But, as they say, ‘seeing is believing.’ Our progress toward completion of our upgraded manufacturing facility is a very significant milestone in our quest to transition from being solely a development stage company to a commercial company. I can say with pride that our hardworking team of doctors, scientists, manufacturing and business professionals have applied modern technology to make what we believe will be a breakthrough in the production of natural multi-species human alpha interferon. We want you, the owners, to see the fruits of our labors.

The facility has completed more than \$8 million in equipment upgrades such as the new bioreactor systems. The total manufacturing upgrade investment is over \$15 million. We anticipate that these Alferon upgrades will accommodate both a much higher volume production capacity and a far more cost effective manufacturing process for the production of Alferon N Injection®, the only FDA-approved natural alpha interferon. These improvements are critical for marketing a cost effective Alferon. Hemispherx believes that this “state of the art” technology will lead to lower expense, enhanced yields, real-time monitoring, flexibility for tailored batch sizes, and improved operational safety. The facility also houses the Company’s Ampligen® manufacturing facility. The progress we have made emphasizes the importance for the approval of the request to allocate and utilize already authorized shares for fund raising so our commercial success is not impeded by insufficient operating capital to finish and capitalize upon these great strides forward. Accordingly, I urge you to please vote in favor of Proposal #4 on the ballot.

The open house will begin with a brief welcome and presentation by me, your Executive Vice Chairman, Chief Financial Officer, Secretary and General Counsel. Afterwards, our top manufacturing executives will lead small groups on a guided tour. Our processes are confidential and proprietary. Due to security issues all attendees at the Shareholder Open House must RSVP in advance and provide basic personal information to obtain security clearance. Please contact Charles Jones at (305) 987-7418 or cjones@cjonespr.com. No photography will be allowed to protect our novel proprietary manufacturing processes and advanced applied technologies.

I look forward to meeting you at our plant and showing you, in tangible terms, what Hemispherx is doing to build shareholder value for your future.

Sincerely,

/s/ Thomas K. Equels

Thomas K. Equels

Secretary and Executive Vice Chairman of the Board

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON SEPTEMBER 16, 2015

This proxy statement and our 2014 Annual Report on Form 10-K and our March 31, 2015 Quarterly Report on Form 10-Q 2015 are available at <http://www.hemispherx.net/content/investor/annualmeeting.asp>.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON SEPTEMBER 16, 2015

Date: September 16, 2015

Time: 10:00 a.m., Eastern Daylight Savings Time.

Place: Embassy Suites Hotel, 1776 Benjamin Franklin Parkway, Philadelphia Pennsylvania 19103.

Purposes:

1. To elect five members to the Board of Directors of Hemispherx to serve until their respective successors are elected and qualified;
2. To ratify the selection by Hemispherx's Audit Committee of McGladrey LLP, independent registered public accountants, to audit the financial statements of Hemispherx for the year ending December 31, 2015;
3. To approve, by non-binding vote, executive compensation;
4. To permit the Board of Directors to allocate and utilize up to 60,000,000 shares of common stock for fundraising purposes to enhance financial flexibility;
5. To approve the proposed amendment of the Hemispherx 2009 Equity Incentive Plan primarily to increase the number of shares authorized under the Plan; and
6. To transact such other matters as may properly come before the meeting or any adjournment thereof.

Who Can Vote: Stockholders of record at the close of business on Friday, August 4, 2015.

How Can You Vote: You may cast your vote via mail, telephone or the Internet. You may also vote in person at the annual meeting.

Who May Attend: All stockholders are cordially invited to attend the annual meeting.

By Order of the Board of Directors

\s\ Thomas K. Equels

Thomas K. Equels

Secretary and Executive Vice Chairman of the Board

Philadelphia, Pennsylvania
August 10, 2015

YOUR VOTE IS IMPORTANT

We urge you to promptly vote your shares by completing, signing, dating and returning your proxy card in the enclosed envelope, or voting by Internet.

We encourage you to take advantage of Internet voting.

It is available 24 hours a day, 7 days a week

QUICKÇEASYÇIMMEDIATE

PROXY STATEMENT

HEMISPHERX BIOPHARMA, INC.

1617 JFK Boulevard

Philadelphia, Pennsylvania 19103

INTRODUCTION

This proxy statement is furnished in connection with the solicitation of proxies for use at the annual meeting of stockholders of Hemispherx Biopharma, Inc. (“Hemispherx”, “we” or “us”) to be held on Wednesday, September 16, 2015, and at any adjournments (the “Annual Meeting”). The accompanying proxy is solicited by the Board of Directors of Hemispherx and is revocable by the stockholder by notifying Hemispherx’s Corporate Secretary at any time before it is voted, or by voting in person at the Annual Meeting. This proxy statement and the accompanying proxy are being distributed to stockholders beginning on or about August 10, 2015. The principal executive offices of Hemispherx are located at 1617 JFK Boulevard, Suite 500, Philadelphia, Pennsylvania 19103, telephone (215) 988-0080.

Important Notice Regarding the Availability of Proxy Materials for the 2015 Annual Meeting of Stockholders To Be Held on September 16, 2015

This proxy statement, our 2014 Annual Report on Form 10-K and our March 31, 2015 Quarterly Report on Form 10-Q are available electronically at <http://www.hemispherx.net/content/investor/annualmeeting.asp>.

Rules adopted by the Securities and Exchange Commission (“SEC”) allow companies to send stockholders a notice of Internet availability of proxy materials, rather than mail them full sets of proxy materials. This year, we chose to mail full packages of materials to stockholders. However, in the future we may take advantage of the Internet distribution option. If, in the future, we choose to send such notices, they would contain instructions on how stockholders can access our notice of annual meeting and proxy statement via the Internet. It would also contain instructions on how stockholders could request to receive their materials electronically or in printed form on a one-time or ongoing basis.

PROXY SOLICITATION AND COSTS

Hemispherx has borne the cost of preparing, assembling and mailing this proxy solicitation material along with related communication with stockholders. Hemispherx may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to beneficial owners. Proxies may be solicited by certain of Hemispherx’s Directors, Officers and employees, without additional compensation, personally, by telephone or by facsimile. We have hired the firm of Morrow & Company LLC to assist in the solicitation of proxies on behalf of the Board of Directors. Morrow & Company LLC has agreed to perform this service for a proposed fee of \$9,000 plus out-of-pocket expenses. The total estimated cost of this solicitation is approximately \$75,000.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Why am I receiving these proxy materials?

You received these proxy materials because you are a Stockholder of the Company. The Board is providing these proxy materials to you in connection with the Company’s Annual Meeting to be held on September 16, 2015. As a

Stockholder of the

Company, you are entitled to vote on the important proposals described in this proxy statement. Since it is not practical for all Stockholders to attend the Annual Meeting and vote in person, the Board is seeking your proxy to vote on these matters.

What is a proxy?

A proxy is your legal designation of another person (“proxy”) to vote the common shares you own at the Annual Meeting. By completing and returning the proxy card(s), which identifies the individuals or trustees authorized to act as your proxy, you are giving each of those individuals authority to vote your common shares as you have instructed. By voting via proxy, each Stockholder is able to cast his or her vote without having to attend the Annual Meeting in person.

Why did I receive more than one proxy card?

You will receive multiple proxy cards if you hold your common shares in different ways (e.g., different names, trusts, custodial accounts, joint tenancy, etc.) or in multiple accounts. If your common shares are held by a broker or bank (i.e., in “Street Name”), you will receive your proxy card and other voting information directly from your brokerage firm, bank, trust, or other nominee. It is important that you complete, sign, date and return each proxy card you receive, or vote using the telephone, or by using the Internet as described in the instructions included with your proxy card(s).

Do I have to attend the meeting to vote?

No. If you want to have your vote count at the meeting, but not actually attend the meeting in person, you may vote by granting a proxy or, for shares held in street name, by submitting voting instructions to your broker or nominee. In most instances, you will be able to do this over the Internet or by mail.

In the United States if you are not in possession of your voting proxy or instruction form, please contact your broker or bank for assistance in obtaining a duplicate control number.

Do Europeans holding Company Common Stock have to vote a different way?

Yes. Europeans must contact their custodian bank or broker directly as European banks and brokerage houses do not necessarily forward the Proxy materials to stockholders. As we are a Delaware corporation, there is no need for your bank or brokerage house to block your shares. Banks and brokerage houses simply need to certify the number of shares owned by their clients on August 4, 2015, the record date, and cast votes on your behalf by September 15, 2015 (7 p.m. US EDT).

The proxy materials are available at: <http://www.hemispherx.net/content/investor/annualmeeting.asp>.

What is the record date and what does it mean?

The Board established August 4, 2015 as the record date for the Annual Meeting of Stockholders to be held on September 16, 2015. Stockholders who own common shares of the Company at the close of business on the record date are entitled to notice of and to vote at the Annual Meeting.

What is the difference between a “Registered Stockholder” and a “Street Name Stockholder”?

These terms describe how your common shares are held. If your common shares are registered directly in your name with Continental Stock Transfer & Trust Company (“CST”), the Company’s transfer agent, you are a “Registered Stockholder”. If your common shares are held in the name of a brokerage, bank, trust, or other nominee as a custodian, you are a “Street Name Stockholder”.

How many common shares are entitled to vote at the Annual Meeting?

As of the record date, there were approximately 246,886,840 shares of common stock, par value \$0.001 per share outstanding and entitled to vote at the Annual Meeting. Each share is entitled to one vote on all matters.

How many votes must be present to hold the Annual Meeting?

For the 2015 Annual Meeting, after consultation with our proxy advisory firm and due to low voter turnout experienced in the past, our Board of Directors has amended our By-Laws to reduce the quorum solely for our 2015 annual stockholders' meeting from 50% to 40%. If we are unable to obtain a quorum at the Annual Meeting, it will need to be postponed. As a result, at least 40% of the Company's outstanding common shares as of the August 4, 2015 record date must be present in person or by proxy in order for the Company to hold the Annual Meeting. This percentage of the Company's outstanding common shares is referred to as a quorum.

For purposes of determining whether a quorum is present, each common share is deemed to entitle the holder to one vote per share. Properly signed proxies that are marked "abstain" are known as "abstentions." Common shares that are held in street name and not voted on one or more of the items before the Annual Meeting, but are otherwise voted on at least one item, are known as "broker non-votes". Proposal No. 2 is the only routine matter that may be voted on by brokers on this year's ballot.

Both abstentions and broker non-votes are counted as shares present for the purpose of determining the presence of a quorum. Abstentions are also counted as shares present and entitled to be voted. Broker non-votes, however, are not counted as shares entitled to be voted with respect to the matter on which the broker has expressly not voted.

Who will count the votes?

An attorney from the office of Silverman Shin Byrne & Gilchrest PLLC, our securities counsel, or its designee, will determine if a quorum is present and will tabulate the votes and serve as the Company's inspector of election at the Annual Meeting.

What vote is required to approve each proposal?

Each share of common stock is entitled to one vote on all matters. Abstentions, broker non-votes, and shares not in attendance and not voted at the Annual Meeting will not be counted as votes cast "for" or "against" a candidate and will have no effect with regard to the election of Directors in Proposal 1. However, because Proposals No. 2, 3, 4 and 5 are based on the affirmative vote of at least a majority of the shares represented and voting at the Annual Meeting at which a quorum is present, abstentions will have the same effect as votes against such proposals.

The five nominees in Proposal No. 1 receiving the highest number of votes cast by the holders of common stock represented and voting at the meeting will be elected as Hemispherx's Directors and constitute the entire Board of Directors of Hemispherx.

The affirmative vote of at least a majority of the shares represented and voting at the Annual Meeting at which a quorum is present is necessary for approval of Proposals No. 2, 3, 4 and 5.

Although the advisory vote on Proposal No. 3 is non-binding, as provided by law, our Compensation Committee will review the results of the votes and consider this sentiment when determining future executive compensation.

Where will I be able to find voting results of the Annual Meeting?

The Company intends to announce preliminary voting results at the Annual Meeting and will publish final voting results in a Current Report on Form 8-K to be filed with the SEC within four business days after the Annual Meeting.

How do I vote my common shares?

If you are a Stockholder as of the record date, you can vote your shares in one of the following manners:

- by completing, signing, dating, and returning the enclosed proxy card(s); or
- by internet by following the instructions shown on the enclosed proxy card or voting form.

Registered Stockholders may vote in person by attending the Annual Meeting. If you are a street name Stockholder and you wish to vote at the Annual Meeting, you may do so by obtaining a “legal proxy” from your Broker. Accordingly, you would need to bring this legal proxy to the meeting in order to vote in person at the meeting.

Please refer to the specific instructions set forth on the proxy materials you received.

Can I change my vote after I have mailed in my proxy card(s) or submitted my vote using the Internet or telephone?

Yes, if you are a registered Stockholder, you can change your vote in any one of the following ways:

- sending a written notice to the Corporate Secretary of the Company that is received prior to the Annual Meeting and stating that you revoke your proxy;

- signing and dating a new proxy card(s) and submitting the proxy card(s) to the Company’s Corporate Secretary or CST so that it is received prior to the Annual Meeting;

- voting by using the Internet prior to the Annual Meeting in accordance with the instructions provided with the proxy card(s); or

- attending the Annual Meeting and voting in person.

Your mere presence at the Annual Meeting will not revoke your proxy. You must take affirmative action at the Annual Meeting in order to revoke your proxy.

If you are a Street Name Stockholder, you must contact your broker, bank, trust, or other nominee in order to revoke your proxy. If you wish to vote in person at the Annual Meeting, you must contact your broker and request a document called a “legal proxy”. You must bring this legal proxy obtained from your broker, bank, trust, or other nominee to the Annual Meeting in order to vote in person.

How will my proxy be voted?

If you complete, sign, date, and return your proxy card(s) by using the Internet, your proxy will be voted in accordance with your instructions. If you sign and date your proxy card(s) but do not indicate how you want to vote, your common shares will be voted as the Board recommends for each of the proposals.

What if my common shares are held in “Street Name” by my broker?

You should instruct your broker how you would like to vote your shares by using the written instruction form and envelope provided by your broker. If you do not provide your broker with instructions, under the rules of the New York Stock Exchange (“NYSE”), your broker may, but is not required to, vote your common shares with respect to certain “routine” matters. However, on other matters, when the broker has not received voting instructions from its customers, the broker cannot vote the shares on the matter and a “broker non-vote” occurs. Proposal No. 2 is the only routine matter to be voted on by the Stockholders on this year’s ballot. Proposals No. 1, 3, 4 and 5 are not considered routine matters under the NYSE rules. This means that brokers may not vote your common shares on such proposals if you have not given your broker specific instructions as to how to vote. Please be sure to give specific voting instructions to your broker so that your vote can be counted. If you hold your common shares in your broker’s name and wish to vote in person at the Annual Meeting, you must contact your broker and request a document called a “legal proxy.” You must bring this legal proxy to the Annual Meeting in order to vote in person.

What are the Board’s recommendations on how I should vote my common shares?

The Board recommends that you vote your common shares as follows:

1. FOR the election of each of the five Director nominees (see Proposal 1);
2. FOR the ratification of McGladrey LLC as our independent registered public accounting firm for fiscal 2015 (see Proposal 2);
3. FOR the advisory resolution approving the compensation of our Named Executive Officers as described in this Proxy Statement (see Proposal 3);
4. FOR approval on permission for the Board of Directors to allocate and utilize up to 60,000,000 shares of common stock for fundraising purposes to enhance financial flexibility (see Proposal 4); and
5. FOR approval of the proposed amendment of the Hemispherx 2009 Equity Incentive Plan to increase the number of shares authorized to be issued under the Plan (see Proposal 5).

Does the Company have cumulative voting?

No.

Who may attend the Annual Meeting?

All Stockholders are eligible to attend the Annual Meeting. However, only those Stockholders of record at the close of business on August 4, 2015 are entitled to vote at the Annual Meeting.

Do I need an admission ticket to attend the Annual Meeting?

Admission tickets are not required to attend the Annual Meeting. If you are a Registered Stockholder, properly mark your proxy to indicate that you will be attending the Annual Meeting. If you hold your common shares through a nominee or you are a Street Name Stockholder, you are required to bring evidence of share ownership to the Annual Meeting (e.g., account statement, broker verification).

Who can answer my questions?

If you have any questions regarding any of the proposals or how to vote your shares, or if you need additional copies of the proxy materials please contact:

Charles Jones, Investor Contact for Hemispherx, 888-557-6480 or 305-987-7418 or via email at cjones@cjonespr.com; or

Morrow & Co., LLC, Hemispherx's proxy solicitor for the Annual Meeting, in the U.S. toll free at (800) 662-5200 or non-U.S. voters can call 203-658-9400.

DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS

Proposals of stockholders to be considered for inclusion in the Proxy Statement and proxy card for the 2016 Annual Meeting of Stockholders must be received by the Company's Secretary, at Hemispherx Biopharma, Inc., 1617 JFK Boulevard, Suite 500, Philadelphia, PA 19103 no later than June 6, 2016, with an anticipated meeting date in September 2016.

Pursuant to the Company's Restated and Amended Bylaws, all stockholder proposals may be brought before an annual meeting of stockholders only upon timely notice thereof, in writing, to the Secretary of the Company. To be timely, a stockholder's notice, for all stockholder proposals other than the nomination of candidates for director, shall be delivered to the Secretary at the principal executive offices of the Company not less than sixty (60) nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, the stockholder's notice in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs. To be timely, a stockholder's notice, with respect to a stockholder proposal for nomination of candidates for director, shall be delivered to the Secretary at the principal executive offices of the Company not less than ninety (90) nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, the stockholder's notice in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs. Provided, however, in the event that the stockholder proposal relates to the nomination of candidates for director and the number of Directors to be elected to the Board of Directors of the Company at an annual meeting is increased and there is no public announcement by the Company naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the tenth day following the day on which such public announcement is first made by the Company. All stockholder proposals must contain all of the information required under the Company's Bylaws, a copy of which is available upon written request, at no charge, from the Secretary. The Company reserves the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

INFORMATION CONCERNING BOARD MEETINGS

The Board of Directors is responsible for the management and direction of Hemispherx and for establishing broad corporate policies. A primary responsibility of the Board is to provide effective governance over the Company's affairs for the benefit of its stockholders. In all actions taken by the Board, the Directors are expected to exercise their business judgment in what they reasonably believe to be the best interests of the Company. In discharging that obligation, Directors may rely on the honesty and integrity of the Company's senior Executives and its outside advisers and auditors.

The Board of Directors and various committees of the Board meet periodically throughout the year to receive and discuss operating and financial reports presented by the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) as well as reports by other members of Senior Management, experts and other advisers. Members of the Board are expected to attend Board meetings in person, unless the meeting is held by teleconference. The Board held six meetings in 2014 and executed seven unanimous consents. All Directors were in attendance for at least 75% of the meetings.

In 2014, the non-employee (independent) members of the Board of Directors met two times with no employee Directors or management personnel present. The Audit and Compensation Committees each met without management personnel present in 2014. Interested persons who wish to contact the Lead Independent Director, or other non-employee Directors, can do so by sending written comments through the Office of the Secretary of the Company at Hemispherx Biopharma, Inc., 1617 JFK Boulevard, Suite 500, Philadelphia, PA 19103. The Office will either forward the original materials as addressed, or provide Directors with summaries of the correspondence, with the originals available for review at the Directors' request.

CONDUCT OF THE MEETING

The Chairman of our Board (or any person designated by our Board) has broad authority to conduct the annual meeting of stockholders in an orderly manner. This authority includes establishing rules of conduct for stockholders who wish to address the meeting, including limiting questions to the order of business and to a certain amount of time. Copies of these rules will be available at the meeting. To ensure that the meeting is conducted in a manner that is fair to all stockholders, the Chairman (or such person designated by our Board) also may exercise broad discretion in recognizing stockholders who wish to speak, in determining the extent of discussion on each item of business and in managing disruptions or disorderly conduct.

CORPORATE GOVERNANCE

Our Board has adopted corporate governance guidelines. These guidelines address items such as the standards, qualifications and responsibilities of our directors and director candidates and corporate governance policies and standards applicable to us in general. In addition, we have a code of conduct that applies to all our employees, including our executive officers and our directors. Both the guidelines and the code of conduct are posted under “Corporate Governance” in the Investors section of our website at http://www.hemispherx.net/content/investor/corp_governance.htm. We will disclose under “Corporate Governance” in the Investors section of our website any amendments to, or any waivers under, the code of conduct that are required to be disclosed by the rules of the SEC. The charters of each of the Board’s Audit, Compensation, Disclosure Controls, Corporate Governance and Nominating Committees also are posted on our website. Detailed information on our Board and its committees can be found within the attached document.

INFORMATION CONCERNING COMMITTEES OF THE BOARD

The Board of Directors maintains the following committees:

Executive Committee / Strategic Planning Committee

The Executive Committee / Strategic Planning Committee is composed of Dr. William A. Carter, Chief Executive Officer and Chairman of the Board, Dr. William M. Mitchell, Director, and Thomas K. Equels, Executive Vice Chairman of the Board, Secretary and General Counsel. This group did not meet in 2014. The Committee assists the Board by making recommendations to management regarding general business matters along with recommendations to the Board of priorities in the application of Hemispherx’s financial assets and human resources in the fields of research, marketing and manufacturing.

Compensation Committee

In 2014, the Compensation Committee formally met five times and all committee members were in attendance for at least 75% of the meetings. Our General Counsel and Chief Financial Officer and Director of Human Resources support the Compensation Committee in its work. The Compensation Committee is composed of Dr. Iraj E. Kiani, Director and Committee Chair, Dr. William M. Mitchell, Director, and Peter W. Rodino III, Esq., Director.

For detailed information on the Compensation Committee and its responsibilities, please see “Compensation Discussion and Analysis” in “COMPENSATION OF EXECUTIVE OFFICERS” below. The Compensation Committee consists of directors, each of whom is “independent” under applicable NYSE MKT rules. The full text of the Compensation Committee Charter, as approved by the Corporate Governance and Nomination Committee, is available

on our website: http://www.hemispherx.net/content/investor/corp_governance.htm.

Corporate Governance and Nomination Committee

In 2014, the Corporate Governance and Nomination Committee formally met three times. Dr. Mitchell and Mr. Rodino were in attendance for all of the meetings. Dr. Kiani was in attendance for all but one of the meetings. The Corporate Governance and Nomination Committee consists of Dr. William M. Mitchell, Director and Committee Chair, Dr. Iraj E. Kiani, and Mr. Peter W. Rodino III, Esq., Director.

All of the members of the Committee meet the independence standards contained within the NYSE MKT Company Guide and the Hemispherx Corporate Governance Guidelines. The full text of the Corporate Governance and Nomination Committee Charter as well as the Corporate Governance Guidelines, are available on our website: http://www.hemispherx.net/content/investor/corp_governance.htm.

As discussed below, the Committee is responsible for recommending candidates to be nominated by the Board for election by the stockholders or to be appointed by the Board of Directors to fill vacancies consistent with the criteria approved by the Board. It also is responsible for periodically assessing Hemispherx's Corporate Governance Guidelines and making recommendations to the Board for amendments, recommending to the Board the compensation of Directors, taking a leadership role in shaping corporate governance, and overseeing an annual evaluation of the Board.

The Corporate Governance and Nomination Committee is responsible for identifying candidates who are eligible under the qualification standards set forth in Hemispherx's Corporate Governance Guidelines to serve as members of the Board. The Committee is authorized to retain search firms and other consultants to assist it in identifying candidates and fulfilling its other duties. The Committee is not limited to any specific process in identifying candidates and will consider candidates suggested by stockholders. In recommending Board candidates, the Committee considers a candidate's: (1) general understanding of elements relevant to the success of a publicly traded company in the current business environment; (2) understanding of Hemispherx's business; and (3) diversity in educational and professional background. The Committee also gives consideration to a candidate's judgment, competence, dedication and anticipated participation in Board activities, experience, geographic location and special talents or personal attributes.

Stockholders who wish to suggest qualified candidates should write to the Corporate Secretary, Hemispherx Biopharma, Inc., 1617 JKF Blvd., Suite 500, Philadelphia, PA 19103, stating in detail the qualifications of such persons for consideration by the Committee.

The Company aspires to the highest standards of ethical conduct; reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules and regulations that govern the Company's business. Hemispherx's Corporate Governance Guidelines embody many of our policies and procedures which are the foundation of our commitment to best practices. The guidelines are reviewed annually, and revised if deemed necessary, to continue to reflect best practices.

Disclosure Controls Committee

In August 2011, our Board formed the Disclosure Controls Committee ("DCC"). The DCC reports to the Audit Committee and is responsible for procedures and guidelines on managing disclosure information. The full text of the DCC's Charter, as approved by the Audit Committee, as well as the Corporate Governance and Nomination Committee Charter, is available on our website: http://www.hemispherx.net/content/investor/corp_governance.htm. In accordance with its Charter, the DCC provides the Audit Committee with a quarterly and year-end process review, presented the results of its activities and made recommendations to improve functionality.

The purpose of the DCC is to make certain that information required to be publicly disclosed is properly accumulated, recorded, summarized and communicated to the Board, Management and the public. This process is intended to allow for timely

decisions regarding communications and disclosures and to help ensure that we comply with related SEC rules and regulations. Wayne S. Springate, Senior Vice President of Operations acts as the DCC's Investor Relations Coordinator and Chairperson. The other members of the DCC are Thomas K. Equels as General Counsel and Chief Financial Officer; Adam Pascale as Chief Accounting Officer; William A. Carter as Chief Scientific Officer; and William M. Mitchell as Independent Director. Ann Marie Coverly, Director of Administration, Human Resources and Investor Relations Manager, serves as the DCC's Deputy Investor Relations Coordinator since June 2014. During 2014, the DCC met 57 times either telephonically, or electronically. During 2014, the Committee reviewed 52 separate disclosure items on which each was voted upon by a quorum of two-third DCC members. Quorum was reached for all items voted upon in 2014.

Audit Committee and Audit Committee Expert

The Audit Committee of our Board of Directors consists of Peter Rodino III, Committee Chairman, William Mitchell, M.D. and Iraj E. Kiani, N.D., Ph.D. Mr. Rodino, Dr. Mitchell, and Dr. Kiani are all determined by the Board of Directors to be Independent Directors as required under Section 803(2) of the NYSE: MKT Company Guide and Rule 10A-3 under the Exchange Act. The Board has determined that Mr. Rodino qualifies as an "audit committee financial expert" as that term is defined by Section 803B(2) of the NYSE: MKT Company Guide and the rules and regulations of the SEC.

We believe Mr. Rodino, Dr. Mitchell, and Dr. Kiani to be independent of management and free of any relationship that would interfere with their exercise of independent judgment as members of this Committee. The principal functions of the Audit Committee are to (i) assist the Board in fulfilling its oversight responsibility relating to the annual independent audit of our consolidated financial statements and internal control over financial reporting, the engagement of the independent registered public accounting firm and the evaluation of the independent registered public accounting firm's qualifications, independence and performance; (ii) prepare the reports or statements as may be required by NYSE MKT or the securities laws; (iii) assist the Board in fulfilling its oversight responsibility relating to the integrity of our financial statements and financial reporting process and our system of internal accounting and financial controls; (iv) discuss the financial statements and reports with management, including any significant adjustments, management judgments and estimates, new accounting policies and disagreements with management; and (v) review disclosures by our independent registered public accounting firm concerning relationships with us and the performance of our independent accountants.

In September 2011, the Audit Committee engaged the services of a consultant who meets the SEC criteria of a Financial Expert to enhance the current structure and expertise of the Committee. After an extensive search, the Audit Committee selected Stewart L. Appelrouth, a Florida and North Carolina licensed Certified Public Accountant to directly support the efforts of the Audit Committee on an as-needed basis. Mr. Appelrouth is a Certified Valuation Analyst, Accredited in Business Valuation and a Diplomate of the American Board of Forensic Accounting. Mr. Appelrouth has a Masters' Degree in Finance from Florida International University and an undergraduate degree in Business Administration from Florida State University. He is one of the founding partners of Appelrouth Farah & Co., which serves Southern Florida as a full service accounting and international business advisory firm specializing in auditing, domestic and international taxation, litigation support, forensic accounting, fraud examination and business valuation. The Firm is affiliated with MGI, a worldwide association of independent auditing and accounting firms.

Audit Committee Report

The primary responsibility of the Audit Committee (the "Committee") is to assist the Board of Directors in discharging its oversight responsibilities with respect to financial matters and compliance with laws and regulations. The primary methods used by the Committee to fulfill its responsibility with respect to financial matters are:

To appoint, evaluate, and as the Committee may deem appropriate, terminate and replace the Company's independent registered public accountants;

To monitor the independence of the Company's independent registered public accountants;

- To determine the compensation of the Company's independent registered public accountants;
- To pre-approve any audit services, and any non-audit services permitted under applicable law, to be performed by the Company's independent registered public accountants;
- To review the Company's risk exposures, the adequacy of related controls and policies with respect to risk assessment and risk management;
- To monitor the integrity of the Company's financial reporting processes and systems of control regarding finance, accounting, legal compliance and information systems;
- To facilitate and maintain an open avenue of communication among the Board of Directors, Management and the Company's independent registered public accountants; and
- To provide oversight of the DCC to monitor their successful implementation of that Committee's Charter, policies and procedures.

During 2014, the Audit Committee was composed of three Directors, and the Board has determined that each of those Directors is independent as that term is defined in Sections 121(B)(2)(a) of the NYSE MKT Company Guide. This Committee formally met nine times in 2014 with all committee members in attendance for at least 75% of the meetings. Our General Counsel and Chief Financial Officer support the Audit Committee in its work. The full text of the Audit Committee Charter, as approved by the Corporate Governance and Nomination Committee, is available on our website: http://www.hemispherx.net/content/investor/corp_governance.htm.

In discharging its responsibilities relating to internal controls, accounting and financial reporting policies and auditing practices, the Committee discussed with the Company's independent registered public accountants, McGladrey LLP ("McGladrey"), the overall scope and process for its audit. The Committee regularly meets with McGladrey, with and without Management present, to discuss the results of its examinations, the evaluations of our internal controls and the overall quality of the Company's financial reporting.

The Committee also undertook all required discussions with McGladrey during the 2014 fiscal year of such matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended, and other standards of the Public Company Accounting Oversight Board, rules of the SEC and other applicable regulations. The Committee received from McGladrey the written and oral disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding McGladrey's communications with the Audit Committee concerning independence and discussed with McGladrey the independence of their firm.

The Committee has met and held discussions with Management. The Committee has reviewed and discussed with Management Hemispherx's audited consolidated financial statements as of and for the fiscal year ended December 31, 2014, as well as the internal control requirements of the Sarbanes-Oxley Act of 2002.

Based on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report for the year ended December 31, 2014.

This report is respectfully submitted by the current members of the Audit Committee of the Board of Directors.

Peter W. Rodino, III, Committee Chairman
Dr. William M. Mitchell
Dr. Iraj E. Kiani

Special Litigation Committee

On July 23, 2013, pursuant to its authority under its Amended and Restated Bylaws and the Delaware General Corporation Law, the Board created a Special Litigation Committee of the Board of Directors for which Peter Rodino, III, Esq. and Dr. Iraj E. Kiani were appointed as Members. The Board delegated to the Special Litigation Committee the power and authority to investigate the allegations made in a shareholder derivative lawsuit filed in the Delaware Court of Chancery, captioned *Kastis v. Carter, et al.* No. 8657 (Del. Ch.) (the "Lawsuit") on June 18, 2013, including any allegations made in any subsequent legal action, and to take appropriate action in light of the allegations and the results of the Committee's review, analysis and investigation. Pursuant to Section 141(c) of the Delaware General Corporation Law, the Board delegated to the Special Litigation Committee, to the fullest extent permitted by law, the exclusive power and authority of the Board to take any and all actions it deems necessary or appropriate to accomplish its functions without limitation, including:

- a. to retain, at the expense of Company (or of the Company's D&O insurance carrier(s) to the extent such expenses are covered under the applicable policy) legal counsel, financial advisers, accountants, or other consultants and advisers as the Special Litigation Committee may deem to be necessary or appropriate on such terms as the Committee may approve and to direct such counsel and advisers to take any action that they may consider necessary or appropriate to assist the Committee in carrying out its responsibilities;
- b. to conduct interviews with any current or former employee, Officer, Director, agent or adviser of the Company, or any other person, as it may deem to be useful or appropriate;
- c. to have access to all information of the Company which the Special Litigation Committee believes necessary or appropriate to assist it in its work;
- d. to determine whether it is in the best interests of the Company that the Lawsuit continue or that the Lawsuit be dismissed, and, if the Special Litigation Committee determines that it is in the best interests of the Company that the Lawsuit be dismissed, to seek the Court's approval for dismissal of the Lawsuit;
- e. Committee Members are authorized and empowered to determine its own procedures, to hold meetings (including telephonic meetings) at such locations as it determines to be appropriate, to act by unanimous written consent of its Members in lieu of a meeting and to appoint a Chair of the Committee, all to the fullest extent permitted by the Delaware General Corporation Law and the Company's Amended and Restated Bylaws; and
- f. Committee Members are authorized, empowered and directed, for and on behalf of the Company, to take and cause to be taken such actions, and to make, sign, execute, acknowledge and deliver and cause to be made, signed, executed, acknowledged and delivered such agreements, certificates, orders, directions, requests, receipts and other instruments, as the Committee may deem to be necessary or appropriate.

This Committee did not formally meet in 2014.

Board Leadership Structure and Role in Risk Oversight

The Board evaluates its leadership structure and role in risk oversight on a periodic basis. The Board determines what leadership structure it deems appropriate based on factors such as the experience of the applicable individuals, the current business environment of our Company and other relevant factors. As further discussed below, after considering these factors, the Board determined that continuing to combine the roles of Chairman of the Board, CEO, President and Chief Scientific Officer is the appropriate leadership structure for the Company at this time.

The Board currently combines the role of Chairman of the Board with the role of CEO, coupled with a Lead Independent Director position to further strengthen the governance structure. The Board believes this provides an efficient and effective leadership model for our Company and leverages Dr. William Carter's long tenure with us with his bio-pharmaceutical knowledge. The Board believes that combining the Chairman and CEO roles fosters clear accountability, effective decision-making and consistency in strategy.

Lead Independent Director. To mitigate the consolidation of these two leadership positions in one individual, the Board has established a strong, independent, clearly-defined Lead Independent Director role. On July 23, 2013, based upon the Corporate Governance and Nomination Committee's unanimously recommendation, Dr. Iraj E. Kiani was appointed as the as Lead Independent Director for the remainder of this term.

The Lead Independent Director presides at all meetings of the Board at which the Chairman is not present and serves as liaison between the Chairman and the Independent Directors; is involved in establishing the agendas for meetings of the Board of Directors, including the nature of information presented at such meetings; and has the authority to call meetings of the Independent Directors. The role of the Lead Independent Director includes the following duties:

1. determining the appropriate schedule of Board meetings after consultation with the CEO, Chairman of the Board and other Board members, as necessary;
2. determining the appropriate schedule of Board meetings after consultation with the CEO, Chairman of the Board and other Board members, as necessary;
3. consulting with the CEO, Chairman of the Board and other Board members on the agenda for the Board along with oversee the preparation of the agenda;
4. assessing the quality, quantity and timeliness of the flow of information from the Company's Management to the Independent Directors to ensure that it is sufficient for the Independent Directors to satisfy their duties; and
5. directing Management to include in the materials prepared for the Board any materials that the Lead Independent Director deems important.

In addition and on an as needed basis, the Board of Directors holds executive sessions of the Independent Directors to assure effective independent oversight. In 2014, the Independent Directors met in sessions related to the Audit, Compensation and Corporate Governance and Nomination Committees.

The Board is also responsible for oversight of our risk management practices while Management is responsible for the day-to-day risk management processes. Our Executive Management team evaluates enterprise risks and shares their assessment of such risks with the Audit Committee or the full Board for oversight. In addition, financial risks and our internal control environment are overseen by the Audit Committee and the Compensation Committee considers how risks taken by Management could impact the value of executive compensation.

Code of Ethics and Business Conduct

Hemispherx's Board of Directors adopted a Code of Ethics and Business Conduct for Officers ("Code"), Directors and employees that went into effect on May 19, 2003 and was amended on October 15, 2009. This Code has been presented and reviewed by each Officer, Director, employee, agent and key consultant. You may obtain a copy of this Code by visiting our web site at http://www.hemispherx.net/content/investor/corp_governance.htm. or by written request to our Office Administrator at 1617 JFK Boulevard, Suite 500, Philadelphia, PA 19103. Our Board of Directors is required to approve any waivers of the Code for Directors or executive Officers and we are required to disclose any such waiver in a Current Report on Form 8-K within four business days.

Stock Ownership Guidelines

In April 2005, the Board of Directors adopted a set of stock ownership guidelines for Directors and Officers. The Board believes that Directors and Officers more effectively represent the interest of Hemispherx's stockholders if they are stockholders themselves. At this time, all of our Directors and Officers are stockholders and this guideline was adopted to assure that the present Directors and Officers continue to participate as well as future Directors and Officers. The full text of the Stock Ownership Guidelines, as approved by the Board, is available on our website: http://www.hemispherx.net/content/investor/corp_governance.htm.

Communication with the Board of Directors

Interested parties wishing to contact the Board of Directors of the Company may do so by writing to the following address: Board of Directors, c/o Thomas K. Equels, Corporate Secretary, 2601 S. Bayshore Dr., Suite #600, Miami, FL 33133. All letters received will be categorized and processed by the Corporate Counsel or Secretary, and then forwarded to the Company's Board of Directors.

Director Attendance at Annual Meetings of Stockholders

Directors are encouraged, but not required, to attend the Annual Meeting absent unusual circumstances, although we have no formal policy on the matter. The Directors who attended the 2014 Annual Meeting were Dr. Carter, Mr. Equels, Dr. Mitchell and Mr. Rodino.

INFORMATION CONCERNING EXECUTIVE OFFICERS

The following sets forth biographical information about each of our Executive Officers as of the date of this report:

Name	Age	Position
William A. Carter, M.D.	76	Chairman of the Board, Chief Executive Officer, President and Chief Scientific Officer
Thomas K. Equels, Esq.	61	Executive Vice Chairman of the Board, Chief Financial Officer, Secretary and General Counsel Chief Medical Officer and Medical Director
David R. Strayer, M.D.	68	
Wayne S. Springate	44	Senior Vice President of Operations

For biographical information about William A. Carter, M.D and Thomas K. Equels, please see the discussion under the heading “Proposal No. 1 Election of Directors”.

DAVID R. STRAYER, M.D. has acted as our Medical Director since 1986. He has served as Professor of Medicine at the Medical College of Pennsylvania and Hahnemann University. Dr. Strayer is Board Certified in Medical Oncology and Internal Medicine with research interests in the fields of cancer and immune system disorders. He has served as principal investigator in studies funded by the Leukemia Society of America, the American Cancer Society, and the National Institutes of Health. Dr. Strayer attended the School of Medicine at the University of California at Los Angeles where he received his M.D. in 1972.

WAYNE S. SPRINGATE was promoted to Senior Vice President of Operations on May 1, 2011. Mr. Springate joined Hemispherx in 2002 as Vice President of Business Development when Hemispherx acquired Alferon N Injection® and its New Brunswick, NJ manufacturing facilities. He led the consolidation of our Rockville facility to our New Brunswick location as well as coordinated the relocation of manufacturing polymers from South Africa to our production facility in New Brunswick. He was also responsible for preparing and having a successful Preapproval Inspection by the FDA for our New Brunswick manufacturing plant in connection with the filing of our Ampligen® NDA. Currently he is managing a capital improvement budget to enhance our Alferon® facility in accordance with cGMP. Previously, Mr. Springate served as President for World Fashion Concepts in New York and oversaw operations at several locations throughout the United States and overseas. Mr. Springate assists the CEO in details of operations on a daily basis and is involved in all aspects of manufacturing, warehouse management, distribution and logistics.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Review, Approval or Ratification of Transactions with Related Persons

Our policy is to require that any transaction with a related party required to be reported under applicable SEC rules, other than compensation related matters and waivers of our code of business conduct and ethics, be reviewed and approved or ratified by a majority of independent, disinterested Directors. We have adopted procedures in which the Audit Committee shall conduct an appropriate review of all related party transactions for potential conflict of interest situations on an annual and case-by-case basis with the approval of this Committee required for all such transactions.

We have employment agreements with certain of our executive officers and have granted such Officers and Directors options and warrants to purchase our common stock, as discussed under the heading “Stock Options” below.

For his Board fees, Dr. William A. Carter, Hemispherx's Chief Executive Officer, received approximately \$182,000, \$180,000 and \$176,000 for 2014, 2013 and 2012, respectively, classified as general and administrative expense. Dr. Carter also received consulting fees of approximately \$415,000, \$327,000 and \$400,000 for 2014, 2013 and 2012, respectively, classified as research and development expense. For the years ended 2014, 2013 and 2012, compensation was granted or paid related to the Executive Performance Incentive Program related to the ATM, as set forth in Section 3©(ii) of his Employment Agreement, for approximately \$641,000, \$12,000, and \$1,159,000 to Dr. Carter. Dr. Carter's compensation related to this program was classified entirely as research and development.

In June 2012, William Kramer was hired as a Clinical Research Associate. Mr. Kramer is the Son-In-Law of Dr. William A. Carter, and was paid approximately \$68,000, \$70,000 and \$38,000 in 2014, 2013 and 2012, respectively. Additionally on an as-needed basis, the Company utilized the services of Kramer Environmental Management, Inc. to develop standard operating procedures, compliance assessments, testing and obtain permits related to environmental issues.

Katalin Kovari, M.D. was paid approximately \$27,000, \$26,000 and \$25,000 in 2014, 2013 and 2012, respectively, for her part-time services to the Company as Assistant Medical Director. Dr. Kovari is the spouse of Dr. William A. Carter, our CEO.

Since October 2011, Peter Kovari was utilized as a part-time independent contractor for Hemispherx Biopharma Europe to undertake projects as a Clinical Programmer related to coordinating, programming, analyzing and evaluating clinical data for the Company at the rate of \$20 per hour and was paid by us approximately \$18,000, \$22,000 and \$12,000 in 2014, 2013 and 2012, respectively. Mr. Kovari is the nephew of Dr. Katalin Kovari, our Assistant Medical Director and spouse of Dr. William A. Carter, our CEO.

Thomas Equels was elected to the Board of Directors at the Annual Stockholders Meeting on November 17, 2008 and join the Company as an Officer effective June 1, 2010. Mr. Equels has provided external legal services to us for several years through May 31, 2010 and his firm continues to support the Company. For 2014, 2013 and 2012, we paid Equels Law Firm approximately \$303,000, \$181,000 and \$147,000, respectfully, for services rendered. Upon analysis in the Fall of 2011 by the Audit Committee's Financial Expert, it was deemed that the hourly rates charged by Equels Law were reasonable when compared to the fee structure of a possible arms-length transaction from comparable firms in practice in the same market and of the similar size. The hourly rate fees from Equels Law Firm to us have remained the same for 2012, 2013 and 2014. For approximately one year beginning December 2012, with the approval of the Audit Committee, the Company began renting an office at Equels Law Firm for \$3,000 per month for dedication to and utilization by Hemispherx personnel, other than Mr. Equels. For 2014, 2013 and 2012, we paid Equels Law Firm \$0, \$36,000 and \$3,000, respectfully, for office rent based on a proration of the Firm's current leasing fee less the cost for common area.

For the years ended 2014, 2013 and 2012, compensation was granted or paid related to the Executive Performance Incentive Program related to the ATM, as set forth in Section 3©(ii) of his Employment Agreement, for approximately \$641,000, \$12,000, and \$1,159,000 to Mr. Equels. Mr. Equels' compensation related to this program was classified entirely as general and administrative expense.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Section 16(a) of the Exchange Act requires our Officers and Directors, and persons who own more than ten percent of a registered class of equity securities, to file reports with the Securities and Exchange Commission reflecting their initial position of ownership on Form 3 and changes in ownership on Form 4 or Form 5. Based solely on a review of the copies of such Forms 4 and 5 received by us, we believe that during the fiscal year ended December 31, 2014, all

of our Officers and Directors had complied with all applicable Section 16(a) filing requirements on a timely basis with regard to transactions occurring in 2014.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

This discussion and analysis describes our executive compensation philosophy, process, plans and practices as they relate to our “Named Executive Officers” (“NEO”) listed below and gives the context for understanding and evaluating the more specific compensation information contained in the narratives, tables and related disclosures that follow:

• Dr. William A. Carter, Chief Executive Officer (“CEO”), President and Chief Scientific Officer (“CSO”);
• Thomas K. Equels, General Counsel, Chief Financial Officer (“CFO”); and
• Dr. David Strayer, Chief Medical Officer (“CMO”) and Medical Director.

Overview of Our Business Environment

Hemispherx is a specialty pharmaceutical company headquartered in Philadelphia, Pennsylvania and engaged in the clinical development of new drug therapies based on natural immune system enhancing technologies for the treatment of viral and immune based chronic disorders. We were founded in the early 1970s doing contract research for the National Institutes of Health. Since that time, we have established a strong foundation of laboratory, pre-clinical and clinical data with respect to the development of natural interferon and nucleic acids to enhance the natural antiviral defense system of the human body and to aid the development of therapeutic products for the treatment of certain chronic diseases.

Our flagship products include Alferon N Injection® and the experimental therapeutic Ampligen®. Alferon N Injection® is approved for a category of STD infection, and Ampligen® represents an experimental RNA being developed for globally important viral diseases and disorders of the immune system. Hemispherx' platform technology includes components for potential treatment of various severely debilitating and life threatening diseases. Alferon® LDO (Low Dose Oral) is a formulation under development targeting influenza.

In September 2014, we initiated a series of collaborations designed to determine the potential effectiveness of Alferon® N and Ampligen® as potential preventative and/or therapeutic treatments for Ebola related disorders. Our two platform drugs Alferon® N and Ampligen®, have certain unique structural attributes and developmental histories which suggest potential incremental value with respect to inclusion in various Ebola therapeutic cocktails under development. Ampligen®, an experimental therapeutic, is a new class of specifically-configured ribonucleic acid (RNA) compounds targeted as potential treatment of diseases with immunologic defects and/or viral causation. Ebola virus specifically inhibits the dsRNA within cells via a sequestration process. Such RNA would otherwise cause a robust antiviral response to be mounted: Ampligen may be able to overcome this deficiency in host response. Positive results against Ebola in vitro have been reported to the Company by the United States Army Medical Research Institute of Infectious Diseases (USAMRIID) and other research/academic institutions. Clinical trial data will be necessary to establish human efficacy of Ampligen® for Ebola viruses.

Governance of Compensation Committee

The Compensation Committee consists of the following three directors, each of whom is “independent” under applicable NYSE MKT rules, a “Non-Employee Director” as defined in Rule 16b-3 under the Exchange Act, and an “Outside Director” as defined under the U.S. Treasury regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”): Dr. Iraj E. Kiani, N.D (Chair), Dr. William Mitchell, M.D. and Peter W. Rodino. The Compensation Committee makes recommendations concerning salaries and compensation for senior management and other highly paid professionals or consultants to Hemispherx. The full text of the Compensation Committee’s Charter, as approved by the Board, is available on our website: www.hemispherx.net in the “Investor Relations” tab under “Corporate Governance”.

This Committee formally met five times in 2014 and all committee members were in attendance for the meetings. Our General Counsel, Chief Financial Officer and Director of Human Resources support the Compensation Committee in its work.

Results of Stockholder Advisory Vote on Executive Compensation

At the November 12, 2014 Annual Meeting of Stockholders, the Stockholders did not approve the annual, non-binding advisory vote on Executive Compensation with 44.48% of the shares cast to affirm the plan.

Our Compensation Committee reviews its executive compensation policies annually and takes into account the results of prior say-on-pay advisory votes. After reviewing the results of the 2011 say-on-pay advisory vote, the Committee had:

- Developed Company-wide goals and objectives with the intent to increase Stockholder value, enhance the “pay for performance” concept, attempted to address the needs of patients and enhance financial factors such as raising capital, reestablishing revenue streams, cost containment and/or improving the results of operations;
- Attempted to reinforce a Pay for Performance environment for the Executive Team with emphasis of sharing the economic goals of the Stockholders;
- Reviewed the Executive Team’s Company-wide goals and individuals specific goals in relation to each job performance for each given year. In its review of each member of the Executive Team, the Committee utilized a weighted-average rating process regarding the goals and responsibilities specific to each individual as well as their contribution in meeting Company’s overall goals;
- Reviewed peer group financial data of comparable publicly-traded companies for 2011 and 2010 with emphasis on a comparison of executive compensation as a factor to various Balance Sheet ratios to determine reasonableness to the respective companies;
- Considered the change in the market value of the Company’s stock during the year in relation to Management’s efforts and ability to impact the results;
- Mandated that the standard terms of future employee options issued by the Company require that such options not vest sooner than one year from the date of issuance and that, to the extent that any such options have not vested on the date of an Executive’s termination, the options will expire;
- Issued new options to employees at the rate of 110% of the Company’s NYSE MKT stock market trading value at the time of award; and
- Adopted a policy to facilitate compliance with Dodd-Frank’s Claw-Back Compensation Recoupment provisions.

After reviewing the results of the 2014 say-on-pay advisory vote, the Committee has reviewed its executive compensation policies and believes that they are within industry standards for executive compensation.

Process

Our Compensation Committee is responsible for determining the compensation of our NEO included in the “Summary Compensation Table” below. For purposes of determining compensation for our NEO, our Compensation Committee takes into account the recommendation of our Chief Executive Officer. The Compensation Committee is also responsible for overseeing our incentive compensation plans and equity-based plans, under which stock option grants have been made to employees, including the NEO, as well as non-employee Directors and strategic consultants.

The following table summarizes the roles of each of the key participants in the executive compensation decision-making process:

Compensation Committee	<ul style="list-style-type: none"> • Fulfills the Board of Directors' responsibilities relating to compensation of Hemispherx' NEO, other non-officer Executives and non-Executives. • Oversees implementation and administration of Hemispherx' compensation and employee benefits programs, including incentive compensation and equity compensation plans. • Reviews and approves Hemispherx' goals and objectives and, in light of these, evaluates each NEO's performance and sets their annual base salary, annual incentive opportunity, long-term incentive opportunity and any special/supplemental benefits or payments. • Reviews and approves compensation for all other non-officer Executives of Hemispherx including annual base salary, annual incentive opportunity, long-term incentive opportunity and any special/supplemental benefits or payments. • In consultation with the CEO and CFO, reviews the talent development process within Hemispherx to ensure it is effectively managed and sufficient to undertake successful succession planning. • Reviews and approves employment agreements, severance arrangements, issuances of equity compensation and change in control agreements.
Chairman and CEO	<ul style="list-style-type: none"> • Presents to the Compensation Committee the overall performance evaluation of, and compensation recommendations for, each of the NEO and other non-officer Executives.
Chief Financial Officer and Director of Human Resources	<ul style="list-style-type: none"> • Reports directly or indirectly to the Chief Executive Officer. • Assists the Compensation Committee with the data for competitive pay and benchmarking purposes. • Reviews relevant market data and advises the Compensation Committee on interpretation of information, including cost of living statistics, within the framework of Hemispherx. • Informs the Compensation Committee of regulatory developments and how these may affect Hemispherx' compensation program.

Objectives and Philosophy of Executive Compensation

The primary objectives of the Compensation Committee of our Board of Directors with respect to Executive compensation are to attract and retain the most talented and dedicated Executives possible, to tie annual and long-term cash and stock incentives to achievement of measurable performance objectives, and to align Executives' incentives with stockholder value creation. To achieve these objectives, the Compensation Committee expects to implement and maintain compensation plans that tie a substantial portion of Executives' overall compensation to key strategic financial and operational goals such as the establishment and maintenance of key strategic relationships, the development of our products, the identification and advancement of additional

products and the performance of our common stock price. The Compensation Committee evaluates individual Executive performance with the goal of setting compensation at levels the Committee believes are comparable with Executives in other companies of similar size and stage of development operating in the biotechnology industry while taking into account our relative performance, our own strategic goals, governmental regulations and the results of Stockholder Advisory Votes regarding executive compensation.

Use of Compensation Data

Our compensation plans are developed by utilizing publicly available compensation data for national and regional companies in the biopharmaceutical industry as well as web sites that specialize in compensation and/or employment data. We believe that the practices of this group of companies and/or data obtained from employment industry organizations, provide us with appropriate compensation benchmarks necessary to review the compensation recommendations by the CEO, CFO and/or Human Resources Department. In 2014, 2013 and 2012, the Committee did not engage the services of an independent compensation consultant, but alternatively utilized web-based organizations and data bases such as Salary.com, to help them analyze compensation data and compare our programs with the practices of similar national and/or regional companies represented in the biopharmaceutical industry.

Elements of Executive Compensation

The Compensation Committee has adopted a mix among the compensation elements in order to further our compensation goals. The elements include:

- Base salary (impacted by cost of living adjustments);
 - Variable compensation consisting of a cash bonus based upon individual and overall Company performance;
 - Performance incentive bonus based on the accomplishment of Company sales milestones or activity;
 - Long-term bonus incentive programs consisting of the Employee Bonus Pool Program;
 - Stock option grants with exercise prices set in excess of fair market value at the time of grant and, effective December 2011, not vesting sooner than one year from the date of issuance; and
 - Adoption of a policy to facilitate compliance with Dodd-Frank's Claw-Back Compensation Recoupment provisions.
- Executive compensation consists of the following elements:

Base Salary

Base salaries for our Executives are established based on the scope of their responsibilities, taking into account competitive market compensation paid by other companies for similar positions. Generally, we believe that Executive base salaries should be targeted near the median of the range of salaries for executives in similar positions with similar responsibilities at comparable companies, in line with our compensation philosophy. For those NEO with employment agreements, base salary is determined and set forth in the agreement and the Compensation Committee reviews the base salary prior to renewal of such agreement. Base salaries for the other NEO are normally reviewed annually, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience. While this review process would normally occur in the fourth quarter of each year, in recent years this review has occurred when NEO's employment agreements required restatement, amendment or replacement. However after analysis of overall Company compensation, the Committee authorized a non-discriminatory and universally applied cost of living increase to the base salaries of all full-time employees of record effective December 31, 2014, 2013 and 2012 at the rates of 1.5%, 0.0% and 2.1%, respectively. Additional changes to our NEO's base salaries could be undertaken in a future determination by the Compensation Committee at its discretion. During 2014 and 2013, none of the employment contracts of NEOs were created, amended or restated. Dr. David Strayer does not currently have an employment agreement with the Company.

Annual Bonus

Our compensation program includes eligibility for an annual performance-based cash bonus in the case of all NEO and certain senior, non-officer Executives. The amount of the cash bonus depends on the level of achievement of the stated corporate, department, and individual performance goals, with a target bonus generally set as a percentage of base salary. As provided in their respective employment agreement, during the year ended December 31, 2014, the following NEO were eligible for an annual performance bonus based on their salaries, the amount of which, if any, is determined by the Board of Directors in its sole discretion based on the recommendation of the Compensation Committee:

Dr. William Carter, Chairman & CEO (bonus opportunity up to 25%);

Thomas Equels, General Counsel, Litigation Counsel, Secretary and Executive Vice Chairman of the Board (bonus opportunity up to 25%).

The Compensation Committee utilizes annual incentive bonuses to compensate NEO and certain senior, non-officer executives (the "Executive Team") for attainment or success towards overall corporate financial and/or operational goals along with achieving individual annual performance objectives. These objectives will vary depending on the individual Executive, but generally relate to strategic factors such as establishment and/or maintenance of key strategic relationships, development of our products, identification, research and/or development of additional products, enhancing financial factors such as raising capital, cost containment and/or improving the results of operations. The Compensation Committee, in light of established individual and Company-wide goals and objectives, evaluated the performance of each NEO, key executive and overall staff in order to determine each respective annual incentive opportunity including an analysis by the Compensation Committee that provides the following information:

1. The Company-wide goals and objectives along with individual performance goals for each NEO used to determine annual bonuses for the fiscal year;
2. How each goal individually or in totality was weighted, if applicable, to the extent that any of the performance goals were quantitatively and/or qualitatively measurable;
3. The threshold, target, and maximum levels of achievement of each performance goal, if applicable;
4. The intended relationship between the level of achievement of Company-wide performance goals and the amount of bonus to be awarded;
5. The intended relationship between the level of achievement of each NEO's individual performance goals and the amount of bonus to be awarded;
6. The evaluation by the Committee of the level of achievement by each NEO of the Company-wide and individual performance goals applicable to him/her individually;
7. If applicable, whether the Committee reviewed any report(s) from compensation consultant(s) and/or web based organizations and data bases;
8. The adequate disclosure of the percentage of base salary awarded in the form of an incentive bonus to each NEO as a result of their or the Company's performance; and
9. If applicable, how the Company's compensation policies and practices relate to the Company's risk management.

The Compensation Committee also undertook the initial steps to review and reestablish goals and objectives for the Executive Team regarding mid-year bonuses in 2014. On an overall basis, all bonus eligible member of the Executive Team would share the following Company-wide goals:

- A. Regulatory approval and sales of Ampligen for the treatment of Chronic Fatigue Syndrome in any country or regional jurisdiction;
- B. Significant regulatory advancement for the approval of Ampligen for any non-CFS indication in any country or jurisdiction. These indications include cancer vaccines, vaccines for infectious indications including bioterror/biowarfare, burns or other inducers of traumatic immunodeficiency;

- C. Regulatory approval and sales of Alferon for the treatment of any non-CFS indication in any country jurisdiction;
- D. Any merger, acquisition, or partnership that quantitatively improves the value of the company;
- E. Any governmental grant and/or contact, singly or in the aggregate for R & D or commercial product;
- F. Continued productive interaction with the FDA concerning issues necessary for approval of Ampligen for CFS;
- G. Continued progress towards non-USA approval of Ampligen® for Chronic Fatigue Syndrome;
- H. An overall strategic plan for Ampligen® and Alferon® to be submitted to the Board;
- I. Strategic plans for the marketing and partners for Ampligen® to be submitted to the Board;
- J. Continued development of enhancement of vaccines requiring Ampligen®;
- K. Success in the protection of Company Intellectual Property;
- L. Continued development of Alferon® LDO;
- M. Progress in the return to commercialization of Alferon N Injection®;
- N. Continued development of Ampligen® and Alferon N Injection® for treatment of influenza;
- O. Maintaining the overall financial strength of the Company and operations consistent with the budget;
- P. Implementation of research & development partnerships;
- Q. Implementation of Ampligen® clinical trials in cancer with commercial partner(s);
- R. Implementation of Ampligen® clinical trials in cancer with academic partner(s);
- S. Increase in clinical trials of Alferon N Injection® and additional indications; and,
- T. Acquisition of complimentary pharmaceutical technologies and/or drugs/vaccines.

On an annual basis and at the sole discretion of the Compensation Committee, with input from the CEO or the Executive's direct supervisor, the Committee evaluates the individual performance of each member of the Executive Team as to his/her achievement and/or contribution towards meeting the overall Company-wide goals along with his/her accomplishments specific to his/her job description. The outcome of the Committee's analysis is utilized to determine if a bonus is warranted, and if so, the dollar amount or percentage of the Executive Team member's year-end base pay rate to be awarded.

Prior to year-end or during the first fiscal quarter of the subsequent year, the Compensation Committee would complete their analysis utilizing any internal and external documentation desired, including but not limited to reports from independent analysts and/or corporate benchmarking organizations. Upon analysis completion, the Compensation Committee made formal recommendations to the Board based on their findings with regard to bonuses for the respective year ended. Due to the subjective nature of the Company-wide goals regarding the success and analysis of an Executive in meeting or exceeding elements of his/her specific job duties, the goals were not designed to be weighted in value or quantitative in nature. The bonuses were designed to be awarded based on a subjective cumulative nature of the goals deemed attainable, employee performance and progress towards achievement. The bonus threshold was designed to range from zero percent to twenty-five percent, with a target bonus of approximately twenty or twenty-five percent, calculated from the individual's year-end base pay rate.

In June and July 2014, the Compensation Committee reviewed the Executive Team's Company-wide goals as detailed in the Committee's March 2014 meeting minutes along with specific goals documented in each individual's job description. Upon individual review of each member of the Executive Team, the Committee concluded that the Executive Team members had excelled in meeting their goals and responsibilities as documented in each individual's job description as well as made significant progress in meeting corporate goals with outstanding success. Additionally, the Committee observed that the employees had worked tirelessly over the first half of 2014 and that a performance bonus would be desirable to acknowledge the persistence, loyalty, effort and dedication of the Senior Management team.

The Compensation Committee in light of pre-established individual, along with position appropriate Company-wide goals (A. through T. as disclosed above) and objectives, undertook a weighted-average evaluation of the performance of each key executive in order to determine respective annual incentive opportunities considering base salary and fees, short and long-term incentive opportunity and any special/supplemental benefits or payments. Based upon all the foregoing and the recommendation of the Compensation Committee, the Board approved the following 2014

Performance Bonuses be granted to the following NEO at the rate of 25% of their respective 2014 year-end base compensation:

• William Carter (Chairman, CEO, President, Chief Scientific Officer) for \$250,691;
• Thomas Equels (Executive Vice Chairman, Secretary & General Counsel) for \$134,203;
• David Strayer (Chief Medical Officer & Medical Director) for \$67,369;
There were no Performance Bonuses granted and/or paid to the NEO's for the year ended 2013.

Employee Appraisal And Merit Bonus Program

In 2012, the Compensation Committee approved an Employee Appraisal and Merit Bonus Program for those employees not eligible for the key employee annual bonus. This Program incorporates a team concept by conducting appraisals for eligible employees in each department throughout the calendar year and then averaging the total scores per department in order to determine year-end, department-wide merit bonuses. This Program is annually renewed and at the ultimate discretion of the Compensation Committee based on various factors, including the Company's overall accomplishment of milestones and access to Working Capital.

For the year ended 2013, no bonuses related to this program were granted to employees. In 2014, bonuses related to this program were granted to employees amounting to \$57,841.

Executive Performance Incentive Bonus

As an element of their current employment contracts, William Carter (Chairman, CEO, President, Chief Scientific Officer) and Thomas Equels (Executive Vice Chairman, Secretary and General Counsel) are eligible for performance incentive bonus based on a percent, 2.5% and 5.0% respectively, of the Gross Proceeds paid to the Company as a result of sales of Alferon N Injection®, Alferon® LDO, Ampligen® or other Company products, or from any joint ventures or corporate partnering arrangements. For bonus purposes, Gross Proceeds is defined as cash amounts paid to the Company by the other parties to the joint venture or corporate partnering arrangement, but shall not include any amounts paid to the Company as reimbursement of expenses incurred; and any amounts paid to the Company in consideration for the Company's assets (i.e., plant, property, equipment, investments, etc.), equity or other securities. After the termination of this Agreement, for any reason, Dr. Carter and Mr. Equels shall be entitled to receive the incentive bonus based upon Gross Proceeds received by the Company during the three year period commencing on the termination of their Agreement with respect to any joint ventures or corporate partnering arrangements entered into by the Company during the term of the Agreement. Furthermore, Dr. Carter and Mr. Equels shall be entitled to a 5% bonus related to any sale of the Company, or any sale of a substantial portion of Company assets not in the ordinary course of its business. The aggregate incentive bonus hereunder as set forth above shall be capped not to exceed \$5,000,000 annually.

During 2012, the Compensation Committee and Board of Directors sought out and received an opinion of independent legal counsel regarding the elements of the Executive Performance Incentive Bonus created by the current employment contracts of William Carter and Thomas Equels in relation to the shares of Company stock sold through the Maxim ATM. It was the opinion of independent counsel that Section 3(c)(ii) of Dr. Carter and Mr. Equels respective agreements could reasonably be interpreted to require the Company to pay them a 5% bonus on the net proceeds resulting from the sale of securities of the Maxim ATM Offering as either (a) constitutes any sale of the Company, or (b) is a sale of substantial portion of Company assets not in the ordinary course of its business. On November 26, 2012, all of the members of the Compensation Committee authorized the payment of bonus for the Company stock sold through the Maxim ATM based on the contractual obligation and opinion of independent counsel. For the years ended 2014, 2013 and 2012, compensation was granted or paid related to the Executive Performance Incentive Program, as set forth in Section 3(c)(ii) of their respective Employment Agreements, for approximately \$641,000, \$12,000, and \$1,159,000 to each Dr. Carter and Mr. Equels.

Long-Term Bonus Incentive Programs

The Compensation Committee believes that team oriented performance by our NEO, non-officer Executive officers and all employees, consistent with our short and long-term goals, can be achieved through the use of goal or result oriented bonus programs. For the year ending 2014, the Employee Bonus Pool Program continued to exist to provide our employees, including our NEO and certain senior, non-officer Executives, with incentives to help align their financial interests with that of Hemispherx and its stockholders. For the year ending 2014, no compensation was granted or paid in relation to Long-Term Bonus Programs.

Employee Bonus Pool Program

An element of 2009's Employee Wage Or Hours Reduction Program was the establishment of a Bonus Pool (the "Pool") in the case of FDA Approval ("Approval") of Ampligen®. This bonus is to award to each employee of record at January 1, 2009 a pretax sum of 30% in wages, calculated on their base salary per annum compensation at the time of the Approval, and awarded within three months of Approval. Participants who terminate their employment prior to the Approval will not qualify for this bonus. For the year ended 2014, no compensation was granted or paid related to the Employee Bonus Pool Program.

Stock Options

The Compensation Committee believes that long-term performance is achieved through an ownership culture that encourages such performance by our NEO, non-officer Executives and all employees through the use of stock and stock-based awards. Our stock plans have been established to provide our employees, including our NEO and senior non-officer Executives, with incentives to help align their interests with the interests of stockholders. Accordingly, the Compensation Committee believes that the use of stock and stock-based awards offers the best approach to achieving long-term performance goals because:

- Stock options align the interests of Executives and employees with those of the stockholders, support a pay-for-performance culture, foster employee stock ownership, and focus the management team on increasing value for the stockholders;

- Stock options are performance based. All the value received by the recipient of a stock option is based on the growth of the stock price; and

- Stock options help to provide a balance to the overall executive compensation program as base salary and our discretionary annual bonus program focus on short-term compensation.

We have historically elected, and continue to use, stock options as the primary long-term equity incentive vehicle. We have adopted stock ownership guidelines and our stock compensation plans have provided the principal method, other than through direct investment for our executives to acquire equity in our Company. The Compensation Committee believes that the annual aggregate value of these awards should be set near competitive median levels for comparable companies. However, in the early stage of our business, we provided a greater portion of total compensation to our Executives through our stock compensation plans than through cash-based compensation.

In determining the number of stock options to be granted to NEO, non-officer Executives and employees, we take into account the individual's position, scope of responsibility, ability to affect profits and stockholder value and the individual's historic and recent performance and the value of stock options in relation to other elements of the individual's total compensation.

Our stock plans authorize us to grant options to purchase shares of common stock to our NEO, employees, Directors and consultants. Our Compensation Committee oversees the administration of our stock option plan. The Compensation Committee reviews and recommends approval by our Board of Directors of stock option awards to NEO based upon a review of competitive compensation data, its assessment of individual performance, a review of each Executive's existing long-term incentives and retention considerations. Periodic stock option grants are made at the discretion of the Board of Directors upon recommendation of the Compensation Committee to eligible NEO and employees and, in appropriate circumstances, the Compensation Committee considers the recommendations of the

CEO.

As a reinforcement to employees that one of the Company's priorities continues to be that of increasing shareholder value, the Compensation Committee and Board have historically granted the replacement of expired stock options to all current employees at the same number of shares and exercise price as had been originally issued.

Effective as of December 2011, the Compensation Committee mandated that the standard terms of options to be issued to individuals in their role as Company employees to require that such options not vest sooner than one year from the date of issuance and that, to the extent that any such options have not vested on the date of an Executive's termination, the options shall be void as to such unvested portion.

The following Options were issued to NEO in their role as employees during 2014:

On June 6, 2014, we granted options to William A. Carter, Chairman, Chief Executive Officer and Chief Scientific Officer, consistent with his employment agreement, to purchase 500,000 ten year options to purchase common stock at \$0.36 per share which vest in entirety in one year;

On June 6, 2014, we granted options to Thomas K. Equels, Executive Vice Chairman, Secretary and General Counsel, consistent with his employment agreement 300,000 ten year options to purchase common stock at \$0.36 per share which vest in entirety in one year; and

On June 6, 2014, we granted options to Wayne Springate, SVP Operations, consistent with his employment agreement 50,000 ten year options to purchase common stock at \$0.36 per share which vest in entirety in one year;

The following Options were issued to NEO in their role as employees during 2013:

On June 6, 2013, we granted options to William A. Carter, Chairman, Chief Executive Officer and Chief Scientific Officer, consistent with his employment agreement, to purchase 500,000 ten year options to purchase common stock at \$0.31 per share which vest in entirety in one year; and

On June 6, 2013, we granted options to Thomas K. Equels, Executive Vice Chairman, Secretary and General Counsel, consistent with his employment agreement 300,000 ten year options to purchase common stock at \$0.31 per share which vest in entirety in one year;

The following Options were issued to NEOs in their role as employees during 2012:

On April 13, 2012, we granted 10 year term replacement options to purchase 10,000 shares of our common stock at an exercise price of \$4.03 per share that vested immediately to both Dr. William Carter, Chairman, Chief Executive Officer and Chief Scientific Officer, and Dr. David Strayer, Chief Medical Officer and Medical Director, respectively; On June 5, 2012, we granted options to purchase 50,000 shares of our common stock at an exercise price of \$0.29 per share, or 110% of the closing price of the stock on the NYSE MKT as of June 4, 2012 with total vesting in twelve months, to Robert Dickey, Senior Vice President;

On June 11, 2012, we granted options to purchase 500,000 shares of our common stock at an exercise price of \$0.31 per share, or 110% of the \$0.28 closing price of the stock on the NYSE MKT as of June 10, 2012 with total vesting in twelve months, to William A. Carter, Chairman, Chief Executive Officer and Chief Scientific Officer, consistent with his employment agreement; and

On June 11, 2012, we granted options to purchase 300,000 shares of our common stock at an exercise price of \$0.31 per share, or 110% of the \$0.28 closing price of the stock on the NYSE MKT as of June 10, 2012 with total vesting in twelve months, to Thomas K. Equels, Executive Vice Chairman, Secretary and General Counsel, consistent with his employment agreement.

Claw-Back Compensation Recoupment Provisions

Effective December 2011, all Executive compensation including and without limitation to base salary, bonuses, stock options, and fringe benefits, shall be subject to recoupment from the Employee by the Company pursuant to the Company's Executive Compensation Recoupment Policies adopted December 1, 2011, as may be amended by the Company's Board of Directors from time to time to remain in compliance with the claw-back compensation recoupment provisions of the Dodd-Frank Act.

Other Compensation

We provide the following benefits to our NEO generally on the same bases as benefits provided to all full-time employees:

Health, vision and dental insurance;

Life insurance;

Short and long-term disability insurance; and

401(k) with Company matching of up to 6% of employee's contribution or to the extent of IRS regulations, whichever is lower.

The Compensation Committee believes that these benefits are consistent with those offered by other companies, specifically those provided by our peers. Occasionally, certain Executives separately negotiate other benefits in addition to the benefits described above. The following additional benefits were provided in 2012 NEO as an element of their respective employment:

Dr. William Carter, Chief Executive Officer and Chief Scientific Officer:

Automobile allowance;

Reimbursement of home office, computer, internet, phone and telefax expenses;

Health, vision and dental insurance fully paid by the Company; and

Supplementary life and disability insurance policies.

Thomas Equels, General Counsel:

Automobile allowance;

Predetermined allowance for the Company's utilization of Florida offices of Equels Law Firm;

Reimbursement of home office, computer, internet, phone and telefax expenses;

Health, vision and dental insurance fully paid by the Company; and

Supplementary life and disability insurance policies.

401(k) Plan

In December 1995, we established a defined contribution plan, effective January 1, 1995, entitled the Hemispherx Biopharma employees 401(k) Plan and Trust Agreement. All of our full-time employees are eligible to participate in the 401(k) plan following one year of employment. Subject to certain limitations imposed by Federal Tax laws, participants are eligible to contribute up to 15% of their salary (including bonuses and/or commissions) per annum. Through March 14, 2008, Participants' contributions to the 401(k) plan were matched by Hemispherx at a rate determined annually by the Board of Directors. Each participant immediately vests in his or her deferred salary contributions, while our contributions will vest over one year.

Effective March 15, 2008 and continuing through December 31, 2009, we halted our matching of 401(k) contributions provided to the account for each eligible participant. Effective January 1, 2010, our Compensation Committee reestablished

Hemispherx' 100% matching of up to 6% of the 401(k) contributions provided to the account for each eligible participant, to the dollar extent permitted by IRS regulations, including without exception each eligible Named Executive Officer.

Severance

In determining whether to approve and setting the terms of severance arrangements, the Compensation Committee recognizes that Executives, especially highly ranked Executives, often face challenges securing new employment following termination. Upon termination of employment, the following NEO currently are entitled to receive severance payments under their employment and/or engagement agreements:

- William A. Carter, Chairman of the Board, Chief Executive Officer, President and Chief Scientific Officer;
- Thomas K. Equels, Executive Vice Chairman of the Board, Secretary and General Counsel; and

The Compensation Committee believes that severance agreements provided to these individuals are generally in line with severance packages offered to executive officers of companies of similar size. Alternately, Dr. David Strayer is currently not covered under an existing severance agreement. Any severance benefits payable to them under similar circumstances would be determined by the Compensation Committee in its discretion. See "Estimated Payments Following Severance — Named Executive Officers".

Conclusion

Our compensation policies are designed to retain and motivate our Executive Officers, other non-officer Executives and non-Executives and to ultimately reward them for outstanding individual and corporate performance.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of our Board of Directors oversees our compensation program on behalf of the Board. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with Management the Executive Compensation Discussion and Analysis set forth in this Form 10-K for the fiscal year ended December 31, 2014.

In reliance on the review and discussions referred to above, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and Hemispherx' Proxy Statement to be filed in connection with Hemispherx' 2015 Annual Meeting of Stockholders.

COMPENSATION COMMITTEE

Dr. Iraj E. Kiani, Committee Chairman
Dr. William M. Mitchell
Mr. Peter W. Rodino

The foregoing Compensation Committee report shall not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, and shall not otherwise be deemed filed under these acts, except to the extent we incorporate by reference into such filings.

Compliance with Internal Revenue Code Section 162(m) and 409A & 409(b)

One of the factors the Compensation Committee considers in connection with compensation matters is the anticipated tax treatment to Hemispherx and to the Executives of the compensation arrangements. The deductibility of certain

types of compensation depends upon the timing of an executive's vesting in, or exercise of, previously granted rights. Moreover,

interpretation of, and changes in, the tax laws and other factors beyond the Compensation Committee's control also affect the deductibility of compensation. Accordingly, the Compensation Committee will not necessarily limit executive compensation to that deductible under Section 162(m) or 409A & 409(b) of the Code. The Compensation Committee will consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent consistent with its other compensation objectives.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Our Compensation Committee of the Board of Directors, consisting of Dr. Iraj E. Kiani, the Committee Chair, Dr. William M. Mitchell and Peter W. Rodino are all independent directors. There are no interlocking relationships.

EXECUTIVE COMPENSATION

The following table provides information on the compensation during the fiscal years ended December 31, 2014, 2013 and 2012 of our Chief Executive Officer, Chief Financial Officer, and Chief Medical Officer constituting the Company's Named Executive Officers, based on the year ended 2014 for each fiscal year.

Summary Compensation Table

Name & Principal Position	Year	Salary / Fees (3)	Bonus	Stock Option Awards			Non-Equity Incentive Plan Compensation	Change in Earnings	All Other Compensation	Total	
				(15)	(3)	(10)					
William A. Carter CEO, President & CSO (1) (3)	2014	\$ 1,185,225	\$ 891,479	(49)	\$ —	\$ 135,030	(16)	\$ —	\$ 153,141	(11)	\$ 2,364,875
	2013	\$ 1,167,711	\$ 12,444	(4)	—	\$ 125,699	(1)	—	\$ 147,662	(11)	\$ 1,453,516
	2012	\$ 1,143,692	\$ 1,401,099	(48)	—	\$ 133,627	(15)	—	\$ 148,938	(11)	\$ 2,827,356
Thomas K. Equels General Counsel and Chief Financial Officer (2) (3)	2014	\$ 719,273	\$ 774,990	(49)	—	\$ 69,199	(2)	—	\$ 104,987	(12)	\$ 1,668,449
	2013	\$ 708,644	\$ 12,444	(4)	—	\$ 86,826	(2)	—	\$ 95,250	(12)	\$ 903,164
	2012	\$ 694,068	\$ 1,288,693	(48)	—	\$ 87,246	(2)	—	\$ 101,450	(12)	\$ 2,171,457
David Strayer CMO & Medical Director	2014	\$ 269,475	\$ 67,369	(9)	—	\$ 746	(7)	—	\$ 29,744	(13)	\$ 367,334
	2013	\$ 265,493	\$ —	—	—	\$ —	—	—	\$ 25,602	(13)	\$ 291,095
	2012	\$ 260,032	\$ 65,008	(8)	—	\$ 1,534	(5)	—	\$ 10,030	(13)	\$ 336,604

Notes:

Dr. Carter renewed his Employment Agreements on June 11, 2010, which was amended on July 15, 2010, then (1) amended and restated on December 6, 2011, that granted him the annual Option to purchase 500,000 shares of Hemispherx common stock as an element of his Employment Agreement.

(2)

Mr. Equels transitioned from the role of external to internal General Counsel and Litigation Counsel effective June 1, 2010 with an Employment Agreement of June 11, 2010, which was amended on July 15, 2010, then amended and restated December 6, 2011, that granted him the annual Option to purchase 300,000 shares of Hemispherx common stock as an element of his Employment Agreement.

For Named Executive Officers, who are also Directors that receive compensation for their services as a Director, the Salary/Fees and Option Awards columns include compensation that was received by them for their role as a (3) member of the Board of Directors. As is required by Regulation S-K, Item 402(c), compensation for services as a Director have been reported within the "Summary Compensation Table" (above) for fiscal years of 2014, 2013 and 2012 as well as reported separately in the "Compensation of Directors" section (see below) for calendar year 2014.

On November 26, 2012, the Compensation Committee authorized the payment of a bonus of 5% on the net dollar proceeds resulting from the sale of Company stock sold through the Maxim ATM to Dr. Carter and Mr. Equels (4) based on the contractual obligation and opinion of independent legal counsel, as set forth in Section 3(c)(ii) of their respective Employment Agreements. Amounts include for 2012, 2013 and 2014, compensation was granted or paid to each Dr. Carter and Mr. Equels, respectively, pursuant to this bonus.

On April 13, 2012, the Compensation Committee granted 10 year term replacement options to purchase 10,000 (5) shares of our common stock at an exercise price of \$4.03 per share that vested immediately to both Dr. Carter and Dr. Strayer.

On December 8, 2014, the Compensation Committee granted 10 year term replacement options to purchase (6) 320,000 shares of our common stock at an exercise price of \$2.60 per share that vest over a 12 month period to Dr. Carter.

On December 8, 2014, the Compensation Committee granted 10 year term replacement options to purchase 10,000 (7) shares of our common stock at an exercise price of \$1.90 per share that vest over a 12 month period to Dr. Strayer.

On January 10, 2013, our Compensation Committee of the Board of Directors awarded bonuses to certain NEO (8) and senior, non-officer Executives in recognition for their achievement towards our Company-wide and individual goals in 2012.

On July 3, 2014, our Compensation Committee of the Board of Directors awarded bonuses to certain NEO and (9) senior, non-officer Executives in recognition for their achievement towards our Company-wide and individual goals in 2014.

The value was obtained using the Black-Scholes-Merton pricing model for stock-based compensation in (10) accordance with FASB ASC 718 (formerly SFAS 123R). See Note 2(j) Stock-Based Compensation in the financial statements.

(11) Dr. Carter's All Other Compensation Consists of:

	2014	2013	2012
Life and Disability Insurance	\$ 93,295	\$ 84,709	\$ 79,322
Healthcare Insurance	14,246	17,653	24,616
Company Car Expenses / Car Allowance	30,000	30,000	30,000
Outside Office Expenses	—	—	—
401(k) Matching Funds	15,600	15,300	15,000
	\$ 153,141	\$ 147,662	\$ 148,938

(12) Mr. Equels' All Other Compensation consists of:

	2014	2013	2012
Life and Disability Insurance	\$ 35,280	\$ 19,420	\$ 27,350
Healthcare Insurance	36,107	42,530	41,100
Car Expenses / Allowance	18,000	18,000	18,000
Outside Office Expenses	—	—	—
401(k) Matching Funds	15,600	15,300	15,000
	\$ 104,987	\$ 95,250	\$ 101,450

(13) Dr. Strayer's All Other Compensation consists of:

	2014	2013	2012
Life and Disability Insurance	\$ —	\$ —	\$ —
Healthcare Insurance	14,144	10,302	10,030
401(k) Matching Funds	15,600	15,300	-
	\$ 29,744	\$ 25,602	\$ 10,030

Grants of Plan Based Awards

Name	Grant Date (2)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)(2)	Exercise Price of Option Awards (\$/Sh)	Grant Date of Stock and Option Awards (\$)	Fair Value of Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)					
William A. Carter, Chief Executive Officer	6/6/2014	—	200,553	250,691	—	75,617	(3)	500,000		\$ 0.36		\$ 115,331
Thomas K. Equels, General Counsel	6/6/2013	—	107,362	134,203	—	45,370	(3)	—	300,000	\$ 0.36		\$ 69,199
David Strayer,												