HEMISPHERX BIOPHARMA INC
Form 10-Q
May 15, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 2017

Commission File Number: 1-13441

HEMISPHERX BIOPHARMA, INC.

(Exact name of registrant as specified in its charter)

Delaware	52-0845822
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1617 JFK Boulevard, Suite 500, Philadelphia, PA 19103

(Address of principal executive offices) (Zip Code)

(215) 988-0080

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

[X] Yes [ ] No

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

[ ] Large accelerated filer [ ] Accelerated filer
[ ] Non-accelerated filer [X] Smaller reporting company
[ ] Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. [ ]

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

26,461,072 shares of common stock were outstanding as of May 1, 2017.

PART I - FINANCIAL INFORMATION

ITEM 1: **Financial Statements**

HEMISPHERX BIOPHARMA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except for share and per share amounts)

	March 31,2017 (Unaudited)	December 31,2016 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$776	$2,408
Marketable securities	2,973	3,460
Accounts receivable	41	—
Assets held for sale	764	764
Prepaid expenses and other current assets	636	309
Total current assets	5,190	6,941
Property and equipment, net	9,257	9,514
Patent and trademark rights, net	870	872
Other assets	1,546	1,546
Total assets	$16,863	$18,873
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$927	$887
Accrued expenses	1,709	1,548
Total current liabilities	2,636	2,435
Redeemable warrants	1,279	940
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, par value $0.01 per share, authorized 5,000,000; issued and outstanding; none	-	-
Common stock, par value $0.001 per share, authorized 350,000,000 shares; issued and outstanding 26,186,998 and 24,202,921, respectively	26	24

Additional paid-in capital	316,238	315,980
Accumulated other comprehensive income (loss)	6	(5)
Accumulated deficit	(303,322)	(300,501)
Total stockholders' equity	12,948	15,498
Total liabilities and stockholders' equity	$16,863	$18,873

See accompanying notes to consolidated financial statements.

HEMISPHERX BIOPHARMA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Loss

(in thousands, except share and per share data)

(Unaudited)

	Three months ended March 31,	
	2017	2016
Revenues:		
Clinical treatment programs - US	$23	$39
Clinical treatment programs - Europe	61	-
Total revenues	84	39
Costs and expenses:		
Production costs	270	268
Research and development	1,391	1,002
General and administrative	1,664	2,448
Total costs and expenses	3,325	3,718
Operating loss	(3,241)	(3,679)
Interest and other income	26	61
Redeemable warrants valuation adjustment	393	-
Gain (loss) on sales of short term marketable securities	1	(107)
Gain from sale of income tax net operating losses and research credits	-	1,561
Net loss	(2,821)	(2,164)
Other comprehensive income:		
Reclassification adjustments for loss on sales of short term marketable securities included in net loss	(1)	107
Unrealized gain on marketable securities	12	40
Net comprehensive loss	$(2,810)	$(2,017)
Basic and diluted loss per share	$(0.11)	$(0.10)
Weighted average shares outstanding, basic and diluted	25,341,068	20,630,328

See accompanying notes to consolidated financial statements.

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HEMISPHERX BIOPHARMA, INC. AND SUBSIDIARIES

Consolidated Statement of Changes in Stockholders' Equity

For the Three Months Ended March 31, 2017

(in thousands except share data)

(Unaudited)

	Common Stock Shares	Common Stock $0.001 Par Value	Additional Paid-In Capital	Accumulated Other Compre-hensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2016	24,202,921	$ 24	$ 315,980	$ (5)	$ (300,501)	$ 15,498
Equity-based compensation	40,105	—	52	—	—	52
Redeemable warrants	—	—	(734)	—	—	(734)
Common stock issuance, net of costs	1,818,185	2	873	—	—	875
Stock issued for accounts payable	125787	—	67	—	—	67
Net comprehensive income (loss)	—	—	—	11	(2,821)	(2,810)
Balance at March 31, 2017	26,186,998	$ 26	$ 316,238	$ 6	$ (303,322)	$ 12,948

See accompanying notes to consolidated financial statements.

HEMISPHERX BIOPHARMA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2017 and 2016

(in thousands)

(Unaudited)

	2017	2016
Cash flows from operating activities:		
Net loss	$ (2,821)	$ (2,164)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation of property and equipment	261	300
Redeemable warrants valuation adjustment	(393)	—
Amortization and abandonment of patent and trademark rights	13	30
Equity-based compensation	52	52
Realized loss on sale of marketable securities	(1)	107
Change in assets and liabilities:		
Accounts receivable	(41)	—
Prepaid expenses and other current assets	(327)	(28)
Accounts payable	103	182
Accrued expenses	161	478
Net cash used in operating activities	(2,993)	(1,043)
Cash flows from investing activities:		

Sale of marketable securities	500	—
Purchase of property, equipment and construction in progress	(3)	—
Lease deposit refund	—	2
Additions to patent and trademark rights	(11)	(62)
Net cash provided by (used in) investing activities	486	(60)
Cash flows from financing activities:		
Payments on capital leases	—	(1)
Proceeds from sale of stock, net of issuance costs	875	2
Net cash provided by financing activities	875	1
Net decrease in cash and cash equivalents	(1,632)	(1,102)
Cash and cash equivalents at beginning of period	2,408	2,115
Cash and cash equivalents at end of period	$ 776	$ 1,013
Supplemental disclosures of non-cash investing and financing cash flow information:		
Unrealized gain on marketable securities	$ 12	$ 147
Stock issued for accounts payable	$ 67	$ —
Fair value of redeemable warrants granted	$ 734	$ —

See accompanying notes to consolidated financial statements.

HEMISPHERX BIOPHARMA, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Basis of Presentation

The consolidated financial statements include the financial statements of Hemispherx Biopharma, Inc. and its wholly-owned subsidiaries ("Company"). The Company has two domestic subsidiaries: BioPro Corp. and BioAegean Corp., both of which are incorporated in Delaware and are dormant. The Company also has a foreign subsidiary, Hemispherx Biopharma Europe N.V./S.A., which was established in Belgium in 1998. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company has incurred numerous years of substantial operating losses as it pursued its clinical and pre-clinical development activities and appropriate regulatory approval processes before any such products can be sold and marketed. As of March 31, 2017, our accumulated deficit was approximately $303,000,000. The Company has not yet generated significant revenues from our products and may incur substantial losses in the future. The Company evaluated these conditions and events that may raise substantial doubt about the Company's ability to continue as a going concern; however, the Company believes that it has alleviated the substantial doubt by implementing certain actions. The Company reexamined its fundamental priorities in terms of direction, corporate culture and its ability to fund operations. As a result, there were significant changes at the Company including the Company restructuring its executive management team, initiating the pursuit of international sales of clinical grade materials, and implementing a cost saving program which assisted the Company in gained efficiencies and eliminated redundancies within its workforce. In addition, the Company is in the process of selling an underutilized building adjacent to its New Jersey manufacturing facility site. Also, the Company is committed to a focused business plan oriented toward finding senior co-development partners with the capital and expertise needed to commercialize the many potential therapeutic aspects of our experimental drugs and our approved drug Alferon N. Lastly, the Company plans to access the public equity markets to raise further capital.

In the opinion of Management, all adjustments necessary for a fair presentation of such consolidated financial statements have been included. Such adjustments consist of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The interim consolidated financial statements and notes thereto are presented as permitted by the Securities and Exchange Commission ("SEC"), and do not contain certain information which will be included in the Company's annual consolidated financial statements and notes thereto.

These consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the years ended December 31, 2016 and 2015, contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Note 2: Net Loss Per Share

Basic and diluted net loss per share is computed using the weighted average number of shares of common stock outstanding during the period. Equivalent common shares, consisting of stock options and warrants which amounted to 10,881,033 and 15,504,000 shares for the three months ended March 31, 2017 and 2016, respectively, are excluded from the calculation of diluted net loss per share since their effect is anti-dilutive.

Note 3: Equity-Based Compensation

The fair value of each option and equity warrant award is estimated on the date of grant using a Black-Scholes-Merton option pricing valuation model. Expected volatility is based on the historical volatility of the price of the Company's stock. The risk-free interest rate is based on U.S. Treasury issues with a term equal to the expected life of the option and equity warrant. The Company uses historical data to estimate expected dividend yield, expected life and forfeiture rates. There were no options or equity warrants granted in the three months ended March 31, 2017 and 2016.

Stock option for employees' activity during the three months ended March 31, 2017 is as follows:

Stock option activity for employees:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding January 1, 2017	836,256	$ 16.82	4.47	$ —
Granted	—	—	—	—
Forfeited	(5,048)	25.47	—	—
Outstanding March 31, 2017	831,208	$ 16.77	4.24	$ —
Vested and expected to vest March 31, 2017	831,208	$ 16.77	4.24	$ —
Exercisable March 31, 2017	786,936	$ 16.54	3.24	$ —

Unvested stock option activity for employees:

	Number of Options	Weighted Average Exercise Price	Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding January 1, 2017	90,625	$ 1.72	9.33	$ —
Granted	—	—	—	—
Vested	(46,354)	1.58	—	—
Forfeited	—	—	—	—
Outstanding March 31, 2017	44,271	$ 1.87	8.91	$ —

Stock option activity for non-employees:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value

			(Years)		
Outstanding January 1, 2017	271,500	$ 10.41	4.66	$	—
Granted	—	—	—		—
Exercised	—	—	—		—
Forfeited	(5,590)	15.08	—		—
Outstanding March 31, 2017	265,910	$ 10.31	4.41	$	—
Vested and expected to vest March 31, 2017	265,910	$ 10.31	4.41	$	—
Exercisable March 31, 2017	254,104	$ 10.69	4.11	$	—

Unvested stock option activity for non-employees:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding January 1, 2017	26,389	$ 1.65	8.61	$ —
Granted	—	—	—	—
Vested	(11,771)	1.64	—	—
Forfeited	(2,812)	1.68	—	—
Outstanding March 31, 2017	11,806	$ 1.65	9.41	$ —

The impact on the Company’s results of operations of recording equity-based compensation for the three months ended March 31, 2017 and 2016 was to increase costs and expenses by approximately $52,000 and $52,000, respectively, which had no impact on earnings per share.

As of March 31, 2017 and 2016, respectively, there was $135,000 and $168,000 of unrecognized equity-based compensation cost related to options granted under the Equity Incentive Plan.

On January 26, 2016, the Board, based on the recommendation of its Compensation Committee, established two programs - the 2016 Senior Executive Deferred Cash Performance Award Plan for Dr. William A. Carter and Thomas K. Equels, the Company’s two primary executive officers, and the 2016 Voluntary Incentive Stock Award Plan for Company employees and Board members other than Dr. Carter and Mr. Equels. Both Plans include a Base Pay Supplement provision.

The Company maintains a record of the number of shares of stock represented by each Incentive Right issued out of the 2016 Voluntary Incentive Stock Award Plan. During the three months ended March 31, 2016, the Company granted rights to 53,051 incentive shares associated with the Plan and recorded $21,000 in equity-based compensation. There were no incentive shares issued during the quarter ended March 31, 2017.

Note 4: Inventories

The Company uses the lower of first-in, first-out ("FIFO") cost or market method of accounting for inventory.

Inventories consist of the following:	(in thousands) March 31, 2017	December 31, 2016
Inventory work-in-process, January 1	$—	$ 1,326
Production	—	—
Transfer to other assets	—	(1,326)
Spoilage	—	—
Inventory work-in-process, end of period	$—	$ —

Commercial sales of Alferon® will not resume until new batches of commercial filled and finished product are produced and released by the FDA. The Company is continuing the validation of Alferon® production and production of new Alferon® API inventory commenced in February 2015. While the facility is approved by the FDA under the Biological License Application ("BLA") for Alferon®, this status will need to be reaffirmed by an FDA pre-approval inspection. The Company will also need the FDA's approval to release commercial product once it has submitted satisfactory stability and quality release data. Due to the Company extending the timeline of Alferon® production to an excess of one year, the Company reclassified Alferon® Work-In-Process inventory to other assets within the Company's balance sheet.

Note 5: Marketable Securities

Marketable securities consist of mutual funds. For the three months ended March 31, 2017 and 2016, it was determined that none of the marketable securities had other-than-temporary impairments. At March 31, 2017 and December 31, 2016, all securities were classified as available for sale investments and were measured as Level 1 instruments of the fair value measurements standard.

Securities classified as available for sale consisted of:

March 31, 2017

(in thousands)

Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Short-Term Investments	Long Term Investments
Mutual Funds	$ 2,967	$ 6	$ —	$2,973	$ 2,973	$ —
Totals	$ 2,967	$ 6	$ —	$2,973	$ 2,973	$ —

December 31, 2016

(in thousands)

Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Short-Term Investments	Long Term Investments
Mutual Funds	$ 3,465	$ —	$ (5)	$3,460	$ 3,460	$ —
Totals	$ 3,465	$ —	$ (5)	$3,460	$ 3,460	$ —

Unrealized losses on investments

Investments with continuous unrealized losses for less than 12 months and 12 months or greater and their related fair values were as follows:

There were no investments in a loss position as of March 31, 2017.

December 31, 2016

(in thousands)

	Total	Less Than 12 Months		12 Months or Greater		Totals	
Securities	Number In Loss Position	Fair Values	Unrealized Losses	Fair Values	Unrealized Losses	Total Fair Value	Total Unrealized Losses
Mutual Funds	1	$1,853	$ (13)	$ —	$ —	$1,853	$ (13)
Totals	1	$1,853	$ (13)	$ —	$ —	$1,853	$ (13)

Note 6: Accrued Expenses

Accrued expenses consist of the following:

	(in thousands)	
	March 31, 2017	December 31, 2016
Compensation	$277	$ 297
Professional fees	528	604
Clinical trial expenses	393	158
Other expenses	511	489
	$1,709	$ 1,548

Note 7: Property and Equipment

	(in thousands)	
	March 31, 2017	December 31, 2016
Land, buildings and improvements	$10,530	$ 10,530
Furniture, fixtures, and equipment	5,625	5,630
Total property and equipment	16,155	16,160
Less: accumulated depreciation and amortization	(6,898)	(6,646)
Property and equipment, net	$9,257	$ 9,514

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, ranging from three to thirty-nine years. The Company also reclassified an underutilized building as an asset held for resale totaling $764,000 adjacent to its New Jersey manufacturing facility site that it is in the process of selling.

Note 8: Stockholders' Equity

(a) Preferred Stock

The Company is authorized to issue 5,000,000 shares of $0.01 par value preferred stock with such designations, rights and preferences as may be determined by the Board of Directors. There were no Preferred Shares issued and outstanding as of March 31, 2017 and December 31, 2016.

(b) Common Stock

The Company's stockholders approved an amendment to the Company's corporate Charter at the Annual Shareholder Meeting held in Philadelphia, PA that concluded on December 8, 2011. This amendment increased the Company's authorized shares from 200,000,000 to 350,000,000 with specific limitations and restrictions on the usage of 75,000,000 of the 150,000,000 newly authorized shares.

On September 16, 2015, the Company's stockholders removed the limitations and restrictions on 67,000,000 shares. The Company's stockholders approved up to an additional 60,000,000 shares for use in capital raising transactions and 7,000,000 shares for use in the Equity Plan of 2009. On August 29, 2016, the Company effected a 12 to 1 reverse stock split of the outstanding shares, in order to become compliant with the NYSE regulations. This did not affect the number of authorized shares.

On July 23, 2012, the Company entered into an equity distribution agreement (the "Maxim EDA") with Maxim Group LLC ("Maxim") pursuant to which the Company could sell up to $75,000,000 worth of its shares of common stock from time to time through Maxim, as sales agent. Under the Maxim EDA, Maxim is entitled to a fixed commission rate of 4.0% of the gross sales price of Shares sold under the Maxim EDA, up to aggregate gross proceeds of $10,000,000, and thereafter, at a fixed commission rate of 3.0% of the gross sales price of Shares sold under the Maxim EDA. Sales of the Shares, if any, may be made in transactions that are deemed to be "at-the-market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made by means of ordinary brokers' transactions, including on the NYSE MKT, at market prices or as otherwise agreed with Maxim. The Company has no obligation to sell any of the Shares and may at any time suspend offers under the Maxim EDA or terminate the Maxim EDA. Up until August 4, 2015, the shares were being sold pursuant to the Company's Universal Shelf Registration Statement on Form S-3, declared effective by the SEC on July 2, 2012. After August 4, 2015, the shares were sold pursuant to the Company's Universal Shelf Registration Statement on Form S-3, declared effective by the SEC on August 4, 2015 (the "2015 Universal Shelf"). On August 4, 2015, the Company and Maxim Group LLC amended their July 23, 2012 EDA solely for the purpose of adding the registrant's new registration statement on Form S-3 (File No 333-205228) to the definition of "registration statement" as the old registration statement expired. On December 15, 2015, the Company filed a Prospectus Supplement reducing all offerings pursuant to its existing equity distribution agreement with Maxim Group LLC to $0. No shares of common stock were sold through the Maxim EDA during the first quarter of 2017 or 2016.

On December 15, 2015, the Company entered into an Equity Distribution Agreement with Chardan Capital Markets, LLC (the "Chardan Agreement") to create an at-the-market equity program under which it may sell shares of its common stock (the "Shares") from time to time through Chardan Capital Markets, LLC, as sales agent ("Chardan"). Under the Chardan Agreement, Chardan will be entitled to a commission at a fixed commission rate of 3.0% of the gross sales price of Shares sold under the Chardan Agreement. Sales of the Shares, if any, under the Chardan Agreement may be made in transactions that are deemed to be "at-the-market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made by means of ordinary brokers' transactions, including on the NYSE MKT, at market prices or as otherwise agreed with Chardan. The Company has no obligation to sell any of the Shares, and may at any time suspend offers under the Chardan Agreement or terminate the Chardan Agreement. The Shares would be issued pursuant to the Company's previously filed and effective Registration Statement on Form S-3 (File No. 333-205228). Effective August 26, 2016 the Company halted all future offers and sales of common stock under the Chardan Agreement reducing all offerings pursuant to its existing equity distribution agreement with Chardan to $0. No shares of common stock were sold through the Chardan Agreement during the first quarter of 2017 or 2016.

On February 1, 2017, the Company entered into Securities Purchase Agreements (each, a "February Purchase Agreement") with certain investors for the sale by us of 1,818,185 shares of its common stock at a purchase price of $0.55 per share. Concurrently with the sale of the common stock, pursuant to the February Purchase Agreement, the Company also sold unregistered warrants to purchase 1,363,639 shares of common stock for aggregate net proceeds of approximately $875,000. The warrants have an exercise price of $0.75 per share, are exercisable six months after issuance, and will expire five years from the initial exercise date. Pursuant to an engagement agreement, the Company paid its placement agent an aggregate fee equal to 7% of the gross proceeds received by the Company from the sale of the securities in the offering and granted to its placement agent or its designees warrants to purchase up to 5% of the aggregate number of shares sold in the transactions amounting to 90,910 unregistered warrants. The placement agent warrants have substantially the same terms as the investor warrants, except that the placement agent warrants will

expire on February 1, 2022 and have an exercise price equal to $0.6875 per share of common stock.

On September 6, 2016, the Company entered into Securities Purchase Agreements with certain investors for the sale by the Company of 3,333,334 shares of its common stock at a purchase price of $1.50 per share and sold warrants to purchase 2,500,000 shares of Common Stock for aggregate net proceeds of $4,520,000. Subject to certain ownership limitations, the warrants are initially exercisable six-month after issuance at an exercise price equal to $2.00 per share of Common Stock, subject to adjustments as provided under the terms of the warrants. The warrants are exercisable for five years from the initial exercise date. The Company received net proceeds from the foregoing transaction of approximately $4,520,000 after deducting certain fees due to the placement agent and the Company's transaction expenses. The net proceeds received by the Company from tis offering will be used for preparation for technology transfer opportunities, expenses related to Ampligen® manufacturing, working capital and general corporate purposes. Pursuant to an engagement agreement, the Company paid its placement agent an aggregate fee equal to 7% of the gross proceeds received by the Company from the sale of the securities in the offering and granted to its placement agent or its designees warrants to purchase up to 5% of the aggregate number of shares sold in the transactions amounting to 166,667 unregistered warrants. The placement agent warrants have substantially the same terms as the investor warrants, except that the placement agent warrants will expire September 1, 2021 and have an exercise price equal to $1.875 per share of common stock.

The common stock issued in the above two offerings were offered and sold by the Company pursuant to an effective shelf registration statement on Form S-3, which was initially filed with the SEC on June 25, 2015 and subsequently declared effective on August 4, 2015 (File No. 333-205228) and the base prospectus dated as of August 4, 2015 contained therein. The Company filed a prospectus supplements related to these two offerings with the SEC on February 3, 2017 and September 1, 2016, respectively, in connection with the sale of the common stock.

The Equity Incentive Plan of 2009, effective June 24, 2009, as amended and giving effect to the 12 to 1 reverse stock split, authorizes the grant of non-qualified and incentive stock options, stock appreciation rights, restricted stock and other stock awards. A maximum of 22,000,000 shares of common stock is reserved for potential issuance pursuant to awards under the Equity Incentive Plan of 2009. Unless sooner terminated, the Equity Incentive Plan of 2009 will continue in effect for a period of 10 years from its effective date. For the three months ended March 31, 2017, there were no options granted by the Company.

Note 9: **Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Note 10: Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2014-09 (ASU 2014-09), *Revenue from Contracts with Customers*. ASU 2014-09 will eliminate transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. ASU 2014-09 also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2017, and early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Upon the Company realizing operating revenues from the sale of commercialized product, the Company’s adoption of this guidance may have an impact on the Company’s financial statement presentation or disclosures.

In January 2016, the (“FASB”) has issued Accounting Standards Update (ASU) No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The new guidance is intended to improve the recognition and measurement of financial instruments. The new guidance is

effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The new guidance permits early adoption of the own credit provision. The Company believes that the adoption of the guidance may have an impact on the Company's financial statement presentation or disclosures.

In February 2016, the FASB issued ASU 2016-02 - *Leases,* which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective for annual reporting periods beginning after December 15, 2018, and early adoption of is permitted as of the standard's issuance date. ASU 2016-02 allows a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company has not adopted ASU 2016-02 and believes such adoption may have an impact on the Company's financial statement presentation or disclosures.

In August 2016, the FASB issued ASU 2016-15 - Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force). The new guidance is intended to address the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230, Statement of Cash Flows, and other Topics. The guidance addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments apply to all entities, including both business entities and not-for-profit entities that are required to present a statement of cash flows under Topic 230. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. The amendments in this Update should be applied using a retrospective transition method to each period presented. The Company believes that the adoption of the guidance may not have a material impact on the Company’s financial statement presentation or disclosures.

In 2017, the FASB also issued Accounting Standards Updates (“ASU”) 2017-01 through 2017-08 These updates did not have a significant impact on the financial statements.

Note 11: Funds Received from Sale of Income Tax Net Operating Losses

As of December 31, 2016, the Company has approximately $174,000,000 of federal net operating loss carryforwards (expiring in the years 2018 through 2036) available to offset future federal taxable income. The Company also has approximately $36,000,000 of Pennsylvania state net operating loss carryforwards (expiring in the years 2018 through 2033) and approximately $8,000,000 of New Jersey state net operating loss carryforwards (expiring in 2036) available to offset future state taxable income.

In January 2016, the Company effectively sold $16,000,000 of its New Jersey state net operating loss carryforward for the year 2014 for approximately $1,320,000, and also sold New Jersey research and development credits for $241,000. In December 2016, the Company effectively sold $14,000,000 of its New Jersey state net operating loss carryforward for the year 2015 for approximately $1,120,000, and also sold New Jersey research and development credits for $189,000. The utilization of certain state net operating loss carry-forwards may be subject to annual limitations. With no tax due for the foreseeable future, the Company has determined that the accounting for interest or penalties related to the payment of tax is not necessary at this time.

Note 12: Fair Value

The Company is required under GAAP to disclose information about the fair value of all the Company's financial instruments, whether or not these instruments are measured at fair value on the Company's consolidated balance sheets.

The Company estimates that the fair values of cash and cash equivalents, other assets, accounts payable and accrued expenses approximate their carrying values due to the short-term maturities of these items. The Company also has certain warrants with a cash settlement feature in the unlikely occurrence of a Fundamental Transaction. The fair value of the redeemable warrants ("Warrants") related to the Company's August 2016 and February 2017 common stock and warrant issuance, are calculated using a Monte Carlo Simulation. While the Monte Carlo Simulation is one of a number of possible pricing models, the Company has determined it to be industry accepted and fairly presented the fair value of the Warrants. As an additional factor to determine the fair value of the Put's liability, the occurrence probability of a Fundamental Transaction event was factored into the valuation.

The Company recomputes the fair value of the Warrants at the issuance date and the end of each quarterly reporting period. Such value computation includes subjective input assumptions that are consistently applied each period. If the Company were to alter its assumptions or the numbers input based on such assumptions, the resulting fair value could be materially different.

The Company utilized the following assumptions to estimate the fair value of the August 2016 Warrants:

	March 31, 2017	December 31, 2016
Underlying price per share	$0.55	$0.69
Exercise price per share	$1.88 - $2.00	$1.88 - $2.00
Risk-free interest rate	1.81%-1.86%	1.86%
Expected holding period	4.40	4.70
Expected volatility	85%	85%
Expected dividend yield	-	-

The Company utilized the following assumptions to estimate the fair value of the January 2017 Warrants:

	March 31, 2017	February 1, 2017
Underlying price per share	$0.55	$0.64
Exercise price per share	$0.69-$0.75	$0.69-$0.75
Risk-free interest rate	1.90%	1.86%-1.93%
Expected holding period	4.80-4.90	5.00
Expected volatility	85%	80%-85%
Expected dividend yield	-	-

The significant assumptions using the Monte Carlo Simulation approach for valuation of the Warrants are:

(i) *Risk-Free Interest Rate*. The risk-free interest rates for the Warrants are based on U.S. Treasury constant maturities for periods commensurate with the remaining expected holding periods of the warrants.

(ii) *Expected Holding Period*. The expected holding period represents the period of time that the Warrants are expected to be outstanding until they are exercised. The Company utilizes the remaining contractual term of the Warrants at each valuation date as the expected holding period.

(iii)

Expected Volatility. Expected stock volatility is based on daily observations of the Company's historical stock values for a period commensurate with the remaining expected holding period on the last day of the period for which the computation is made.

(iv) *Expected Dividend Yield*. Expected dividend yield is based on the Company's anticipated dividend payments over the remaining expected holding period. As the Company has never issued dividends, the expected dividend yield is $-0- and this assumption will be continued in future calculations unless the Company changes its dividend policy.

(v) *Expected Probability of a Fundamental Transaction.* The possibility of the occurrence of a Fundamental Transaction triggering a Put right is extremely remote. As discussed above, a Put right would only arise if a Fundamental Transaction 1) is an all cash transaction; (2) results in the Company going private; or (3) is a transaction involving a person or entity not traded on a national securities exchange. The Company believes such an occurrence is highly unlikely because:

a. The Company only has one product that is FDA approved but which will not be available for commercial sales for at least approximately 18 months;

b. The Company may have to perform additional clinical trials for FDA approval of its flagship product;

c. Industry and market conditions continue to include a global market recession, adding risk to any transaction;

d. Available capital for a potential buyer in a cash transaction continues to be limited;

e. The nature of a life sciences company is heavily dependent on future funding and high fixed costs, including Research & Development;

f. The Company has minimal revenues streams which are insufficient to meet the funding needs for the cost of operations or construction at their manufacturing facility; and

g. The Company's Rights Agreement and Executive Agreements make it less attractive to a potential buyer.

With the above factors utilized in analysis of the likelihood of the Put's potential Liability, the Company estimated the range of probabilities related to a Put right being triggered as:

Range of Probability	Probability	
Low	0.5	%
Medium	1.0	%
High	5.0	%

The Monte Carlo Simulation has incorporated a 5.0% probability of a Fundamental Transaction to date for the life of the securities.

(vi) *Expected Timing of Announcement of a Fundamental Transaction.* As the Company has no specific expectation of a Fundamental Transaction, for reasons elucidated above, the Company utilized a discrete uniform probability distribution over the Expected Holding Period to model in the potential announcement of a Fundamental Transaction occurring during the Expected Holding Period.

(vii) *Expected 100 Day Volatility at Announcement of a Fundamental Transaction*. An estimate of future volatility is necessary as there is no mechanism for directly measuring future stock price movements. Daily observations of the Company's historical stock values for the 100 days immediately prior to the Warrants' grant dates, with a floor of 100%, were utilized as a proxy for the future volatility.

(viii) *Expected Risk-Free Interest Rate at Announcement of a Fundamental Transaction*. The Company utilized a risk-free interest rate corresponding to the forward U.S. Treasury rate for the period equal to the time between the date forecast for the public announcement of a Fundamental Transaction and the Warrant expiration date for

each simulation.

(ix) *Expected Time Between Announcement and Consummation of a Fundamental Transaction.* The expected time between the announcement and the consummation of a Fundamental Transaction is based on the Company's experience with the due diligence process performed by acquirers, and is estimated to be six months. The Monte Carlo Simulation approach incorporates this additional period to reflect the delay Warrant Holders would experience in receiving the proceeds of the Put.

While the assumptions remain consistent from period to period (e.g., utilizing historical stock prices), the numbers input change from period to period (e.g., the actual historical prices input for the relevant period). The carrying amount and estimated fair value of the above Warrants was approximately $1,279,000 at March 31, 2017 and 940,000 at December 31, 2016.

The Company applies FASB ASC 820 (formerly Statement No. 157 *Fair Value Measurements*) that defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The guidance does not impose any new requirements around which assets and liabilities are to be measured at fair value, and instead applies to asset and liability balances required or permitted to be measured at fair value under existing accounting pronouncements. The Company measures its warrant liability for those warrants with a cash settlement feature at fair value.

FASB ASC 820-10-35-37 (formerly SFAS No. 157) establishes a valuation hierarchy based on the transparency of inputs used in the valuation of an asset or liability. Classification is based on the lowest level of inputs that is significant to the fair value measurement. The valuation hierarchy contains three levels:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities at the reporting date. Generally, this includes debt and equity securities that are traded in an active market.

Level 2 – Observable inputs other than Level 1 prices such as quote prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Generally, this includes debt and equity securities that are not traded in an active market.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. As of March, 2017, the Company has classified the warrants with cash settlement features as Level 3. Management evaluates a variety of inputs and then estimates fair value based on those inputs. As discussed above, the Company utilized the Monte Carlo Simulation Model in valuing these warrants.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as:

	(in thousands) As of March 31, 2017			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable securities	$2,973	$2,973	$ -	$-
Liabilities:				
Redeemable warrants	$1,279	-	-	$1,279

	(in thousands) As of December 31, 2016			
	Total	Level 1	Level 2	Level 3
Assets:				
Marketable Securities	$3,460	$3,460	$-	$-
Liabilities:				
Redeemable warrants	940	-	-	940

The changes in Level 3 Liabilities measured at fair value on a recurring basis are summarized as follows (in thousands):

Balance at December 31, 2016	$940
Issuance of warrants	732
Fair value adjustments	(393)
Balance at March 31, 2017	$1,279

Note 13: Subsequent Events

The Board of Directors approved up to $500,000 for all directors, officers and employees to buy company shares from the company at the market price. Subsequent to March 31, 2017, the Company issued 328,020 shares of its common stock at prices between $0.50 and $0.69 per share directly to executives and employees, for $185,000 in a series of private transactions pursuant to stock purchase agreements.

In May 2017, the Company entered into a mortgage and note payable agreement with a bridge funding company to obtain a two-year funding line of up to $4,000,000 secured by the property and assets located at 783 Jersey Ave., New Brunswick, New Jersey. Subject to the lender's approval, the Company will be able to request up to $1,800,000 of the line in monthly advances during the loan term of 24 months. The Company will be able to request future advances in excess of $2,000,000 at the lender's discretion and be payable in full upon maturity. The Company will pay interest on this note at a fixed rate of 12% per annum for the first 18 months and change to a rate equal to 800 basis points above the prime rate of interest during the remainder of the term; however, the interest rate will not be less than 12% for the entire term. The note will be interest only and payable monthly through the maturity. The Company is permitted to prepay the line without penalty commencing after six months.

The Company evaluated subsequent events through the date on which these financial statements were issued and determined that no subsequent event, other than the above, constituted a matter that required adjustment to the financial statements for the three months ended March 31, 2017.

ITEM 2: **Management's Discussion and Analysis of Financial Condition and Results of Operations**

Special Note Regarding Forward-Looking Statements

Certain statements in this Report, including statements under "Item 1. Legal Proceedings" and "Item 1A. Risk Factors" in Part II, contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and are subject to risks, uncertainties and other important factors. We discuss many of these risks, uncertainties and other important factors in greater detail under "Item 1A. Risk Factors" in Part II in this Report. Because the risk factors referred to above and in our Annual Report on Form 10-K for our most recent fiscal year filed with the Securities and Exchange Commission could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, you should not place undue reliance on any such forward-looking statements.

Further, these forward-looking statements represent our estimates and assumptions only as of the date such forward-looking statements are made. You should carefully read this Report completely and with the understanding that our actual future results may be materially different from what we expect. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our business, results of operations and financial condition. Any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which will arise. We cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Any statements in this Report about our expectations, beliefs, plans, objectives, assumptions or future events or performance that are not historical facts are forward-looking statements. You can identify these forward-looking statements by the use of words or phrases such as "believe", "may", "could", "will", "estimate", "continue", "anticipate", "inte "seek", "plan", "expect", "should", or "would," and similar expressions intended to identify forward-looking statements.

Among the factors that could cause actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties inherent in our business including, without limitation: our ability to adequately fund our projects, the potential therapeutic effect of our products, the possibility of obtaining regulatory approval, our ability to find senior co-development partners with the capital and expertise needed to commercialize our products and to enter into arrangements with them on commercially reasonable terms, our ability to manufacture and sell any products, our ability to enter into arrangements with third party vendors, market acceptance of our products, our ability to earn a profit from sales or licenses of any drugs, our ability to discover new drugs in the future, changing market conditions, changes in laws and regulations affecting our industry, and issues related to our New Brunswick,

New Jersey facility. We have disclosed that in February 2013, we received a Complete Response from the U.S. Food and Drug Administration (the "FDA") declining to approve our Ampligen® New Drug Application ("NDA") for Chronic Fatigue Syndrome Treatment, sometimes referred to as myalgic encephalomyelitis/chronic fatigue syndrome ("ME/CFS"), stating that we should conduct at least one additional clinical trial, complete various nonclinical studies and perform a number of data analyses. Accordingly, the remaining steps to potentially gain FDA approval of the Ampligen® NDA, the final results of these and other ongoing activities could vary materially from our expectations and could adversely affect the chances for approval of the Ampligen® NDA. These activities and the ultimate outcomes are subject to a variety of risks and uncertainties, including but not limited to risks that (i) the FDA may ask for additional data, information or studies to be completed or provided; and (ii) the FDA may require additional work related to the commercial manufacturing process to be completed or may, in the course of the inspection of manufacturing facilities, identify issues to be resolved. With regard to our NDA for Ampligen® to treat ME/CFS, we noted above that there are additional steps which the FDA has advised Hemispherx to take in our seeking approval. The final results of these and other ongoing activities, and of the FDA review, could vary materially from Hemispherx' expectations and could adversely affect the chances for approval of the Ampligen® NDA. Any failure to satisfy the FDA's requirements could significantly delay, or preclude outright, approval of our drugs for commercial sale in the United States.

On August 18, 2016, we received approval of our NDA from Administracion Nacional de Medicamentos, Alimentos y Tecnologia Medica ("ANMAT") for commercial sale of rintatolimod (U.S. tradename: Ampligen®) in the Argentine Republic for the treatment of severe ME/CFS. The product will be marketed by GP Pharm, our commercial partner in Latin America. We believe that this approval provides a platform for potential commercial sales in certain countries within the European Union under regulations that support cross-border pharmaceutical sales of licensed drugs. We and GP Pharm are now working to expand the approval of rintatolimod to additional countries with a focus on Latin America. In Europe, approval in a country with a stringent regulatory process in place, such as Argentina, should add further validation for the product as the Early Access Program as discussed below and underway in Europe. ANMAT approval is only an initial, but important, step in the overall successful commercialization of our product. There are a number of actions that must occur before we could be able to commence commercial sales in Argentina. Commercialization in Argentina will require, among other things, an appropriate reimbursement level, appropriate marketing strategies, completion of manufacturing preparations for launch (including possible requirements for approval of final manufacturing) and we most likely will need additional funds to manufacture product at a sufficient level for a commercial launch. There are no assurances as to whether or when such multiple subsequent steps will be successfully performed to result in an overall successful commercialization and product launch. Approval of rintatolimod for ME/CFS in the Argentine Republic does not in any way suggest that the Ampligen® NDA in the United States will obtain commercial approval.

On May 24, 2016, we entered into an amended and restated agreement with Impatients, N.V. (“myTomorrows”), a Netherlands based company for the commencement and management of an Early Access Program (“EAP”) in Europe and Turkey (the “Territory”) related to ME/CFS. Pursuant to the agreement, myTomorrows, as our exclusive service provider and distributor in the Territory, is performing EAP activities directed to (a) the education of physicians and patients regarding the possibility of early access to innovative medical treatments not yet the subject of a Marketing Authorization (regulatory approval) through named-patient use, compassionate use, expanded access and hospital exemption, (b) patient and physician outreach related to a patient-physician platform, (c) the securing of Early Access Approvals (exemptions and/or waivers required by regulatory authorities for medical treatments prior to Marketing Authorization) for the use of such treatments, (d) the distribution and sale of such treatments pursuant to such Early Access Approvals, (e) pharmacovigilance (drug safety) activities and/or (f) the collection of data such as patient-reported outcomes, doctor-reported experiences and registry data. No assurance can be given that activities under the EAP will result in Marketing Authorization or the sale of substantial amounts of Ampligen® in the Territory.

Our overall objectives include plans to continue seeking approval for commercialization of Ampligen® in the United States and abroad as well as seeking to broaden commercial therapeutic indications of Alferon N Injection® presently approved in the United States and Argentina. We continue to pursue senior co-development partners with the capital and expertise needed to commercialize our products and to enter into arrangements with them on commercially reasonable terms. Our ability to commercialize our products, widen commercial therapeutic indications of Alferon N Injection® and/or capitalize on our collaborations with research laboratories to examine our products as potential preventatives for, and treatments of, MERS and Ebola Virus Disease (EVD), among others, are subject to a number of significant risks and uncertainties including, but not limited to our ability to enter into more definitive agreements with some of the research laboratories and others that we are collaborating with, to fund and conduct additional testing and studies, whether or not such testing is successful or requires additional testing and meets the requirements of the FDA and comparable foreign regulatory agencies. We do not know when, if ever, our products will be generally available for commercial sale for any indication.

We outsource certain components of our manufacturing, quality control, marketing and distribution while maintaining control over the entire process through our quality assurance and regulatory groups. We cannot provide any guarantee that the facility or our contract manufacturer will necessarily pass an FDA pre-approval inspection for Alferon® manufacture.

The production of new Alferon® API inventory will not commence until the validation phase is complete. While the facility is approved by FDA under the Biological License Application (“BLA”) for Alferon®, this status will need to be reaffirmed by a successful Pre-Approval Inspection by the FDA prior to commercial sale of newly produced inventory product. If and when the Company obtains a reaffirmation of FDA BLA status and has begun production of new Alferon® API, it will need FDA approval as to the quality and stability of the final product to allow commercial sales to resume. We most likely will need additional funds to finance the revalidation process in our facility to initiate commercial manufacturing, thereby readying ourselves for an FDA Pre-Approval Inspection. If we are unable to gain the necessary FDA approvals related to the manufacturing process and/or final product of new Alferon® inventory, our operations most likely will be materially and/or adversely affected. In light of these contingencies, there can be no assurances that the approved Alferon N Injection® product will be returned to production on a timely basis, if at all, or

that if and when it is again made commercially available, it will return to prior sales levels.

On March 15, 2016, we received written notice from the NYSE MKT LLC that we were not in compliance with its continued listing standards because our common stock had been selling for a low price per share for a substantial period of time. The NYSE MKT determined that the continued listing of our common stock was predicated on our effecting a reverse stock split of our common stock. Our stockholders approved a reverse stock split, our Board effected a 12-to-1 reverse stock split effective August 26, 2016 and our reverse split shares started trading on August 29, 2016. On September 15, 2016, we received written notice from the NYSE MKT LLC that we were back in compliance with the continued listing standards set forth in Section 1003(f)(v) of the NYSE MKT Company Guide referenced in the Exchange's letter dated March 15, 2016. The Company will be subject to NYSE Regulation's normal continued listing monitoring. However, in accordance with Section 1009(h) of the Company Guide, if the Company is again determined to be below any of the continued listing standards within 12 months of the date of this letter, NYSE MKT will examine the relationship between the two incidents of noncompliance and re-evaluate the Company's financial recovery from the first incident. NYSE Regulation will then take appropriate action, which depending on the circumstances, may include truncating the compliance procedures described in Section 1009 of the Company Guide or immediately initiate delisting procedures.

We do not undertake and specifically decline any obligation to publicly release the results of any revisions which may be made to any forward-looking statement to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Overview

General

Hemispherx Biopharma, Inc. and its subsidiaries (collectively, “Hemispherx”, “Company”, “we” or “us”) are 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 disorders. We were first formed in 1966 and in the early 1970s were 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. We have two domestic subsidiaries BioPro Corp., and BioAegean Corp., all of which are incorporated in Delaware and are dormant. Our foreign subsidiary is Hemispherx Biopharma Europe N.V./S.A. which was established in Belgium in 1998.

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.

The below chart provides a summary of the clinical indications for both Ampligen® and Alferon® currently under development.

We own and operate a 30,000 sq. ft. facility in New Brunswick, NJ with the objective of producing Alferon® and Ampligen® upon FDA approval. As part of our objectives to achieve our commercial goals and increase stockholder value, we are in the process of selling an underutilized building adjacent to our New Jersey manufacturing facility site. We do not believe that the sale of this building will have an impact on the production of our products. In May 2017, we entered into a mortgage and note payable agreement with a bridge funding company to obtain a two-year funding line of up to $4,000,000 secured by our property and assets located at 783 Jersey Ave., New Brunswick, New Jersey.

Subject to the lender's approval, we will be able to request up to $1,800,000 of the line in monthly advances during the loan term of 24 months. We will be able to request future advances in excess of $2,000,000 at the lender's discretion and be payable in full upon maturity. We will pay interest on this note at a fixed rate of 12% per annum for the first 18 months and change to a rate equal to 800 basis points above the prime rate of interest during the remainder of the term; however, the interest rate will not be less than 12% for the entire term. The note will be interest only and payable monthly through the maturity. We are permitted to prepay the line without penalty commencing after six months. The mortgage requires permission from the lender to amend our charter or by-laws; however, such permission cannot be unreasonably withheld. Please see "Manufacturing" section below.

On February 1, 2013, we received a Complete Response Letter ("CRL") from the FDA declining to approve our NDA for Ampligen® for Chronic Fatigue Syndrome ("CFS"). Please see the discussion in "Our Products - Ampligen®" below for more detail.

We have taken significant actions to focus on our business and management and reserve capital so the Company can better achieve its commercial goals, including, but not limited to, a strict anti-nepotism policy, listing for sale underutilized assets, aggressively pursuing international sales of clinical grade materials, and implementing a strong financial austerity plan. We are committed to a focused business plan oriented toward finding senior co-development partners with the capital and expertise needed to commercialize the many potential therapeutic aspects of our experimental drugs and our approved drug Alferon® N.

Our principal executive office is located at One Penn Center, 1617 JFK Boulevard, Philadelphia, Pennsylvania 19103, and our telephone number is 215-988-0080.

OUR PRODUCTS

Our primary pharmaceutical product platform consists of our experimental compound, Ampligen®, our FDA approved natural interferon product, Alferon N Injection®, and our experimental liquid natural interferon for oral administration, Alferon® LDO (Low Dose Oral).

Ampligen®

Ampligen® is approved for sale in Argentina and is an experimental drug currently undergoing clinical development for the treatment of CFS in the United States of America. As noted above and discussed below, the FDA in its CRL declined to approve our NDA for the treatment of CFS with Ampligen®. Over its developmental history, Ampligen® has received various designations, including Orphan Drug Product Designation (FDA), Treatment protocol (e.g., "Expanded Access" or "Compassionate" use authorization) with Cost Recovery Authorization (FDA) and "promising" clinical outcome recognition based on the evaluation of certain summary clinical reports ("AHRQ" or Agency for Healthcare Research and Quality). Ampligen® represents the first drug in the class of large (macromolecular) RNA (nucleic acid) molecules to apply for NDA review. Based on the results of published, peer reviewed pre-clinical studies and clinical trials, we believe that Ampligen® may have broad-spectrum anti-viral and anti-cancer properties.

We believe that nucleic acid compounds represent a potential new class of pharmaceutical products as they are designed to act at the molecular level for treatment of human diseases. There are two forms of nucleic acids, DNA and RNA. DNA is a group of naturally occurring molecules found in chromosomes, the cell's genetic machinery. RNA is a group of naturally occurring informational molecules which orchestrate a cell's behavior which, in turn, regulates the action of groups of cells, including the cells which compromise the body's immune system. RNA directs the production of proteins and regulates certain cell activities including the activation of an otherwise dormant cellular defense against viruses and tumors. Our drug technology utilizes specifically-configured RNA. Our double-stranded RNA drug product, trademarked Ampligen®, is an experimental, unapproved drug, that would be administered intravenously. Ampligen® has been assigned the generic name rintatolimod by the United States Adopted Names Council (USANC) and has the chemical designation poly(I):poly(C_{12}U).

Clinical trials of Ampligen® already conducted by us include studies of the potential treatment of CFS, Hepatitis B, HIV and cancer patients with renal cell carcinoma and malignant melanoma. All of these potential uses will require additional clinical trials to generate the safety and effectiveness data necessary to support regulatory approval.

On February 1, 2013, we received a CRL from the FDA declining to approve our NDA for Ampligen® for CFS. In its CRL, the FDA communicated that Hemispherx should conduct at least one additional clinical trial, complete various nonclinical studies and perform a number of data analyses. The additional clinical study should address, among other things, Ampligen®'s efficacy in treating CFS patients, be of sufficient size and duration to assess the safety of Ampligen® and be sufficient to determine appropriate dosing. The FDA set forth the reasons for this action and provided recommendations to address certain outstanding issues. The FDA stated that the submitted data does not provide substantial evidence of efficacy of Ampligen® for the treatment of CFS and that the data does not provide sufficient information to determine whether the product is safe for use in CFS due to the limited size of the safety database and multiple discrepancies within the submitted data. In addition to the safety and effectiveness issues recommended to be addressed in at least one additional clinical trial, the CRL states that Hemispherx should conduct complete rodent carcinogenicity studies in two species prior to approval and also conduct additional animal toxicology studies providing more comprehensive evaluation of Ampligen® fragments and degradation products. The CRL also requests evaluation of variation between lots of Ampligen® tested in the development process and recommends tighter control of the Ampligen® manufacturing process.

In response to the CRL, we continue to plan to avail ourselves of the opportunity for an "end-of-review" meeting with representatives of the Office of Drug Evaluation II which issued the CRL, in order to clarify and seek to narrow the outstanding issues regarding the further development of Ampligen® for the treatment of CFS.

FDA regulations provide a formal dispute resolution process to obtain review of any FDA decision, including a decision not to approve an NDA, by raising the matter with the supervisor of the FDA office that made the decision. The formal dispute resolution process exists to encourage open, prompt discussion of scientific (including medical) disputes and procedural (including administrative) disputes that arise during the drug development, new drug review, and post-marketing oversight processes of the FDA. Depending on the outcome of a number of initiatives in the CFS community, including the FDA's Patient Focused Drug Development Initiatives, forthcoming drug guidance and other scientific initiatives by the Institute of Medicine, Center for Disease Control and National Institute of Health, we will continue to examine the opportunity for an "end-of-review" meeting. Depending on the results of these initiatives, we may request an "end-of-review" conference with the FDA as a precursor to a possible submission of a formal appeal to the Office of New Drugs within the FDA's Center for Drug Evaluation and Research regarding the FDA's decision. Please see "*Risks Associated with Our Business*" in Part I; Item 1A. Risk Factors below.

Until we undertake the end-of-review conference(s), or otherwise reach an agreement with the FDA regarding the design of a confirmatory study, we are unable to reasonably estimate the nature, costs, necessary efforts to obtain FDA clearance or anticipated completion dates of any additional clinical study or studies. Utilizing the industry norms for undertaking a Phase III clinical study, we estimate upon acceptance of the study's design that it would take approximately 18 months to three years to complete a new well-controlled Ampligen® clinical study for resubmission to the FDA. Industry norms suggest that it will require three to six months to initiate the study, one to two years to accrue and test patients, three to six months to close-out the study and file the necessary documents with the FDA. The actual duration to complete the clinical study may be different based on the length of time it takes to design the study and obtain FDA's acceptance of the design, the final design of an acceptable Phase III clinical study, availability of suitable participants and clinical sites along with other factors that could impact the implementation of the study, analysis of results or requirements of the FDA and/or other governmental organizations. We anticipate that the time and cost to undertake clinical trial(s), studies and data analysis are beyond our current financial resources without gaining access to additional funding. Please see "Part I; Item 1A, Risk Factors: "*We may require additional financing which may not be available*."

In May 1997, the FDA authorized an open-label treatment protocol, ("AMP-511"), allowing patient access to Ampligen® for treatment in an open-label safety study under which severely debilitated CFS patients have the opportunity to be on Ampligen® to treat this very serious and chronic condition. The data collected from the AMP-511 protocol through a consortium group of clinical sites provide safety information regarding the use of Ampligen® in patients with CFS. . We are establishing an enlarged data base of clinical safety information which we believe will provide further documentation regarding the absence of autoimmune disease associated with Ampligen® treatment. We believe that continued efforts to understand existing data, and to advance the development of new data and information, will ultimately support our future filings for Ampligen® and/or the design of future clinical studies. In 2015, we engaged an independent certified public accountant to recalculate the cost per dose consistent with the current guidelines, utilizing the costs to produce a vial. In October 2016, the FDA granted our request to implement

the new cost which was initiated during the quarter ended March 31, 2017. As of May 1, 2017, there are 18 patients participating in this open-label treatment protocol.

On July 12, 2012, we filed a new drug application for Ampligen® with the ANMAT (Administracion Nacional de Medicamentos, Alimentos y Tecnologia Medica), the agency responsible for the national regulation of drugs, foods and medical technology in Argentina, under the ANMAT's Orphan Drug regulations. We believe that the approval of Ampligen® as an Orphan Drug may allow reimbursement by the Health Services Authority (SSS), the central health authority in Argentina for patients seeking treatment for CFS. On August 18, 2016, we received approval of our NDA from ANMAT for commercial sale of rintatolimod (U.S. tradename: Ampligen®) in the Argentine Republic for the treatment of ME/CFS. The product will be marketed by GP Pharm, our commercial partner in Latin America. There are a number of actions that must occur before we could be able to commence commercial sales in Argentina. Commercialization in Argentina will require, among other things, an appropriate reimbursement level, appropriate marketing strategies, completion of manufacturing preparations for launch (including possible requirements for approval of final manufacturing) and we most likely will need additional funds to manufacture product at a sufficient level for a commercial launch.

On January 11, 2017, we announced that the EAP through our agreement with myTomorrows designed to enable access of Ampligen® to ME/CFS patients has been extended to pancreatic cancer patients beginning in the Netherlands. myTomorrows is our exclusive service provider in Europe and Turkey and will manage all EAP activities relating to the pancreatic cancer extension of the program. A competent authority in the Netherlands has recently approved 50 patients for treatment in the EAP for pancreatic cancer including a funding mechanism to remunerate us for the use of Ampligen® in the program.

On May 12, 2017 we entered into a material transfer agreement with Sanofi Vaccine Technologies, France.

Alferon N Injection®

Alferon N Injection® is the registered trademark for our injectable formulation of natural alpha interferon, which was approved by the FDA in 1989 for the treatment of certain categories of genital warts. Alferon® is the only natural-source, multi-species alpha interferon currently approved for sale in the U.S. for the intralesional (within lesions) treatment of refractory (resistant to other treatment) or recurring external genital warts in patients 18 years of age or older. Certain types of human papilloma viruses ("HPV") cause genital warts, a sexually transmitted disease ("STD"). The U.S. Centers for Disease Control and Prevention ("CDC") estimates that "*approximately twenty million Americans are currently infected with HPV with another six million becoming newly infected each year. HPV is so common that at least 50% of sexually active men and women get it at some point in their lives.*" Although they do not usually result in death, genital warts commonly recur, causing significant morbidity and entail substantial health care costs.

Interferons are a group of proteins produced and secreted by cells to combat diseases. Researchers have identified four major classes of human interferon: alpha, beta, gamma and omega. Alferon® N Injection® contains a multi-species form of alpha interferon. The world-wide market for injectable alpha interferon-based products has experienced rapid growth and various alpha interferon injectable products are approved for many major medical uses worldwide. Alpha interferons are manufactured commercially in three ways: by genetic engineering, by cell culture, and from human white blood cells. All three of these types of alpha interferon are or were approved for commercial sale in the U.S. Our natural alpha interferon is produced from human white blood cells.

The potential advantages of natural alpha interferon over recombinant (synthetic) interferon produced and marketed by other pharmaceutical firms may be based upon their respective molecular compositions. Natural alpha interferon is composed of a family of proteins containing many molecular species of interferon. In contrast, commercial recombinant alpha interferon products each contain only a single species. Researchers have reported that the various species of interferons may have differing antiviral activity depending upon the type of virus. Natural alpha interferon presents a broad complement of species, which we believe may account for its higher activity in laboratory studies. Natural alpha interferon is also glycosylated (partially covered with sugar molecules). Such glycosylation is not present on the currently U.S. marketed recombinant alpha interferons. We believe that the absence of glycosylation

may be, in part, responsible for the production of interferon-neutralizing antibodies seen in patients treated with recombinant alpha interferon. Although cell culture-derived interferon is also composed of multiple glycosylated alpha interferon species, the types and relative quantity of these species are different from our natural alpha interferon.

Alferon N Injection® [Interferon alfa-n3 (human leukocyte derived)] is a highly purified, natural-source, glycosylated, multi-species alpha interferon product. There are essentially no neutralizing antibodies observed against Alferon N Injection® to date and the product has a relatively low side-effect profile. The recombinant DNA derived alpha interferon formulations have been reported to have decreased effectiveness after one year, probably due to neutralizing antibody formation.

See “Manufacturing” and “Marketing/Distribution” sections below for more details on the manufacture and marketing/distribution of Alferon N Injection®.

Alferon® LDO (Low Dose Oral)

Alferon® LDO [Low Dose Oral Interferon Alfa-n3 (Human Leukocyte Derived)] is an experimental low-dose, oral liquid formulation of natural alpha interferon and like Alferon® N Injection®, should not cause antibody formation, which is a problem with recombinant interferon. It is an experimental immunotherapeutic believed to work by stimulating an immune cascade response in the cells of the mouth and throat, enabling it to bolster systemic immune response through the body by absorption through the oral mucosa. Oral interferon could be economically feasible for patients and logistically manageable globally for development programs for prevention and, or treatment of pandemic influenza, seasonal influenza and other emerging viruses. Oral administration of Alferon® LDO, with its anticipated affordability, low toxicity, no production of antibodies, and broad range of potential bioactivity, could be a breakthrough treatment or preventative for viral diseases.

Hemispherx currently has an FDA authorized protocol to conduct a Phase II, double-blind, adaptive-design, randomized, placebo-controlled, dose-ranging study of Alferon® LDO for the prophylaxis and treatment of seasonal influenza of more than 200 subjects. Our Phase II study has continued to be delayed as additional work regarding this study would require additional funding if and when it became available.

Other Diseases

In December 2013, we announced that we were supporting the University of Pittsburgh's Chemokine Modulation Research initiative which includes Ampligen® as an adjuvant. As part of this collaboration, Hemispherx has supplied clinical grade Ampligen® (rintatolimod) to the University. The study, under the leadership of Professor of Surgery Pawel Kalinski, M.D., Ph.D., involved the Chemokine Modulatory regimen developed by Dr. Kalinski's group and successfully completed the Phase 1 dose escalation in patients with resectable colorectal cancer. In the 1st quarter of this year, Dr. Kalinski relocated to Roswell Park Cancer Institute (RPCI) in Buffalo, NY. Dr. Kalinski is currently working to establish a cancer program at RPCI which will continue to require a supply of Ampligen. The cancer protocols utilizing Ampligen at the University of Pittsburgh have been closed except for the ovarian study for which Dr. Edwards is the investigator. This study of recurrent ovarian cancer patients which includes Ampligen® as a component of the treatment regimen has enrolled 8 patients to date.

In July 2015, we submitted an application for orphan drug designation to the European Medicines Agency (EMA) for Alferon® N to treat MERS and on January 6, 2016, the EMA forwarded to us both its Public Summary of Opinion and its record designation approving the Orphan Medicinal Products Designation for Alferon® N Injection, also known as interferon alfa-n3, as a potential treatment of MERS. In addition, we concluded our 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. Although we believe that the threat of both MERS and Ebola globally may reemerge in the future, it appears that the spread of these disorders has somewhat diminished. As a result, we have elected to focus our research and development efforts on other areas at this time.

On January 11, 2017, we announced that the EAP through our agreement with myTomorrows designed to enable access of Ampligen® to ME/CFS patients has been extended to pancreatic cancer patients beginning in the Netherlands. myTomorrows is our exclusive service provider in Europe and Turkey and will manage all EAP activities relating to the pancreatic cancer extension of the program. A competent authority in the Netherlands has recently approved 50 patients for treatment in the EAP for pancreatic cancer including a funding mechanism to remunerate us for the use of Ampligen® in the program.

Laboratory experiments do not necessarily indicate clinical benefit. Some of the research both past and present has been, and may in the future be, sponsored in part by contracts or grants from us to various independent research entities.

Manufacturing

We had a Supply Agreement with Jubilant Hollister-Stier LLC of Spokane, Washington (“Jubilant”), pursuant to which Jubilant would formulate and package Ampligen® from the key raw materials that Hemispherx would supply to them. This Supply Agreement expired March 11, 2014. In October 2014, we entered into a purchase commitment with Jubilant for approximately $700,000 for the manufacture of batches of Ampligen®. On January 3, 2017, we entered into a purchase order to replace the previous purchase commitment with Jubilant pursuant to which Jubilant will manufacture batchs of Ampligen® for us. Pursuant to the new order, Jubilant will perform tooling and validation activities as well as final fill and finish services.

On July 27, 2016, we reached an agreement with Avrio Biopharmaceuticals, now Nitto Denko Avecia Inc. (“Avecia”) to serve as an additional contract manufacturer of Hemispherx’s experimental drug, Ampligen®. . Please see “Risks Associated with Our Business” in Part I, Item 1A. Risk Factors within our 2016 Form 10-K filed with the Securities and Exchange Commission on March 31, 2017.

Commercial sales of Alferon® and Alferon® API internationally are projected to begin as soon as the necessary regulatory approvals are obtained. However, commercial sales of Alferon® in the USA will not resume until new batches of commercial filled and finished product are produced and released by the FDA. While the facility is approved by the FDA under the BLA for Alferon®, this status will need to be reaffirmed by an FDA pre-approval inspection. We will also need the FDA’s approval to release commercial product once we have submitted satisfactory stability and quality release data. Currently, the manufacturing process is on hold and there is no definitive timetable to have the facility back online. Due to the Company extending the timeline of Alferon® production to an excess of one year, we reclassified Alferon® work-process-inventory to other assets within our balance sheet as of March 31, 2017. In addition, due to the high cost estimates to bring the facility back online, we most likely will need additional funds to finance the revalidation process in our facility to initiate commercial manufacturing, thereby readying ourselves for an FDA Pre-Approval Inspection. If we are unable to gain the necessary FDA approvals related to the manufacturing process and/or final product of new Alferon® inventory, our operations most likely will be materially and/or adversely affected. In light of these contingencies, there can be no assurances that the approved Alferon N Injection® product will be returned to production on a timely basis, if at all, or that if and when it is again made commercially available, it will return to prior sales levels.

In May 2017, we entered into a mortgage and note payable agreement with a bridge funding company to obtain a two-year funding line of up to $4,000,000 secured by our assets and property located at 783 Jersey Ave., New Brunswick, New Jersey. Subject to the lender’s approval, we will be able to request up to $1,800,000 of the line in monthly advances during the loan term of 24 months. We will be able to request future advances in excess of $2,000,000 at the lender’s discretion and be payable in full upon maturity. We will pay interest on this note at a fixed rate of 12% per annum for the first 18 months and change to a rate equal to 800 basis points above the prime rate of interest during the remainder of the term; however, the interest rate will not be less than 12% for the entire term. The note will be interest only and payable monthly through the maturity. We are permitted to prepay the line without penalty commencing after six months.

To formulate, fill, finish and package (“fill and finish”) Alferon N Injection® drug product, we require a FDA approved third party Contract Manufacturing Organization (“CMO”). In January 2012, we agreed to a Technology, Transfer, Validation and Commercial Supply Agreement with Ajinomoto Althea, Inc., formerly Althea Technologies, Inc. (“Althea”) of San Diego, CA, regarding the fill and finish process for Alferon® N Injection®. In November 2014, we entered into a purchase commitment with Althea for approximately $622,000 for the production of validation batches of Alferon® N Injection for emergency use and/or commercial sale. We have paid approximately $210,000 to Althea with regard to this open purchase commitment as of March 31, 2017 and has recorded this amount within Work-In-Process inventory.

Marketing/Distribution

Our marketing strategy for Ampligen® reflects the differing health care systems around the world along with the different marketing and distribution systems that are used to supply pharmaceutical products to those systems. We expect that, subject to receipt of FDA, ANMAT and/or other regulatory approval, Ampligen® may be utilized in four medical arenas: physicians' offices, clinics, hospitals, and the home treatment setting. In preparation for the FDA's consideration of our Ampligen® NDA, we undertook early stage development of pre-launch and launch driven marketing plans focusing on audience development, medical support and payer reimbursement initiatives which could facilitate product acceptance and utilization at the time of regulatory approval, if obtained. Similarly, we continued to consider distribution scenarios for the Specialty Pharmacy/Infusion channel which could provide market access, offer 3PL (third party logistics) capabilities and provide the requisite risk management control mechanisms. It is our intent to utilize third party service providers to execute elements of both the marketing/sales and distribution plans. As a possible option, we considered a plan to utilize a small group of Managed Market account managers to introduce the product to payor, employer and government account audiences. We believe that this approach could establish a market presence and facilitate the generation of revenue without incurring the substantial costs associated with a traditional sales force. Furthermore, Management believes that any approach considered should enable us to retain multiple options for future marketing strategies.

In January 2010, we engaged an Argentinean regulatory and business design entity to explore the possibility of initiating clinical trials of Alferon N Injection®, Ampligen® and Alferon® LDO during the influenza season in Argentina. On June 14, 2010, we executed a five year exclusive Sales, Marketing, Distribution and Supply Agreement for Argentina with GP Pharm Latinoamerica ("GP Pharm"), an affiliate company of Spanish GP Pharm SA. Under this Agreement, GP Pharm is responsible for gaining regulatory approval in Argentina for Ampligen® to treat CFS in Argentina and for commercializing Ampligen® for this indication in Argentina. We granted GP Pharm the right to expand rights to sell this experimental therapeutic into other Latin America countries based upon GP Pharm achieving certain performance milestones. We also granted GP Pharm an option to market Alferon N Injection® in Argentina and other Latin America countries. Under these agreements, we will manufacture and supply Ampligen® and Alferon N Injection® to GP Pharm. On November 15, 2010, we amended our June 14, 2010 agreement with GP Pharm to include Mexico in the Territory under the Sales, Marketing, Distribution and Supply Agreement. Under this Agreement, GP Pharm Mexico will be responsible for seeking regulatory approval in Mexico for Ampligen®, an experimental therapeutic, to treat CFS in Mexico and, if approval is obtained, for commercializing Ampligen® for this indication in Mexico. On May 24, 2016, we entered into a five year exclusive Renewed Sales, Marketing, Distribution and Supply Agreement (the "Agreement") with GP Pharma whereby all material provisions within the Agreement remained consistent with the original agreement.

In January 2012, the ANMAT approved the sale and distribution of Alferon N Injection® (under the brand name "Naturaferon") in Argentina. The receipt of the ANMAT approval for HPV is the first step of a regulatory process towards the commercial sales of Naturaferon®. On September 20, 2012, we filed with ANMAT an amended NDA for the use of Alferon N Injection® in patients with chronic hepatitis C who have become refractory to recombinant interferon as a result of the appearance of neutralizing antibodies against recombinant interferon. On February 6, 2013, we received the ANMAT approval for the treatment of refractory patients, that failed or were intolerant to treatment with recombinant interferon, with Naturaferon® in Argentina.

On September 6, 2011, we executed an amended agreement with Asembia, formerly Armada Healthcare, LLC, to undertake the marketing, education and sales of Alferon N Injection® throughout the United States. This agreement also provides start-up along with ongoing sales and marketing support to the Company. On July 31, 2015, it was mutually agreed upon to extend this agreement through August 14, 2017 subject to the same terms and conditions. We previously extended this agreement for the previous three years also under the same terms and conditions. Due to our manufacturing process for Alferon® being on hold and there being no definitive timetable to have the facility back online, we will review our expiring agreement on August 14, 2017 with Asembia.

On September 6, 2011, we executed a new agreement with specialty distributor, BioRidge Pharma, LLC ("BioRidge") to warehouse, ship, and distribute Alferon N Injection® on an exclusive basis in support of U.S. sales. On July 31, 2015, it was mutually agreed upon to extend this agreement through August 14, 2017 subject to the same terms and conditions. We previously extended this agreement for the previous three years also under the same terms and conditions. Due to our manufacturing process for Alferon® being on hold and there being no definitive timetable to have the facility back online, we will review our expiring agreement on August 14, 2017 with Asembia.

On May 24, 2016, we entered into an amended and restated five year agreement (the "Impatients Agreement") with Impatients, N.V. ("myTomorrows"), a Netherlands based company, for the commencement and management of an Early Access Program ("EAP") in Europe and Turkey (the "Territory") related to CFS. Pursuant to the agreement, myTomorrows, as our exclusive service provider and distributor in the Territory, is performing EAP activities. These activities will be directed to (a) the education of physicians and patients regarding the possibility of early access to innovative medical treatments not yet the subject of a Marketing Authorization (regulatory approval) through named-patient use, compassionate use, expanded access and hospital exemption, (b) patient and physician outreach related to a patient-physician platform, (c) the securing of Early Access Approvals (exemptions and/or waivers required by regulatory authorities for medical treatments prior to Marketing Authorization) for the use of such treatments, (d) the distribution and sale of such treatments pursuant to such Early Access Approvals, (e) pharmacovigilance (drug safety) activities and/or (f) the collection of data such as patient-reported outcomes, doctor-reported experiences and registry data. We are supporting these efforts and supplying Ampligen® to myTomorrows at a predetermined transfer price. In the event that we receive Marketing Authorization in any country in the Territory, we will pay myTomorrows a royalty on products sold. Pursuant to the Impatients Agreement, the royalty would be a percentage of Net Sales (as defined in the Impatients Agreement) of Ampligen® sold in the Territory where Marketing Authorization was obtained, and the maximum royalty would be a percentage of Net Sales. The formula to determine the percentage of Net Sales will be based on the number of patients that are entered into the EAP. The Company believes that disclosure of the exact maximum royalty rate and royalty termination date could

cause competitive harm. However, to assist the public in gauging these terms, the actual maximum royalty rate is somewhere between 2% and 10% and the royalty termination date is somewhere between 8 and 15 years from the First Commercial Sale of a product within a specific country. The parties established a Joint Steering Committee comprised of representatives of both parties to oversee the EAP. No assurance can be given that activities under the EAP will result in Marketing Authorization or the sale of substantial amounts of Ampligen® in the Territory. In 2017, the Company commenced sales of recently manufactured Ampligen® in international programs.

On January 11, 2017, we announced that the EAP through our agreement with myTomorrows designed to enable access of Ampligen® to ME/CFS patients has been extended to pancreatic cancer patients beginning in the Netherlands. MyTomorrows, doing business as MyTomorrows, is our exclusive service provider in Europe and Turkey and will manage all EAP activities relating to the pancreatic cancer extension of the program. A competent authority in the Netherlands has recently approved 50 patients for treatment in the EAP for pancreatic cancer including a funding mechanism to remunerate us for the use of Ampligen® in the program.

401(k) Plan

Each participant immediately vests in his or her deferred salary contributions, while Company contributions will vest over one year. The 6% Company matching contribution was terminated effective January 1, 2016. For the three months ended March 31 2017, the Company did not make any contributions towards the 401(k) Plan.

New Accounting Pronouncements

See **"**Note 10: Recent Accounting Pronouncements".

Disclosure About Off-Balance Sheet Arrangements

None.

Critical Accounting Policies

There have been no material changes in our critical accounting policies and estimates from those disclosed in Part II; Item 7: "Management's Discussion and Analysis of Financial Condition and Results of Operations; Critical Accounting Policies" contained in our Annual Report on Form 10-K for the year ended December 31, 2016.

RESULTS OF OPERATIONS

Three months ended March 31, 2017 versus three months ended March 31, 2016

Net Loss

Our net loss was approximately $2,821,000 and $2,164,000 for the three months ended March 31, 2017 and 2016, respectively, representing an increase in loss of approximately $657,000 or 30% when compared to the same period in 2016. This increase in loss for these three months was primarily due to the following:

1) a decrease in the gain from sale of income tax net operating losses of $1,561,000;

2) an increase in research and development expense of $389,000 or 39%; offset by,

3) a decrease in general and administrative expense of $784,000 or 32%; and

4) a decrease in the loss on sale of short term marketable securities of approximately $108,000.

Net loss per share was $(0.11) and $(0.10) for the three months ended March 31, 2017 and 2016, respectively. The weighted average number of shares of our common stock outstanding as of March 31, 2017 was 25,341,068 as compared to 20,630,328 as of March 31, 2016.

Revenues

Revenues from our Ampligen® Cost Recovery Program were $84,000 and $39,000 for the three months ended March 31, 2017 and 2016, respectively. The primary reason for the increase in revenues of $45,000 between periods was primarily due to our EAP through our agreement with MyTomorrows designed to enable access of Ampligen® to pancreatic cancer patients in the Netherlands. For the three months ended March 31, 2017 and 2016, we had no Alferon N Injection® Finished Good product to commercially sell and all revenue was generated from the EAP and our FDA approved open-label treatment protocol, (“AMP 511”), that allows patient access to Ampligen® for treatment in an open-label safety study.

Production Costs

Production costs were approximately $270,000 and $268,000, respectively, for the three months ended March 31, 2017 and 2016, representing an increase of $2,000 in production costs in the current period. These costs primarily represent stability testing and pre-production expenses related to Alferon®.

Research and Development Costs

Overall Research and Development (“R&D”) costs for the three months ended March 31, 2017 were approximately $1,391,000 as compared to $1,002,000 for the same period a year ago, reflecting an increase of approximately

$389,000 or 39%. The primary reason for the increase in research and development costs was due to an increase in Ampligen® stability and compliance testing of approximately $133,000 for use in the EAP to treat pancreatic cancer patients in the Netherlands as well as an increase in AMP 511 costs of approximately $455,000 associated with Ampligen® clinical study work. This was offset by a decrease in executive salaries and wages of approximately $155,000.

General and Administrative Expenses

General and Administrative ("G&A") expenses for the three months ended March 31, 2017 and 2016, were approximately $1,664,000 and $2,448,000, respectively, reflecting a decrease of approximately $784,000 or 32%. The decrease in G&A expenses during the current period was mainly due to a one-time charge in 2016 resulting from a severance payment to an executive upon termination.

Interest and Other Income

Interest and other income for the three months ended March 31, 2017 and 2016 were approximately $26,000 and $61,000, respectively, representing a decrease of approximately $35,000 or 57%. The primary cause for the decrease in investment income during the current quarter was primarily due to lower balances available to invest in the current period as compared to the prior period.

Redeemable Warrants

The quarterly fiscal revaluation of certain redeemable warrants resulted in a non-cash adjustment to the redeemable warrants liability for the three months ended March 31, 2017 amounting to a gain of approximately $393,000 (see Part I; Item 1; Financial Statements; "Note 12: Fair Value" for the various factors considered in the valuation of redeemable warrants).

Gain (Loss) on Sale of Marketable Securities

Gain (loss) on sale of market securities disclosed a gain of $1,000 for the three months ended March 31, 2017 as compared to a loss on the sale of marketable securities of approximately $107,000 for the three months ended March 31, 2016.

Sale of New Jersey Tax Net Operating Loss

In January 2016, the Company effectively sold $16,000,000 of its approximately $29,000,000 of New Jersey state net operating loss carryforwards (for the year 2014) for approximately $1,320,000 and sold research credits for $241,000.

Liquidity and Capital Resources

As of March 31, 2017, we had approximately $3,749,000 in cash, cash equivalents and marketable securities inclusive of approximately $2,973,000 in Marketable Securities, representing a decrease of approximately $2,119,000 from December 31, 2016. Cash used in operating activities for the three months ended March 31, 2017 was approximately $2,993,000 compared to approximately $1,043,000 for the same period in 2016, an increase of $1,950,000 or 187%. The primary reason for this increase in cash used in operations in 2017 was due to the receipt of $1,561,000 in funds in 2016 due to the sale of our New Jersey state net operating loss carryforwards. There was no such receipt of funds in 2017. In addition, prepaid expenses and other current assets increased by approximately $327,000 as compared to the prior period as a result of a deposit paid to our contract manufacturer of approximately $320,000 in 2017.

Cash provided by investing activities for the three months ended March 31, 2017 was approximately $486,000 compared to cash used in investing activities of approximately $60,000 for the same period in 2016, representing an increase of $546,000. The primary reason for the increase can be attributable to the sale of marketable securities of approximately $500,000 during the current period.

Cash provided by financing activities for the three months ended March 31, 2017 was approximately $875,000 compared to approximately $1,000 for the same period in 2016, an increase of $874,000. The primary reason for the increase can be attributable to the Company receiving net proceeds of $875,000 from the sale by us of 1,818,185 shares of our common stock at a purchase price of $0.55 per share pursuant to a Securities Purchase Agreements (each, a “Purchase Agreement”) with certain investors entered into in February 2017 (see below and “Note 8: Stockholders’ Equity”).

If we are unable to commercialize and sell Ampligen® or Alferon® LDO and/or recommence material sales of Alferon N Injection®, our operations, financial position and liquidity may be adversely impacted, and additional financing may be required. In this regard, due to the high cost estimates to bring the facility back online, we most likely will need additional funds to finance the revalidation process in our facility to initiate commercial manufacturing, thereby readying ourselves for an FDA Pre-Approval Inspection. However, there is no assurance that such financing will be available.

We have reexamined our fundamental priorities in terms of direction, corporate culture and our ability to fund operations and have made significant changes at the Company this past year. The CEO of the Company was terminated and the Board of Directors made several changes to the Company's executive management team to provide effective and competent leadership that, management believes, will properly position the Company to achieve its commercial goals and increase stockholder value. Recent actions include aggressively pursuing international sales of clinical grade materials and implementing a strong financial austerity plan. We are committed to a focused business plan oriented toward finding senior co-development partners with the capital and expertise needed to commercialize the many potential therapeutic aspects of its experimental drug and its approved drug Alferon®. A co-development partner may help in the acceleration of the commercialization of many of our potential experimental drugs as they have access to additional resources and capital; however, there can be no assurance that such co-development partnerships will be on acceptable terms, or that such partnerships, will be acceptable from a profitability standpoint. Management's primary objectives are to create stockholder value and deliver much needed therapies to patients.

On February 1, 2017, we entered into Securities Purchase Agreements (each, a "Purchase Agreement") with certain investors for the sale by us of 1,818,185 shares of our common stock at a purchase price of $0.55 per share. Concurrently with the sale of the common stock, pursuant to the Purchase Agreement, we also sold warrants to purchase 1,363,639 shares of common stock for aggregate net proceeds of approximately $875,000. We also issued placement agent warrants for the purchase of an aggregate of 90,909 shares of our common stock.

In May 2017, we entered into a mortgage and note payable agreement with a bridge funding company to obtain a two-year funding line of up to $4,000,000 secured by our assets and property located at 783 Jersey Ave.,New Brunswick, New Jersey. Subject to the lender's approval, we will be able to request up to $1,800,000 of the line in monthly advances during the loan term of 24 months. We will be able to request future advances in excess of $2,000,000 at the lender's discretion and be payable in full upon maturity. We will pay interest on this note at a fixed rate of 12% per annum for the first 18 months and change to a rate equal to 800 basis points above the prime rate of interest during the remainder of the term; however, the interest rate will not be less than 12% for the entire term. The note will be interest only and payable monthly through the maturity. We are permitted to prepay the line without penalty commencing after six months.

There can be no assurances that, if needed, we will be able to raise adequate funds from these or other sources or enter into licensing, partnering or other arrangements to advance our business goals. Our inability to raise such funds or enter into such arrangements, if needed, could have a material adverse effect on our ability to develop our products. Also, we have the ability to curtail discretionary spending, including some research and development activities, if required to conserve cash. Because of our long-term capital requirements, we may seek to access the public equity market whenever conditions are favorable, even if we do not have an immediate need for additional capital at that time. We are unable to estimate the amount, timing or nature of future sales of outstanding common stock or instruments convertible into or exercisable for our common stock. Any additional funding may result in significant dilution and could involve the issuance of securities with rights, which are senior to those of existing stockholders. We may also need additional funding earlier than anticipated, and our cash requirements, in general, may vary materially from those now planned, for reasons including, but not limited to, changes in our research and development programs, clinical trials, acquisitions of intellectual property or assets, enhancements to the manufacturing process, competitive

and technological advances, the regulatory processes including the commercializing of Ampligen® products or new utilization of Alferon® products. See Part II, Item 1A. Risk Factors; "*We may require additional financing which may not be available.*"

The proceeds from our financing have been used to fund infrastructure growth including manufacturing, regulatory compliance and market development along with our efforts regarding the Ampligen® NDA and preparedness for the FDA pre-approval inspections of the New Brunswick manufacturing facility. There can be no assurances that, if needed, we will raise adequate funds from these or other sources, which may have a material adverse effect on our ability to develop our products. Also, we have the ability to curtail discretionary spending, including some research and development activities, if required to conserve cash.

ITEM 3: Quantitative and Qualitative Disclosures About Market Risk

We had approximately $3,749,000 in cash, cash equivalents and marketable securities at March 31, 2017 as compared to $5,868,000 at December 31, 2016.

To the extent that our cash and cash equivalents exceed our near term funding needs, we intend to invest the excess cash in money market accounts, high-grade corporate bonds or fixed-income type bond funds. We employ established conservative policies and procedures to manage any risks with respect to investment exposure.

ITEM 4: Controls and Procedures

Our Chairman of the Board (serving as the principal executive officer) and the Chief Financial Officer performed an evaluation of the effectiveness of our disclosure controls and procedures, which have been designed to permit us to effectively identify and timely disclose important information. In designing and evaluating the disclosure controls and procedures, Management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and Management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the controls and procedures were effective as of March 31, 2017, to ensure that material information was accumulated and communicated to our Management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

During the three months ended March 31, 2017, we have made no change in our internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Part II – OTHER INFORMATION

ITEM 1: Legal Proceedings

None

ITEM 1A: Risk Factors

The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in the forward-looking statements made in this Form 10-Q. Among the key factors that have a direct bearing on our results of operations are:

Risks Associated with Our Business:

We may continue to incur substantial losses and our future profitability is uncertain.

We last reported net profit from 1985 through 1987. Since 1987, with a major emphasis on new drug diagnostic and development, we have incurred substantial operating losses, as we pursued our clinical trial effort to get our experimental drug, Ampligen®, approved. As of March 31, 2017, our accumulated deficit was approximately $303,322,000. We have not yet generated significant revenues from our products and may incur substantial and increased losses in the future. We cannot assure that we will ever achieve significant revenues from product sales or become profitable. We require, and will continue to require, the commitment of substantial resources to develop our products. We cannot assure that our product development efforts will be successfully completed or that required regulatory approvals will be obtained or that any products will be manufactured and marketed successfully, or be profitable.

We most likely will require additional financing which may not be available.

The development of our products requires the commitment of substantial resources to conduct the time consuming research, preclinical development, and clinical trials that are necessary to bring pharmaceutical products to market. As of March 31, 2017, we had approximately $3,749,000 in cash, cash equivalents and marketable securities (inclusive of approximately $2,973,000 in Marketable Securities). However, if we are unable to commercialize and sell Ampligen® or Alferon® LDO and/or recommence material sales of Alferon N Injection®, our operations, financial position and liquidity may be adversely impacted.

In its CRL, the FDA communicated that Hemispherx should conduct at least one additional clinical trial, complete various nonclinical studies and perform a number of data analyses. Until we undertake the end-of-review conference(s) with the FDA or otherwise reach an agreement with the FDA regarding the design of a confirmatory study, we are unable to reasonably estimate the nature, costs, necessary efforts to obtain FDA clearance or anticipated completion dates of any additional clinical study or studies. Utilizing the industry norms for undertaking a Phase III clinical study, we estimate upon acceptance of the study’s design that it would take approximately 18 months to three

years to complete a new well-controlled Ampligen® clinical study for resubmission to the FDA. It can be reasonably anticipated that the time and cost to undertake clinical trial(s), studies and data analysis are beyond our current financial resources without gaining access to additional funding. The actual duration to complete the clinical study may be different based on the length of time it takes to design the study and obtain FDA's acceptance of the design, the final design of an acceptable Phase III clinical study design, availability of suitable participants and clinical sites along with other factors that could impact the implementation of the study, analysis of results or requirements of the FDA and/or other governmental organizations.

Given the challenging economic conditions, we continue to review every aspect of our operations for cost and spending reductions to assure our long-term financial stability while maintaining the resources necessary to achieve our primary objectives of obtaining NDA approval of Ampligen® along with the manufacturing, marketing and distribution of our products, including Alferon N Injection®. Due to the repair issues mentioned above within our NJ facility and the high cost estimates to bring the facility back online, we most likely will need additional funds to finance the revalidation process in our facility to initiate commercial manufacturing, thereby readying ourselves for an FDA Pre-Approval Inspection. We may also need additional capital to eventually commercialize and sell Ampligen® or Alferon® LDO and/or recommence and increase sales of Alferon N Injection® or our other products. We anticipate considering multiple options in an attempt to secure funding, including but not limited to such methods as the sales of additional equity, licensing agreements, partnering with other organizations, debt financing or other sources of capital.

We did raise approximately $875,000 in February 2017 from the sale of our securities. However, if we are unable to obtain additional funding, through an Equity Distribution Agreement (“EDA”) or other sales of securities and/or otherwise, our ability to develop our products, commercially produce inventory or continue our operations may be materially adversely affected.

Risks Associated with an Investment in Our Common Stock:

The market price of our stock may be adversely affected by market volatility.

The market price of our common stock has been and is likely to be volatile. This is especially true given the current significant instability in the financial markets. In addition to general economic, political and market conditions, the price and trading volume of our stock could fluctuate widely in response to many factors, including:

•announcements of the results of clinical trials by us or our competitors;

•announcements of availability or projections of our products for commercial sale;

•announcements of legal actions against us and/or settlements or verdicts adverse to us;

•adverse reactions to products;

•governmental approvals, delays in expected governmental approvals or withdrawals of any prior governmental approvals or public or regulatory agency comments regarding the safety or effectiveness of our products, or the adequacy of the procedures, facilities or controls employed in the manufacture of our products;

•changes in U.S. or foreign regulatory policy during the period of product development;

- developments in patent or other proprietary rights, including any third party challenges of our intellectual property rights;

- announcements of technological innovations by us or our competitors;

- announcements of new products or new contracts by us or our competitors;

- actual or anticipated variations in our operating results due to the level of development expenses and other factors;

- changes in financial estimates by securities analysts and whether our earnings meet or exceed the estimates;

- conditions and trends in the pharmaceutical and other industries;

- new accounting standards;

- overall investment market fluctuation;

- restatement of prior financial results;

- notice of NYSE MKT non-compliance with requirements; and

- occurrence of any of the risks described in these “Risk Factors”.

Our common stock is listed for quotation on the NYSE MKT. For the three months ended March 31, 2017, the trading price of our common stock has ranged from $0.93 to $0.39 per share. We expect the price of our common stock to remain volatile. The average daily trading volume of our common stock varies significantly.

Our stock price may be adversely affected if a significant amount of shares is sold in the public market.

We may issue shares to be used to meet our capital requirements or use shares to compensate employees, consultants and/or Directors. In this regard, we have registered securities for public sale pursuant to a universal shelf registration statement and we had been selling shares under this shelf registration statement and the EDA with Maxim. Effective December 15, 2015, we halted all future offers and sales of our Common Stock under the EDA with Maxim and reduced the amount of potential future offers and sales under the EDA to $0.00. Between July 23, 2012, the date of the EDA, and December 15, 2015, we sold an aggregate of 8,881,788 shares of Common Stock pursuant to the EDA for aggregate gross proceeds of $47,453,220. On December 15, 2015, we filed a prospectus supplement related to the issuance and sale of up to $7,941,000 of our common stock from time to time through our sales agent, Chardan Capital Markets, LLC. Effective August 26, 2016, we halted all future offers and sales of its common stock under the Chardan Agreement and reduced the amount of potential future offers and sales under the Chardan Agreement to $0.00. Between December 15, 2015, the date of the Chardan Agreement, and August 26, 2016, we sold an aggregate of 114,394 shares of common stock pursuant to the Chardan Agreement for aggregate net proceeds of approximately $74,000. On September 6, 2016, we entered into Securities Purchase Agreements with certain investors for the sale by us of 3,333,334 shares of our common stock at a purchase price of $1.50 per share. Concurrently with the sale of the common stock, pursuant to the Purchase Agreement, we also sold warrants to purchase 2,500,000 shares of common stock for aggregate net proceeds of $4,520,000. We also issued placement agent warrants for the purchase of an aggregate of 166,667 shares of our common stock. On February 1, 2017, we entered into Securities Purchase

Agreements with certain investors for the sale by us of 1,818,185 shares of our common stock at a purchase price of $0.55 per share. Concurrently with the sale of the common stock, pursuant to the Purchase Agreement, we also sold warrants to purchase 1,363,639 shares of common stock for aggregate net proceeds of approximately $875,000. We also issued placement agent warrants for the purchase of an aggregate of 90,909 shares of our common stock. Please see Part I, Item II - Management's Discussion and Analysis of Financial Condition and Result of Operations; Liquidity and Capital Resources" above for more information.

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We are unable to estimate the amount, timing or nature of future sales of outstanding common stock or instruments convertible into or exercisable for our common stock. Sales of substantial amounts of our common stock in the public market, including additional sale of securities pursuant to the EDA with Chardan or otherwise under the universal shelf registration statement or upon exercise of outstanding options and warrants, could cause the market price for our common stock to decrease. Furthermore, a decline in the price of our common stock would likely impede our ability to raise capital through the issuance of additional shares of common stock or other equity securities.

Please also see Part I, Item IA – "Risk Factors" for more information concerning risks associated with our business and risks associated with an investment in our common stock contained within our 2016 Form 10-K filed with the SEC on March 31, 2017.

Special Note Regarding Forward Looking Statements

Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us, you should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Our research in clinical efforts may continue for the next several years and we may continue to incur losses due to clinical costs incurred in the development of Ampligen® for commercial application. Possible losses may fluctuate from quarter to quarter as a result of differences in the timing of significant expenses incurred and receipt of licensing fees and/or cost recovery treatment revenue. Please see "Cautionary Statement Regarding Forward-Looking Statements" set forth before Part I of this report.

ITEM 2: Unregistered Sales of Equity Securities and Use of Proceeds

On February 1, 2017, we entered into Securities Purchase Agreements (each, a "February Purchase Agreement") with certain investors for the sale by us of 1,818,185 shares of our common stock at a purchase price of $0.55 per share. Concurrently with the sale of the common stock, pursuant to the February Purchase Agreement, we also sold unregistered warrants to purchase 1,363,639 shares of common stock for aggregate gross proceeds of approximately $1,000,000. The warrants have an exercise price of $0.75 per share, are exercisable six months after issuance, and will expire five years from the initial exercise date. Pursuant to an engagement agreement, we paid our placement agent an aggregate fee equal to 7% of the gross proceeds received by us from the sale of the securities in the offering and granted to our placement agent or its designees warrants to purchase up to 5% of the aggregate number of shares sold in the transactions amounting to 90,910 unregistered warrants. The placement agent warrants have substantially the

same terms as the investor warrants, except that the placement agent warrants will expire on February 1, 2022 and have an exercise price equal to $0.6875 per share of common stock.

On April 10, 2017, we issued 200,000 shares of our common stock at $0.50 per share directly to Thomas Equels, our CEO, for $100,000 in a private transaction pursuant to a stock purchase agreement.

ITEM 3: Defaults upon Senior Securities

None.

ITEM 4: Mine Safety Disclosures

Not Applicable.

ITEM 5: Other Information

None.

ITEM 6: Exhibits

(a) Exhibits

10.1	Mortgage and Security Agreement with SW Partners LLC dated May 12, 2017.
10.2	Promissory Note with SW Partners LLC dated May 12, 2017.
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Executive Officer.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Financial Officer.
32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Executive Officer.
32.2	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 from the Company's Chief Financial Officer.
101	The following materials from Hemispherx' Quarterly Report on Form 10-Q for the period ended March 31, 2017 formatted in eXtensible Business Reporting Language ("XBRL"): (i) Condensed Balance Sheets; (ii) Condensed Consolidated Statements of Comprehensive Loss; (iii) Changes in Stockholders' Equity; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements.

SIGNATURES

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

HEMISPHERX BIOPHARMA, INC.

/s/ Thomas K. Equels
Thomas K. Equels, Esq.
Chief Executive Officer & President

/s/ Adam Pascale
Adam Pascale
Chief Financial Officer

Date: May 15, 2017