iBio, Inc.
Form PRE 14A
November 15, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

þ	Preliminary Proxy Statement
o	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Under Rule 14a-12

iBio, Inc.

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

þ No fee required

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Dear iBio Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of iBio, Inc., a Delaware corporation ("iBio" or the "Company"). The meeting will be held on Tuesday, December 19, 2017, at 10:00 a.m. local time at the Omni Berkshire Place Hotel, 21 East 52nd Street, New York, New York.

At the annual meeting, you will be asked to consider and act upon the following matters:

1. To elect two directors each to serve as Class III directors for a three year term expiring at the 2020 annual meeting of stockholders or until successors have been duly elected and qualified;
2. To ratify the appointment of CohnReznick LLP as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2018;
3. To approve an advisory vote on executive compensation ("say-on-pay");
4. To approve an amendment to our certificate of incorporation, as amended, increasing the number of authorized shares of our common stock from 175 million shares to 275 million shares;
5. To approve an amendment to our 2008 Omnibus Equity Incentive Plan, as amended, to increase the number of shares of our common stock authorized for issuance thereunder from 15 million shares to 25 million shares; and
6. To transact any other business properly brought before the annual meeting.

These matters are described in detail in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement. A proxy is included along with the Proxy Statement. These materials are being sent to stockholders on or about November , 2017. Along with the attached Proxy Statement, we are sending to you our Annual Report on Form 10-K for the fiscal year ended June 30, 2017. Such annual report, which includes our audited financial statements, is not to be regarded as proxy solicitation material.

Your vote is important. Whether or not you plan to attend the annual meeting, I urge you to take a moment to vote on the items in this year's Proxy Statement. Voting takes only a few minutes, and it will ensure that your shares are represented at the annual meeting.

Sincerely,

November , 2017

Robert B. Kay
Executive Chairman and Chief Executive Officer

iBIO, INC.

600 Madison Avenue, Suite 1601

New York, NY 10022

NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS

Date	Tuesday, December 19, 2017
Time	10:00 a.m. (Eastern time)
Place	Omni Berkshire Place Hotel, 21 East 52nd Street, New York, New York
Items of Business	1. To elect two directors each to serve as Class III directors for a three year term expiring at the 2020 annual meeting of stockholders or until successors have been duly elected and qualified; 2. To ratify the selection of CohnReznick LLP as our independent registered public accounting firm for the current fiscal year ending June 30, 2018; 3. To approve an advisory vote on executive compensation; 4. To approve an amendment to our certificate of incorporation, as amended, to increase the number of authorized shares of common stock from 175 million to 275 million shares; and 5. To approve an amendment to our 2008 Omnibus Equity Incentive Plan, as amended, to increase the number of shares of our common stock authorized for issuance thereunder from 15 million shares to 25 million shares; 6. To transact such other business as may properly come before the annual meeting or any adjournment thereof.
Record Date	You are entitled to notice of, and to vote at the annual meeting and any adjournments of that meeting, if you were a stockholder of record at the close of business on November 16, 2017.
Voting by Proxy	Please submit the enclosed proxy as soon as possible so that your shares can be voted at the annual meeting in accordance with your instructions. For specific instructions regarding voting, please refer to the Questions and Answers beginning on page 1 of the Proxy Statement and the instructions on your proxy card. Submitting your proxy will not affect your right to attend the meeting and vote. A stockholder who gives a proxy may revoke it at any time before it is exercised by voting in person at the annual meeting, by delivering a subsequent proxy or notifying the inspector of elections in writing of such revocation.

By Order of the Board of Directors,

Elizabeth Moyle, Secretary
New York, New York
November , 2017

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND PROMPTLY MAIL IT IN THE ENCLOSED ENVELOPE IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES AT THE ANNUAL MEETING. NO POSTAGE NEED BE AFFIXED IF THE PROXY CARD IS MAILED IN THE UNITED STATES. SENDING IN YOUR PROXY WILL NOT PREVENT YOU FROM VOTING YOUR SHARES IN PERSON AT THE ANNUAL MEETING IF YOU DESIRE TO DO SO, AND YOUR PROXY IS REVOCABLE AT YOUR OPTION BEFORE IT IS EXERCISED.

iBIO, INC.
600 Madison Avenue, Suite 1601

New York, NY 10022

PROXY STATEMENT

FOR THE 2017 ANNUAL MEETING OF STOCKHOLDERS

PROXY AND VOTING

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS:

The notice of annual meeting of stockholders, the proxy statement and the Company's Annual Report on Form 10-K for the year ended June 30, 2017 are available electronically to the Company's stockholders of record as of the close of business on November 16, 2017 at http://www.cstproxy.com/ibioin c/am2017.

QUESTIONS AND ANSWERS ABOUT THIS PROXY STATEMENT AND VOTING

Q. Why am I receiving this proxy statement?

A. We have made this proxy statement available to you because the Board of Directors of iBio is soliciting your proxy to vote at the 2017 Annual Meeting of Stockholders to be held on December 19, 2017 (the "Annual Meeting"). You are invited to attend the Annual Meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may vote by proxy by completing and returning the enclosed proxy card.

Q. Who can vote at the Annual Meeting?

A. Only stockholders of record at the close of business on November 16, 2017, the record date for the Annual Meeting (the "Record Date"), will be entitled to vote at the Annual Meeting. On the Record Date, there were [·] shares of common stock, $0.001 par value per share, outstanding and entitled to vote at the annual meeting. On the Record

Date there was one share of the Company's iBio CMO Preferred Tracking Stock, par value, $0.001 per share ("Preferred Tracking Stock") outstanding. The Preferred Tracking Stock is not entitled to vote on the proposals described in this proxy statement.

Stockholder of Record: Shares Registered in Your Name — If on the Record Date your shares of common stock were registered directly in your name with our transfer agent, Continental Stock Transfer and Trust Company, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote by returning the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank — If on the Record Date your shares of common stock were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in "street name" and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent regarding how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker, bank or other agent.

Q. What is a proxy card?

A. The proxy card enables you to appoint Robert B. Kay, our executive chairman, and Robert Erwin, our president, or either of them, as your representatives at the Annual Meeting. By completing and returning the proxy card, you are authorizing Messrs. Kay and Erwin to vote your shares at the Annual Meeting as you have instructed on the proxy card. If you do not specify on the proxy card how your shares should be voted, your shares will be voted as recommended by our Board of Directors. By returning the proxy card to us, you can vote your shares whether or not you attend the Annual Meeting.

Q. How many votes do I have?

A. On each matter to be voted upon, you have one vote for each share of common stock you own as of the Record Date.

Q. What is the quorum requirement?

A. A quorum will be present if stockholders holding a majority of the outstanding shares of common stock on the Record Date are present at the Annual Meeting in person or represented by proxy. On the Record Date, there were [•] shares of common stock outstanding and entitled to vote.

Your shares will be counted towards the quorum only if you submit a valid proxy vote or vote at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of the shares present in person or represented by proxy at the Annual Meeting may adjourn the meeting to another date.

Q. What am I voting on?

A. There are five matters scheduled for a vote:

- The election of two directors each to serve as Class III directors for a three year term expiring at the 2020 annual meeting of stockholders or until their respective successors have been duly elected and qualified;

- The ratification of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2018;

- The approval of an advisory vote on the compensation of our named executive officers (the "Say-On-Pay Proposal");

- The approval of an amendment to our certificate of incorporation, as amended, to increase the number of authorized shares of our common stock from 175 million shares to 275 million shares; and

- The approval of an amendment to our 2008 Omnibus Equity Incentive Plan, as amended, to increase the number of shares of our common stock authorized for issuance thereunder from 15 million shares to 25 million shares.

As of the date of this proxy statement, we are not aware of any business expected to come before or be transacted at the Annual Meeting other than the matters described above.

Q. How do I vote?

A. For Proposal 1, you may either vote "FOR" all the nominees for director or you may abstain from voting for any nominee you specify. For Proposals 2, 3, 4 and 5, you may vote "FOR" or "AGAINST" or you may abstain from voting. The procedures for voting are fairly simple:

Stockholder of Record: Shares Registered in Your Name — If you are a stockholder of record, you may vote in person at the Annual Meeting or you can vote by returning the enclosed proxy card. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person even if you have already voted by proxy.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or other Agent — If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received this proxy statement from that organization rather than from iBio. Simply follow the voting instructions provided by that organization. *To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank or other agent.* Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a proxy form.

Q. What if I return a proxy card but do not make specific choices?

A. If you properly submit your proxy and do not revoke it, the proxy holders will vote your shares in accordance with your instructions. If your properly completed proxy gives no instructions, and you are a shareholder of record, then the persons named as proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting. If you are a beneficial owner of shares registered in the name of a broker, bank or other agent and do not provide the organization that holds your shares with specific voting instructions then, under applicable rules, the organization that holds your shares may generally vote on "routine" matters but cannot vote on "non-routine" matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a "broker non-vote."

Q. How may I change or revoke my vote after submitting my proxy?

A. You may change or revoke your proxy at any time before the Annual Meeting. You may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy with a later date. Only the most recently dated proxy will be counted.
- You may send written notice in time for receipt by us prior to the Annual Meeting that you are revoking your proxy. Such notice should be sent us c/o of our Secretary, iBio, Inc., 600 Madison Avenue, Suite 1601, New York, NY 10022.
- You may attend the Annual Meeting, request that your proxy be revoked and vote in person as instructed above. Simply attending the meeting will not, by itself, revoke your proxy. You must specifically request such revocation.

Q. What does it mean if I receive more than one notice of Annual Meeting?

A.

If you receive more than one notice of Annual Meeting, your shares are registered in more than one name or are registered in different accounts. You should submit a proxy for each name and account to ensure that all of your shares are voted.

Q. What are broker non-votes?

A. Broker non-votes occur when a beneficial owner of shares held in "street name" does not give instructions as to how to vote to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can vote the shares with respect to matters that are "discretionary" items but cannot vote the shares with respect to "nondiscretionary" items (resulting in a "broker non-vote").

If your shares are held by your broker as your nominee (that is, in “street name”), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If you do not give instructions to your broker, your broker can vote your shares with respect to “discretionary” items, but not with respect to “non-discretionary” items. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as broker non-votes. The ratification of the selection of CohnReznick LLP is a “discretionary” item. All the other matters being acted upon and put to a vote at the Annual Meeting are “non-discretionary” items.

Q. How many votes are needed to approve each proposal?

A. For the approval of Proposal 1 (the election of directors), the two nominees receiving the most “FOR” votes from the holders of shares present in person or represented by proxy and entitled to vote on the election of directors will be elected, regardless of whether that number represents a majority of the votes cast. Abstentions and broker non-votes will have no effect on the outcome of the election of directors.

To be approved, Proposals 2, 3, 4 and 5 (ratifying the selection of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2018; approving the Say-On-Pay Proposal; approving the amendment to our certificate of incorporation; and approving the amendment to our 2008 omnibus equity incentive plan) must receive “FOR” votes from the holders of a majority of shares present at the Annual Meeting, either in person or by proxy. Abstentions and broker non-votes will have the same effect as a vote against the proposal, because passage of Proposals 2, 3, 4 and 5 requires the affirmative vote of a majority of the votes present, in person or by proxy, at the Annual Meeting.

Q. Am I entitled to dissenter’s rights?

A. No. Delaware General Corporation Law does not provide for dissenter’s rights in connection with the proposals being voted on at the Annual Meeting.

Q. Where may I find the results of the voting at the Annual Meeting?

A. Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a Current Report on Form 8-K within four business days following the Annual Meeting.

Q. Who is paying for this proxy solicitation?

A.

Our Board of Directors is soliciting the proxy accompanying this proxy statement. The Company will bear the cost of soliciting proxies. Such cost will include charges by brokers and other custodians, nominees and fiduciaries for forwarding proxies and proxy materials to the beneficial owners of our common stock. Solicitation may also be made personally by telephone or by email by the Company's directors, officers and regular employees without additional compensation.

PROPOSAL 1 — ELECTION OF DIRECTORS

The Company's Board of Directors is currently composed of seven (7) directors divided into three classes of directors, Class I, II and III, with each class serving staggered 3-year terms. The current term of office for each Class III director expires at the Annual Meeting. The class and current term of each director is as follows:

Class and Term Expiration	**Directors**
Class I	Robert B. Kay
(2018)	General James T. Hill
	Arthur Y. Elliott, Ph.D.
Class II	Glenn Chang
(2019)	Philip K Russell, M.D.
Class III	John D. McKey, Jr.
(2017)	Seymour Flug

At our annual meeting, our stockholders will consider and vote upon the re-election of John D. McKey, Jr. and Seymour Flug to serve as Class III directors. If re-elected, these nominees will serve for a three-year term that will expire at the 2020 annual meeting of stockholders. Our Board of Directors believes that all of our current directors, including the two nominees for election, possess personal and professional integrity, good judgment, a high level of ability and business acumen. Our Board of Directors also believes that Mr. McKey and Mr. Flug have performed exceptionally well in their respective time served as directors.

Each nominee has agreed to serve if elected and we have no reason to believe that any nominee will be unable to serve. If any nominee becomes unavailable for election as a result of an unexpected occurrence, proxies will be voted for the election of a substitute nominee proposed by our Board of Directors or for election of only the remaining nominees.

Unless authority to do so is withheld, shares represented by executed proxies will be voted for the election of Mr. McKey and Mr. Flug. Proxies cannot be voted for a greater number of persons than the number of nominees standing for election. Since two directors are to be elected at the annual meeting, the two nominees for director who receive the highest number of affirmative votes for election will be elected as Class III directors.

Information with respect to the number of shares of common stock beneficially owned by each nominee for election as a Class III director and each of our other directors appears under the heading "***Security Ownership of Certain Beneficial Owners and Management***".

The name, age, years of service on our Board of Directors, principal occupation and business experience and certain other information for each Class III director nominee is set forth below.

Name and Age	Principal Occupation and Business Experience	Director Since
John D. McKey, Jr. (age 74)	Since 2003, has served as of counsel at McCarthy, Summers, Bobko, Wood, Sawyer & Perry, P.A. in Stuart, Florida, and previously was a partner from 1987 through 2003. From 1977 to 1987, Mr. McKey was a partner at Gunster Yoakley in Palm Beach, Florida. Mr. McKey received his B.B.A at the University of Georgia and his J.D. from the University Of Florida College Of Law. Mr. McKey's extensive experience representing private and public companies operating in varied business sectors brings our Board insights and acumen to best corporate practices and implementation of strategic and financial plans.	August 2008
Seymour Flug (age 82)	Prior to retiring, Mr. Flug was Chairman of the Board and CEO of Diners Club International and a Managing Director of Citibank. Prior to joining Citibank, Mr. Flug served as Senior Vice President of Hess Oil Company. Mr. Flug began his career as Certified Public Accountant at Deloitte & Touche, a predecessor to the firm now known as Deloitte. Mr. Flug received his B.B.A from Baruch College. Mr. Flug's experience leading a multinational company and his experience as a certified public accountant allow him to offer us unique perspectives on global business opportunities, best business practices and additional audit expertise. Mr. Flug is qualified as an Audit Committee Financial Expert as defined in Regulation S-K Item 407(d)(5)(ii).	December 2012

The Board of Directors believes that approval of the election of each nominee director named above is in the best interests of our stockholders and therefore recommends a vote "FOR" each nominee.

OTHER DIRECTORS OF THE COMPANY SERVING AS CLASS I AND CLASS II DIRECTORS

The name, age, years of service on our Board of Directors, principal occupation and business experience and certain other information for each our Class I and Class II directors who will continue to serve on the Board of Directors and who are not standing for election at this annual meeting is set forth below:

Name and Age	Principal Occupation and Business Experience	Director Since
Robert B. Kay (age 77)	Mr. Kay is our Executive Chairman and Chief Executive Officer and has served in these capacities since we became a publicly traded company in August 2008. Previously, Mr. Kay was a founder and senior partner of the New York law firm of Kay Collyer & Boose LLP, with a particular focus on mergers and acquisitions and joint ventures. Mr. Kay received his B.A. from Cornell University's College of Arts & Sciences and his J.D. from New York University Law School. Mr. Kay oversees every aspect of our business in his role as executive chairman and chief executive officer. Given his years with the company and his prior experience, we believe that Mr. Kay has an excellent understanding of our business and the global markets in which we operate and those in which we anticipate operating in the future.	August 2008
General James T. Hill (retired) (age 71)	General Hill was the Commander of the 4-Star United States Southern Command, reporting directly to the President and Secretary of Defense at the time of his retirement from active duty. As such he led all U.S. military forces and operations in Central America, South America and the Caribbean, worked directly with U.S. Ambassadors, foreign heads of state, key Washington decision-makers, foreign senior military and civilian leaders, developing and executing United States policy. His responsibilities included management, development and execution of plans and policy within the organization including programming, communications, manpower, operations, logistics and intelligence. General Hill's experience implementing plans and policies within diverse geographic regions and his insights regarding the conduct of business affairs in Central and South America is a key resource for us.	August 2008

Arthur Y. Elliott, Ph.D (age 81)	Dr. Elliott serves as a member of the American Association for Advancement of Science, American Society for Microbiology, and American Tissue Culture Association. Prior to retiring, Dr. Elliott spent 16 years with Merck & Co., serving ultimately as Executive Director of Biological Operations, Merck Manufacturing Division, responsible for the bulk manufacture, testing, release and registration of all biological products sold. Dr. Elliott also directed the manufacturing, process development, and other operations of North American Vaccine, Inc. for six years, and most recently served as consultant to Aventis (Sanofi Pasteur) Pharmaceutical Corporation in its design and implementation of new, highly automated manufacturing facilities for influenza vaccines. Dr. Elliott has served with the United States Department of Health and Human Services ("HHS") in the Avian Influenza Pandemic Preparedness Program in Washington, D.C. as Senior Program Manager for the Antigen Sparing Project since 2006. The program involves the cooperation of three pharmaceutical companies and four government groups (NIH, CDC, United States Food and Drug Administration, and HHS). While at Merck, he worked closely with both Merck Research Laboratories and the Merck Vaccine Division to forecast the timely transfer of technology for new and improved products from the research laboratories through the manufacturing area and into the marketing division for sales introductions. He has served as a biological consultant to the World Health Organization, NIH, and The Bill & Melinda Gates Foundation. Dr. Elliott holds a Ph.D. in Virology from Purdue University, and an M.S. in Microbiology and a B.A. in Biology from North Texas State University. Dr. Elliot's extensive experience and expertise with the manufacture of vaccines and therapeutics is particularly relevant to our business and our efforts to manufacture such products which in a key component of our business.	October 2010
Glenn Chang (age 69)	Since February 2014, Mr. Chang has served as Chief Financial Officer of Singer Vehicle Design, a private company in the business of automotive design and restoration. Mr. Chang served as the Chief Financial Officer of Alma Bank, a New York headquartered bank with over $900 million of assets and 13 branches in the New York City Metropolitan area from late 2012 to February 2014. Before joining Alma, from 1999 to 2012, Mr. Chang served as a founder, Director, Chief Financial Officer and consultant to First American International Bank which is the largest locally owned Chinese American Bank. Prior to that he spent 20 years at Citibank, N.A as Vice President. Mr. Chang is a retired Certified Public Accountant. Mr. Chang's extensive executive and financial leadership in his current and former positions and his training and experience as a Certified Public Accountant adds vital expertise to our Board of Directors and our Audit Committee in the form of financial understanding, business perspective and audit expertise. Mr. Chang is qualified as an Audit Committee Financial Expert as defined in Regulation S-K Item 407(d)(5)(ii).	August 2008

Philip K. Russell, M.D. (age 85)	Dr. Russell served in the U.S. Army Medical Corps from 1959 to 1990, pursuing a career in infectious disease and tropical medicine research. Following his military service, Dr. Russell joined the faculty of Johns Hopkins University's School of Hygiene and Public Health and worked closely with the World Health Organization as special advisor to the Children's Vaccine Initiative. He was founding board member of the International AIDS Vaccine Initiative, and is an advisor to the Bill & Melinda Gates Foundation. He has served on numerous advisory boards of national and international agencies, including the Centers for Disease Control ("CDC"), the National Institutes of Health ("NIH") and the Institute of Medicine. Dr. Russell is a past Chairman of the Albert B. Sabin Vaccine Institute. Dr. Russell's extensive experience and expertise in the field of infectious diseases and his association with leading governmental and not-for-profit entities engaged in pioneering work throughout the world provides us with invaluable insights into priorities for these entities and business development opportunities for us.	March 2010

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Director Compensation

Compensation for our non-employee directors has historically consisted of a grant of stock options vesting over a three-year period and additional cash compensation. We do not have a fixed policy with respect to this compensation, but the compensation is generally equal for each non-employee director except in cases where a director assumes additional responsibilities above and beyond standard board service. Directors who are also our employees receive no additional compensation for their services as directors.

Director Compensation Table

The following table sets forth summary information concerning the total compensation paid to our non-employee directors for services to the Company during the fiscal year ended June 30, 2017:

Name	Fees Earned or Paid in Cash	Option Awards(1)(2)	Total
General James T. Hill	$27,496	$ 60,000	$87,496
Glenn Chang	15,000	60,000	75,000
John D. McKey	15,000	60,000	75,000
Philip K. Russell, M.D.	15,000	60,000	75,000

Arthur Elliot	15,000	60,000	75,000
Seymour Flug	15,000	60,000	75,000
	102,496	360,000	462,496

(1) Reflects the aggregate grant date fair value computed in accordance with FASB ASC 718.

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(2) The aggregate number of stock options outstanding for each non-employee director was as follows as of June 30, 2017: Gen. Hill 550,000, Mr. Chang 550,000, Mr. McKey 650,000, Dr. Russell 460,000, Dr. Elliott 460,000, and Mr. Flug 340,000.

Director Independence

Our Board of Directors has determined that Messrs. Chang, Flug and McKey, Drs. Elliott and Russell and General Hill are each "independent directors" as such term is defined in Section 803 of the NYSE American Company Guide.

Board Committees

Our Board of Directors has the authority to appoint committees to perform certain management and administrative functions. Our Board of Directors has constituted audit, compensation and nominating committees.

Nominating Committee and Nomination Process

The Nominating Committee was formed to address general governance and policy oversight; succession planning; to identify qualified individuals to become prospective Board members and make recommendations regarding nominations for our Board of Directors; to advise the Board with respect to appropriate composition of Board committees; to advise the Board about and develop and recommend to the Board appropriate corporate governance documents and assist the Board in implementing guidelines; to oversee the annual evaluation of the Board and our chief executive officer, and to perform such other functions as the Board may assign to the committee from time to time. The Nominating Committee has a charter which is available on our website at www.ibioinc.com. The Nominating Committee consists of three independent directors: Arthur Y. Elliott, Ph.D., (Nominating Committee Chairman), Glenn Chang and General James T. Hill.

Our directors take a critical role in guiding our strategic direction and oversee the management of our company. Board candidates are considered based upon various criteria, such as their broad-based business and professional skills and experiences, a global business and social perspective, concern for the long-term interests of our stockholders and personal integrity and judgment. In addition, directors must have time available to devote to Board activities and to enhance their knowledge of the life sciences industry. Accordingly, we seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities.

Our Board of Directors believes given the diverse skills and experience required to grow our company that the input of all members of the Nominating Committee is important for considering the qualifications of individuals to serve as directors but does not have a diversity policy. Further, the Nominating Committee believes that the minimum qualifications for serving as our director are that a nominee demonstrate, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board's oversight of our business and affairs of and have an impeccable record and reputation for honest and ethical conduct in both his or her professional and personal activities. Whenever a new seat or a vacated seat on the Board is being filled, candidates that appear to best fit the needs of the Board and our company are identified and unless such individuals are well known to the Board, they are interviewed and further evaluated by the Nominating Committee. Candidates selected by the Nominating Committee are then recommended to the full Board for their nomination to stockholders. The Nominating Committee recommends a slate of directors for election at the annual meeting. In accordance with NYSE American rules, the slate of nominees is approved by a majority of the independent directors.

In carrying out its responsibilities, our Board will consider candidates suggested by stockholders. If a stockholder wishes to formally place a candidate's name in nomination, however, he or she must do so in accordance with the provisions of our First Amended and Restated Bylaws. Suggestions for candidates to be evaluated by the Nominating Committee must be sent to Secretary, iBio, Inc., 600 Madison Avenue, Suite 1601, New York, NY 10022-1737.

Audit Committee

The Audit Committee of the Board of Directors makes recommendations regarding the retention of the independent registered public accounting firm, reviews the scope of the annual audit undertaken by our independent registered public accounting firm and the progress and results of their work, reviews our financial statements, and oversees the internal controls over financial reporting and corporate programs to ensure compliance with applicable laws and regulations. The Audit Committee reviews all services performed for us by the independent registered public accounting firm and determines whether they are compatible with maintaining the registered public accounting firm's independence. The Audit Committee has a charter, which is reviewed annually and as may be required due to changes in industry accounting practices or the promulgation of new rules or guidance documents. The Audit Committee charter is available on our website at www.ibioinc.com. The Audit Committee consists of two independent directors as determined by NYSE American listing standards: Glenn Chang (Audit Committee Chairman) and Seymour Flug. Mr. Chang and Mr. Flug are each qualified as an Audit Committee Financial Expert as defined in Regulation S-K Item 407(d)(5)(ii).

Compensation Committee

The Compensation Committee of the Board of Directors reviews and approves executive compensation policies and practices, reviews salaries and bonuses for our senior executive officers, administers our equity incentive plan and other benefit plans, and considers other matters as may, from time to time, be referred to them by our Board of Directors. The Compensation Committee has a charter which is available on our website at www.ibioinc.com. The members of the Compensation Committee are General James T. Hill (Compensation Committee Chairman), Arthur Y. Elliott, Ph.D. and Philip K. Russell, M.D.

Board Leadership Structure and Role in Risk Oversight

Our chief executive officer also serves as the executive chairman of our Board of Directors. We do not have a lead independent director. Our executive chairman, when present, presides over all meetings of our Board. We believe this leadership structure is appropriate for our Company at this time because (1) of our size, (2) of the size of our Board, (3) our chief executive officer is responsible for our day-to-day operation and implementing our strategy, and (4) discussion of developments in our business and financial condition and results of operations are important parts of the discussion at meetings of our Board of Directors and it makes sense for our chief executive officer to chair those discussions.

Our Board of Directors oversees our risk management. This oversight is administered primarily through the following:

- Our Board's review and approval of our business strategy, including the projected opportunities and challenges facing our business;

- At least quarterly review of our business developments and financial results;

- Our Audit Committee's oversight of our internal controls over financial reporting and its discussions with management and the independent registered public accountants regarding the quality and adequacy of our internal controls and financial reporting; and

- Our Board's review and recommendations regarding our executive officer compensation and its relationship to our business objectives and goals.

Meetings of the Board of Directors and Committees

During the fiscal year ended June 30, 2017, the Board of Directors held four meetings in person or by telephone and acted by unanimous written consent on three occasions and the Audit Committee held four meetings in person or by telephone. The Nominating Committee acted by unanimous written consent on one occasion, and no meetings in person or by telephone were held by the Nominating Committee. No meetings in person or by telephone were held and no actions were taken by the Compensation Committee as matters addressable by such committee were considered and approved by the full Board. Between meetings, members of the Board of Directors are provided with information regarding our operations and are consulted on an informal basis with respect to pending business. Each director attended at least 75% of the aggregate of the total number of meetings of the Board and the total number of meetings of the committees on which such director serves. Six out of seven of our directors attended our 2016 Annual Meeting of Stockholders.

Although we do not have a policy with regard to Board members' attendance at our annual meetings of stockholders, all of the directors are encouraged to attend such meetings.

Stockholder Communications with the Board of Directors

Interested parties may communicate with the Board or specific members of the Board, including the independent directors and the members of the Audit Committee, by submitting correspondence addressed to the Board of Directors of iBio, Inc. c/o any specified individual director or directors at 600 Madison Avenue, Suite 1601, New York, New York 10022-1737. Any such correspondence will be forwarded to the indicated directors.

Code of Ethics

We have adopted a written code of ethics within the meaning of Item 406 of SEC Regulation S-K, which applies to all of our employees, including our principal executive officer and our chief financial officer, a copy of which can be found on our website at www.ibioinc.com. If we make any waivers or substantive amendments to the code of ethics that are applicable to our principal executive officer or our chief financial officer, we will disclose the nature of such waiver or amendment in a Current Report on Form 8-K in a timely manner. No waivers from any provision of our policy have been granted.

Available information about iBio

Current reports, quarterly reports, annual reports, and reports under Section 16(a) of the Securities Exchange Act of 1934, as amended (the "1934 Exchange Act") previously filed with the Securities and Exchange Commission ("SEC"), are available on our website at www.ibioinc.com and in print for any stockholder upon written request to our Secretary.

Executive Officers

The following table sets forth the names, ages and biographical information of our executive officers as of November 16, 2017:

Name	Age	Position Held With Us
Robert B. Kay	77	Executive Chairman and Chief Executive Officer
Robert L. Erwin	64	President
James P. Mullaney	46	Chief Financial Officer
Terence Ryan, Ph.D.	62	Chief Scientific Officer

The following are brief biographies of each executive officer:

Robert B. Kay has served as our Executive Chairman and Chief Executive Officer since we became a publicly traded company in August 2008. Mr. Kay was a founder and senior partner of the New York law firm of Kay Collyer & Boose LLP, with a particular focus on mergers and acquisitions and joint ventures. Mr. Kay received his B.A. from Cornell University's College of Arts & Sciences and his J.D. from New York University Law School.

Robert L. Erwin has been our President since we became a publicly traded company in August 2008. Mr. Erwin led Large Scale Biology Corporation from its founding in 1988 through 2003, including a successful initial public offering in 2000, and continued as non-executive Chairman until 2006. He served as Chairman of Icon Genetics AG from 1999 until its acquisition by a subsidiary of Bayer AG in 2006. Mr. Erwin recently served as Managing Director of Bio-Strategic Directors LLC, providing consulting services to the life sciences industry. He is currently Chairman of Novici Biotech, a private biotechnology company and a Director of Oryn Therapeutics. Mr. Erwin's non-profit work focuses on applying scientific advances to clinical medicine, especially in the field of oncology. He is co-founder, President and Director of the Marti Nelson Cancer Foundation, Oncology. Mr. Erwin received his BS degree with Honors in Zoology and an MS degree in Genetics from Louisiana State University.

James P. Mullaney has served as our Chief Financial Officer since March 1, 2017. Mr. Mullaney has over 20 years of experience encompassing finance, accounting, management and advisory positions. He has been a member of PwC's Audit practice as well as KPMG's CFO Advisory Services practice. Prior to joining iBio, Inc., Mr. Mullaney served in the capacity as Corporate Controller for Citihub Consulting, a multi-national IT services firm. He brings extensive finance transformation, strategic development and partnership, internal control and regulatory compliance background to iBio, Inc. Mr. Mullaney holds a CPA license in New York State.

Terence E. Ryan, Ph.D., has been our chief scientific officer since March 2012, and prior to that, served as senior vice president since joining the Company in July 2010. Dr. Ryan previously served as assistant vice president, Systems Biology at Wyeth Pharmaceuticals (later Pfizer, Inc.) from 2007 to 2010, and director of Integrative Biology at GlaxoSmithKline from 2003 to 2007. He has also been director, Cell Biology at Celera Genomics from 2000 to 2003 and associate director of Cell Technologies and Protein Sciences at Regeneron Pharmaceuticals, Inc. Dr. Ryan received his A.B. in Biology from Princeton University, his M.S. and Ph.D. in Microbiology from Rutgers University and was a post-doctoral fellow in Molecular Virology at the University of Wisconsin.

Summary Compensation Table

The table below summarizes the total compensation paid or earned by our principal executive officer, principal financial officer and our two other most highly compensated executive officers who were serving as executive officers at June 30, 2017, the end of our last completed fiscal year. We refer to the executive officers identified in this table as our "named executive officers."

Name and Principal Position	Fiscal Year	Salary	Bonus	Option Awards (1)	Total
Robert B. Kay	2017	$310,732	$-	$ 107,085	$417,817
Executive Chairman	2016	310,732	-	470,495	781,227
Mark Giannone(2)	2017	112,500	-	-	112,500
Former Chief Financial Officer	2016	99,000	-	94,099	193,099
James Mullaney (3)	2017	66,667	20,000	52,966	139,633
Chief Financial Officer	2016	N/A	N/A	N/A	N/A
Robert Erwin	2017	230,000	-	107,085	337,085
President	2016	230,000	-	470,495	700,495
Terence E. Ryan, Ph.D.	2017	200,000	-	-	200,000
Chief Scientific Officer	2016	200,000	-	62,733	262,733

(1) Reflects the aggregate grant date fair value computed in accordance with FASB ASC 718.

(2) Mr. Giannone's resigned effective March 1, 2017.

(3) James P. Mullaney was appointed Chief Financial Officer on March 1, 2017.

Outstanding Equity Awards at Fiscal Year-Ending June 30, 2017

The following table shows information regarding unexercised stock options held by our named executive officers as of June 30, 2017.

Name	**Unexercised Options**	**Exercise Price**	**Expiration Date**	**Market Value (1)**
Robert Kay (2)	250,000	$ 0.20	2/13/19	$ 47,500
Robert Kay (2)	250,000	$ 0.66	8/10/19	$ -
Robert Kay (2)	300,000	$ 1.73	8/16/20	$ -
Robert Kay (3)	500,000	$ 3.07	12/30/20	$ -
Robert Kay (3)	500,000	$ 3.07	12/30/20	$ -
Robert Kay (4)	300,000	$ 1.96	10/21/21	$ -
Robert Kay (4)	300,000	$ 1.10	7/24/22	$ -
Robert Kay (4)	300,000	$ 0.50	7/16/23	$ -
Robert Kay (5)	600,000	$ 1.00	9/5/24	$ -

Robert Kay (5)	750,000	$ 1.72	9/4/25	$ -
Robert Kay (5)	300,000	$ 0.40	5/1/27	$ -
Robert Erwin (2)	250,000	$ 0.20	2/13/19	$ 47,500
Robert Erwin (2)	250,000	$ 0.66	8/10/19	$ -
Robert Erwin (2)	300,000	$ 1.73	8/16/20	$ -
Robert Erwin (4)	300,000	$ 1.96	10/21/21	$ -
Robert Erwin (4)	300,000	$ 1.10	7/24/22	$ -
Robert Erwin (4)	300,000	$ 0.50	7/16/2 3	$ -
Robert Erwin (5)	600,000	$ 1.00	9/5/24	$ -
Robert Erwin (5)	750,000	$ 1.72	9/4/25	$ -
Robert Erwin (5)	300,000	$ 0.40	5/1/27	$ -
Terence Ryan (6)	100,000	$ 1.38	7/14/20	$ -
Terence Ryan (6)	100,000	$ 1.96	10/21/21	$ -
Terence Ryan (5)	100,000	$ 1.72	9/4/25	$ -
James Mullaney (5)	150,000	$ 0.40	3/1/27	$ -

(1) The market value for each award is based upon the closing stock price of $0.39 per share of common stock on June 30, 2017, less the exercise price of the option.

(2) Options vested in five equal annual installments on the anniversary date of grant. Options fully vested as of June 30, 2017.

(3) Options vested on the vesting commencement date of the grant. Options fully vested as of June 30, 2016.

(4) Options vest in five equal annual installments on the anniversary date of grant.

(5) Options vest in three equal annual installments on the anniversary date of grant.

(6) Options vested in three equal annual installments on the anniversary date of grant. Options fully vested as of June 30, 2017.

Employment Agreements

The Company and its Chief Financial Officer, James P. Mullaney, entered into an employment offer letter, dated December 30, 2016. Pursuant to the offer letter, Mr. Mullaney was offered an initial annual base salary of $200,000, which was increased to $240,000 in July 2017. He also received a sign-on bonus of $20,000. He is entitled to participate as a member of senior management in any plan adjusting senior management compensation that may be adopted by the Company, based on goals and objectives agreed, and on a formula approved by, the Company's Board of Directors. In addition, pursuant to the offer letter, Mr. Mullaney was awarded an initial option to purchase 150,000 shares of the Company's common stock. The option vests annually over three years. Mr. Mullaney is employed on an at-will basis.

As of June 30, 2017, we did not have any other employment contracts or other similar agreements or arrangements with any of our named executive officers.

Equity Incentive Plan

On August 12, 2008, the Company adopted the iBioPharma 2008 Omnibus Equity Incentive Plan (the "Plan") for employees, officers, directors and external service providers. In December 2013 our stockholders approved an

amendment to the Plan to increase the number of shares of our common stock authorized for issuance thereunder from 10 million shares to 15 million shares. Under the provisions of the Plan, the Company may grant options to purchase stock and/or make awards of restricted stock up to an aggregate amount of 15 million shares. Stock options granted under the Plan may be either incentive stock options (as defined by Section 422 of the internal Revenue Code of 1986, as amended) or non-qualified stock options at the discretion of the Board of Directors. Vesting of awards occurs ratably on the anniversary of the grant date over the service period as determined at the time of grant.

The following table provides information regarding the status of the Plan at June 30, 2017:

	Number of Shares of Common Stock to be Issued Upon Exercise of Outstanding Options	**Weighted-Average Exercise Price of Outstanding Options**	**Number of Options Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the previous columns)**
Equity compensation plan approved by stockholders	13,548,334	$ 1.21	1,451,666
Equity compensation plans not approved by stockholders	—	—	—
Total	13,548,334	$ 1.21	1,451,666

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our outstanding common stock as of November 13, 2017:

- each person who is known by us to be the beneficial owner of 5% or more of our outstanding common stock;
- each of our directors including our chief executive officer;
- each of our other named executive officers; and
- all of our current executive officers and directors as a group.

Except as otherwise noted in the footnotes below, to our knowledge, each of the persons named in this table has sole voting and investment power with respect to the securities indicated as beneficially owned.

Name and Address of Beneficial Owner(1)	**Number of Shares Beneficially Owned (2)**		**Percent of Shares Beneficially Owned(2)**	
5% Stockholders				
Eastern Capital Limited	33,744,000	(3)	36.	4%
E. Gerald Kay	5,945,695	(4)	6.4	%
Carl DeSantis	5,014,873	(5)	5.4	%
Directors				
Robert B. Kay	4,770,962	(6)	4.7	%
Glenn Chang	468,817	(7)	0.5	%
Arthur Y. Elliott, Ph.D.	366,667	(8)	0.4	%
John McKey, Jr.	1,043,225	(9)	1.0	%
Seymour Flug	246,667	(8)	0.2	%
General James T. Hill	471,667	(10)	0.5	%
Philip K. Russell, M.D.	366,667	(8)	0.4	%
Other Executive Officers				
Robert L. Erwin	2,740,000	(8)	2.7	%
Terence E. Ryan, Ph.D.	266,667	(8)	0.3	%
James P. Mullaney	-	(11)	-	%
All current directors and executive officers as a group (10 persons)	10,741,339	(12)	10.7	%

(1) The address of Eastern Capital Limited ("Eastern") is Box 31363, Grand Cayman, E9 KY1 1206. The address of E. Gerald Kay is c/o Integrated BioPharma, Inc., 225 Long Avenue, Box 278, Hillside, New Jersey 07205. The address of Carl DeSantis is c/o CDS International Holdings, Inc., 3299 NW 2nd Avenue, Boca Raton, FL 33431. The address of each of our directors and executive officers is c/o iBio, Inc., 600 Madison Avenue, Suite 1601, New York, New York 10022-1737.

(2) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to shares of our common stock. On November 13, 2017, there were 92,818,510 shares of common stock outstanding. Shares of common stock issuable under stock options that are exercisable within 60 days after November 13, 2017 are deemed outstanding and are included for purposes of computing the number of shares owned and percentage ownership of the person holding the option but are not deemed outstanding for computing the percentage ownership of any other person.

(3) Consists of 33,744,000 shares of common stock. This information is based solely on information set forth in a Schedule 13D/A Amendment No. 8 filed with the SEC on February 27, 2017 by Kenneth B. Dart.

(4) Consists of 5,945,695 shares of common stock. This information is based solely on information set for forth in a Schedule 13D filed with the SEC on June 13, 2013 by E. Gerald Kay and EGK, LLC. The number of shares of common stock beneficially owned by these entities may have changed since the filing of the Schedule 13D.

(5) Consists of 5,014,873 shares of common stock. This information is based solely on information set forth in a Schedule 13D/A Amendment No. 3 filed with the SEC on November 18, 2014 by Carl DeSantis, the DeSantis Revocable Trust, and CD Financial LLC.

(6) Includes (i) 211,333 shares of common stock, (ii) 819,629 shares of common stock held by EVJ LLC, of which Mr. Kay is the manager, and (iii) 3,740,000 shares of common stock underlying vested stock options held by Mr. Kay.

(7) Includes (i) 12,150 shares of common stock and (ii) 456,817 shares of common stock underlying vested stock options.

(8) All shares listed are shares of common stock underlying vested stock options.

(9) Includes (i) 486,558 shares of common stock and (ii) 556,667 shares of common stock underlying vested stock options.

(10) Includes (i) 15,000 shares of common stock and (ii) 456,667 shares of common stock underlying vested stock options.

(11) James P. Mullaney was appointed Chief Financial Officer of the Company on March 1, 2017. Pursuant to an offer letter between the Company and Mr. Mullaney, dated December 30, 2016, Mr. Mullaney has been granted an initial option to purchase 150,000 shares of the Company’s common stock, which has not yet vested. The option will vest annually over three years.

(12) Consists of (i) 1,544,670 shares of common stock and (ii) 9,196,667 shares of common stock underlying vested stock options.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Policies and Procedures for Related Person Transactions

The policy our Board of Directors is to review with management and our independent registered public accounting firm any related party transactions brought to the Board's attention which could reasonably be expected to have a material impact on our financial statements. The Company's practice is for management to present to the Board of Directors each proposed related party transaction, including all relevant facts and circumstances relating thereto, and to update the Board of Directors as to any material changes to any approved related party transaction. In connection with this requirement, each of the transactions or relationships disclosed below were disclosed to and approved by our Board of Directors. In addition, transactions involving our directors and their affiliated entities were disclosed and reviewed by our Board of Directors in its assessment of our directors' independence requirements.

Transactions with Eastern Capital Limited and its Affiliates

On January 13, 2016, we entered into a share purchase agreement with Eastern Capital Limited ("Eastern"), our largest stockholder, which was amended as of February 25, 2016 (as amended, the "6.5M Purchase Agreement"). Pursuant to the 6.5M Purchase Agreement, Eastern agreed to purchase 6,500,000 shares of our common stock (the "Eastern Shares"), for a purchase price of $0.622 per share, subject to the approval of our stockholders. Our stockholders approved the issuance of such shares at our 2015 Annual Meeting.

On the same day that we entered into the 6.5M Purchase Agreement, we also entered into a separate share purchase agreement pursuant to which Eastern agreed to purchase 3,500,000 shares of our common stock (the "3.5M Purchase Agreement") for a purchase price of $0.622 per share (the "3.5M Purchase Agreement" and together with the 6.5M Purchase Agreement, the "Purchase Agreements"). Stockholder approval was not required for the issuance of the 3,500,000 shares of our common stock pursuant to the 3.5M Purchase Agreement and the sale of those shares was completed on January 25, 2016.

Simultaneously with the issuance of shares under the 3.5M Purchase Agreement, Eastern exercised warrants, dated April 26, 2013, which Eastern acquired previously, to purchase 1,784,000 shares of common stock for a purchase price of $0.53 per share.

Concurrently with the execution of the Eastern Purchase Agreements, we entered into a contract manufacturing joint venture with affiliates of Eastern to develop and manufacture plant-made pharmaceuticals through iBio's recently formed subsidiary, iBio CDMO LLC ("iBio CDMO"). Bryan Capital Investors LLC ("Bryan Capital Investors"), an affiliate of Eastern, contributed $15.0 million in cash to iBio CDMO, for a 30% interest in iBio CDMO. iBio granted to iBio CDMO a royalty bearing, non-exclusive license to use our proprietary technologies for research purposes and an exclusive U.S. license for manufacturing purposes, and retained a 70% equity interest in iBio CDMO. iBio retains all other rights in its intellectual property, including the rights to commercialize products based on our proprietary technology. On February 23, 2017, we entered into an Exchange Agreement with Bryan Capital Investors, pursuant to which we issued to Bryan Capital Investors one share of our iBio CMO Preferred Tracking Stock, par value $0.001 per share, in exchange for 29,990,000 units of limited liability company interests of iBio CDMO held by Bryan Capital Investors. After giving effect to the transactions contemplated in the Exchange Agreement, we own 99.99% of iBio CDMO and Bryan Capital Investors owns 0.01% of iBio CDMO. iBio has the right to appoint a majority of the members of the Board of Managers that manages the iBio CDMO joint venture. Specified material actions by the joint venture require the consent of iBio and Bryan Capital Investors.

As part of the transactions between Eastern and the Company, Eastern entered into a three-year standstill agreement (the "Standstill Agreement") that restricts additional acquisitions of our common stock by Eastern and its controlled affiliates to limit its beneficial ownership of our outstanding shares of common stock to a maximum of 38%, absent

approval by a majority of our Board of Directors. With respect to the Standstill Agreement, our Board of Directors, acting unanimously, invited Bryan Capital Investors to enter into the Exchange Agreement described above and approved the issuance of one share of our Preferred Tracking Stock to Bryan Capital Investors.

Eastern does not have a right to appoint a director designee or any other special rights with respect to our management and affairs aside from its ability to vote the shares of common stock that it owns as it determines. Eastern has not been granted any board, management or special voting rights in connection with the transactions contemplated in the Purchase Agreements.

In connection with the joint venture an affiliate of Eastern (the "Eastern Affiliate") granted iBio CDMO a 34-year capital lease of a 139,000-square foot Class A life sciences building in Bryan, Texas on the campus of Texas A&M University, designed and equipped for plant-made manufacture of biopharmaceuticals. iBio CDMO began operations at the facility on December 22, 2015 pursuant to agreements between iBio CDMO and the Eastern Affiliate granting iBio CDMO temporary rights to access the facility. These temporary agreements were superseded by a capital lease agreement entitled the Sublease Agreement, dated January 13, 2016, between iBio CDMO and the Eastern Affiliate (the "Sublease"). The 34-year term of the Sublease may be extended by iBio CDMO for a ten-year period, so long as iBio CDMO is not in default under the Sublease. Under the Sublease, iBio CDMO is required to pay base rent at an annual rate of $2,100,000, paid in equal quarterly installments on the first day of each February, May, August and November. The base rent is subject to increase annually in accordance with increases in the Consumer Price Index. The base rent under the Eastern Affiliate's ground lease for the property is subject to adjustment, based on an appraisal of the property, in 2030 and upon any extension of the ground lease. The base rent under the Sublease will be increased by any increase in the base rent under the ground lease as a result of such adjustments. In addition to the base rent, iBio CDMO is required to pay, for each calendar year during the term, a portion of the total gross sales for products manufactured or processed at the facility, equal to 7% of the first $5,000,000 of gross sales, 6% of gross sales between $5,000,001 and $25,000,000, 5% of gross sales between $25,000,001 and $50,000,000, 4% of gross sales between $50,000,001 and $100,000,000, and 3% of gross sales between $100,000,001 and $500,000,000. However, if for any calendar year period from January 1, 2018 through December 31, 2019, iBio CDMO's applicable gross sales are less than $5,000,000, or for any calendar year period from and after January 1, 2020, its applicable gross sales are less than $10,000,000, then iBio CDMO is required to pay the amount that would have been payable if it had achieved such minimum gross sales and shall pay no less than the applicable percentage for the minimum gross sales for each subsequent calendar year. iBio CDMO is responsible for all costs and expenses in connection with the ownership, management, operation, replacement, maintenance and repair of the property under the Sublease. General and administrative expenses related to the Affiliate were approximately $724,000 and $565,000 for the years ended June 30, 2017 and 2016, respectively. Interest expense incurred under the capital lease obligation amounted to $1,928,000 and $807,000 for the years ended June 30, 2017 and 2016, respectively.

Research and Development Services Vendor

In January 2012, the Company entered into an agreement with Novici Biotech, LLC ("Novici") in which iBio's President is a minority stockholder. Novici performs technology development services for iBio, including laboratory feasibility analyses of gene expression, protein purification and preparation of research samples. The transaction has been conducted on an arm's length basis at market terms. The accounts payable balance includes amounts due to Novici of approximately $87,000 and $200,000 at June 30, 2017 and 2016, respectively. Research and development expenses related to Novici were approximately $957,000 and $1,036,000 for the years ended June 30, 2017 and 2016, respectively.

Operating Lease with Minority Stockholder

Effective January 1, 2015, the Company is leasing office space on a month-to-month basis from an entity owned by a minority stockholder of the Company. The monthly rental was $2,200 per month through November 2015, $2,500 from December 2015 through February 2017 and $7,500 per month thereafter. Rent expense totaled approximately $50,000 and $28,500 for the years ended June 30, 2017 and 2016, respectively.

Limitation of Liability of Officers and Directors and Indemnification

Our certificate of incorporation, as amended, provides for indemnification of our officers and directors to the extent permitted by Delaware law, which generally permits indemnification for actions taken by officers or directors as our representatives if the officer or director acted in good faith and in a manner he or she reasonably believed to be in the best interest of the corporation.

As permitted under Delaware law, the By-laws contain a provision indemnifying directors against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with an action, suit or proceeding if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of our Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

Historical Relationship with Integrated BioPharma, Inc.

We were a subsidiary of Integrated BioPharma, Inc. ("Integrated BioPharma") from February 21, 2003 until August 18, 2008. On that date, Integrated BioPharma spun off iBio in a transaction that was intended to be a tax-free distribution to Integrated BioPharma and its U.S. stockholders. As part of that transaction, we entered into a number of agreements with Integrated BioPharma including an indemnification and insurance matters agreement and a tax responsibility allocation agreement. Messrs. E. Gerald Kay and Carl DeSantis, affiliates of Integrated BioPharma, were in 2008 and continue to remain beneficial holders of more than 5% of our common stock. The agreements are described below.

Indemnification. In general, under the indemnification and insurance matters agreement, we agreed to indemnify Integrated BioPharma, its affiliates and each of its and their respective directors, officers, employees, agents and representatives from all liabilities that arise from:

- any breach by us of the separation and distribution agreement or any ancillary agreement;
- any of our liabilities reflected on our consolidated balance sheets included in the information statement relating to the spin-off;
- our assets or businesses;
- the management or conduct of our assets or businesses;
- the liabilities allocated to or assumed by us under the separation and distribution agreement, the indemnification and insurance matters agreement or any of the other ancillary agreements;
- various on-going litigation matters in which we are named defendant, including any new claims asserted in connection with those litigations, and any other past or future actions or claims based on similar claims, facts, circumstances or events, whether involving the same parties or similar parties, subject to specific exceptions;
- claims that are based on any violations or alleged violations of U.S. or foreign securities laws in connection with transactions arising after the distribution relating to our securities and the disclosure of financial and other information and data by us or the disclosure by Integrated BioPharma as part of the distribution of our financial information or our confidential information; or
- any actions or claims based on violations or alleged violations of securities or other laws by us or our directors, officers, employees, agents or representatives, or breaches or alleged breaches of fiduciary duty by our Board of Directors, any committee of our Board or any of its members, or any of our officers or employees.

Integrated BioPharma agreed to indemnify us and our affiliates and our directors, officers, employees, agents and representatives from all liabilities that arise from:

- any breach by Integrated BioPharma of the separation and distribution agreement or any ancillary agreement;

- any liabilities allocated to or to be retained or assumed by Integrated BioPharma under the separation and distribution agreement, the indemnification and insurance matters agreement or any other ancillary agreement;

- liabilities incurred by Integrated BioPharma in connection with the management or conduct of Integrated BioPharma's businesses; and

- various ongoing litigation matters to which we are not a party.

Integrated BioPharma is not obligated to indemnify us against any liability for which we are also obligated to indemnify Integrated BioPharma. Recoveries by Integrated BioPharma under insurance policies will reduce the amount of indemnification due from us to Integrated BioPharma only if the recoveries are under insurance policies Integrated BioPharma maintains for our benefit. Recoveries by us will in all cases reduce the amount of any indemnification due from Integrated BioPharma to us.

Under the indemnification and insurance matters agreement, a party has the right to control the defense of third-party claims for which it is obligated to provide indemnification, except that Integrated BioPharma has the right to control the defense of any third-party claim or series of related third-party claims in which it is named as a party whether or not it is obligated to provide indemnification in connection with the claim and any third-party claim for which Integrated BioPharma and we may both be obligated to provide indemnification. We may not assume the control of the defense of any claim unless we acknowledge that if the claim is adversely determined, we will indemnify Integrated BioPharma in respect of all liabilities relating to that claim. The indemnification and insurance matters agreement does not apply to taxes covered by the tax responsibility allocation agreement.

Offset. Integrated BioPharma is permitted to reduce amounts it owes us under any of our agreements with Integrated BioPharma, by amounts we may owe to Integrated BioPharma under those agreements.

Assignment. We may not assign or transfer any part of the indemnification and insurance agreement without Integrated BioPharma's prior written consent. Nothing contained in the agreement restricts the transfer of the agreement by Integrated BioPharma.

Tax Responsibility Allocation Agreement

In order to allocate our responsibilities for taxes and certain other tax matters, we and Integrated BioPharma entered into a tax responsibility allocation agreement prior to the date of the distribution. Under the terms of the agreement, with respect to consolidated federal income taxes, and consolidated, combined and unitary state income taxes, Integrated BioPharma will be responsible for, and will indemnify and hold us harmless from, any liability for income taxes with respect to taxable periods or portions of periods ending prior to the date of distribution to the extent these amounts exceed the amounts we have paid to Integrated BioPharma prior to the distribution or in connection with the filing of relevant tax returns. Integrated BioPharma is also responsible for, and will indemnify and hold us harmless from, any liability for income taxes of Integrated BioPharma or any member of the Integrated BioPharma group (other than us) by reason of our being severally liable for those taxes under U.S. Treasury regulations or analogous state or local provisions. Under the terms of the agreement, with respect to consolidated federal income taxes, and consolidated, combined and unitary state income taxes, we are responsible for, and will indemnify and hold Integrated BioPharma harmless from, any liability for our income taxes for all taxable periods, whether before or after the distribution date. With respect to separate state income taxes, we are also responsible for, and will indemnify and hold Integrated BioPharma harmless from, any liability for income taxes with respect to taxable periods or portions of periods beginning on or after the distribution date. We are also responsible for, and will indemnify and hold Integrated BioPharma harmless from, any liability for our non-income taxes and our breach of any obligation or covenant under the terms of the tax responsibility allocation agreement, and in certain other circumstances as provided therein. In addition to the allocation of liability for our taxes, the terms of the agreement also provide for other tax matters, including tax refunds, returns and audits.

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PROPOSAL 2 — RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2018 and has further directed that management submit the selection of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. CohnReznick LLP was engaged as our principal accounting firm in October 2009. Representatives of CohnReznick LLP are expected to be present at the Annual Meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our Bylaws nor other governing documents or law require stockholder ratification of the selection of CohnReznick LLP as our independent registered public accounting firm. However, the Audit Committee of the Board is submitting the selection of CohnReznick LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee of the Board will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the Board in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in our company's and our stockholders' best interests.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of CohnReznick LLP. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

The Board of Directors believes that the selection of CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2018 is in our best interest and the best interests of our stockholders and therefore recommends a vote "FOR" this proposal.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS*

The Audit Committee has prepared the following report on its activities with respect to our audited financial statements for the year ended June 30, 2017.

Our management is responsible for the preparation, presentation and integrity of our financial statements and is also responsible for maintaining appropriate accounting and financial reporting practices and policies. Management is also responsible for establishing and maintaining adequate internal controls and procedures designed to provide reasonable assurance that we are in compliance with accounting standards and applicable laws and regulations.

CohnReznick LLP, our independent registered public accounting firm for the year ended June 30, 2017, is responsible for expressing opinions on the conformity of our audited financial statements with accounting principles generally accepted in the United States.

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended June 30, 2017 with our management. The Audit Committee has discussed with our independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T. The Audit Committee has also received the written disclosures and the letter from our independent registered public accounting firm required by the Independence Standards Board Standard No. 1 (*Independence Discussions with Audit Committees*), as adopted by the PCAOB in Rule 3600T and has discussed with our independent registered public accounting firm the firm's independence.

The following table represents aggregate fees billed to us by CohnReznick LLP:

	For the Year Ended June 30,	
	2017	**2016**
Audit Fees	$158,700	$138,969
Audit-related Fees	—	—
Tax Fees	—	—
Other Fees	1,090	—
Total Fees	$159,790	$138,969

In the above table, in accordance with the SEC's definitions and rules, "audit fees" are fees we paid CohnReznick LLP for professional services for the audit of our financial statements included in our Annual Reports on Form 10-K, review of our financial statements included in our Quarterly Reports on Form 10-Q and services normally provided in connection with statutory and regulatory filings or engagements, consents and assistance with and review of our documents filed with the SEC.

Pre-Approval Policies and Procedures

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to periodically report to the audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis. The Audit Committee has determined that the rendering of the services other than audit services by CohnReznick LLP is compatible with maintaining the principal accountant's independence.

Based on the foregoing, the Audit Committee has recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017 and selected CohnReznick LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2018.

From the Audit Committee of iBio, Inc.

Glenn Chang
Seymour Flug

(*) The material in this report is not "soliciting material," is not deemed "filed" with the SEC, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the 1934 Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing.

PROPOSAL 3 — ADVISORY VOTE ON COMPENSATION OF EXECUTIVE OFFICERS

("SAY-ON-PAY")

Background of Proposal

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and related SEC rules require that we provide our stockholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement.

As previously reported, in an advisory vote on the frequency of the advisory vote on the compensation of our named executive officers held at our 2013 Annual Meeting of Shareholders held on December 17, 2013, 23,434,027 shares voted for one year, 175,679 shares voted for two years, 14,494,461 shares voted for three years, and there were 61,561 abstentions and 17,653,046 broker non-votes.

SEC regulations state that we must hold these votes on frequency at least once every six years. In light of these voting results and other factors, our Board of Directors decided that we will hold an annual advisory vote on the compensation of our named executive officers. We will continue to hold annual advisory votes until our Board of Directors decides to hold the next shareholder advisory vote on the frequency of advisory votes.

Our executive compensation program is designed to align the interests of our stockholders and our executive officers. We use our executive compensation programs to attract, motivate, and retain our executive officers and to ensure that their efforts focus on the long-term performance of iBio. These officers are critical to the achievement of our current and longer term strategic and financial performance goals and objectives.

Our executive compensation program is comprised of cash compensation, in the form of fixed salary, and equity-based compensation. In addition, we provide our executive officers with benefits that are generally available to our salaried employees. We believe that offering our executive officers differing forms of compensation allows us to achieve varied objectives.

Cash compensation, for example, provides our executive officers with a guaranteed minimum base salary. We fix the base salary of each of our executive officers at a level that we believe enables us to hire and retain individuals in a competitive environment and reward individual performance and contribution to our overall business goals.

Our equity-based compensation is effected through a stock option program. This is the primary means of linking our named executive officers' compensation and the long-term performance of iBio. The stock option program encourages a long-term focus from our executives by using a multi-year minimum vesting requirement for stock options and creates an ownership culture that helps unify the interests of our executives and stockholders.

As noted above, we view the components of our executive officer compensation as related but distinct. Although our Board of Directors does review total compensation, it does not believe that compensation derived from one component of compensation should negate or reduce compensation from other components. Neither our Board of Directors nor our Compensation Committee has adopted any formal or informal policies or guidelines for allocating compensation between long-term and currently paid out compensation, between cash and equity-based compensation, or among different forms of compensation. This is due to the small size of our executive officer team and the need to tailor each executive officer's award to attract and retain that executive officer.

Additional details about our executive compensation program, including information about compensation for our named executive officers for the fiscal year ended June 30, 2017, are described under the "Executive Compensation" section of this proxy statement.

We are asking our stockholders to indicate their support for our executive officer compensation as described in this proxy statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on the compensation of our executive officers. This vote is not intended to address any specific item of compensation, but rather to evaluate the overall compensation of our executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, the following resolution is submitted for a vote by our stockholders at the annual meeting:

"RESOLVED, that the stockholders of iBio, Inc. hereby APPROVE, on an advisory basis, the compensation paid to its named executive officers, as disclosed in the Proxy Statement for the 2017 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the SEC, including the compensation tables and the narrative discussion that accompany the compensation tables."

This say-on-pay vote is advisory, and therefore not binding on us, the Compensation Committee or our Board of Directors. However, our Board and our Compensation Committee value the opinion of our stockholders and will consider our stockholders' opinion when making future compensation decisions for our named executive officers.

Our Board of Directors recommends that stockholders vote to approve the compensation of our named executive officers by voting "FOR" this proposal.

PROPOSAL 4 — APPROVAL OF INCREASE IN AUTHORIZED SHARES OF COMMON STOCK

Background

We are currently authorized under our certificate of incorporation, as amended, to issue 175 million shares of common stock and 1 million shares of preferred stock. On November 13, 2017, our Board of Directors unanimously adopted resolutions approving a further amendment to our certificate of incorporation to increase the number of authorized shares of common stock from 175 million shares to 275 million shares and directing that such amendment be submitted to a vote of our stockholders. For the reasons set forth below, the Board of Directors believes that the proposed increase in the authorized number of shares of common stock is in our best interest and the best interest of our stockholders. The amendment will not affect the authorized number of shares of preferred stock which will remain at 1 million.

Reasons to Increase the Authorized Common Stock

We have incurred significant losses and negative cash flows from operations since our spin-off from Integrated BioPharma, Inc. in August 2008. As of June 30, 2017, our accumulated deficit was approximately $72.1 million, and we used approximately $13.2 million of cash for operating activities during the year ended June 30, 2017. As of June 30, 2017, our cash on hand was approximately $8.1 million. Without further funding our existing cash balance is only sufficient to meet our projected operating requirements through December 31, 2017.

On July 24, 2017, we entered into a common stock purchase agreement with Lincoln Park Capital Fund, LLC ("Lincoln Park"), an Illinois limited liability company, pursuant to which Lincoln Park has agreed to purchase from us up to an aggregate of $16,000,000 of our common stock (subject to certain limitations) from time to time over the 36-month term of the agreement (the "Lincoln Park Purchase Agreement"). On November 20, 2014, we filed with the SEC a Registration Statement on Form S-3 under the Securities Act, which was declared effective by the SEC on December 2, 2014. This registration statement allows us, from time to time, to offer and sell shares of common stock, shares of preferred stock, debt securities, units comprised of shares of common stock, preferred stock, debt securities and warrants in any combination, and warrants to purchase common stock, preferred stock, debt securities and/or units, up to a maximum aggregate amount of $100 million of such securities.

We are entitled under our certificate of incorporation to issue up to 175 million shares of common stock. As of the Record Date, we had issued and outstanding approximately [•] million shares of common stock, options to purchase approximately [•] million shares of common stock and approximately [•] million shares of common stock reserved for future issuance of additional option grants under our 2008 Omnibus Equity Incentive Plan. Accordingly, as of the

Record Date, we have approximately [•] million authorized shares of common stock available for future issuance, including common stock issuable under the Lincoln Park Agreement. We do not believe that this is sufficient to meet our future equity financing requirements. Other than the Lincoln Park Agreement, we currently have no firm agreements with any third parties for the sale of our securities. However, we anticipate seeking equity financing in the near future and we believe that increasing the number of authorized shares of common stock will help ensure that the Company has sufficient authorized shares available for issuance to allow it to pursue equity financing if the Board determines that it would be in the best interests of the Company based on the Company's working capital needs and prevailing market conditions.

The Board of Directors is recommending this increase in the authorized shares of common stock primarily to ensure that we have the ability to address future corporate needs and the opportunity to take advantage of future opportunities. As a general matter, if the amendment is approved, our Board of Directors would be able to issue such newly authorized shares in its discretion from time to time, subject to and limited by rules of the NYSE American and other rules and regulations that require stockholder approval of specific transactions.

The newly authorized shares would be issuable as determined by our Board of Directors for any proper corporate purpose which may include:

- raising additional capital;
- the acquisition of businesses, technologies or products;

- entering into strategic partnerships; and
- entering into other collaborations and relationships that are intended to complement or expand our business.

If the amendment is approved by our stockholders, the Board of Directors believes that it will have a greater ability and flexibility to take advantage of commercial opportunities and market conditions. Without that increased flexibility, the Board of Directors may be required to incur the costs and delays of seeking stockholder approval for any particular issuance. Such a delay may impair the ability of our Board of Directors to complete a transaction which is considered to be in the best interest of iBio.

We have no present understandings, commitments or agreements to enter into any such transaction.

Other Considerations

The authorization of the additional shares of common stock would not have any immediate dilutive effect on the proportionate voting power or other rights of existing stockholders, but, to the extent that the additional authorized shares are issued in the future, other than in a stock dividend, stock split or other similar event, such future issuance will decrease existing stockholders' percentage equity ownership and, depending on the price at which they are issued, could be dilutive to existing stockholders. The issuance of additional shares of common stock could have a negative effect on the trading price of our common stock.

Additionally, the increase in the number of authorized shares of common stock could have unintended effects. For example, if our Board of Directors issues additional shares in the future, it could increase the cost to a person seeking to obtain control of the Company, thereby deterring or rendering more difficult a merger, tender offer, proxy contest or other extraordinary transaction. To the extent that it impedes any such attempts, the proposed amendment may serve to perpetuate our management. The amendment is not being proposed in response to any known effort or threat to acquire control of the Company and is not part of a plan by management to adopt a series of amendments to the certificate of incorporation, as amended, or our amended and restated bylaws that would thwart such efforts.

Under our certificate of incorporation, as amended, stockholders do not have preemptive rights with respect to the issuance of shares of common stock, which means that current stockholders do not have a prior right to purchase any new issue of common stock in order to maintain their proportionate ownership of common stock.

Effective Date of the Amendment

In order for the amendment to become effective, we have to file with the Secretary of State of the State of Delaware a certificate of amendment of the certificate of incorporation. If the proposed amendment is approved by our stockholders, we intend to file the certificate of amendment as soon as practicable following the annual meeting.

Our Board of Directors reserves the right, notwithstanding stockholder approval of the amendment and without further action by our stockholders, not to proceed with the amendment.

Our Board of Directors believes that approval of amendment of the certificate of incorporation, as amended, to increase the authorized common stock from 175 million shares to 275 million shares is in our best interests and the best interests of our stockholders and therefore recommends a vote "FOR" this proposal.

PROPOSAL 5 — APPROVAL OF AMENDMENT TO INCREASE SHARES AUTHORIZED

FOR ISSUANCE PURSUANT TO OUR 2008 OMNIBUS EQUITY INCENTIVE PLAN, AS AMENDED

On August 12, 2008, the Company adopted the iBioPharma 2008 Omnibus Equity Incentive Plan (the "Plan") for employees, officers, directors and external service providers. In December 2013, our stockholders approved an amendment to the Plan to increase the number of shares of our common stock authorized for issuance thereunder from 10 million shares to 15 million shares. Under the provisions of the Plan, the Company may grant options to purchase stock and/or make awards of restricted stock up to an aggregate amount of 15 million shares. Stock options granted under the Plan may be either incentive stock options (as defined by Section 422 of the internal Revenue Code of 1986, as amended) or non-qualified stock options at the discretion of the board of directors. Vesting of awards occurs ratably on the anniversary of the grant date over the service period as determined at the time of grant.

Our board of directors believes that stock options and restricted stock awards play an important role in the success of our Company by encouraging and enabling our employees, officers, directors, consultants and advisors upon whose judgment, initiative and efforts we largely depend for the successful conduct of our business to acquire a proprietary interest in our Company. Our board of directors believes that providing such persons with a direct stake in the Company will effect a closer identification of the interests of such individuals with those of the Company and our stockholders, thereby stimulating their efforts on our behalf and strengthening their desire to remain with the Company.

On November 13, 2017, our board of directors approved an amendment to the Plan, as amended, subject to stockholder approval, to increase the aggregate number of shares authorized for issuance under the Plan by 10 million shares to 25 million shares of common stock. These additional shares will enhance the flexibility of our board of directors in granting awards of stock options and restricted stock to our officers, employees, directors, consultants and advisors and to ensure that we can continue to grant stock options and restricted stock awards to such persons at levels determined to be appropriate by our board of directors. Our board believes that an increase in shares authorized for issuance under the Plan, as amended, is appropriate and in the best interests of our stockholders given our desire to further strengthen the alignment of interests between eligible Plan participants and our stockholders, the highly competitive environment in which we recruit and retain employees and key advisors and our historical utilization rate. A copy of the Plan, as amended, is attached as Appendix A to the electronic copy of this proxy statement filed with the SEC and may be accessed from the SEC's website at www.sec.gov. In addition, a copy of the Plan, as amended, may be obtained by making a written request to: iBio, Inc., Attention: Secretary, 600 Madison Avenue, Suite 1601, New York, NY 10022.

At September 30, 2017, we had approximately 13.6 million options to purchase shares of common stock outstanding and approximately 1.4 million shares of common stock reserved for future issuance of additional option grants under our Plan. The weighted average remaining contractual life for options outstanding at September 30, 2017 was 5.6 years and the weighted average exercise price for such options was $1.21.

Our board of directors is submitting the Plan, as amended, for approval by our stockholders and has specifically conditioned the effectiveness of the amendment on such approval. If our stockholders do not approve the Plan, as amended, the existing Plan, as amended, excluding the proposed increase in shares available for issuance thereunder, will remain in effect. In such event, our board of directors will consider whether to adopt alternative arrangements based on its assessment of our needs.

Summary of Material Features of the Plan, as Amended under this Proposal

The material features of the Plan, as amended under this proposal, are:

- The maximum number of shares of common stock to be issued under the Plan is 25 million;
- The award of stock options (both incentive and non-qualified options) and restricted stock is permitted; and
- Any material amendment to the Plan, to the extent required by applicable law, regulations and rules, is subject to approval by our stockholders.

Based solely on the closing price of our common stock as reported by the NYSE American on November 13, 2017, the date our board approved the proposed amendment to the Plan, the maximum aggregate market value of the additional 10 million shares of common stock that could potentially be issued under the Plan pursuant to the amendment is $2,800,000. The shares we issue under the Plan will be authorized but unissued shares or treasury shares. The shares of common stock underlying any awards that expire or are terminated, surrendered or canceled without having been fully exercised or are forfeited in whole or in part are added back to the shares of common stock available for issuance under the Plan.

Summary of the Plan, as Amended under this Proposal

The following description of certain features of the Plan, as amended under this proposal, is intended to be a summary only. The summary is qualified in its entirety by the full text of the Plan, as amended, that is attached as **Appendix A** to the electronic copy of this proxy statement filed with the SEC and may be accessed from the SEC's website at www.sec.gov. In addition, a copy of the Plan, as amended, may be obtained by making a written request to: iBio, Inc., Attention: Secretary, 600 Madison Avenue, Suite 1601, New York, NY 10022.

Plan Administration. The Plan is administered by our board of directors. To the extent consistent with our certificate of incorporation, bylaws and applicable law, our board of directors has the authority to grant awards and adopt, amend and repeal the administrative rules, guidelines and practices relating to the Plan and to interpret the provisions of the Plan. Pursuant to the terms of the Plan, our board of directors may delegate its authority under the Plan to one or more committees, each consisting of one more members of the board of directors.

Eligibility. Persons eligible to participate in the Plan are employees, officers, directors, consultants and advisors of the Company and its affiliates as selected from time to time by our board of directors in its discretion. For this purpose, "affiliates" include any company, trade or business that controls or is controlled by or is under common control with iBio.

Description of Awards. The Plan provides for the grant of stock option and restricted stock awards.

Stock Options. The Plan permits the granting of (1) options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and (2) options that do not so qualify. Options granted under the Plan will be non-qualified options if they fail to qualify as incentive options or exceed the annual limit on incentive stock options. Incentive stock options may be granted only to employees of the Company and its subsidiaries. The option exercise price of each incentive stock option will be determined by our board of directors but may not be less than 100% of the fair market value of the common stock on the date of grant. Non-qualified options may be granted to any

persons eligible to receive incentive options and to non-employee directors, consultants and advisors. The option exercise price of each non-qualified stock option will be determined by our board of directors but may not be less than 100% of the fair market value of the common stock on the date of grant Fair market value for these purposes is the closing price (for the primary trading session) of our common stock on the NYSE American on the date of grant.

The term of each option will be fixed by our board of directors and may not exceed ten years from the date of grant. Our board of directors will determine at what time or times each option may be exercised. Options may be made exercisable in installments and the exercisability of options may be accelerated by our board of directors. In general, unless otherwise permitted by our board of directors, no option granted under the Plan is transferable by the optionee other than by will or by the laws of descent and distribution, and options may be exercised during the optionee's lifetime only by the optionee, or by the optionee's legal representative or guardian in the case of the optionee's incapacity.

Upon exercise of options, the option exercise price must be paid in full either in cash or by cash equivalents acceptable to our board of directors. To the extent permitted under applicable law and provided for in the applicable option agreement or approved by our board of directors, in its sole discretion, the exercise price may be paid by delivery (or attestation to the ownership) of shares of common stock that are beneficially owned by the optionee. Additionally, to the extent provided in the applicable option agreement, the exercise price may also be delivered to the Company by a broker pursuant to irrevocable instructions to the broker from the optionee or by delivery to the Company of a full recourse promissory note with such other terms and conditions as determined by our board of directors. Options may also be exercised using a net exercise feature which reduces the number of shares issued to the optionee by the number of shares with a fair market value equal to the exercise price.

To qualify as incentive options, options must meet additional federal tax requirements, including a $100,000 limit on the value of shares subject to incentive options that first become exercisable by a participant in any one calendar year.

Restricted Stock. The Plan permits our board of directors to award shares of common stock to participants subject to such conditions and restrictions as our board of directors may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued service to iBio through a specified restricted period.

Change of Control Provision for Awards. Under the Plan, upon the occurrence of a reorganization, merger, consolidation or other similar event (a "reorganization") that does not constitute a "change of control" as such term is defined in the Plan, the terms of the awards made prior to such reorganization shall survive such reorganization and be applicable to the shares of iBio common stock remaining outstanding after the reorganization event or to any new shares of common stock issued in substitution for iBio common stock. To the extent that a change of control occurs in connection with a reorganization and the acquiring or succeeding company fails to assume or substitute substantially equivalent awards, all outstanding shares of restricted stock will either vest and all restrictions on such shares will lapse immediately prior to the occurrence of the change of control or such awards will be cancelled and in lieu thereof the per share price paid to holders of common stock in the reorganization will be paid to the Plan participants with cancelled restricted stock awards. With respect to outstanding Options in the case of a reorganization that constitutes a "change in control," our board of directors may take either of the following two actions. Not less than 15 days prior to the occurrence of the reorganization event, our board of directors may accelerate the vesting of all Options which will remain exercisable for a 15 day period. Alternatively, our board of directors may, in its sole discretion cancel the outstanding Options and pay or deliver in lieu thereof cash or securities having a value equal to the excess, if any, of (A) the per share price to be paid to holders of common stock in the reorganization event multiplied by the number of shares of common stock subject to the participant's awards over (B) the aggregate exercise price of all such outstanding awards and any applicable tax withholdings, in exchange for the termination of such awards.

Adjustments for Stock Dividends, Stock Splits, Etc. Except to the extent provided in an award agreement or otherwise agreed by the participant, the Plan requires that our board of directors make appropriate adjustments to the number of shares of common stock that are subject to the Plan and to any outstanding awards to reflect stock dividends and distributions, stock splits, recapitalizations, reclassifications, combination of shares, exchange of shares or other increases or decreases in the iBio common stock that is effected without receipt of consideration by iBio.

Amendments and Termination. Our board of directors may at any time amend, suspend or terminate the Plan. No amendment, suspension or termination of the Plan shall alter or impair the rights or obligations arising under any award previously made under the Plan unless the consent of the participant has been obtained. An amendment to the Plan shall be contingent upon approval by the Company's stockholders only to the extent required by applicable law, regulation or rule. As required under the rules of the American, any amendments that materially change the terms of the Plan will be subject to approval by our stockholders.

Effective Date of Amendment. Our board of directors approved the proposed amendment to the Plan on November 13, 2017. The amendment to increase the number of authorized shares under the Plan will become effective on the date it is approved by stockholders. If the Plan, as proposed to be amended, is not approved by stockholders, the Plan will continue in effect until it expires, and awards may be granted thereunder, in accordance with its terms.

New Plan Benefits

Since the grant of awards under the Plan is within the discretion of our board of directors, we cannot determine the dollar value or number of shares of common stock that will in the future be received by or allocated to any participant in the Plan. In lieu of providing information regarding benefits that will be received under the Plan, the following table provides information concerning the stock option awards that were received by the following persons and groups during fiscal year 2017: each named executive officer; all current executive officers, as a group; all current directors who are not executive officers, as a group; and all employees who are not executive officers, as a group. No person received any award of restricted stock during fiscal year 2017.

Name and Position	Options Exercise Price ($)	Number (#)
Robert B. Kay, Executive Chairman	0.40	300,000
Robert Erwin, President	0.40	300,000
James Mullaney, Chief Financial Officer	0.40	150,000
All current executive officers, as a group	0.40	750,000
All current directors who are not executive officers, as a group	0.40	300,000
All current employees who are not executive officers, as a group	0.40	622,500

Tax Aspects Under the Code

The following is a summary of the principal federal income tax consequences of certain transactions under the Plan. It does not describe all federal tax consequences under the Plan, nor does it describe state or local tax consequences.

Incentive Options. No taxable income is generally realized by the optionee upon the grant or exercise of an incentive option. If shares of common stock issued to an optionee pursuant to the exercise of an incentive option are sold or transferred after two years from the date of grant and after one year from the date of exercise, then (i) upon sale of such shares, any amount realized in excess of the option price (the amount paid for the shares) will be taxed to the optionee as a long-term capital gain, and any loss sustained will be a long-term capital loss, and (ii) the Company will not be entitled to any deduction for federal income tax purposes. The exercise of an incentive option will give rise to an item of tax preference that may result in alternative minimum tax liability for the optionee.

If shares of common stock acquired upon the exercise of an incentive option are disposed of prior to the expiration of the two-year and one-year holding periods described above (a “disqualifying disposition”), generally (i) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market

value of the shares of common stock at exercise (or, if less, the amount realized on a sale of such shares of common stock) over the option price thereof, and (ii) the Company would be entitled to deduct such amount. Special rules will apply where all or a portion of the exercise price of the incentive option is paid by tendering shares of common stock.

If an incentive option is exercised at a time when it no longer qualifies for the tax treatment described above, the option is treated as a non-qualified option. Generally, an incentive option will not be eligible for the tax treatment described above if it is exercised more than three months following termination of employment (or one year in the case of termination of employment by reason of disability). In the case of termination of employment by reason of death, the three-month rule does not apply.

Non-Qualified Options. No income is realized by the optionee at the time the option is granted. Generally (i) at exercise, ordinary income is realized by the optionee in an amount equal to the difference between the option price and the fair market value of the shares of common stock on the date of exercise, and the Company receives a tax deduction for the same amount, and (ii) at disposition, appreciation or depreciation after the date of exercise is treated as either short-term or long-term capital gain or loss depending on how long the shares of common stock have been held. Special rules will apply where all or a portion of the exercise price of the non-qualified option is paid by tendering shares of common stock. Upon exercise, the optionee will also be subject to Social Security taxes on the excess of the fair market value over the exercise price of the option.

Restricted Stock Awards. The Company generally will be entitled to a tax deduction in connection with an award of restricted stock in an amount equal to the ordinary income realized by the participant at the time the participant recognizes such income. Participants typically are subject to income tax and recognize such tax at the time that an award vests or becomes non-forfeitable, unless the award provides for a further deferral.

Tax Withholding. Participants in the Plan are responsible for the payment of any federal, state or local taxes that the Company is required by law to withhold upon the exercise of options or vesting of restricted stock awards. iBio has the right to deduct from any payments due to a participant any federal state or local taxes that are due upon exercise of options or vesting of restricted stock awards. With the prior approval of our board of directors, a participant may satisfy the amounts required to be withheld by making payment of such amounts, delivering to the Company shares of common stock that have a fair market value equal to amounts required to be withheld or by authorizing the Company to withhold shares of stock otherwise payable to the participant pursuant to the exercise or vesting.

Parachute Payments. The vesting of any portion of an option or restricted stock award that is accelerated due to the occurrence of a change in control (such as a sale event) may cause a portion of the payments with respect to such accelerated awards to be treated as “parachute payments” as defined in the Code. Any such parachute payments may be non-deductible to the Company, in whole or in part, and may subject the participant to a 20% federal excise tax on all or a portion of such payment (in addition to other taxes ordinarily payable). The Plan provides that no award will vest or become exercisable if such vesting or exercise causes any resulting payment to be considered a parachute payment and the aggregate after tax amounts received by the participant under this Plan and all other agreements with the Company would be less than the participant would receive if no such payments were considered parachute payments. The Plan further provides that a participant may instruct the Company to reduce or modify the Plan payments or benefits otherwise due to the participant to avoid having payments or benefits otherwise payable to the participant deemed to be parachute payments.

Limitation on Deductions. Under Section 162(m) of the Code, the Company’s deduction for certain awards under the Plan may be limited to the extent that the Chief Executive Officer or other executive officer whose compensation is required to be reported in the summary compensation table (other than the Principal Financial Officer) receives compensation in excess of one million dollars a year (other than performance-based compensation that otherwise meets the requirements of Section 162(m) of the Code).

Our Board of Directors believes that our future success depends, in large part, upon our ability to maintain a competitive position in attracting, retaining and motivating key personnel. Accordingly, our Board believes that the approval of the amendment to the Plan, as amended, is in the best interests of iBio and our stockholders and recommends a vote “FOR” this proposal.

OTHER INFORMATION

Other Matters

Our Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, on such matters in accordance with their judgment.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Exchange Act requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended June 30, 2017, all Section 16(a) filing requirements applicable to our officers, directors and greater than ten percent beneficial owners were complied with, except the following reports were not filed on a timely basis: (1) an Initial Statement of Beneficial Ownership on Form 3 for James P. Mullaney after his appointment as an officer of the Company on March 1, 2017, which was filed on April 5, 2017, (2) Statements of Changes in Beneficial Ownership on Form 4 reporting grants of stock options made on May 1, 2017 to purchase 60,000 shares of our common stock made to each of Glenn Chang, General James T. Hill, John D. McKey, Jr., Philip K Russell, M.D., Arthur Y. Elliott, Ph.D. and Seymour Flug, which were filed on June 16, 2017, (3) Statements of Changes in Beneficial Ownership on Form 4 reporting grants of stock options made on September 4, 2015 to purchase 100,000 shares of our common stock made to each of Glenn Chang, General James T. Hill, John D. McKey, Jr., Philip K Russell, M.D., Arthur Y. Elliott, Ph.D. and Seymour Flug, which were filed on April 5, 2017, (4) Statements of Changes in Beneficial Ownership on Form 4 reporting grants of stock options made on September 5, 2014 to purchase 60,000 shares of our common stock made to each of Glenn Chang, General James T. Hill, John D. McKey, Jr., Philip K Russell, M.D., Arthur Y. Elliott, Ph.D. and Seymour Flug, which were filed on April 5, 2017, (5) Statements of Changes in Beneficial Ownership on Form 4 reporting grants of stock options made on May 1, 2017 to purchase 300,000 shares of our common stock made to each of Robert B. Kay and Robert Erwin, which were filed on June 16, 2017, (6) Statements of Changes in Beneficial Ownership on Form 4 reporting grants of stock options made on September 4, 2015 to purchase 750,000 shares of our common stock made to each of Robert B. Kay and Robert Erwin, which were filed on April 5, 2017, and (7) Statements of Changes in Beneficial Ownership on Form 4 reporting grants of stock options made on September 5, 2014 to purchase 600,000 shares of our common stock made to each of Robert B. Kay and Robert Erwin, which were filed on April 5, 2017.

Stockholder Proposals for the 2017 Annual Meeting

Rules of the SEC require that we receive any proposal by our stockholders for inclusion in our proxy materials for the 2018 annual meeting of stockholders no later than 120 days prior to the anniversary of this year's proxy materials were released to stockholders, which date shall be July , 2018. Proposals must be submitted in writing to us c/o Secretary, iBio, Inc., 600 Madison Avenue, Suite 1601, New York, NY 10022, and you must comply with other requirements of Rule 14a-8 under the 1934 Exchange Act. However, if the 2018 annual meeting date changes by more than 30 days from the date of the 2017 annual meeting date, then the proposal must be submitted a reasonable time before we begin to print and send our proxy materials for the 2018 annual meeting.

In addition, our First Amended and Restated Bylaws have an advance notice procedure for stockholders to bring business before an annual meeting of stockholders. The advance notice procedure requires that a stockholder interested in presenting a proposal for action at the 2018 annual meeting of stockholders must deliver a written notice of the proposal, together with specific information relating to such stockholder's proposal, nominee, stock ownership and identity, to our corporate secretary no later than the close of business on September 20, 2018, and no earlier than the close of business on August 21, 2018. You are advised to review our bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations. You must comply with these bylaws requirements in connection with a stockholder proposal or director nomination outside the Rule 14a-8 context.

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are our stockholders will be "householding" our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent.

If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement and annual report, please notify your broker, direct your written request to iBio, Inc., Attention: Secretary, 600 Madison Avenue, Suite 1601, New York, NY 10022 or contact our Corporate Secretary at (302) 355-0650. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request "householding" of their communications should contact their broker.

By Order of the Board of Directors

Robert B. Kay
Executive Chairman and Chief Executive Officer

November , 2017

A copy of our Annual Report on Form 10-K, as amended, for the fiscal year ended June 30, 2017 is available without charge upon written request to: Corporate Secretary, iBio, Inc., 600 Madison Avenue, Suite 1601, New York, NY 10022. Copies may also be obtained without charge through the SEC's website at http://www.sec.gov.

Appendix A

IBIOPHARMA, INC.
2008 OMNIBUS EQUITY INCENTIVE PLAN

IBIOPHARMA, INC. (the "Company"), sets forth herein the terms of its 2008 Omnibus Equity Incentive Plan (the "Plan") as follows:

1. PURPOSE

The Plan is intended to enhance the Company's and its Affiliates' (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate such officers, directors, key employees, and other persons to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such officers, directors, key employees and other persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options and restricted stock in accordance with the terms hereof. Stock options granted under the Plan may be nonqualified stock options or incentive stock options, as provided herein.

It is intended that all awarded restricted stock provided for under this Plan be exempt from Section 409A of the Internal Revenue Code (the "Code") because it is believed that the Plan does not provide for a deferral of compensation and accordingly that the Plan does not constitute a nonqualified deferred compensation plan within the meaning of Section 409A. The provisions of this Plan shall be interpreted in a manner consistent with this intention, and the provisions of this Plan may be amended, adjusted, assumed or substituted for, converted or otherwise modified if the Plan Administrator determines, in its sole unfettered discretion, that such amendment, adjustment, assumption or substitution, conversion or modification would be required so that the terms and conditions of the restricted stock awarded hereunder do not violate the requirements of Section 409A.

Notwithstanding the foregoing, the Company does not make any representation to the Participant that the stock options and restricted stock awarded pursuant to this Plan are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any beneficiary for any tax, additional tax, interest or penalties that the Participant or any beneficiary may incur in the event that any provision of this Plan, or any amendment or modification thereof, or any other action taken with respect thereto, the Plan Administrator determines should not result in a violation of Section 409A, is deemed to violate any of the requirements of Section 409A.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 "Affiliate" means, with respect to the Company, any company or other trade or business that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary.

2.2 "Award Agreement" means the stock option agreement, restricted stock agreement or other written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of a Grant.

2.3 "Benefit Arrangement" shall have the meaning set forth in Section 15 hereof.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Cause" means, as determined by the Board and unless otherwise provided in an applicable employment agreement with the Company or an Affiliate, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense (other than minor traffic offenses); or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Service Provider and the Company or an Affiliate.

2.6 "Change of Control" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are shareholders or Affiliates at the time the Plan is approved by the Company's shareholders) owning 50% or more of the combined voting power of all classes of stock of the Company.

2.7 "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.

2.8 "Committee" means a committee of, and designated from time to time by resolution of, the Board, which shall consist of one or more members of the Board.

2.9 "Company" means iBioPharma, Inc.

2.10 "Disability" means the Grantee is unable to perform each of the essential duties of such Grantee's position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months; provided, however, that, with respect to rules regarding expiration of an Incentive Stock Option following termination of the Grantee's Service, Disability shall mean the Grantee is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

2.11 "Effective Date" the date the Plan is approved by the Board.

2.12 "Exchange Act" means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.

2.13 "Fair Market Value" means the value of a share of Stock, determined as follows: if on the Grant Date or other determination date the Stock is listed on an established national or regional stock exchange, is admitted to quotation on The Nasdaq Stock Market, Inc., or is publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the closing price of the Stock on such exchange or in such market (the highest such closing price if there is more than one such exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of the Stock as determined by the Board in good faith.

2.14 "Family Member" means a person who is a spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee's household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the Grantee) control the management of assets, and any other entity in which one or more of these persons (or the Grantee) own more than fifty percent of the voting interests; provided, however, that to the extent required by applicable law, the term Family Member shall be limited to a person who is a spouse, child, stepchild, grandchild, parent, stepparent, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee or a trust or foundation for the exclusive benefit of any one or more of these persons.

2.15 "Grant" means an award of an Option or Restricted Stock under the Plan.

2.16 "Grant Date" means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves a Grant, (ii) the date on which the recipient of a Grant first becomes eligible to receive a Grant under Section 5 hereof, or (iii) such other date as may be specified by the Board.

2.17 "Grantee" means a person who receives or holds an Option or Restricted Stock under the Plan.

2.18 "Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.19 "Nonqualified Stock Option" means a stock option that is not an Incentive Stock Option.

2.20 "Option" means an option to purchase one or more shares of Stock pursuant to the Plan.

2.21 "Option Period" means the period during which Options may be exercised as set forth in Section 7 hereof.

2.22 "Option Price" means the purchase price for each share of Stock subject to an Option.

2.23 "Other Agreement" shall have the meaning set forth in Section 12 hereof.

2.24 "Plan" means this iBioPharma, Inc. 2008 Omnibus Equity Incentive Plan, as same may be amended, revised or terminated from time to time.

2.25 "Purchase Price" means the purchase price for each share of Stock pursuant to a Grant of Restricted Stock.

2.26 "Reporting Person" means a person who is required to file reports under Section 16(a) of the Exchange Act.

2.27 "Restricted Stock" means shares of Stock, awarded to a Grantee pursuant to Section 9 hereof, that are subject to restrictions and to a risk of forfeiture.

2.28 "Securities Act" means the Securities Act of 1933, as now in effect or as hereafter amended.

2.29 "Service" means service as an employee, officer, director or other Service Provider of the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be an employee, officer, director or other Service Provider of the Company or an Affiliate. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final and conclusive.

2.30 "Service Provider" means an employee, officer or director of the Company or an Affiliate, or a consultant or adviser to the Company or an Affiliate.

2.31 "Stock" means the common stock of the Company, having a par value of $.001 per share.

2.32 "Subsidiary" means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code.

2.33 "Ten-Percent Stockholder" means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its subsidiaries. In determining stock ownership, the attribution rules of section 424(d) of the Code shall be applied.

3. ADMINISTRATION OF THE PLAN

3.1 Board.

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation and by-laws and applicable law.

The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Grant or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Grant or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company's certificate of incorporation and by-laws and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Grant or any Award Agreement shall be final and conclusive. To the extent permitted by law, the Board may delegate its authority under the Plan to a member of the Board or an executive officer of the Company who is a member of the Board.

3.2 Committee.

The Board from time to time may delegate to one or more Committees such powers and authorities related to the administration and implementation of the Plan, as set forth in Section 3.1 above and in other applicable provisions, as the Board shall determine, consistent with the certificate of incorporation and by-laws of the Company and applicable law. In the event that the Plan, any Grant or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken by or such determination may be made by the applicable Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in Section 3.1. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. To the extent permitted by law, the Committee may delegate its authority under the Plan to a member of the Board or an executive officer of the Company who is a member of the Board.

3.3 Grants.

Subject to the other terms and conditions of the Plan, the Board shall have full and final authority to:

(i) designate Grantees,

(ii) determine the type or types of Grants to be made to a Grantee,

(iii) determine the number of shares of Stock to be subject to a Grant,

(iv) establish the terms and conditions of each Grant (including, but not limited to, the exercise price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of a Grant or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options),

(v) prescribe the form of each Award Agreement evidencing a Grant, and

(vi) amend, modify, or supplement the terms of any outstanding Grant.

As a condition to any Grant, the Board shall have the right, at its discretion, to require Grantees to return to the Company Grants previously awarded under the Plan. Subject to the terms and conditions of the Plan, any such subsequent Grant shall be upon such terms and conditions as are specified by the Board at the time the new Grant is made. The Board shall have the right, in its discretion, to make Grants in substitution or exchange for any other grant under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate. The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Company may annul a Grant if the Grantee is an employee of the Company or an Affiliate thereof and is terminated “for cause” as defined in the applicable Award Agreement.

3.4 Deferral Arrangement.

The Board may permit or require the deferral of any award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock equivalents and restricting deferrals to comply with hardship distribution rules affecting 401(k) plans.

3.5 No Liability.

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Grant or Award Agreement.

4. STOCK SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 15 hereof, the number of shares of Stock available for issuance under the Plan as Options or as Restricted Stock shall be ten million (10,000,000) shares. Stock issued or to be issued under the Plan shall be authorized but unissued shares or, to the extent permitted by applicable law, issued shares that have been reacquired by the Company. If any shares covered by a Grant are not purchased or are forfeited, or if a Grant otherwise terminates without delivery of any Stock subject thereto, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Grant shall, to the extent of any such forfeiture or termination, again be available for making Grants under the Plan.

5. GRANT ELIGIBILITY

5.1 Employees and Other Service Providers.

Grants (including Grants of Incentive Stock Options, subject to Section 5.3) may be made under the Plan to any employee, officer or director of, or other Service Provider providing, or who has provided, services to, the Company or any Affiliate. To the extent required by applicable state law, Grants within certain states may be limited to employees and officers or employees, officers and directors.

5.2 Successive Grants.

An eligible person may receive more than one Grant, subject to such restrictions as are provided herein.

5.3 Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its Affiliates) does not exceed $100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

6. AWARD AGREEMENT

Each Grant pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine, which specifies the number of shares subject to the Grant and provides for adjustment in accordance with Section 15. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing a Grant of Options shall specify whether such Options are intended to be Nonqualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Nonqualified Stock Options.

7. TERMS AND CONDITIONS OF OPTIONS

7.1 Option Price.

The Option Price of each Option shall be fixed by the Board and stated in the Award Agreement evidencing such Option. In the casecolor:#cceeff;">

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Non-designated foreign currency hedge contracts

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Other Fair Value Disclosures

The Term Loan (which is carried at amortized cost), accounts receivable and accounts payable approximate fair value.

12. COMMITMENTS AND CONTINGENCIES

The Company is a party to various other legal proceedings and claims arising out of the ordinary course of its business. We believe that except for those matters described below, there are no other proceedings or claims pending against us the ultimate resolution of which could have a material adverse effect on our financial condition or results of

operations. At each reporting period, management evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under ASC 450, Contingencies, for all matters. Legal costs are expensed as incurred.

Litigation and Related Matters

Italian Employment Litigation

Our Italian manufacturing subsidiary is party to several actions initiated by former employees of our facility in Ascoli-Piceno, Italy. We ceased operations at the facility in fiscal 2014 and sold the property in fiscal 2017. These include actions claiming (i) working conditions and minimum salaries should have been established by either a different classification under their national collective bargaining agreement or a different agreement altogether, (ii) certain solidarity agreements, which are arrangements between the Company, employees and the government to continue full pay and benefits for employees who would otherwise be terminated in times of low demand, are void, and (iii) rights to payment of the extra time used for changing into and out of the working clothes at the beginning and end of each shift.

In addition, a union represented in the Ascoli plant filed an action claiming that the Company discriminated against it in favor of three other represented unions by (i) interfering with an employee referendum, (ii) interfering with an employee petition to recall union representatives from office, and (iii) excluding the union from certain meetings. Finally, we have been added as defendants on claims filed against Pall Corporation prior to our acquisition of the plant in August 2012. These claims relate to agreements to "freeze" benefit allowances for a certain period in exchange for Pall's commitments on hiring and plant investment.

As of July 1, 2017, the total amount of damages claimed by the plaintiffs in these matters is approximately $4.7 million. At this point in the proceedings, we believe losses are unlikely and therefore no amounts have been accrued. In the future, we may receive adverse rulings from the courts which could change our judgment on these cases.

SOLX Arbitration

In July 2016, H2 Equity, LLC, formerly known as Hemerus Corporation, filed an arbitration claim for $17 million in milestone and royalty payments allegedly owed as part of our acquisition of the filter and storage solution business from Hemerus Medical, LLC ("Hemerus") in fiscal 2014. The acquired storage solution is referred to as SOLX.

At the closing in April 2013, Haemonetics paid Hemerus a total of $24 million and agreed to a $3 million milestone payment due when the United States Food and Drug Administration ("FDA") approved a new indication for SOLX (the “24-Hour Approval”) using a filter acquired from Hemerus. We also agreed to make future royalty payments up to a cumulative maximum of $14 million based on the sale of products incorporating SOLX over a ten year period.

Due to performance issues with the Hemerus filter, Haemonetics filed for, and received, the 24-Hour Approval using a Haemonetics filter. Accordingly, Haemonetics did not pay Hemerus the $3 million milestone payment because the 24-Hour Approval was obtained using a Haemonetics filter, not a Hemerus filter. In addition, we have not paid any royalties to date as we have not made any sales of products incorporating SOLX.

H2 Equity claims, in part, that we owe them $3 million for the receipt of the 24-Hour Approval despite the use of a Haemonetics filter to obtain the approval and that we have failed to make commercially reasonable efforts to market and sell products incorporating SOLX. While we believe that we have meritorious defenses to these claims, as of July 1, 2017 we have recorded a liability of $0.4 million which is reflective of the current settlement discussions.

Product Recall

In June 2016, we issued a voluntary recall of certain whole blood collection kits sold to our Blood Center customers in the U.S. The recall resulted from some collection sets' filters failing to adequately remove leukocytes from collected blood. As a result of the recall, our blood center customers may have conducted further tests to confirm the blood was adequately leukoreduced, sold the blood labeled as non-leukoreduced at a lower price or discarded the blood collected using the defective sets. We recorded $7.1 million of charges during fiscal 2017, which consisted of $3.7 million of charges associated with customer returns and inventory reserves and $3.4 million of charges associated with customer

claims. Although there have been no additional charges recorded in the current period, we may record incremental charges in future periods.

The $3.4 million liability associated with customer claims are based on claims seeking reimbursement for $14.2 million in losses sustained as a result of the recall. We believe it is probable that we will incur expenses as a result of these claims and that our range of loss is $3.4 million to $14.2 million, however, we do not have sufficient information to develop a best estimate within this range. Accordingly, during fiscal 2017 we recorded a liability of $3.4 million, which represents the low end of the range. While the customers making these claims purchased substantially all the affected units, incremental charges may

be recorded in future periods as additional customer returns and claims data becomes available. We have an enforceable insurance policy in place which we believe provides coverage for a portion of the claims received to date. Accordingly, as of July 1, 2017, we had an insurance receivable of $2.9 million. We will assess the potential for additional insurance recoveries as we receive more information about customer claims in future reporting periods.

13. SEGMENT AND ENTERPRISE-WIDE INFORMATION

We determine our reportable segments by first identifying our operating segments, and then by assessing whether any components of these segments constitute a business for which discrete financial information is available and where segment management regularly reviews the operating results of that component. Our operating segments are based primarily on geography. North America Plasma is a separate operating segment with dedicated segment management due the size and scale of the Plasma business unit. We aggregate components within an operating segment that have similar economic characteristics.

The Company’s reportable segments are as follows:

- Japan
- EMEA
- North America Plasma
- All Other

The Company has aggregated the Americas Blood Center and Hospital and Asia - Pacific operating segments into the All Other reportable segment based upon their similar operational and economic characteristics, including similarity of operating margin.

Management measures and evaluates the operating segments based on operating income. Management excludes certain corporate expenses from segment operating income. In addition, certain amounts that management considers to be non-recurring or non-operational are excluded from segment operating income because management evaluates the operating results of the segments excluding such items. These items include restructuring and turnaround costs, deal amortization, and gains on divestitures. Although these amounts are excluded from segment operating income, as applicable, they are included in the reconciliations that follow. Management measures and evaluates the Company's net revenues and operating income using internally derived standard currency exchange rates that remain constant from year to year; therefore, segment information is presented on this basis.

During the first quarter of fiscal 2018, management changed the cost reporting structure such that a portion of corporate expenses were reclassified into the operating segments. Accordingly, the prior year numbers have been updated to reflect this reclassification.

Selected information by business segment is presented below:

	Three Months Ended	
(In thousands)	July 1, 2017	July 2, 2016
Net revenues		
Japan	$15,232	$14,566
EMEA	43,008	45,741
North America Plasma	77,536	73,475
All Other	78,174	78,020
Net revenues before foreign exchange impact	213,950	211,802
Effect of exchange rates	(2,999)	(1,846)
Net revenues	$210,951	$209,956

(In thousands)	Three Months Ended July 1, 2017	July 2, 2016
Segment operating income		
Japan	$6,738	$6,156
EMEA	8,571	8,276
North America Plasma	24,102	25,168
All Other	27,686	27,170
Segment operating income	67,097	66,770
Corporate operating expenses	(39,311)	(46,139)
Effect of exchange rates	(2,201)	(1,306)
Restructuring and turnaround costs	(2,483)	(18,816)
Deal amortization	(6,491)	(7,075)
Asset impairments	—	(1,315)
Operating income	$16,611	$(7,881)

Our products are organized into four categories for purposes of evaluating their growth potential: Plasma, Blood Center, Cell Processing and Hemostasis Management. Management reviews revenue trends based on these business units; however, no other financial information is currently available on this basis.

Net revenues by business unit are as follows:

(In thousands)	Three Months Ended July 1, 2017	July 2, 2016
Plasma	$101,507	$97,649
Blood Center	65,565	70,943
Cell Processing	26,336	26,076
Hemostasis Management	17,543	15,288
Net revenues	$210,951	$209,956

Net revenues generated in our principle operating regions on a reported basis are as follows:

(In thousands)	Three Months Ended July 1, 2017	July 2, 2016
United States	$131,052	$125,700
Japan	14,916	14,964
Europe	37,222	40,367
Asia	25,940	26,992
Other	1,821	1,933
Net revenues	$210,951	$209,956

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14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of Accumulated Other Comprehensive Loss are as follows:

(In thousands)	Foreign Currency	Defined Benefit Plans	Net Unrealized Gain/Loss on Derivatives	Total
Balance as of April 1, 2017	$(29,835)	$(2,272)	$ (766)	$(32,873)
Other comprehensive income (loss) before reclassifications[1]	3,845	—	(246)	3,599
Amounts reclassified from Accumulated Other Comprehensive Loss[1]	—	—	30	30
Net current period other comprehensive income (loss)	3,845	—	(216)	3,629
Balance as of July 1, 2017	$(25,990)	$(2,272)	$ (982)	$(29,244)

[1] Presented net of income taxes, the amounts of which are insignificant.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with both our interim consolidated financial statements and notes thereto which appear elsewhere in this Quarterly Report on Form 10-Q and our annual consolidated financial statements, notes thereto and the MD&A contained in our Annual Report on Form 10-K for the year ended April 1, 2017. The following discussion may contain forward-looking statements and should be read in conjunction with the "Cautionary Statement Regarding Forward-Looking Information" in this discussion.

Our Business

Haemonetics is a global healthcare company dedicated to providing a suite of innovative hematology products and solutions to customers to help them improve patient care and reduce the cost of healthcare. Our technology addresses important medical markets, including blood and plasma component collection, the surgical suite, and hospital transfusion services.

Blood and its components (plasma, platelets, and red cells) have many vital and frequently life-saving clinical applications. Plasma is used for patients with major blood loss and is manufactured into biopharmaceuticals to treat a variety of illnesses, including immune diseases and coagulation disorders. Red cells treat trauma patients or patients undergoing surgery with high blood loss, such as open heart surgery or organ transplant. Platelets have many uses in patient care, including supporting cancer patients undergoing chemotherapy. Blood is essential to a modern healthcare system.

Haemonetics develops and markets a wide range of devices and solutions to serve our customers. We provide plasma collection systems and software which enable plasma fractionators to make life saving pharmaceuticals. We provide analytical devices for measuring hemostasis which enable healthcare providers to better manage their patients' bleeding risk. Haemonetics makes blood processing systems and software which make blood donation more efficient and track life giving blood components. Finally, Haemonetics supplies systems and software which facilitate blood transfusions and cell processing.

Products

Our products are organized into four categories for purposes of evaluating and developing their growth potential: Plasma, Hemostasis Management, Blood Center and Cell Processing. For that purpose, "Plasma" includes plasma collection devices and disposables, plasma donor management software, and anticoagulant and saline sold to plasma customers. "Hemostasis Management" includes devices and methodologies for measuring coagulation characteristics of blood, such as our TEG® Hemostasis Analyzer. "Blood Center" includes blood collection and processing devices and disposables for red cells, platelets and whole blood as well as related donor management software. "Cell Processing" includes surgical blood salvage systems, specialized blood cell processing systems, disposables and blood transfusion management software.

We believe that Plasma and Hemostasis Management have the greatest growth potential, while Cell Processing innovation offers an opportunity to increase market share and expand into new segments. Blood Center competes in challenging markets which require us to manage the business differently, including reducing costs, shrinking the scope of the current product line, and evaluating opportunities to exit unfavorable customer contracts. We are progressing toward a streamlined operating model with a management and cost structure that can bring about sustainable productivity improvement across the organization. Overall implementation of our new operating model began in fiscal 2017 and will continue into fiscal 2019.

Plasma

Built around our automated plasma collection devices and related disposables, our portfolio of products and services is designed to support multiple facets of plasma collector operations. We have a long-standing commitment to understanding our customers' collection and manufacturing processes. As a result, we aim to design equipment that is durable, dependable, and easy to use, and provide comprehensive training and support to our plasma collection customers.

Today, the vast majority of plasma collections worldwide are performed using automated collection technology because it is safer and more cost-effective. With our PCS® (Plasma Collection System) brand automated plasma collection technology, more plasma can be collected during any one donation event because the other blood components are returned to the donor through the sterile disposable sets used for the plasma donation procedure. We offer multiple products necessary for plasma collection and storage, including PCS brand plasma collection equipment and disposables, plasma collection containers and intravenous solutions. We also offer a portfolio of integrated information technology platforms for plasma customers to manage their donors, operations, and supply chain. Our software products automate the donor interview and qualification process, streamline the workflow process in the plasma center, provide the controls necessary to evaluate donor suitability, determine the ability to release units collected, and manage unit distribution. With our software solutions, plasma collectors can manage processes across the plasma supply chain, react quickly to business changes, and implement opportunities to reduce costs.

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Hospital

Hemostasis Management

We have two device platforms which we market to hospitals and laboratories as an alternative to less comprehensive blood tests: the TEG® 5000 analyzer, which we acquired in the 2007 acquisition of Haemoscope Corporation, and the TEG® 6s device, which we license from Cora Healthcare, Inc., a company established by Haemoscope's founders. Under the license from Cora Healthcare, we have exclusive perpetual rights to manufacture and commercialize TEG 6s in hospitals and hospital laboratory fields.

Both of our TEG systems are blood diagnostic instruments that measure a patient's hemostasis. This information enables caregivers to decide the best blood-related clinical treatment for the patient in order to minimize blood loss and reduce clotting risk. The TEG 5000 analyzer is approved for a broad set of indications in all of our markets. The TEG 6s and TEG Manager are approved for the same set of indications as the TEG 5000 in Europe, Australia and Japan. In the U.S., TEG 6s is approved for limited indications, including cardiovascular surgery and cardiology. We are pursuing a broader set of indications for the TEG 6s in the U.S., including trauma.

Cell Processing

Haemonetics offers a range of solutions that improve a hospital's systems for acquiring blood, storing it in the hospital, and dispensing it efficiently and correctly. Over the last few years, hospitals have become increasingly focused on of their need to control costs and improve patient safety by managing blood more effectively. Our products and integrated solution platforms help hospitals optimize performance of blood acquisition, storage, and distribution.

Cell Salvage

The Cell Saver® system is a surgical blood salvage system targeted to procedures that involve mid to high-volume blood loss, such as cardiovascular or orthopedic surgeries. It has become the standard of care for these surgeries. The Cell Saver Elite® system is our most advanced autotransfusion option to minimize allogeneic blood use for surgeries with medium to high blood loss.

The OrthoPAT® surgical blood salvage system is targeted to orthopedic procedures, such as hip and knee replacements, which involve slower, lower volume blood loss that often occurs well after surgery. The system is designed to remain with the patient following surgery, to recover blood and produce a washed red cell product for autotransfusion.

Transfusion Management

Our Transfusion Management software products help hospitals track and safely deliver stored blood products. SafeTrace Tx® is our software solution that helps manage blood product inventory, perform patient cross-matching, and manage transfusions. In addition, our BloodTrack® suite of solutions manages tracking and control of blood products from the hospital blood center through transfusion to the patient.

Blood Center

We offer automated blood component and manual whole blood collection systems to blood collection centers to collect blood products efficiently and cost effectively. We market the MCS® (Multicomponent Collection System) brand apheresis equipment which is designed to collect specific blood components integrated from the donor. Utilizing the MCS automated platelet collection protocols, blood centers collect one or more therapeutic “doses” of platelets during a single donation. The MCS two-unit protocol or double red cell collection device helps blood collectors optimize the collection of red cells by automating the blood separation function, eliminating the need for laboratory processing, and enabling the collection of two units of red cells from a single donor thus maximizing the amount of red cells collected per eligible donor and helping to mitigate red cell shortages in countries where this problem exists. Blood collectors can also use the MCS system to collect one unit of red cells and a "jumbo" (double) unit of plasma, or one unit of red cells and one unit of platelets from a single donor. The MCS plasma protocol, which provides the possibility of collecting 600-800ml of plasma for either transfusion to patients or for use by the pharmaceutical industry, completes the comprehensive portfolio of different blood component collection options on this device.

Haemonetics also offers a portfolio of products for manual whole blood collection and processing. Haemonetics' portfolio of disposable whole blood collection and component storage sets offer flexibility in collecting a unit of whole blood and the subsequent production and storage of the red blood cell, platelet or plasma products, including options for in-line or dockable filters for leukoreduction of any blood component.

With the ACP® (Automated Cell Processor) brand, Haemonetics offers a solution to automate the washing and freezing of red cell components. The automated red cell washing procedure removes plasma proteins within the red cell units to provide a safer

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product for transfusion to frequently transfused patients, neonates, or patients with a history of transfusion reactions. The automated glycerolization and deglycerolization steps are required to prepare red cells for frozen storage. Freezing the red cell units can expand the shelf life of these products up to 10 years. Customers utilize this technology to implement strategic red cell inventories for large scale catastrophes, storage of rare blood types, or enhanced inventory management.

Blood Center software solutions help blood center collectors improve efficiencies of blood collection and supply and help ensure donor safety. This includes solutions for blood drive planning, donor recruitment and retention, blood collection, component manufacturing and distribution. Our products SafeTrace® and El Dorado Donor® donation and blood unit management systems span blood center operations and automate and track operations from the recruitment of the blood donor to the disposition of the blood product. Our Hemasphere® software solution provides support for more efficient blood drive planning, and Donor Doc® and e-Donor® software help to improve recruitment and retention.

Recent Developments

NexSys PCS™

In July 2017, we received United States Food and Drug Administration ("FDA") 510(k) clearance for our NexSys PCS™ plasmapheresis system (formerly referred to as PCS 300). We expect to immediately begin limited production of devices and to pursue further regulatory clearances for additional enhancements to the overall product offering. Our planned roll out of this new platform includes the placement of a significant number of new devices. Such placements will require meaningful capital expenditures and new customer contracts that reflect pricing and volumes appropriate to these investments. As of June 30, 2017, approximately 20,000 devices of our current generation Plasma system are placed with customers.

Divestiture

On April 27, 2017, we sold our SEBRA line of benchtop and hand sealers to Machine Solutions Inc. because it was no longer aligned with our long-term strategic objectives. In connection with this transaction, we received net proceeds of $9.0 million and recorded a pre-tax gain of $8.0 million. The proceeds received are subject to a post-closing adjustment based on final asset values as determined during the 90 day transition period. The SEBRA portfolio includes a suite of products which primarily include radio frequency sealers that are used to seal tubing as part of the collection of whole blood and blood components, particularly plasma. The SEBRA product line generated approximately $6.5 million of revenue in our Plasma business unit in fiscal 2017.

Restructuring Initiative

During fiscal 2017, we launched a multi-year restructuring initiative designed to reposition our organization and improve our cost structure. This initiative included a reduction of headcount and operating costs, simplification of certain product lines, and modification of manufacturing operations to align with our strategic direction.

During the three months ended July 1, 2017 and July 2, 2016, we incurred $2.5 million and $17.7 million, respectively, of restructuring and turnaround costs under the initial phase of the restructuring initiative. This initial phase of the multi-year restructuring initiative is substantially complete. Additionally, during the three months ended July 2, 2016, we recorded $1.1 million of restructuring and turnaround costs under a prior program. We continue to assess non-core and underperforming assets and evaluate opportunities to improve our cost structure as part of our turnaround and expect to incur additional charges and benefits during fiscal 2018 and beyond.

Product Recall

In June 2016, we issued a voluntary recall of certain whole blood collection kits sold to our Blood Center customers in the U.S. The recall resulted from some collection sets' filters failing to adequately remove leukocytes from collected blood. As a result of the recall, our blood center customers may have conducted further tests to confirm the blood was adequately leukoreduced, sold the blood labeled as non-leukoreduced at a lower price or discarded the blood collected using the defective sets. We recorded $7.1 million of charges during fiscal 2017, which consisted of $3.7 million of charges associated with customer returns and inventory reserves and $3.4 million of charges associated with customer claims. Although there have been no additional charges recorded in the current period, we may record incremental charges in future periods.

The $3.4 million of charges associated with customer claims are based on claims seeking reimbursement for $14.2 million in losses sustained as a result of the recall. While the customers making these claims purchased substantially all the affected units, incremental charges may be recorded in future periods as additional data supporting the claims becomes available. We have an enforceable insurance policy in place which we believe provides coverage for a portion of the claims received to date. As of April 1, 2017, we had an insurance receivable of $2.9 million. We will assess the potential for additional insurance recoveries as we receive more information about customer claims in future reporting periods.

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Financial Summary

(In thousands, except per share data)	Three Months Ended July 1, 2017	July 2, 2016	% Increase/ (Decrease)
Net revenues	$210,951	$209,956	0.5 %
Gross profit	$91,665	$91,056	0.7 %
% of net revenues	43.5 %	43.4 %	
Operating expenses	$75,054	$98,937	(24.1)%
Operating income (loss)	$16,611	$(7,881)	n/m
% of net revenues	7.9 %	(3.8)%	
Interest and other expense, net	$(1,359)	$(2,177)	n/m
Income (loss) before provision for income taxes	$23,252	$(10,058)	n/m
Provision for income taxes	$3,115	$288	n/m
% of pre-tax income	13.4 %	(2.9)%	
Net income (loss)	$20,137	$(10,346)	n/m
% of net revenues	9.5 %	(4.9)%	
Net income (loss) per share - basic and diluted	$0.38	$(0.20)	n/m

Net revenues were flat for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, net revenues increased 1.0% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Revenue increases in Plasma and Hemostasis Management were partially offset by declines in our Blood Center and Cell Processing business units during the three months ended July 1, 2017. We reported operating income for the three months ended July 1, 2017, as compared to an operating loss in the same period of fiscal 2017, primarily as a result of a reduction in restructuring and turnaround costs and a full quarter of savings realized in the current year period from the fiscal 2017 restructuring program. The increase in operating income was partially offset by additional costs associated with the purchases of liquid solutions from alternate sources, as described further in our Gross Profit discussion.

Management's Use of Non-GAAP Measures

Management uses non-GAAP financial measures, in addition to financial measures in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), to evaluate our operating results. These non-GAAP financial measures should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with U.S. GAAP. Constant currency growth, a non-GAAP financial measure, measures the change in sales between the current and prior year periods using a constant currency conversion rate. We have provided this non-GAAP financial measure because we believe it provides meaningful information regarding our results on a consistent and comparable basis for the periods presented.

RESULTS OF OPERATIONS

Net Revenues by Geography

(In thousands)	Three Months Ended July 1, 2017	July 2, 2016	% Increase/ (Decrease)	Currency impact	Constant currency growth [1]
United States	$131,052	$125,700	4.3 %	— %	4.3 %
International	79,899	84,256	(5.2)%	(1.5)%	(3.7)%
Net revenues	$210,951	$209,956	0.5 %	(0.5)%	1.0 %

[1] Constant currency growth, a non-GAAP financial measure, measures the change in sales between the current and prior year periods using a constant currency. See "Management's Use of Non-GAAP Measures."

Our principal operations are in the U.S., Europe, Japan and other parts of Asia. Our products are marketed in approximately 100 countries around the world through a combination of our direct sales force, independent distributors and agents. Our revenue generated outside the U.S. was 37.9% and 40.1% of total net revenues for the three months ended July 1, 2017 and

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July 2, 2016, respectively. International sales are generally conducted in local currencies, primarily Japanese Yen, Euro, Chinese Yuan and Australian Dollars. Our results of operations are impacted by changes in foreign exchange rates, particularly in the value of the Yen, Euro and Australian Dollar relative to the U.S. Dollar. We have placed foreign currency hedges to mitigate our exposure to foreign currency fluctuations.

Please see the section entitled “Foreign Exchange” in this discussion for a more complete explanation of how foreign currency affects our business and our strategy for managing this exposure.

Net Revenues by Business Unit

	Three Months Ended					
(In thousands)	July 1, 2017	July 2, 2016	% Increase/ (Decrease)	Currency impact	Constant currency growth [1]	
Plasma	$101,507	$97,649	4.0 %	(0.3)%	4.3	%
Blood Center	65,565	70,943	(7.6)%	(0.5)%	(7.1	)%
Cell Processing	26,336	26,076	1.0 %	(0.5)%	1.5	%
Hemostasis Management	17,543	15,288	14.8 %	(1.9)%	16.7	%
Net revenues	$210,951	$209,956	0.5 %	(0.5)%	1.0	%

[1] Constant currency growth, a non-GAAP financial measure, measures the change in sales between the current and prior year periods using a constant currency. See "Management's Use of Non-GAAP Measures."

Plasma

Plasma revenue increased 4.0% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, plasma revenue increased 4.3% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. This revenue growth was primarily driven by an increase in sales of Plasma disposables during the three months ended July 1, 2017 due to continued strong performance in the U.S. This increase was partially offset by a $1.2 million decrease resulting from the divestiture of our SEBRA product line.

We have continuing delays in the expansion of our liquid solutions production capacity that require us and our customers to obtain alternative sources of supply. We expect purchases from these alternate sources to continue until we can complete the expansion and produce solutions at the necessary level. While these purchases continue, we will see a reduction in revenue from our liquid solutions business and increased costs to serve our customers.

Blood Center

Platelet

Platelet revenue declined by 4.4% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, platelet revenue decreased 3.1% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. The decrease during three months ended July 1, 2017, excluding the impact of foreign exchange, was driven by declines in Asia, Europe and the Middle East, partially offset by growth in Russia. Improved collection efficiencies that increase the yield of platelets per collection and more efficient use of collected platelets have resulted in flat markets for platelet usage and related disposables in Europe and Japan. Within these flat markets, the use of "double dose" collection methods and other alternative collection procedures have increased. In Japan, usage of double dose collections comprised approximately 40% of all platelets collected. While Platelet revenue in Japan for three months ended July 1, 2017 increased as compared to the same period of fiscal 2017 due to order timing in the prior period, we expect the continued market shift toward double dose collection techniques to result in an overall decline in revenue during fiscal 2018.

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Red Cell and Whole Blood

Red cell revenue decreased 11.1% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, red cell revenue decreased 11.0% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. During fiscal 2016, the American Red Cross and two group purchasing organizations representing other U.S. blood collectors ("Blood Center GPOs") requested updated contracts for sole source supply on apheresis red cell collections. The American Red Cross contract resulted in our gaining 100% share of their apheresis red cell collection business and higher sales volumes, but at lower prices. The impact of the price concessions began in the third quarter of fiscal 2016, while the achievement of 100% share of the American Red Cross' business occurred in the fourth quarter of fiscal 2017. While we expect this negative impact to continue in the first half of fiscal 2018, we anticipate stabilization in the second half of fiscal 2018 after annualization of the final price concessions.

Whole blood revenue decreased 6.7%, both with and without the effect of foreign exchange, for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. The demand for whole blood disposable products in the U.S. continued to decrease in fiscal 2018 due to a sustained decline in transfusion rates and actions taken by hospitals to improve blood management techniques and protocols. In response to this trend, U.S. blood center collection groups selected single source vendors for their whole blood collection products and became primarily focused on obtaining the lowest average selling prices. While whole blood revenue decreased as compared to the prior year period, we continued to see a moderation in the rate of decline of this market during the first quarter of fiscal 2018. We expect to see continued declines in transfusion rates and the market to remain price-focused and highly competitive for the foreseeable future.

Software, Equipment and Other

Blood Center software, equipment and other revenue decreased 16.3% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, software, equipment and other revenue decreased 16.1% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. These decreases were largely attributable to order timing in Asia and one time sales of equipment to the American Red Cross in the prior period to support our increased share of their apheresis red cell collection business.

Cell Processing

Cell Salvage

Cell Salvage revenue consists primarily of the Cell Saver and OrthoPAT products. Cell Saver revenue declined 6.0% during the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, Cell Saver revenue decreased 5.2% for the three months ended July 1, 2017, as compared with the same period of fiscal 2017. This decrease was due to declines in Japan and Western Europe, partially offset by growth in China. OrthoPAT revenue decreased 31.5% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, OrthoPAT disposables revenue decreased 31.1% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Better blood management has reduced orthopedic blood loss and continues to impact demand for OrthoPAT. Recent trends in blood management, particularly the adoption of tranexamic acid to treat and prevent orthopedic post-operative blood loss, continue to lessen hospital use of OrthoPAT.

Transfusion Management

Transfusion Management software revenue includes BloodTrack, SafeTrace Tx and other hospital software. Transfusion Management software revenue increased 15.4% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, Transfusion Management software revenue increased by 16.2% for the three months ended July 1, 2017 compared to the same period of fiscal 2017, due to BloodTrack growth in the U.S. and Europe and SafeTrace Tx growth in the U.S.

Hemostasis Management

Revenue from our Hemostasis Management products increased 14.8% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, Hemostasis Management revenue

increased 16.7% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. The revenue increase was primarily attributable to the growth of TEG disposables, principally in the U.S. and China. The TEG 6s and TEG Manager are approved for the same set of indications as the TEG 5000 in Europe, Australia and Japan. In the U.S., TEG 6s is approved for limited indications, including cardiovascular surgery and cardiology. The release of TEG 6s continues to significantly contribute to the overall growth in Hemostasis Management in the U.S. and Europe. We are pursuing a broader set of indications for the TEG 6s in the U.S., including trauma.

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Gross Profit

(In thousands)	Three Months Ended July 1, 2017	July 2, 2016	% Increase/ (Decrease)
Gross profit	$91,665	$91,056	0.7 %
% of net revenues	43.5 %	43.4 %	

Gross profit increased 0.7% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, gross profit increased 2.9% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Gross profit margin was flat for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. As discussed above, we are experiencing delays in the expansion of our liquid solutions production capacity that have required us and our customers to obtain alternative sources of supply. Gross profit margin for the current year period was negatively impacted by additional costs associated with these purchases from alternate sources. We expect purchases from these alternate sources to continue until we can complete the expansion and produce solutions at the necessary level. Gross profit margin during the prior year period was negatively impacted by charges associated with the whole blood collection kits recall. The impact of cost savings initiatives during both the current and prior year periods partially offset the impact of these additional charges. Gross profit margin continues to be impacted by the inefficiency of underutilized productive capacity. We continue to seek opportunities to rationalize our manufacturing network.

Operating Expenses

(In thousands)	Three Months Ended July 1, 2017	July 2, 2016	% Increase/ (Decrease)
Research and development	$8,193	$11,437	(28.4)%
% of net revenues	3.9 %	5.4 %	
Selling, general and administrative	$66,861	$87,500	(23.6)%
% of net revenues	31.7 %	41.7 %	
Total operating expenses	$75,054	$98,937	(24.1)%
% of net revenues	35.6 %	47.1 %	

Research and Development

Research and development expenses decreased 28.4% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, research and development expenses decreased 26.6% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. The decrease, on a constant currency basis, for the three months ended July 1, 2017 was primarily driven by lower restructuring and turnaround costs in the current period and reduced spending on several projects in our Blood Center business unit to better align with our long-term product plans. We expect to continue to invest resources in clinical programs for our Hemostasis Management business unit, most notably a global registry study for our TEG platform.

Selling, General and Administrative

Selling, general and administrative expenses decreased 23.6% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. Without the effect of foreign exchange, selling, general, and administrative expenses decreased 22.2% for the three months ended July 1, 2017, as compared to the same period of fiscal 2017. The decrease for the three months ended July 1, 2017 was primarily the result of a reduction in restructuring and turnaround costs

due to significant levels of such costs incurred in the prior year period in connection with our global strategic review.

Interest and Other Expense, Net

Interest expense from our term loan borrowings, which constitutes the majority of expense, decreased during the three months ended July 1, 2017 as compared to the prior year period due to principal payments on our term loan and a reduction in our borrowings on our revolving credit line. The effective interest rate on total debt outstanding as of July 1, 2017 was 2.5%.

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Income Taxes

We conduct business globally and report our results of operations in a number of foreign jurisdictions in addition to the United States. Our reported tax rate is generally lower than the U.S. federal statutory rate as the income tax rates in the foreign jurisdictions in which we operate are generally lower than the U.S. statutory tax rate. Additionally, our reported tax rate is lower than the statutory tax rate as a result of the release of valuation allowance against tax attributes in certain jurisdictions which can be utilized to offset current year earnings.

The effective tax rate for the three months ended July 1, 2017 was 13.4%, as compared to (2.9%) for the three months ended July 2, 2016.

The change in our reported tax rate is primarily the result of the Company incurring a small loss during the first quarter ending July 2, 2016, the expected tax benefit of which was more than offset by a discrete tax expense from the establishment of a tax reserve. The combination of these factors led to the negative 2.9% tax rate reported in the first quarter of the prior fiscal year as compared to the Company generating profits and tax expense during the quarter ended July 1, 2017.

During the three months ended July 1, 2017, we recorded a $3.1 million tax provision, which includes a tax provision recorded on year-to-date income as well as a $0.4 million discrete tax provision for international items and tax reserves.

We are in a three year cumulative loss position in the U.S. and, accordingly, maintain a valuation allowance against our U.S. deferred tax assets. We also maintain a valuation allowance against certain foreign deferred tax assets primarily in Switzerland, Puerto Rico, Luxembourg and France which we have concluded are not more-likely-than-not realizable.

Liquidity and Capital Resources

The following table contains certain key performance indicators we believe depict our liquidity and cash flow position:

(Dollars in thousands)	July 1, 2017	April 1, 2017
Cash & cash equivalents	$171,739	$139,564
Working capital	$322,566	$298,850
Current ratio	2.6	2.4
Net debt[(1)]	$(131,304)	$(175,083)
Days sales outstanding (DSO)	65	60
Disposable finished goods inventory turnover	3.8	4.2

[(1)]Net debt position is the sum of cash and cash equivalents less total debt.

In fiscal 2017, we launched a multi-year restructuring initiative designed to reposition our organization and improve our cost structure. During the three months ended July 1, 2017 and July 2, 2016, we incurred $2.5 million and $17.7 million, respectively, of restructuring and turnaround costs under the initial phase of this initiative. This initial phase of the multi-year restructuring initiative is substantially complete. We continue to assess non-core and underperforming assets and evaluate opportunities to improve our cost structure as part of our turnaround and expect to incur additional charges and benefits during fiscal 2018 and beyond.

Our primary sources of liquidity are cash and cash equivalents, internally generated cash flow from operations and proceeds from employee stock option exercises. Although cash flow from operations could be negatively impacted by continued declines in our Blood Center business, we believe these sources are sufficient to fund our cash requirements over at least the next twelve months. Our expected cash outlays relate primarily to investments, capital expenditures, including the NexSys PCS, cash payments under the loan agreement, restructuring and turnaround initiatives and other acquisitions.

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Debt

As of July 1, 2017, we had $171.7 million in cash and cash equivalents, substantially held in the U.S. or in countries from which it can be freely repatriated to the U.S. We currently have a credit agreement ("Credit Agreement") with certain lenders (together, “Lenders”) which provides for a $475.0 million term loan ("Term Loan") and a $100.0 million revolving loan ("Revolving Credit Facility" and together with the Term Loan, the "Credit Facilities"). Interest is based on the Adjusted LIBOR plus a range of 1.125% to 1.500% depending on achievement of leverage ratios and customary credit terms which include financial and negative covenants. The Credit Facilities mature on July 1, 2019. At July 1, 2017, $303.5 million was outstanding under the Term Loan and no amount was outstanding on the Revolving Credit Facility. We also have $46.6 million of uncommitted operating lines of credit to fund our global operations and there are no outstanding borrowings as of July 1, 2017.

During the three months ended July 1, 2017, we paid $11.9 million in principal repayments for the Term Loan. We have scheduled principal payments of $49.8 million required during the remainder of fiscal 2018. We were in compliance with the leverage and interest coverage ratios specified in the Credit Agreement as well as all other bank covenants as of July 1, 2017.

Cash Flows

(In thousands)	Three Months Ended July 1, 2017	July 2, 2016	Increase/ (Decrease)
Net cash provided by (used in):			
Operating activities	$38,425	$30,695	$ 7,730
Investing activities	(3,740)	(22,392)	18,652
Financing activities	(3,549)	(4,986)	1,437
Effect of exchange rate changes on cash and cash equivalents[(1)]	1,039	(192)	1,231
Net increase in cash and cash equivalents	$32,175	$3,125	

[(1)]The balance sheet is affected by spot exchange rates used to translate local currency amounts into U.S. Dollars. In accordance with U.S. GAAP, we have removed the effect of foreign currency throughout our cash flow statement, except for its effect on our cash and cash equivalents.

Net cash provided by operating activities increased by $7.7 million during the three months ended July 1, 2017, as compared to the three months ended July 2, 2016. The increase in cash provided by operating activities was primarily due to net income, as adjusted for depreciation and amortization, partially offset by a decrease in working capital as compared to the prior year period. A decrease in other current assets was more than offset by a decrease in accrued expenses, most notably accrued payroll. The decrease in accrued payroll was driven by the payout of annual variable compensation during the period.

Net cash used in investing activities decreased by $18.7 million during the three months ended July 1, 2017, as compared to the three months ended July 2, 2016. The decrease in cash used in investing activities was primarily the result of a reduction in capital expenditures during the three months ended July 1, 2017 as compared to the same period in the prior fiscal year, and proceeds received related to the divestiture of our SEBRA product line.

Net cash used in financing activities decreased by $1.4 million during the three months ended July 1, 2017, as compared to the three months ended July 2, 2016, primarily due to an increase in the proceeds received from the exercise of stock options, partially offset by principal repayments on our Term Loan.

Concentration of Credit Risk

Concentrations of credit risk with respect to trade accounts receivable are generally limited due to our large number of customers and their diversity across many geographic areas. A portion of our trade accounts receivable outside the United States, however, include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays and local economic conditions. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies.

We have not incurred significant losses on receivables. We continually evaluate all receivables for potential collection risks associated with the availability of government funding and reimbursement practices. If the financial condition of

customers or the countries' healthcare systems deteriorate such that their ability to make payments is uncertain, allowances may be required in future periods.

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Inflation

We do not believe that inflation had a significant impact on our results of operations for the periods presented. Historically, we believe we have been able to mitigate the effects of inflation by improving our manufacturing and purchasing efficiencies, by increasing employee productivity, and by adjusting the selling prices of products. We continue to monitor inflation pressures generally and raw materials indices that may affect our procurement and production costs. Increases in the price of petroleum derivatives could result in corresponding increases in our costs to procure plastic raw materials.

Foreign Exchange

During the three months ended July 1, 2017, approximately 38% of our sales were generated outside the U.S., generally in foreign currencies, yet our reporting currency is the U.S. Dollar. We also incur certain manufacturing, marketing and selling costs in international markets in local currency. Our primary foreign currency exposures relate to sales denominated in Euro, Japanese Yen, Chinese Yuan and Australian Dollars. We also have foreign currency exposure related to manufacturing and other operational costs denominated in Swiss Francs, Canadian Dollars, Mexican Pesos, and Malaysian Ringgit. The Yen, Euro, Yuan and Australian Dollar sales exposure is partially mitigated by costs and expenses for foreign operations and sourcing products denominated in foreign currencies. Since our foreign currency denominated Yen, Euro, Yuan and Australian Dollar sales exceed the foreign currency denominated costs, whenever the U.S. Dollar strengthens relative to the Yen, Euro, Yuan or Australian Dollar, there is an adverse effect on our results of operations and, conversely, whenever the U.S. Dollar weakens relative to the Yen, Euro, Yuan or Australian Dollar, there is a positive effect on our results of operations. For Swiss Francs, Canadian Dollars Mexican Pesos, and Malaysian Ringgit our primary cash flows relate to product costs or costs and expenses of local operations. Whenever the U.S. Dollar strengthens relative to these foreign currencies, there is a positive effect on our results of operations. Conversely, whenever the U.S. Dollar weakens relative to these currencies, there is an adverse effect on our results of operations.

We have a program in place that is designed to mitigate our exposure to changes in foreign currency exchange rates. That program includes the use of derivative financial instruments to minimize, for a period of time, the unforeseen impact on our financial results from changes in foreign exchange rates. We utilize forward foreign currency contracts to hedge the anticipated cash flows from transactions denominated in foreign currencies, primarily Japanese Yen and Euro, and to a lesser extent Swiss Francs, Australian Dollars, Canadian Dollars, and Mexican Pesos. This does not eliminate the volatility of foreign exchange rates, but because we generally enter into forward contracts one year out, rates are fixed for a one-year period, thereby facilitating financial planning and resource allocation. These contracts are designated as cash flow hedges. The final impact of currency fluctuations on the results of operations is dependent on the local currency amounts hedged and the actual local currency results.

Recent Accounting Pronouncements

Standards to be Implemented

Revenue from Contracts with Customers (Topic 606)

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU No. 2014-09 stipulates that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU No. 2014-09 will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within those reporting periods. Early adoption is permitted for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net). The purpose of ASU No. 2016-08 is to clarify the guidance on principal versus agent considerations. It includes indicators that help to determine whether an entity

controls the specified good or service before it is transferred to the customer and to assist in determining when the entity satisfied the performance obligation and as such, whether to recognize a gross or a net amount of consideration in their consolidated statement of operations. The effective date and transition requirements are consistent with ASU No. 2014-09.

In April 2016, the FASB issued ASU No. 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. The guidance clarifies that entities are not required to assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract. ASU No. 2016-10 also addresses how to determine whether promised goods or services are separately identifiable and permits entities to make a policy election

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to treat shipping and handling costs as fulfillment activities. In addition, it clarifies key provisions in Topic 606 related to licensing. The effective date and transition requirements are consistent with ASU No. 2014-09.

We have established a cross-functional implementation team consisting of representatives from all of our business units and regions. During fiscal 2017, we analyzed the impact of the standard on our contract portfolio by reviewing a representative sample of our contracts to identify potential differences that would result from applying the requirements of the new standard. The implementation team has apprised both management and the audit committee of project status on a recurring basis.

We have not finalized our assessment of the impact of Topic 606, however we believe our recognition of software revenue will be the most impacted. Software revenue accounts for approximately 7.5% of the Company's total revenue. We continue to analyze performance obligations, variable consideration and disclosures. Additionally, we are monitoring updates issued by the FASB. During the first half of fiscal 2018, we expect to substantially complete our impact assessment and initiate efforts to redesign impacted processes, policies and controls.

Other Recent Accounting Pronouncements

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU No. 2016-01 requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value with changes recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. It also simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. ASU No. 2016-01 also requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset and liability. ASU No. 2016-01 is effective for fiscal years beginning after December 15, 2017 and is applicable to us in fiscal 2019, including interim periods within those fiscal years. Early adoption of certain provisions is permitted. Management does not believe that the adoption of ASU No. 2016-01 will have a material effect on our financial position or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 is intended to increase the transparency and comparability among organizations by recognizing lease asset and lease liabilities on the balance sheet, including those previously classified as operating leases under current U.S. GAAP, and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2018 and is applicable to us in fiscal 2020, including interim periods within those fiscal years. Earlier adoption is permitted. The impact of adopting ASU No. 2016-02 on our financial position and results of operations is being assessed by management.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326). The guidance requires that financial assets measured at amortized cost be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis. The income statement reflects the measurement of credit losses for newly recognized financial assets, as well as the expected credit losses during the period. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. Credit losses relating to available-for-sale debt securities will be recorded through an allowance for credit losses rather than as a direct write-down to the security. The updated guidance is effective for annual periods beginning after December 15, 2019, and is applicable to us in fiscal 2021. Early adoption is permitted. The impact of adopting ASU No. 2016-13 on our financial position and results of operations is being assessed by management.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flow (Topic 230). The guidance reduces diversity in how certain cash receipts and cash payments are presented and classified in the Statements of Cash Flows. The guidance is effective for annual periods beginning after December 15, 2017, and is applicable to us in fiscal 2019. Early adoption is permitted. The adoption of ASU 2016-15 is not expected to have a material effect on our

consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, Income Taxes (Topic 740). The guidance requires companies to recognize the income tax effects of intercompany sales and transfers of assets, other than inventory, in the income statement as income tax expense (or benefit) in the period in which the transfer occurs. The guidance is effective for annual periods beginning after December 15, 2017, and is applicable to us in fiscal 2019. Early adoption is permitted for all entities as of the beginning of an annual reporting period. The impact of adopting ASU No. 2016-16 on our financial position and results of operations is being assessed by management.

In January, 2017 the FASB issued ASU No. 2017-01, Business Combinations: Clarifying the Definition of a Business (Topic 805). The purpose of the update is to change the definition of a business to assist entities with evaluating when a set of

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transferred assets and activities is a business. The guidance is effective for annual periods beginning after December 15, 2017, and is applicable to us in fiscal 2019. Early adoption is permitted for all entities as of the beginning of an annual reporting period. The impact of adopting ASU No. 2017-01 is not expected to have a material effect on our consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715). The guidance revises the presentation of net periodic pension cost and net periodic post-retirement benefit cost. The guidance is effective for annual periods beginning after December 15, 2018, and is applicable to us in fiscal 2020. Early adoption is permitted for all entities as of the beginning of an annual reporting period. The impact of adopting ASU No. 2017-07 is not expected to have a material effect on our consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, Compensation - Stock Compensation: Scope of Modification Accounting (Topic 718). The guidance clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. The guidance is effective for annual periods beginning after December 15, 2017, and is applicable to us in fiscal 2019. Early adoption is permitted for all entities as of the beginning of an annual reporting period. The impact of adopting ASU No. 2017-09 on our financial position and results of operations is being assessed by management.

Cautionary Statement Regarding Forward-Looking Information

Statements contained in this report, as well as oral statements we make which are prefaced with the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “project,” “intend,” “designed,” and similar expressions, are intended to identify forward looking statements regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances about which we can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward-looking statements should not be relied upon as a prediction of our actual future financial condition or results.

These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Factors that may influence or contribute to the inaccuracy of the forward-looking statements or cause actual results to differ materially from expected or desired results may include, without limitation, demand for whole blood and blood components, changes in executive management, changes in operations, restructuring and turnaround plans, asset revaluations to reflect current business conditions, asset sales, technological advances in the medical field and standards for transfusion medicine and our ability to successfully offer products that incorporate such advances and standards, product quality, market acceptance, regulatory uncertainties, including in the receipt or timing of regulatory approvals, the effect of economic and political conditions, the impact of competitive products and pricing, blood product reimbursement policies and practices, foreign currency exchange rates, changes in customers’ ordering patterns including single-source tenders, the effect of industry consolidation as seen in the plasma and blood center markets, the effect of communicable diseases and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate and other risks detailed under Item 1A. Risk Factors included in this report, if any, as well as those described in our Annual Report on Form 10-K for the fiscal year ended April 1, 2017. The foregoing list should not be construed as exhaustive.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure relative to market risk is due to foreign exchange risk and interest rate risk.

Foreign Exchange Risk

See the section above entitled Foreign Exchange for a discussion of how foreign currency affects our business. It is our policy to minimize, for a period of time, the unforeseen impact on our financial results of fluctuations in foreign

exchange rates by using derivative financial instruments known as forward contracts to hedge anticipated cash flows from forecasted foreign currency denominated sales and costs. We do not use the financial instruments for speculative or trading activities.

We estimate the change in the fair value of all forward contracts assuming both a 10% strengthening and weakening of the U.S. Dollar relative to all other major currencies. In the event of a 10% strengthening or weakening of the U.S. Dollar, the change in fair value of all forward contracts would result in a $3.8 million impact to the fair value of the forward contracts.

Interest Rate Risk

Our exposure to changes in interest rates is associated with borrowings on our Credit Agreement, all of which is variable rate debt. Total outstanding debt under our Credit Facilities as July 1, 2017 was $303.5 million with an interest rate of 2.5% based on prevailing LIBOR rates. An increase of 100 basis points in LIBOR rates would result in additional annual interest expense of $3.0 million. On December 21, 2012, we entered into interest rate swap agreements to effectively convert $250.0 million of borrowings from a variable rate to a fixed rate. The interest rate swaps qualify for hedge accounting treatment as cash flow hedges.

ITEM 4. CONTROLS AND PROCEDURES

We conducted an evaluation, as of July 1, 2017, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15 of the Securities Exchange Act of 1934 (the “Exchange Act”). Because the material weakness in our internal control over financial reporting for inventory that existed as of April 1, 2017 has not yet been fully remediated, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of July 1, 2017.

We have advised our audit committee of this deficiency in our internal control over financial reporting, and the fact that this deficiency constitutes a material weakness. A material weakness in internal control over financial reporting is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis by our internal controls.

Because a material weakness was determined to exist, we performed additional procedures to ensure our consolidated financial statements included in this quarterly report on Form 10-Q are presented fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States.

As we continue to evaluate and work to improve our internal control over financial reporting, management may determine that it is necessary to take additional measures to address control deficiencies or may determine that it is necessary to modify the remediation plan described below. The operation of the control change will need to be observed for a period of time before management is able to conclude that the material weakness has been remediated. If not remediated, this material weakness could result in a material misstatement to our consolidated financial statements. Management continues to monitor implementation of its remediation plan and timetable and believes the efforts described below will effectively remediate the material weaknesses.

We are undertaking steps to strengthen our controls over accounting for inventory, including:

- Increasing oversight by our management in the calculation and reporting of certain inventory balances;
- Enhancing policies and procedures relating to account reconciliation and analysis; and
- Strengthening communication and information flows between the inventory operations department and the corporate controller's group.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-a5(f). The Company’s internal control system was designed to provide reasonable assurance to the Company’s management and Board of Directors regarding the preparation and fair presentation of published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls become inadequate because of changes in

conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Controls

Except as noted in the preceding paragraphs, there has not been any change in our system of internal control over financial reporting during the quarter ended July 1, 2017 that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to this Item may be found in Note 12, Commitments and Contingencies to the Unaudited Consolidated Financial Statements in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

There are no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended April 1, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. [Removed and Reserved]

Item 6. Exhibits

10.1*	Second Amended and Restated License Agreement by and among Cora Healthcare, Inc., CoraMed Technologies, LLC, and Haemonetics Corporation dated August 14, 2013
10.2†	Amended and Restated Performance Share Unit Agreement between Haemonetics Corporation and Christopher Simon dated June 6, 2017
10.3†	Form of Performance Share Unit Agreement under 2005 Long-Term Incentive Compensation Plan
31.1	Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002, of Christopher Simon, President and Chief Executive Officer of the Company
31.2	Certification pursuant to Section 302 of Sarbanes-Oxley of 2002, of William Burke, Executive Vice President, Chief Financial Officer of the Company
32.1	Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Christopher Simon, President and Chief Executive Officer of the Company
32.2	Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of William Burke, Executive Vice President, Chief Financial Officer of the Company
101**	The following materials from Haemonetics Corporation on Form 10-Q for the quarter ended July 1, 2017, formatted in Extensible Business Reporting Language (XBRL); (i) Consolidated Statements of Income (Loss) and Comprehensive Income (Loss), (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements.

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* Confidential treatment has been requested as to certain portions of this exhibit. A complete version of this exhibit has been filed separately with the U.S. Securities and Exchange Commission.

† Management contract or compensatory plan or arrangement.

** In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Form 10-Q is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act, is deemed not filed for the purposes of section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

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.

HAEMONETICS CORPORATION

8/7/2017 By: /s/ Christopher Simon
Christopher Simon,
President and Chief Executive Officer
(Principal Executive Officer)

8/7/2017 By: /s/ William Burke
William Burke, Executive Vice President, Chief Financial Officer
(Principal Financial Officer)