

IR BIOSCIENCES HOLDINGS INC  
Form DEF 14A  
May 09, 2008

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SCHEDULE 14A  
(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

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

IR BIOSCIENCES HOLDINGS, 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 appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials:

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

(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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IR BIOSCIENCES HOLDINGS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of IR BioSciences Holdings, Inc.:

You are cordially invited to attend the 2008 Annual Meeting of Stockholders (the "Annual Meeting") of IR BioSciences Holdings, Inc, a Delaware corporation ("we," "us," "our," or the "Company"), to be held at the Villagio Inn, located at The Vintage Estates, 6841 Washington Street, Yountville, California, 94599, on June 25, 2008 at 9:00 a.m., Pacific Daylight Time.

The Annual Meeting of the Company is being held for the following purposes:

1. To elect six directors to serve on the Board of Directors until the 2009 Annual Meeting of Stockholders;
2. To approve an amendment to our Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock from 250,000,000 to 450,000,000;
3. In the event that number 2 above is approved, to approve an amendment to our 2003 Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") to increase the number of shares of our Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000;
4. To approve an amendment to the IR BioSciences Holdings, Inc.'s Certification of Incorporation, as amended, (i) to provide for a recapitalization in which the issued and outstanding shares of our Common Stock will be reverse split in a ratio of one-for-ten at any time prior to March 31, 2009, if at all, with the timing thereof to be determined by the Board of Directors in its sole discretion and (ii) to reduce the number of authorized shares of Common Stock to 100,000,000.;
5. To ratify the appointment of RBSM LLP as the Company's independent public accountants for the fiscal year ending December 31, 2008; and,
6. To transact such other business as may properly come before the meeting.

The Board of Directors recommends a vote "for" each of the nominees and "for" each proposal listed above.

The Board of Directors has fixed the close of business on April 28, 2008 as the record date (the "Record Date") for determining those stockholders who will be entitled to vote at the Annual Meeting.

The Company's Annual Report to Stockholders for the year ended December 31, 2007 is enclosed with this notice. The following proxy statement and enclosed proxy card is being sent to each stockholder as of the Record Date. You are cordially invited to attend the Annual Meeting, but if you do not expect to attend, or if you plan to attend, but desire the proxy holders to vote your shares, please date and sign your proxy card and return it in the enclosed postage paid envelope. The giving of this proxy card will not affect your right to vote in person in the event you find it convenient to attend. Please return the proxy card promptly to avoid the expense of additional proxy solicitation.

By Order of the Board of Directors,

/s/ Michael K. Wilhelm  
Michael K. Wilhelm  
President and Chief Executive Officer

Scottsdale, Arizona

Dated: May 9, 2008

To be mailed to Stockholders on or about May 13, 2008.

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WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO COMPLETE, SIGN, DATE AND MAIL THE ENCLOSED PROXY, WHICH IS SOLICITED BY AND ON BEHALF OF THE BOARD OF DIRECTORS, SO THAT YOUR SHARES MAY BE REPRESENTED AT THE MEETING. A POSTAGE-PAID ENVELOPE IS PROVIDED FOR MAILING IN THE UNITED STATES. THE GIVING OF SUCH PROXY WILL NOT AFFECT YOUR RIGHTS TO REVOKE SUCH PROXY OR TO VOTE IN PERSON SHOULD YOU LATER DECIDE TO ATTEND THIS MEETING.

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IR BIOSCIENCES HOLDINGS, INC.

PROXY STATEMENT

For Annual Meeting to be Held  
June 25, 2008 at 9:00 a.m. Pacific Daylight Time

This proxy statement is delivered to you by IR BioSciences Holdings, Inc. ("we," "us," "our," or the "Company"), a Delaware corporation, in connection with the Annual Meeting of Stockholders of the Company to be held on June 25, 2008 at 9:00 a.m. Pacific Daylight Time at the Villagio Inn, located at The Vintage Estates, 6841 Washington Street, Yountville, California, 94599 (the "Annual Meeting"). The approximate mailing date for this proxy statement and the enclosed proxy is May 13, 2008.

The purpose of the Annual Meeting is to seek stockholder approval of five proposals: (i) electing six directors to the Board of Directors; (ii) to approve an amendment to our Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock from 250,000,000 to 450,000,000; (iii) to approve an amendment to our 2003 Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") to increase the number of shares of our Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000; (iv) to approve an amendment to the Company's Certificate of Incorporation, as amended, providing for a recapitalization in which the issued and outstanding shares of our Common Stock will be reverse split in a ratio of one-for-ten at any time prior to March 31, 2009, if at all, with the timing thereof to be determined by the Board of Directors in its sole discretion, and to decrease the number of authorized shares of Common Stock to 100,000,000; and, (v) to ratify the appointment of RBSM LLP, as the Company's independent registered public accounting firm for the year ending December 31, 2008.

Who may vote?

Holders of common stock of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. There were 116,017,539 shares of common stock outstanding as of the Record Date. Only Stockholders of record at the close of business on the record date, April 28, 2008, are entitled to receive notice of the annual meeting and to vote the shares that they held on that date at the meeting, or any postponement or adjournment of the meeting. Each outstanding share of Common Stock entitles its holder to cast one vote on each matter to be voted.

Who can attend the meeting?

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

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the outstanding shares of our Common Stock on the record date will constitute a quorum. As of the record date, there were 116,017,539 shares of our Common Stock issued and outstanding.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming



that a quorum is obtained. However, shares represented by such “broker non-votes” will be counted in determining whether there is a quorum. A properly executed proxy marked “Abstain” with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum.

If less than a majority of the outstanding shares of Common Stock entitled to vote are represented at the meeting, a majority of the votes present (either in person or by proxy) at the meeting may adjourn the meeting to another date, time or place, and notice need not be given of the new date, time or place if the new date, time or place is announced at the meeting before an adjournment is taken.

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How do I vote?

Registered Shareholders

- If you complete and properly sign the accompanying proxy card, and return it to us, it will be voted as you direct. If no direction is given, the shares represented by the proxy will be voted (i) for the election of the nominees for director named herein; (ii) for approving an amendment to our Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock from 250,000,000 to 450,000,000; (iii) in the event that (ii) above is approved, for approving an amendment to our 2003 Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") to increase the number of shares of our Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000; (iv) for approving an amendment to the Company's Certificate of Incorporation, as amended, providing for a recapitalization in which the issued and outstanding shares of our Common Stock will be reverse split in a ratio of one-for-ten at any time prior to March 31, 2009, if at all, with the timing thereof to be determined by the Board of Directors in its sole discretion, and decreasing the number of authorized shares of Common Stock to 100,000,000; and, (v) for ratifying the appointment of RBSM LLP, as the Company's independent registered public accounting firm for the year ending December 31, 2008.
- If you wish to vote at the meeting, you may deliver your completed proxy card in person or you may vote by ballot in person at the annual meeting.

"Street Name" Shareholders

- If you complete and properly sign the accompanying proxy card, and return it to us, it will be voted as you direct. If no direction is given, the shares represented by the proxy will be voted (i) for the election of the nominees for director named herein; (ii) for approving an amendment to our Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock from 250,000,000 to 450,000,000; (iii) in the event that (ii) above is approved, for an amendment to our 2003 Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") to increase the number of shares of our Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000; (iv) for approving an amendment to the Company's Certificate of Incorporation, as amended, providing for a recapitalization in which the issued and outstanding shares of our Common Stock will be reverse split in a ratio of one-for-ten at any time prior to March 31, 2009, if at all, with the timing thereof to be determined by the Board of Directors in its sole discretion, and decreasing the number of authorized shares of Common Stock to 100,000,000; and, (v) for ratifying the appointment of RBSM LLP, as the Company's independent registered public accounting firm for the year ending December 31, 2008.
- If you wish to vote at the meeting, you will need to obtain a proxy from the institution that holds your shares.

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

Yes. Any proxy given may be revoked at any time prior to its exercise by notifying the Corporate Secretary of the Company in writing of such revocation, by duly executing and delivering another proxy bearing a later date, or by attending and voting in person at the Annual Meeting. The powers of the proxy holders will be suspended with respect to your shares if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy. The Company's principal executive office is located at 8767 E. Via De Ventura, Suite 190, Scottsdale, Arizona 85258.

What are the Board's recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board's recommendations are provided together with a description of each proposal in this proxy statement. In summary, the Board recommends a vote:

- for election of the nominated slate of directors (see page 5);
- for approving an amendment to our Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock from 250,000,000 to 450,000,000 (see page 22);
- for an amendment to our 2003 Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") to increase the number of shares of our Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000 (see page 24);
- for approval of the amendment to our Certificate of Incorporation, as amended, to provide for a recapitalization in which the issued and outstanding shares of our Common Stock will be reverse split in a ratio of one-for-ten at any time prior to March 31, 2009, if at all, with the timing thereof to be determined by the Board of Directors in its sole discretion, and to decrease the number of authorized shares of Common Stock to 100,000,000 (see page 26); and,
- for ratifying the appointment of RBSM LLP as our independent public accountants for the year ending December 31, 2008 (see page 33).

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What vote is required to approve each item?

Election of Directors. The nominees for election to the Board of Directors, who receive the greatest number of votes cast for the election of directors by the shares present at the annual meeting, in person or by proxy, shall be elected directors. Stockholders do not have the right to cumulate their votes for directors. In the election of directors, an abstention or broker non-vote will have no effect on the outcome.

Approval of an Amendment to Our Certificate of Incorporation, as amended, to Increase the Number of Authorized Shares of Common Stock. The proposal to amend our Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock will be approved upon the affirmative vote of a majority of shares of Common Stock issued and outstanding entitled to vote on the proposal. Under Delaware law, abstentions and broker non-votes will have the same effect as a vote against the proposed amendment to the Certificate of Incorporation, as amended.

Approval of an Amendment to Our 2003 Stock Option, Deferred Stock and Restricted Stock Plan to Increase the Number of Shares of our Common Stock Reserved and Available for issuance under the Plan. The proposal to approve an amendment to our Plan to increase the number of shares of our Common Stock reserved and available for issuance under the Plan will be approved upon the affirmative vote of a majority of shares of Common Stock issued and outstanding, present at the annual meeting, in person or by proxy, and entitled to vote on the proposal. With the amendment of our Plan, an abstention or broker non-vote will have the same effect as a vote against the Plan Amendment. This proposal is conditioned upon and may become effective only in the event that the proposal to amend our Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock, is approved.

Approval of an Amendment to Our Certificate of Incorporation, as amended, providing for a recapitalization in which the issued and outstanding shares of our Common Stock will be reverse split in a ratio of one-for-ten at any time prior to March 31, 2009, if at all, with the timing thereof to be determined by the Board of Directors in its sole discretion and decreasing the number of authorized shares of our Common Stock to 100,000,000. The proposal to approve the amendment to our Certificate of Incorporation, as amended, to effect a reverse stock split of Common Stock and decrease the number of authorized shares of our Common Stock, requires the affirmative vote of a majority of the shares of Common Stock issued and outstanding entitled to vote on the proposal. Under Delaware law, abstentions and broker non-votes will have the same effect as a vote against the proposed amendment to the Certificate of Incorporation, as amended. This proposal is not conditioned upon approval of but may be approved independent of the proposal to amend our Certificate of Incorporation, as amended, to increase the number of authorized shares of our Common Stock from 250,000,000 to 450,000,000. However, if the proposal to amend our Certificate of Incorporation, as amended, to increase the number of authorized shares of our Common Stock from 250,000,000 to 450,000,000 is approved, it will be filed with the Delaware Secretary of State prior to this proposal to amend our Certificate of Incorporation, as amended, to reverse split the stock and to decrease the number of authorized shares of our Common Stock.

Ratifying the Appointment of RBSM LLP. The proposal to ratify the appointment of RBSM LLP as our independent public accountants for the year ending December 31, 2008 will be adopted upon the affirmative vote of the majority of shares voting on the proposal. Abstentions and broker non-votes will have no effect on the outcome.

UNLESS OTHERWISE DIRECTED IN THE ACCOMPANYING PROXY, THE SHARES REPRESENTED BY YOUR EXECUTED PROXY WILL BE VOTED "FOR" THE APPROVAL OF THE PROPOSALS SET FORTH IN THIS PROXY STATEMENT.



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Who pays for the preparation of this proxy?

The cost of this solicitation of proxies will be borne by the Company. Solicitations will be made by mail. In addition, the officers and other regularly engaged employees of the Company may, in a limited number of instances, solicit proxies personally or by telephone. Our representatives will not receive any compensation for soliciting proxies other than their regular salaries or consulting fees. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy material to the beneficial owners of our Common Stock and to request authority for the execution of proxies, and we may reimburse such persons for their expenses incurred in connection with these activities.

Delivery of proxy materials to households

Only one copy of the Company's Annual Report for the fiscal year ended December 31, 2007 and Proxy Statement will be delivered to an address where two or more stockholders reside unless the Company has received contrary instructions from a stockholder at such address. A separate proxy card will be delivered to each stockholder at such shared address.

If you are a stockholder who lives at a shared address and you would like additional copies of the Company's Annual Report for the fiscal year ended December 31, 2007, this Proxy Statement, or any future annual reports or proxy statements, contact the Corporate Secretary, Michelle Laroche, at (480) 922-3926 or 8767 E. Via De Ventura, Suite 190, Scottsdale, Arizona 85258, and the Company will promptly mail you copies.

Can I see a list of the Stockholders entitled to vote?

Any stockholder may look at the complete list of the Stockholders that are entitled to vote at the annual meeting so long as it is for a purpose germane to the annual meeting. The list will be available in these circumstances, during normal business hours, at our offices located at 8767 E. Via De Ventura, Suite 190, Scottsdale, AZ 85258, for a period of ten days prior to the annual meeting and at the annual meeting itself.

What should I have received to enable me to vote?

Your package from us should contain this proxy statement and a proxy card. This package is being mailed on or about May 13, 2008.

Interest of Executive Officers and Directors

None of the Company's executive officers or directors have any interest in any of the matters to be acted upon at the Annual Meeting, except, that, with respect to each director, to the extent that a director is named as a nominee for election to the Board of Directors, and in that their ownership in the Company may be diluted by the issuance of additional shares if the authorized capital is increased and/or the one-for ten reverse stock split occurs.

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PROPOSALS TO OUR STOCKHOLDERS

PROPOSAL NO. 1

ELECTION OF DIRECTORS

General

The Company's Board of Directors is elected for a one-year term and thereafter until their successors are duly elected and qualified or until their death, resignation or removal. Directors are elected annually at the Annual Meeting. The Company's Bylaws provide for a Board of Directors with a range of between two and nine members. The Company currently has six members on its Board of Directors.

The first proposal for consideration at the annual meeting is the election of a new Board composed of the six persons set forth below. If elected, each of these directors will hold office until the 2009 annual meeting of Stockholders or until his earlier resignation or removal.

- Lance K. Gordon, Ph.D.
- Robert J. Hariri, M.D., Ph.D.
  - Hal N. Siegel, Ph.D.
- Theodore E. Staahl, M.D.
  - Michael K. Wilhelm
- Jerome B. Zeldis, M.D., Ph.D.

We expect that a majority of the Common Stock will be voted in favor of the six nominees named above. All director nominees are currently serving as directors, and there are no other directors continuing to serve in office. Each nominee has agreed to be named in this proxy statement and to serve as a director if elected. For biographical information regarding the nominees, see "Director Nominees for Election for a One Year Term Expiring at the 2009 Annual Meeting" on page 6 of this proxy statement.

Vote Required and Recommendation

The nominees for election to the Board of Directors, who receive the greatest number of votes cast for the election of directors by the shares present, in person or by proxy, will be elected directors. Stockholders do not have the right to cumulate their votes for directors. In the election of directors, an abstention or broker non-vote will have no effect on the outcome

The Board of Directors recommends a vote FOR election of each of the director nominees.

How are directors compensated?

Our policy has been to pay no cash compensation to directors who are our employees or affiliates for their service as directors.

Outside directors receive for service as a member of the Company's Board of Directors, a grant of a non-qualified stock option to purchase shares of common stock under the Company's 2003 Stock Option, Deferred Stock and Restricted Stock Plan. Furthermore, outside directors are eligible to receive monetary and/or equity compensation, in the event they perform additional functions and achieve milestones, as agreed. Outside directors are also reimbursed for all out-of-pocket expenses incurred in the performance of their duties to us, including attendance at Board

meetings.

Are our employees paid additional compensation for services as directors?

No. We do, however, reimburse them for travel and other related expenses.

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How often did the Board meet during 2007?

The Board met two (2) times during 2007. All of our incumbent Board members attended 100% of the total meetings of the Board and any Board committees on which they served during 2007. The Company does not have a policy requiring its directors to attend the Annual Meeting of Stockholders.

What committees has the Board established?

The Board has established an Executive Committee. Currently we have no Compensation and Audit Committees. We do not maintain a standing nominating committee or other committee performing similar functions. The function of determining executive compensation, selecting and engaging our independent auditors, reviewing our accounting and reporting principles and practices, reviewing of our financial statements for each interim period and nominating directors are all carried out by the entire Board of Directors. Our Bylaws, however, provide a procedure for you to recommend candidates for directors at a Stockholders meeting. For more information, see page 34 under "Shareholder Proposals." Michael K. Wilhelm and Theodore E. Staahl, M.D. serve on the Executive Committee. The Company intends to charter Audit and Compensation committees in the near future.

Director Nominees for Election for a One Year Term Expiring at the 2009 Annual Meeting

Name	Age	Year First Appointed	Director	Position
Lance K. Gordon, Ph.D.	60	2007	Director	Director
Robert J. Hariri, M.D., Ph.D.	48	2007	Director	Director
Hal N. Siegel, Ph.D.	53	2006	Vice-President and Chief Scientific Officer and Director	Vice-President and Chief Scientific Officer and Director
Theodore E. Staahl, M.D.	63	2003	Director	Director
Michael K. Wilhelm	41	2003	President, Chief Executive Officer and Director	President, Chief Executive Officer and Director
Jerome B. Zeldis, M.D., Ph.D.	58	2007	Director	Director

The persons named below will be nominated for election as directors of the Company at this Annual Meeting to serve until the next Annual Meeting and until their successors are elected and have qualified. Each of the nominees is currently a director of the Company. The Board of Directors, as a whole, identifies director nominees, evaluating candidates based on the requirements set forth in the Company's Bylaws and applicable regulatory requirements.

The following are biographical summaries for the Company's nominees for election as directors:

Lance K. Gordon, Ph.D., Director. Dr. Gordon has served on our Board of Directors since May 2007. He currently serves as President and CEO of ImmunoBiologics Corporation, a formative biotechnology company that he founded in 2007. Prior to his work at ImmunoBiologics Corporation Dr. Gordon served as President, Chief Executive Officer and as a Director of VaxGen, Inc. from 2001 to 2007. Prior to joining Vaxgen, Dr. Gordon was Executive Director of North America for Acambis plc. and a member of the Company's Board of Directors from 1999 to 2001. Previously, he served as President and CEO of OraVax, Inc. from 1990 to 1999, prior to its acquisition by Peptide Therapeutics to form Acambis. Before joining OraVax, he served as the CEO of North American Vaccine from 1988 to 1990, prior to its acquisition by Baxter International. Dr. Gordon received his Ph.D. in Biomedical Science, Immunology from the University of Connecticut and completed his postdoctoral fellowship as an NIH fellow at the Division of Allergy and

Immunology, Washington University Medical School, St. Louis. He currently serves on the DHHS National Vaccines Advisory Committee and on the Board of Trustees of the Sabin Vaccine Institute.

Robert J. Hariri, M.D., Ph.D., Director. Dr. Hariri, M.D. has served on our Board of Directors since April 2007. Dr. Hariri has been CEO of Celgene Cellular Therapeutics, a division of Celgene, since 2005. Previously, he had been President of the division from 2002 to 2005. The division focuses on human stem and biomaterial solutions for a range of clinical indications. From 1998 to 2002, prior to joining Celgene Cellular Therapeutics, Dr. Hariri was Founder, Chairman and Chief Scientific Officer for Anthrogenesis Corp./LIFEBANK, Inc., a New Jersey-based privately held biomedical technology and service corporation involved in umbilical cord blood banking and its supporting technology platform. From 1987 to 1994, he was Co-founder, Vice Chairman and Chief Scientific Officer of Neurodynamics, a privately held medical device and technology corporation. Dr. Hariri has held academic positions at Cornell University Medical College Cornell University Graduate School of Medical Sciences. He has also played a prominent medical role at Cornell University Medical College, The New York Hospital-Cornell Medical Center and The Jamaica Hospital-Cornell Trauma Center. While at Cornell, he was the Director of The Center for Trauma Research. He received his Medical Degree and Ph.D. from Cornell University and was awarded a Bachelor of Arts Degree from Columbia College.

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Hal N. Siegel, Ph.D., Vice President and Chief Scientific Officer.

Dr. Siegel has served on the Board of Directors since June 2006. Dr. Siegel was appointed as Chief Scientific Officer and Vice President in January 2008 after serving as our Senior Director of Product Development and Regulatory Affairs since June 2006. Prior to joining the company, Dr. Siegel served as Acting General Manager and Vice President Regulatory and Scientific Affairs for Zila Biotechnology, Inc. from 2004 to October 2006. In addition, since 2001, Dr. Siegel has provided consulting services for Siegel Consultancy LLC, which has been providing strategic and tactical expertise to life science companies, helping them meet FDA requirements from pre-clinical studies through the regulatory submission process and into the post-approval marketplace. Dr. Siegel holds degrees from Rensselaer Polytechnic Institute and SUNY Buffalo, where he earned his Ph.D., in Biochemical Pharmacology.

Theodore E. Staahl, M.D., Director. Dr. Staahl has served on our Board of Directors since April 2003. Dr. Staahl is employed at the Cosmetic, Plastic and Reconstructive Surgery Center, a company which he founded in 1978. Dr. Staahl's professional training was received at the University of Illinois and the University of Wisconsin and is board certified by the American Board of Facial, Plastic and Reconstruction Surgeons, the Board of Cosmetic Surgeons and the American Board of Head and Neck Surgeons. Dr. Staahl has presented papers at national and international meetings on hair transplant, rhinoplasty and cleft lip deformities.

Michael K. Wilhelm, President, Chief Executive Officer And Director. Michael K. Wilhelm has been our President and Chief Executive Officer and a member of our Board of Directors since July 2003. Mr. Wilhelm has been President and Chief Executive Officer and a member of the Board of Directors since co-founding ImmuneRegen BioSciences, Inc., our wholly-owned subsidiary, in December 2002. Mr. Wilhelm has served as Managing Director of Foresight Capital Corporation since July 1996, a company he founded to consult and assist early-stage companies in furthering their growth and development. Mr. Wilhelm retains the title of Managing Director of Foresight Capital Corporation, but the company has had limited and insignificant business operations since December 2002.

Jerome B. Zeldis, M.D., Ph.D., Director. Dr. Zeldis has served on our Board of Directors since November 2007. Dr. Zeldis currently serves as Chief Medical Officer of Celgene Corporation, Warren N.J., a position he has held since 1997. He is also currently, and since 2003, Professor of Clinical Medicine at the Robert Wood Johnson Medical School in New Brunswick, N.J. Prior to working at Celgene, Dr. Zeldis worked at Sandoz Research Institute from 1994 to 1995 and Janssen Research Institute from 1995 to 1997 in both clinical research and medical development. He has been a Board member of a few start-up biotechnology companies and is currently on the Board of the Semorex Corporation, the N.J. Chapter of the Arthritis Foundation, and the Castleman's Disease Organization.

## MANAGEMENT

The following table sets forth the names and positions of all of our current directors and executive officers.

Name	Age	Position
Michael K. Wilhelm	41	President, Chief Executive Officer and Director
John N. Fermanis	54	Chief Financial Officer
Hal N. Siegel, Ph.D.	53	Vice-President and Chief Scientific Officer
Lance K. Gordon, Ph.D.	60	Director
Robert J. Hariri, M.D., Ph.D.	48	Director
Theodore E. Staahl, M.D.	63	Director
Jerome B. Zeldis, M.D., Ph.D.	58	Director

Biographical information about our directors and officers except Mr. John N. Fermanis are included under the caption, "Director Nominees for Election for a One Year Term Expiring at the 2009 Annual Meeting".

John N. Fermanis, Chief Financial Officer. Mr. Fermanis has served as our Chief Financial Officer since December 2004. From May 2001 to October 2004 Mr. Fermanis served as Chief Financial Officer of AMPS Wireless Data, Inc., a privately held Arizona corporation which he co-founded in 1998. From 1997 to 2001, Mr. Fermanis held the position of Treasury Manager for Peter Piper, Inc., a national restaurant chain headquartered in Scottsdale, Arizona. Mr. Fermanis has over 18 years of financial management experience with both the American Express Corporation and Citigroup in New York City. Mr. Fermanis holds a Bachelor of Arts degree from the S.U.N.Y. at Stony Brook and attended Pace University's Graduate School of Management in New York City.

There are no family relationships among the directors and executive officers.

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## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth information concerning the compensation for the two fiscal years ended December 31, 2007 and 2006, of our principal executive officer, our two most highly compensated executive officers other than our principal executive officer whose annual compensation exceeded \$100,000, and up to two additional individuals for whom disclosure would have been made in this table but for the fact that the individual was not serving as an executive officer of our company at December 31, 2007, if any (collectively, the "Named Executive Officers").

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
Michael K. Wilhelm							
President, CEO and Director	2007	\$ 315,414	\$ 82,239	—\$	883,544	\$ 15,820	\$ 1,297,017
	2006	\$ 286,317	\$ 41,278 (1)	—\$	735,731	\$ 5,955	\$ 1,069,281
John N. Fermanis							
Chief Financial Officer	2007	\$ 112,000	\$ 5,800	—\$	230,051	\$ 5,994	\$ 353,845
	2006	\$ 98,000	\$ 17,596 (1)	—	—	—\$	115,596
Hal N. Siegel							
Vice-President and Chief Scientific Officer	2007	\$ 201,884	—	—\$	263,147	—\$	465,031
	2006	\$ 42,308	—	—\$	32,071	\$ 95,574	\$ 169,953

(1) The amounts shown are the amounts of compensation cost recognized by us in fiscal year 2006 related to the issuance of cash and common stock purchase warrants as bonus in fiscal year 2006 and prior fiscal years.

Named Executive Officer	Issue Date	Price	Underlying Warrants	Compensation Cost
Michael K. Wilhelm	July 14, 2006	\$ 0.250	300,000	\$ 41,278
John N. Fermanis	July 14, 2006	\$ 0.158	62,500	\$ 9,596

(2) The amounts shown are the amounts of compensation cost recognized by us in fiscal year 2007 related to the grants of stock options in fiscal year 2007 and prior fiscal years, as described in Statement of Financial Accounting Standards No. 123R. For a discussion of valuation assumptions, see Note A to our 2007 Consolidated Financial Statements included in our annual report on Form 10-K for the year ended December 31, 2007; excluding any assumptions for forfeitures. The table below shows how much of the overall amount of the compensation cost is attributable to each award.

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Named Executive Officer	Grant Date	Price (\$)	Underlying Options	Compensation Cost
Michael K. Wilhelm	August 1, 2007	\$ 0.166	2,000,000	\$ 330,975
	August 1, 2007	\$ 0.195	500,000	\$ 81,112
	September 13, 2006	\$ 0.220	3,500,000	\$ 469,247
	July 14, 2006	\$ 0.231	1,896,970	\$ 266,484
	August 10, 2005	\$ 0.330	103,030	\$ 27,513
	May 20, 2005	\$ 0.440	150,000	\$ 55,399
Hal N. Siegel	August 1, 2007	\$ 0.166	1,100,000	\$ 182,035
	August 1, 2007	\$ 0.195	500,000	\$ 81,112
	October 23, 2006	\$ 0.200	200,000	\$ 32,071
John N. Fermanis	August 1, 2007	\$ 0.166	900,000	\$ 148,939
	August 1, 2007	\$ 0.195	500,000	\$ 81,112

(3)The amounts shown are the amounts of compensation cost recognized by us in fiscal year 2006 related to the issuance of Common Stock purchase warrants in fiscal year 2006 and prior fiscal years.

Named Executive Officer	Issue Date	Price (\$)	Underlying Warrants	Compensation Cost
Hal N. Siegel	September 30, 2006	\$ 1.000	2,500	\$ 156
	June 30, 2006	\$ 1.000	2,500	\$ 213
	March 31, 2006	\$ 0.125	9,000	\$ 2,267
	December 31, 2005	\$ 0.125	9,000	\$ 2,242
	September 30, 2005	\$ 0.125	9,000	\$ 3,003
	June 30, 2005	\$ 0.125	9,000	\$ 2,242
	March 31, 2005	\$ 0.125	900	\$ 352
	March 12, 2005	\$ 0.125	3,000	\$ 1,173

## Automobile Leases

In October 2006, the Company signed a three-year lease agreement for an automobile for the Company's Chief Executive Officer. The rental cost per month is approximately \$1,318. The total cost recognized by us in fiscal year 2007 related to the automobile lease was \$15,820.

In December 2006, the Company signed a two-year lease agreement for an automobile for the Company's Chief Financial Officer. The rental cost per month is approximately \$499. The total cost recognized by us in fiscal year 2007 related to the automobile lease was \$5,994.

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Option Grants in Fiscal Year 2007

In August 2007, we granted options to purchase 2,500,000 shares of Common Stock to our Chief Executive Officer, Michael K. Wilhelm. The options vest 100% after thirty days of continued employment.

In July 2006, we granted options to purchase 1,896,970 shares of Common Stock to our Chief Executive Officer, Michael K. Wilhelm. The options vest 50% after ninety days of continued employment and the balance in equal monthly installments for 12 months thereafter.

In September 2006, we issued options to purchase 3,500,000 shares of Common Stock to our Chief Executive Officer, Michael K. Wilhelm. The options vest 50% after thirty days of continued employment with the balance in equal monthly installments for 12 months thereafter.

In August 2007, we granted options to purchase 1,600,000 shares of Common Stock to our Vice-President, Chief Scientific Officer and Director, Hal N. Siegel. The options vest 100% after thirty days of continued employment.

In October 2006, we issued options to purchase 200,000 shares of Common Stock to our Senior Director, Product Development and Regulatory Affairs and Director, Hal N. Siegel.

In August 2007, we granted options to purchase 1,400,000 shares of Common Stock to our Chief Financial Officer, John N. Fermanis. The options vest 100% after thirty days of continued employment.

As of December 31, 2007, total unrecognized stock-based compensation expense related to stock options was \$12,420. During the year ended December 31, 2006 we charged \$264,274 to operations related to recognized stock-based compensation expense for employee stock options.

Employment Agreements

President and Chief Executive Officer:

On August 10, 2005, we entered into a new employment agreement with our President and Chief Executive Officer, Michael K. Wilhelm. The employment agreement calls for a salary at the rate of \$275,000 per annum. The salary will be subject to adjustment of at least 10% per year at the end of each year. We also agreed to defend and indemnify, to the fullest extent permitted by our certificate of incorporation and bylaws and the Delaware General Corporation Law, Mr. Wilhelm and hold him harmless against any liability that he incurs within the scope of his employment under the agreement. The agreement also provides for the following various bonus incentives:

- i) A target incentive bonus in cash and/or stock if we consummate a transaction with any unaffiliated third party such as an equity or debt financing, acquisition, merger, strategic partnership or other similar transaction.
- ii) A one time grant of an option to purchase 2,000,000 shares of our Common Stock at an exercise price equal to the fair market value per share on the date option is granted.

In connection with Mr. Wilhelm's new employment agreement, we also entered into a change of control agreement and a severance agreement with him on August 10, 2005. Under the change of control agreement, Mr. Wilhelm shall be entitled to a continuation of his base salary for a period of 18 months following an involuntary termination, which means, at any time within that period which is one-year from the change of control date (including such date), the termination of the employment of Mr. Wilhelm (i) by us without cause or (ii) due to constructive termination, as such terms are defined in the change of control agreement. Further, in the event of an involuntary termination, the

agreement provides that the registrant shall pay Mr. Wilhelm a lump sum amount in cash, equal to the sum of (i) any unpaid incentive compensation which has been allocated or awarded to Mr. Wilhelm for a completed fiscal year or other measuring period preceding the date of involuntary termination under any annual or long-term incentive plan and which, as of the date of involuntary termination, is contingent only upon the continued employment of Mr. Wilhelm to a subsequent date, and (ii) a pro rata portion to the date of involuntary termination of the aggregate value of all contingent incentive compensation awards to Mr. Wilhelm for all then uncompleted periods under any such plan. Further, 100% of the unvested portion of each outstanding stock option granted to Mr. Wilhelm shall be accelerated so that they become immediately exercisable upon the date of involuntary termination.



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Under the severance agreement, Mr. Wilhelm shall be entitled to a continuation of his base salary for a period of 18 months following an involuntary termination, which means the termination of the employment of Mr. Wilhelm (i) by us without cause or (ii) due to constructive termination, as such terms are defined in the severance agreement. Further, in the event of an involuntary termination, the agreement provides that the registrant shall pay Mr. Wilhelm an amount equal to the amount of executive incentive pay (bonus) that he would have received for the year in which the involuntary termination occurred had he met one hundred percent (100%) of the target for such incentive pay. Also, under this agreement, 100% of the unvested portion of each outstanding stock option granted to Mr. Wilhelm shall be accelerated so that they become immediately exercisable upon the date of involuntary termination.

Chief Financial Officer:

Pursuant to our employment agreement with John Fermanis, our Chief Financial Officer, dated February 15, 2005, we paid a salary of \$60,000 until we completed a financing of \$500,000 or more. This occurred on March 4, 2005 when we completed a Tender Offer for warrants totaling \$1,190,857 net of fees. From March 4, 2005, until December 31, 2005, we paid an annual salary of \$85,000. Thereafter, we paid an annual salary of \$98,000 for the second year ending December 31, 2006 and an annual salary of \$112,000 for the third year ending December 31, 2007. Mr. Fermanis' salary is payable in regular installments in accordance with our customary payroll practices. Mr. Fermanis also received 100,000 shares of our Common Stock, which were earned at the rate of 1/12 or 8,333 per month beginning January 2005. We charged to operations the market value of these shares as of the first day of each month. For the twelve months ended December 31, 2006, we charged \$41,416 to operations for the issuance of 100,000 shares to Mr. Fermanis.

Pursuant to terms of our employment agreement with Mr. Fermanis, our Chief Financial Officer, dated January 1, 2008, we pay an annual base salary of \$130,000 for the first year and \$140,000 for the second year. Mr. Fermanis will also be eligible for discretionary bonuses under the Company's stock option plan during his employment. The employment agreement has a term of two years, subject to early termination provisions. The Company may terminate the employment agreement at any time for cause, as defined in the employment agreement, and upon 15 days written notice without cause. Mr. Fermanis may terminate the employment agreement for any reason with 30 days written notice. Upon termination of Mr. Fermanis' employment by the Company without cause or constructive termination, as defined in the employment agreement, the Company agrees to pay to Mr. Fermanis the remainder of his salary for the year or six months salary, whichever is greater, and any accrued vacation. Pursuant to the terms of the employment agreement, Mr. Fermanis may not compete against the Company and he may not solicit the Company's customers during the term of the employment agreement and for a period of three years following the termination of his employment agreement. Mr. Fermanis also may not disclose any confidential information during or within three years after his employment.

Vice President and Chief Scientific Officer:

Pursuant to our employment agreement with Hal N. Siegel, our Vice President and Chief Scientific Officer, dated October 23, 2006, we will pay an annual base salary of \$200,000 for the first year and \$210,000 for the second year. Mr. Siegel will also be eligible for discretionary bonuses under our stock option plan during his employment. In addition, Mr. Siegel received options with a term of five years to purchase 200,000 shares of our Common Stock. The options are exercisable at \$0.20 per share. The employment agreement has a term of two years, subject to early termination provisions. Upon termination of Mr. Siegel's employment by us without cause or constructive termination, as defined in the agreement, we agree to pay to Mr. Siegel the remainder of his salary for the year or six months salary, whichever is greater, and any accrued vacation.

In addition, we entered into a change of control agreement with Hal Siegel. Pursuant to the terms of the change of control agreement, we agree to pay Mr. Siegel his salary for a period of 18 months from the date of an involuntary

termination, payable in accordance with our compensation practice. Involuntary termination is defined as the termination of Mr. Siegel's employment by us without cause or due to constructive termination at any time within one-year of a change of control event, as defined in the agreement.

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## Outstanding Equity Awards at Fiscal Year-End as of December 31, 2007

As of the year ended December 31, 2007, the following Named Executive Officers had the following outstanding equity awards:

Name	Number of Securities Underlying Unexercised Options # Exercisable	Number of Securities Underlying Unexercised Options # Unexercisable	Option Awards Equity Incentive Plan Awards:		Option Exercise Price (\$)	Option Expiration Date
			Number of Securities Underlying Unexercised Options (#)	Unearned Options		
Michael K. Wilhelm	1,896,970	—	—	—	\$ 0.231	7/14/2011
President, CEO and Director	454,545	—	—	—	\$ 0.220	9/13/2011
	3,045,455	—	—	—	\$ 0.220	9/13/2011
	2,000,000	—	—	—	\$ 0.166	7/31/2017
	500,000	—	—	—	\$ 0.195	7/31/2017
John N. Fermanis	900,000	—	—	—	\$ 0.166	7/31/2017
Chief Financial Officer	500,000	—	—	—	\$ 0.195	7/31/2017
Hal N. Siegel	200,000	—	—	—	\$ 0.200	10/23/2011
Vice-President and Chief Scientific Officer	1,100,000	—	—	—	\$ 0.166	7/31/2017
	500,000	—	—	—	\$ 0.195	7/31/2017

## Director Compensation

Name	Fees Earned or Paid		Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
	in Cash (\$)	Stock Awards (\$)					
Lance K. Gordon, Ph.D.	\$ —	—	—165,457	—	—	—	—\$ 165,457
Robert J. Hariri, M.D., Ph.D.	—	—	—330,974	—	—	—	— 330,974
Theodore E. Staahl, M.D.	—	—	— 41,372	—	—	—	— 41,372
Jerome B. Zeldis, M.D., Ph.D.	—	—	—	—	—	—	—
Mark L. Witten, Ph.D. (1)	\$ 5,000	--	--	--	--	--	-- \$ 5,000

(1)

Mark L. Witten, Ph.D. resigned as a member of the Board of Directors on May 18, 2006. On December 16, 2002 we entered into a consulting agreement with Mark Witten, our chief research scientist and director. The consulting agreement was entered into on a month-to-month basis. Under the terms of this agreement, Dr. Witten agreed to place at our disposal his judgment and expertise in the area of acute lung injury. In consideration for these services, we agreed to pay Dr. Witten a non-refundable fee of \$5,000 per month. This contract was terminated effective February 1, 2006.

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### Compensation of Directors

Standard Arrangements. Directors currently receive no cash compensation from IR BioSciences Holdings, Inc. for their services as members of the Board or for attendance at committee meetings. Members of the Board are reimbursed for some expenses in connection with attendance at Board and committee meetings.

### Other Arrangements.

Subject to approval by our Board of Directors, we may from time to time issue options and/or warrants to executives and directors for fulfilling certain performance goals.

## LONG TERM INCENTIVES

### Stock Options and Restricted Stock

Executive officers, together with our other employees, are eligible to receive grants of awards under our 2003 Stock Option, Deferred Stock and Restricted Stock Plan. These awards may be in the form of stock options and/or restricted stock grants. The number of shares underlying options or shares, together with all other terms of the options and shares, are established by the Board of Directors.

### Stock Incentive Plans

#### 2003 Stock Option, Deferred Stock and Restricted Stock Plan

Nature of the Plan. We adopted our 2003 Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") which authorizes the Board of Directors in accordance with the terms of the Plan, among other things, to grant incentive stock options as defined by Section 422(b) in the Internal Revenue Code, nonstatutory stock options and awards of restricted stock and deferred stock and to sell shares of our Common Stock pursuant to the exercise of such stock options. On June 28, 2006, our Stockholders voted to approve an amendment to our 2003 Stock Option, Deferred Stock and Restricted Stock Plan to increase the number of shares of our Common Stock reserved and available for issuance under the plan from 3,600,000 to 20,000,000. Grants of Awards representing 19,924,972 shares of our Common Stock have been made under the Plan with exercise prices ranging from \$0.066 to \$0.44. As of April 25, 2008 we had a balance of 75,028 shares of our Common Stock reserved and available for issuance under the Plan.

Purpose. The primary purpose of the Plan is to attract and retain the best available personnel in order to promote the success of our business and to facilitate the ownership of our stock by employees and others who provide services to us.

Administration. The Plan is administered by our Board of Directors, as the Board of Directors may be composed from time to time. Notwithstanding the foregoing, the Board of Directors may at any time, or from time to time, appoint a committee of at least two members of the Board of Directors, and delegate to the committee the authority of the Board of Directors to administer the Plan. Upon such appointment and delegation, the committee shall have all the powers, privileges and duties of the Board of Directors, and shall be substituted for the Board of Directors, in the administration of the Plan, subject to certain limitations.

Eligibility. Under the Plan, options to purchase shares and the award of shares of Common Stock may be granted to employees, officers, directors or consultants of the Company.

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Terms of Options. The term of each option granted under the Plan shall be contained in a stock option agreement between the optionee and the Company and such terms shall be determined by the Board of Directors consistent with the provisions of the Plan, including the following:

(a) Purchase Price. The purchase price of the Common Stock subject to each incentive stock option shall not be less than the fair market value of our Common Stock at the time of the grant (as set forth in the Plan), or in the case of the grant of an incentive stock option to a principal stockholder, not less than 110% of fair market value of our Common Stock at the time such option is granted. The purchase price of the Common Stock subject to each Non-Qualified stock option shall be determined at the time such option is granted, but in no case less than 85% of the fair market value of such Common Stock at the time such option is granted;

(b) Vesting. The dates on which each option (or portion thereof) shall be exercisable and the conditions precedent to such exercise, if any, shall be fixed by the Board of Directors, in its discretion, at the time such option is granted. The Board of Directors may, in its discretion, declare that the restrictions applicable to any Restricted Stock or Deferred Stock awards under the Plan shall be deemed fully or partially vested upon a change of control transaction as described in the Plan;

(c) Expiration. The expiration of each option shall be fixed by the Board of Directors, in its discretion, at the time such option is granted; however, unless otherwise determined by the Board of Directors at the time such option is granted, an option shall be exercisable for up to ten years after the date on which it was granted, or five years for grants to a 10% shareholder;

(d) Transferability. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution. Incentive Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee;

(e) Option Adjustments. In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, reverse stock split or other change in corporate structure affecting our Common Stock, an appropriate substitution or adjustment shall be made in (i) the aggregate number of shares reserved for issuance under the Plan, and (ii) the kind, number and option price of shares subject to outstanding Awards granted under the Plan as may be determined by the Administrator, in its sole discretion, provided that the number of shares subject to any Award shall always be a whole number;

(f) Termination, Modification And Amendment. The Plan (but not options previously granted under the Plan) shall terminate ten years from the date of its adoption by the Board of Directors, and no option or shares shall be granted after termination of the Plan. Subject to certain restrictions, the Plan may at any time be terminated and from time to time be modified or amended by the affirmative vote of the holders of a majority of the outstanding shares of the capital stock of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the State of Delaware.

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## Equity Compensation Plan Information

The following table summarizes information regarding shares issuable as of March 31, 2008, under our equity compensation plans, including the number of shares of common stock subject to options, restricted stock units, deferred shares and other rights granted to employees, consultants and members of our Board of Directors; the weighted-average exercise price of outstanding options; and the number of shares remaining available for future award grants under these plans. Additional information regarding our equity compensation plans can be found in footnote 7 of our consolidated financial statements included in our Annual Report on Form 10-K for fiscal year ended December 31, 2007.

Equity compensation plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Plans approved by security holders (1)	16,348,465	\$ 0.193	75,028
Plans not approved by security holders	63,212	\$ 24.84	-
Total	16,411,677	\$ 0.288	75,028

(a) Amounts represent outstanding options, restricted stock units and deferred (“phantom”) shares as of March 31, 2008.

(b) Not included in the calculation of weighted average exercise price are 3,576,507 restricted stock units.

(c) Amounts represent shares remaining available for future awards under our 2003 Stock Option, Deferred Stock and Restricted Stock Plan.

(1) Consists of awards granted under the 2003 Stock Option, Deferred Stock and Restricted Stock Plan.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information relating to the ownership of Common Stock by (i) each person known by us to be the beneficial owner of more than five percent of the outstanding shares of our Common Stock, (ii) each of our directors, (iii) each of our named executive officers, and (iv) all of our executive officers and directors as a group. Unless otherwise indicated, the information relates to these persons, beneficial ownership as of April 25, 2008. Except as may be indicated in the footnotes to the table and subject to applicable community property laws, each person has the sole voting and investment power with respect to the shares owned.

Name of Beneficial Owner (1)	Common Stock Beneficially Owned(2)		Percentage of Common Stock (3)
Michael K. Wilhelm	12,134,671	(4)	9.6%
John N. Fermanis	1,580,000	(5)	1.3%
Hal N. Siegel, Ph.D.	1,956,000	(6)	1.7%
Lance K. Gordon, Ph.D.	1,000,000	(7)	*%
Robert J. Hariri, M.D., Ph.D.	3,210,545	(8)	2.7%
Theodore E. Staahl, M.D.	3,796,261	(9)	3.3%
Jerome B. Zeldis, M.D., Ph.D.	250,000	(10)	*
Mark Witten, Ph.D. 1501 N. Campbell Avenue Room 3352 Tucson, AZ 85724	6,660,778	(11)	5.7%
All executive officers and directors as a group (6 persons)	23,677,477	(12)	17.8%

\* Less than 1 percent.

(1) Except as otherwise indicated, the address of each beneficial owner is c/o IR BioSciences Holdings, Inc., 8767 E. Via De Ventura, Suite 190, Scottsdale, Arizona 85258.

(2) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In general, a person who has voting power or investment power with respect to securities is treated as beneficial owner of those securities. Common shares subject to options and warrants currently exercisable or exercisable within 60 days of April 25, 2008 count as outstanding for computing the percentage beneficially owned by the person holding these options or warrants.

(3) Percentages are based on 116,017,539 shares of Common Stock outstanding as of April 25, 2008.

(4) Includes 1,870,141 shares of common stock underlying warrants



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Number of Warrants	Exercise Price (\$)	Expiration Date
448,980	0.125	3/18/09
250,000	0.250	4/13/09
250,000	0.250	4/13/09
75,000	0.250	5/17/09
5,000	2.000	7/22/09
80,000	0.050	7/22/09
1,550	2.000	8/18/09
20,800	0.090	8/18/09
358,000	0.500	10/29/09
80,811	0.300	5/20/10
300,000	0.250	7/14/11
1,870,141		

and 8,150,000 shares of common stock underlying options

Number of Options	Strike Price (\$)	Expiration Date
150,000	0.440	5/19/10
103,030	0.330	8/9/10
1,896,970	0.231	7/13/11
454,545	0.220	9/12/11
3,045,455	0.220	9/12/11
2,000,000	0.166	7/31/17
500,000	0.195	7/31/17
8,150,000		

that are currently exercisable or exercisable within 60 days of April 25, 2008.

Includes 461,602 shares of common stock and 61,000 common stock purchase warrants held by immediate family members that are currently exercisable or exercisable within 60 days of April 25, 2008.

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Number of Warrants	Exercise Price (\$)	Expiration Date
20,000	0.25	7/30/09
20,000	0.125	12/31/08
20,000	0.125	12/31/08
1,000	1.00	12/31/08
61,000		

(5) Includes 80,000 shares of common stock underlying warrants

Number of Warrants	Exercise Price (\$)	Expiration Date
5,000	0.25	5/6/09
12,500	0.308	5/6/10
62,500	0.158	7/14/11
80,000		

and 1,400,000 shares of common stock underlying options

Number of Options	Strike Price (\$)	Expiration Date
900,000	0.166	7/31/17
500,000	0.195	7/31/17
1,400,000		

that are currently exercisable or exercisable within 60 days of April 25, 2008.

(6) Includes 46,000 shares of common stock underlying warrants

Number of Warrants	Exercise Price (\$)	Expiration Date
5,000	0.25	5/6/09
9,000	0.125	6/30/08
9,000	0.125	9/30/08
9,000	0.125	12/31/08
9,000	0.125	3/31/09
2,500	1.00	6/30/09
2,500	1.00	9/30/09
46,000		

and 1,800,000 shares of common stock underlying options

Number of Options	Strike Price (\$)	Expiration Date
200,000	0.20	10/22/11
1,100,000	0.166	7/31/17
500,000	0.195	7/31/17
1,800,000		

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that are currently exercisable or exercisable within 60 days of April 25, 2008.

(7) Includes 1,000,000 shares of common stock underlying options

Number of Options	Strike Price (\$)	Expiration Date
1,000,000	0.166	7/31/17

that are currently exercisable or exercisable within 60 days of April 25, 2008.

(8) Includes 2,000,000 shares of common stock underlying options

Number of Options	Strike Price (\$)	Expiration Date
1,000,000	0.166	7/31/17
1,000,000	0.166	7/31/17
2,000,000		

that are currently exercisable or exercisable within 60 days of April 25, 2008.

Includes 625,000 shares of common stock and 312,500 common stock purchase warrants

Number of Warrants	Exercise Price (\$)	Expiration Date
312,000	0.50	12/6/11

held by The Hariri Family Limited Partnership, a partnership that our director is the administrative manager thereof that are currently exercisable or exercisable within 60 days of April 25, 2008.

(9) Includes 160,000 shares of common stock underlying warrants

Number of Warrants	Exercise Price (\$)	Expiration Date
80,000	0.038	7/1/08
80,000	0.05	7/27/09
160,000		

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and 250,000 shares of common stock underlying options

Number of Options	Strike Price (\$)	Expiration Date
250,000	0.166	7/31/17

that are currently exercisable or exercisable within 60 days of April 25, 2008.

Includes 35,000 common stock purchase warrants issued by third that are currently exercisable or exercisable within 60 days of April 25, 2008.

(10) Includes 250,000 shares of common stock underlying options

Number of Options	Strike Price (\$)	Expiration Date
250,000	0.0663	3/28/18

that are currently exercisable or exercisable within 60 days of April 25, 2008.

(11) Includes 712,000 shares of common stock underlying warrants

Number of Warrants	Exercise Price (\$)	Expiration Date
50,000	0.25	4/13/09
250,000	0.25	4/13/09
362,000	0.50	10/29/09
50,000	0.125	5/6/10
712,000		

that are currently exercisable or exercisable within 60 days of April 25, 2008.

(12) Includes: (i) 2,156,141 shares of common stock underlying warrants; (ii) 14,600,000 shares of common stock underlying stock options; (iii) 461,602 shares of common stock and 61,000 common stock purchase warrants held by immediate family members; and, (iv) 625,000 shares of common stock and 312,500 common stock purchase warrants held by a partnership that a director is the administrative manager that are currently exercisable or exercisable within 60 days of April 25, 2008.

The information as to shares beneficially owned has been individually furnished by our respective directors, named executive officers and other Stockholders, or taken from documents filed with the SEC.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

None of the Company's executive officers or directors have any interest in any of the matters to be acted upon at the Annual Meeting, except, that, with respect to each director, to the extent that a director is named as a nominee for election to the Board of Directors, and in that their ownership in the Company may be diluted by the issuance of additional shares if the authorized capital is increased and/or the one-for ten reverse stock split occurs.

Review, Approval Or Ratification Of Transactions With Related Persons

The Company's policies and procedures for reviewing, approving, and ratifying transactions with related persons are overseen by the Board of Directors.

Transactions With Related Persons

Based on information provided by the directors and the executive officers, the Board determined that there were no related person transactions to be reported in this proxy statement.

STOCK PERFORMANCE GRAPH(1)

The following graph compares the cumulative stockholder return through December 31, 2007 on the Company's common stock with the cumulative total return of a broad market index, the NASDAQ Composite Index, and an industry index, the NASDAQ Biotechnology Index. The graph assumes that \$100 was invested on December 31, 2002 and assumes reinvestment of the full amount of all dividends and are calculated as of as of December 31 of each year. The comparisons in this table are required by the applicable SEC regulations and are not intended to forecast or be indicative of possible future performance of IR BioSciences Holdings, Inc.'s common stock. The information presented in the graph was obtained by the Company from outside sources it considers to be reliable but has not been independently verified by the Company.

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

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PROPOSAL 2

APPROVAL OF AN AMENDMENT TO OUR CERTIFICATE OF INCORPORATION TO  
INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK.

Description of Proposed Amendment

On April 19, 2008, the Board of Directors unanimously approved an amendment to the Company's Certificate of Incorporation, as amended, subject to stockholder approval, to increase the number of authorized shares of Common Stock from 250,000,000 to 450,000,000 to be effected upon the filing with the Secretary of State of the State of Delaware the appropriate amendment to our Certificate of Incorporation, as amended (the "Increased Common Stock Amendment"). The full text of the proposed Increased Common Stock Amendment is set out in Appendix A to this Proxy Statement. The text of the proposed Increased Common Stock Amendment is subject to modification to include such changes as may be required by the office of the Secretary of State of Delaware or as our Board of Directors deems necessary and advisable to effect the increase in the number of authorized shares of Common Stock. The Increased Common Stock Amendment does not include a change in the number of authorized shares of Preferred Stock.

The stockholders are being asked to approve the Amendment.

Required Vote

The affirmative vote of a majority of the issued and outstanding shares of Common Stock entitled to vote at the Annual Meeting of Stockholders is required to approve the foregoing proposal. As a result, abstentions and broker non-votes will have the same effect as negative votes. In the absence of instructions to the contrary, proxies covering the common stock will be voted for the amendment.

The Board of Directors recommends a vote FOR the proposal to approve the amendment to the Company's Certificate of Incorporation, as amended,  
to increase the number of authorized shares of Common Stock from 250,000,000 to 450,000,000.

If the Stockholders approve this proposal, the Board of Directors will have the authority without any further action on the part of the Stockholders and will file the Increased Common Stock Amendment with the Delaware Secretary of State at any time after the approval of the Increased Common Stock Amendment. The filing with the Delaware Secretary of State will be made prior to any filing of the Reverse Split Amendment as discussed in Proposal No. 4 below. If the proposal is not approved by the stockholders, the Increased Common Amendment will not be filed and the proposal will not be implemented.

Reasons for the Increased Common Stock Amendment

We currently have 250,000,000 shares of Common Stock authorized for issuance. We effected a two-for-one forward split of our Common Stock in April 2004. In connection with the increase in the number of authorized shares of Common Stock, the Board has determined that it is in the best interests of the Company and its stockholders to increase the number of authorized shares of Common Stock from 250,000,000 to 450,000,000. The increase would become effective upon filing the proposed Increased Common Stock Amendment with the Secretary of State of the State of Delaware or such later date as may be set forth in the Certificate of Amendment.

The Board determined to increase the number of authorized shares of Common Stock because it believes that the current number is insufficient for existing and future corporate purposes, and the increase is needed to provide flexibility for issuances of Common Stock to raise additional capital, for strategic business opportunities that may be presented from time to time and to allow additional shares of Common Stock to be reserved and available for issuance under our 2003 Stock Option, Deferred Stock and Restricted Stock Plan. The Company has no plans, agreements, arrangements or understandings to issue any additional shares of common stock at this time.

#### Shares of Common Stock Issued and Outstanding

The Company is currently authorized to issue a maximum of 250,000,000 shares of Common Stock. As of the Record Date of April 28, 2008, there were approximately 116,017,539 shares of Common Stock issued and outstanding. As of that date, an additional 58,739,637 shares of Common Stock were issuable upon exercise of outstanding stock options and warrants, an additional 75,028 shares were reserved under our stock option plans for future grants of options, 50,695,000 shares are reserved per outstanding contracts and convertible debt obligations. The Increased Common Stock Amendment will not change the number of outstanding shares of Common Stock but will provide the Board with the ability to issue additional shares of Common Stock as it determines to be for proper corporate purposes and in the best interests of the Company.

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The holders of our Common Stock are entitled to one vote per share on all matters submitted to a vote of our stockholders. In addition, such holders are entitled to receive ratably such dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available therefore. No dividends may be paid on the Common Stock until all accrued but unpaid dividends on the shares of our preferred stock have been paid. In the event of the dissolution, liquidation or winding up of our company, the holders of Common Stock are entitled to share ratably in all assets remaining after payment of all liabilities of our company and the preference amount distributable to the holders of the shares of preferred stock. The holders of Common Stock do not have any subscription, redemption or conversion rights, nor do they have any preemptive or other rights to acquire or subscribe for additional, unissued or treasury shares.

With the exception of the number of authorized shares of Common Stock, the rights and preferences of the shares of Common Stock prior and subsequent to the increased authorized Common Stock will remain the same. After the effectiveness of the Increased Authorized Common Stock Amendment, it is not anticipated that the financial condition of the Company, the percentage ownership of management, the number of the Company's stockholders, or any aspect of the Company's business would materially change solely as a result of the increased number of authorized shares of Common Stock.

The Common Stock is currently registered under Section 12(g) of the Exchange Act, and as a result, the Company is subject to the periodic reporting and other requirements of the Exchange Act. The increased authorized Common Stock will not affect the registration of the Common Stock under the Exchange Act. If the proposed Increased Common Stock Amendment is implemented, our Common Stock will continue to be reported on the OTC Bulletin Board under the symbol "IRBO."

### Effects of the Increased Common Stock Amendment

As a result of the increased number of authorized shares of Common Stock, there will be an increase in the total number of authorized shares of Common Stock that the Company may issue including the number of shares of Common Stock unissued and available for future issuance. This will increase the number of shares of available Common Stock for issuance to raise capital for any proper corporate purpose approved by the Board of Directors, including future financing transactions. The issuance in the future of such additional authorized shares may have the effect of diluting the earnings per share and book value per share, as well as the stock ownership and voting rights, of the currently outstanding shares of our common stock. The effective increase in the number of authorized but unissued shares of our Common Stock may be construed as having an anti-takeover effect by permitting the issuance of shares to purchasers who might oppose a hostile takeover bid or oppose any efforts to amend or repeal certain provisions of the our Certificate of Incorporation or our Bylaws. The increased authorized Common Stock is not being proposed in response to any effort of which management of the Company is aware to accumulate shares of Common Stock or obtain control of the Company, nor is it part of a similar plan by management.

Holders of the Common Stock have no preemptive or other subscription rights.

In addition, the increased number of authorized shares of Common Stock will allow additional shares of Common Stock to be reserved and available for issuance under our Plan if Proposal No. 3 is approved by the stockholders for an amendment to our Plan to increase the number of shares of our Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000.

### Appraisal Rights

No appraisal rights are available under Delaware law or under the Company's Certificate of Incorporation, as amended, or By-Laws to any stockholder who dissents from the proposal to approve the Increased Common Stock



Amendment. There may exist other rights or actions under state law for stockholders who are aggrieved by an increase in authorized shares generally. Although the nature and extent of such rights or actions are uncertain and may vary depending upon the facts or circumstances, stockholder challenges to corporate action in general are related to the fiduciary responsibilities of corporate officers and directors and to the fairness of corporate transactions.

Effect on Legal Ability to Pay Dividends

The Increased Common Stock Amendment will have no material impact on the legal ability of the Company to pay dividends.

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PROPOSAL NO. 3

APPROVAL OF AN AMENDMENT TO OUR 2003 STOCK OPTION, DEFERRED STOCK AND RESTRICTED STOCK PLAN (THE "PLAN") TO INCREASE THE NUMBER OF SHARES OF OUR COMMON STOCK RESERVED AND AVAILABLE FOR ISSUANCE UNDER THE PLAN

Note: Proposal No. 3 is conditioned upon and may become effective only in the event that the Increased Common Stock Amendment as set forth in Proposal No. 2 is approved by the Company's stockholders. Your vote on Proposal No. 3 is subject to stockholder approval of Proposal No. 2 and your vote will have no effect unless Proposal No. 2 is approved by the stockholders. In the event Proposal No. 2 is not approved by the stockholders, then Proposal No. 3 cannot be made effective.

Description of Proposed Amendment

On April 19, 2008, the Board of Directors, conditioned upon and subject to approval by the stockholders of the Increased Common Stock Amendment as set forth in Proposal No. 2, unanimously approved an amendment to our 2003 Stock Option, Deferred Stock and Restricted Stock Plan, subject to stockholder approval, to increase the number of shares of Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000 be effected upon approval by the stockholders (the "Plan Amendment"). The full text of the proposed Plan Amendment is set out in Appendix B to this Proxy Statement. The text of the proposed Amendment is subject to modification to include such changes as our Board of Directors deems necessary and advisable to effect the increase in the number of shares of Common Stock reserved and available for issuance under the Plan.

The stockholders are being asked to approve the Plan Amendment.

Vote Required and Recommendation

The approval of the Plan Amendment to increase the number of shares of our Common Stock reserved and available for issuance under the Plan will be made upon the affirmative vote of the majority of shares voting on the proposal. Abstentions and brokers non-votes will have no effect on the outcome. The Plan Amendment is conditioned upon and subject to approval by the stockholders of the Increased Common Stock Amendment as set forth in Proposal No. 2. In the event that Proposal No. 2 is not approved by the stockholders, then all votes by the stockholders in favor of Proposal No. 3 will not approve the Plan Amendment, and the Plan Amendment will not become effective.

The Board of Directors recommends a vote FOR the proposal to approve the amendment to the Company's Plan to increase the number of shares of Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000.

If the proposal is not approved by the stockholders, the Plan Amendment will not be effective and the proposal will not be implemented.

Reasons for the Plan Amendment

The purpose of the Plan is to enable us to obtain and retain competent personnel who will contribute to the Company's success by their ability, ingenuity and industry, and to provide incentives to such personnel and members that are linked directly to increases in stockholder value, and will therefore, inure to the benefit of all stockholders of the Company. Eligible recipients of awards under the Plan include employees, directors, consultants and advisors of the Company. Currently, awards consisting of deferred stock, restricted stock and options to purchase shares of Common Stock and issued under the Plan total 19,924,972 shares of Common Stock and there are only 75,028 shares of

Common Stock reserved and available for issuance under the Plan.

The Board determined to increase the number of shares of Common Stock reserved and available for issuance under the Plan because it believes that the current number is insufficient for the purposes of the Plan as stated above. The market for quality personnel is competitive, and the ability to obtain and retain competent personnel is of great importance to our business operations

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### Effects of the Plan Amendment

As a result of the Plan Amendment, there will be an increase in the total number of shares of Common Stock reserved for issuance under the Plan. This provides us with the ability to grant more awards than are currently available under the Plan to eligible recipients including employees, directors, consultants and advisors. The issuance in the future of awards under the Plan consisting of deferred stock, restricted stock and options to purchase shares of Common Stock may have the effect of diluting the earnings per share and book value per share, as well as the stock ownership and voting rights, of the currently outstanding shares of our Common Stock. The effective increase in the number of authorized but unissued shares of our Common Stock which may be issued as awards under the Plan may be construed as having an anti-takeover effect by permitting the issuance of shares to purchasers who might oppose a hostile takeover bid or oppose any efforts to amend or repeal certain provisions of the our Certificate of Incorporation or our Bylaws. The increased number of shares of Common Stock reserved and available under the Plan is not being proposed in response to any effort of which management of the Company is aware to accumulate shares of Common Stock or obtain control of the Company, nor is it part of a similar plan by management.

Holders of the Common Stock have no preemptive or other subscription rights.

In addition, with an increase in the number of shares of Common Stock reserved and available for issuance under the Plan, our Board will be able to approve the grant to one of our directors, Jerome B. Zeldis, of a nonstatutory option to purchase 750,000 shares of Common Stock pursuant to provisions of Dr. Zeldis' directorship agreement entered into with the Company on November 1, 2007. The exercise price of such options will be equal to 85% of the fair market value of the Common Stock on the day of the grant with a term of ten years. If the nonstatutory option to Dr. Zeldis was granted today, the theoretical value of the option would be \$48,066.

### Appraisal Rights

No appraisal rights are available under Delaware law or under the Company's Certificate of Incorporation, as amended, or By-Laws to any stockholder who dissents from the proposal to approve the Plan Amendment. There may exist other rights or actions under state law for stockholders who are aggrieved by an increase in authorized shares generally. Although the nature and extent of such rights or actions are uncertain and may vary depending upon the facts or circumstances, stockholder challenges to corporate action in general are related to the fiduciary responsibilities of corporate officers and directors and to the fairness of corporate transactions.

### Effect on Legal Ability to Pay Dividends

The Plan Amendment will have no material impact on the legal ability of the Company to pay dividends.

### Effect of Proposal No. 4

In the event that the Reverse Split Amendment under Proposal No. 4 is approved, proportionate adjustments will be made to the per-share exercise price and the number of shares issuable upon the exercise of all outstanding options, restricted stock awards and restricted stock units entitling the holders to purchase shares of Common Stock as set forth under provisions of the Plan, which will result in approximately the same aggregate price being required to be paid for such options and restricted stock units upon exercise immediately preceding the reverse stock split.

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PROPOSAL NO. 4

APPROVAL TO AMEND THE CERTIFICATE OF INCORPORATION, AS AMENDED, TO PROVIDE FOR A RECAPITALIZATION IN WHICH THE ISSUED AND OUTSTANDING SHARES OF OUR COMMON STOCK ARE TO BE REVERSE SPLIT AT A RATIO OF ONE-FOR-TEN AT ANY TIME PRIOR TO MARCH 31, 2009, IF AT ALL, WITH THE TIMING THEREOF TO BE DETERMINED BY THE BOARD OF DIRECTORS IN ITS SOLE DISCRETION AND TO DECREASE THE NUMBER OF AUTHORIZED SHARES OF OUR COMMON STOCK TO 100,000,000.

Note: Proposal No. 4 is not conditioned upon and may become effective independent of the Increased Common Stock Amendment as set forth in Proposal No. 2. However, in the event that Proposal No. 2 is approved by the stockholders, the Increased Common Stock Amendment will be filed with the Delaware Secretary of State prior to the filing, if at all, of the Reverse Split Amendment.

General

The Board of Directors has approved and is hereby soliciting Stockholder approval of an amendment to the Company's Certificate of Incorporation, as amended (the "Reverse Split Amendment"), to provide for a recapitalization in which the issued and outstanding shares of our Common Stock are to be reverse split at a ratio of one-for-ten prior to March 31, 2009, if at all, with the timing thereof to be determined by our Board of Directors in its sole discretion and to decrease the number of our authorized shares of Common Stock to 100,000,000. The full text of the proposed Reverse Split Amendment is set out in Appendix C to this Proxy Statement. A vote FOR Proposal No. 4 will constitute approval of the Reverse Split Amendment providing for the conversion of each ten (10) shares of Common Stock into one (1) share of Common Stock and will grant the Board of Directors the authority to select the timing (no later than March 31, 2009) of when the Reverse Split Amendment is to become effective, if at all. This means that the number of shares of our Common Stock that you hold after the reverse split will be one-tenth (1/10) of the number of shares held prior to the reverse split. If the Stockholders approve this proposal, the Board of Directors will have the authority, but not the obligation, in its sole discretion, and without further action on the part of the Stockholders, to effect the approved reverse stock split by filing the Reverse Split Amendment with the Delaware Secretary of State at any time after the approval of the Reverse Split Amendment and prior to March 31, 2009. Following approval of the Reverse Split Amendment, the Board of Directors will have the authority to decide, in its sole discretion, whether or not to file the Reverse Split Amendment with the Delaware Secretary of State and make it effective. If the Amendment has not been filed with the Delaware Secretary of State by the close of business on March 31, 2009, the Board of Directors will abandon the Reverse Split Amendment constituting the reverse stock split and the decrease in the number of authorized shares of our Common Stock. The Board of Directors may determine, in its sole discretion, not to file the Reverse Split Amendment and to abandon the reverse stock split without further action by our Stockholders.

Upon approval of the Reverse Split Amendment under Proposal No. 4, the number of authorized shares of the Company's Common Stock will be reduced from 250,000,000 to 100,000,000, if Proposal No. 2 is not approved by the stockholders, and from 450,000,000 to 100,000,000 if Proposal No. 2 is approved by the stockholders and the Increased Common Stock Amendment is filed with the Delaware Secretary of State, but would not change the par value of a share of the Company's Common Stock. Except for any changes as a result of the treatment of fractional shares, each Stockholder will hold the same percentage of Common Stock outstanding immediately after the reverse stock split as such Stockholder held immediately prior to the reverse stock split. The Reverse Split Amendment does not include a change in the number of authorized shares of Preferred Stock.

Background

The Board of Directors believes that the reverse stock split is in the best interests of the Company by reducing the number of shares of Common Stock available on the public market, and thereby proportionately increasing the per share price of the Company's Common Stock. Theoretically, decreasing the number of shares of Common Stock outstanding should not, by itself, affect the marketability of the shares, the type of investor who would be interested in acquiring them, or our reputation in the financial community. In practice, many investors and market makers consider low-priced stocks as unduly speculative in nature and, as a matter of policy, avoid investment and trading in such stocks. The presence of these negative perceptions may be adversely affecting, and may continue to adversely affect, not only the pricing of our Common Stock, but also its trading liquidity. In addition, these perceptions may affect our ability to raise additional capital through the sale of stock or the cost of debt we may incur. Upon approval of and filing of the Reverse Split Amendment with the Delaware Secretary of State, we will have 11,601,754 shares of our Common Stock outstanding as of the date of this proxy statement. With the decrease in the number of authorized shares of our Common Stock to 100,000,000, the reverse split will also make available a substantial number of additional authorized, but unissued shares of Common Stock which we believe will provide increased flexibility in structuring possible future financing, in taking advantage of future business opportunities such as acquisitions, and in meeting corporate needs as they arise, all without the delay and expense of calling a meeting of our Stockholders to authorize an increase in authorized capital. The Company's Common Stock may then be more appealing to institutional investors and institutional funds.

We hope that the decrease in the number of shares outstanding of our Common Stock resulting from the reverse split, and the anticipated increase in the price per share, will encourage greater interest in our Common Stock among members of the financial community. However, the possibility exists that Stockholder liquidity may be adversely affected by the reduced number of shares which would be outstanding if the reverse split is effected, particularly if the price per share of the Common Stock begins a declining trend after the reverse split is effected. Such a decrease in the price per share of the Common Stock will reduce the value of your holdings in the Company as you will have fewer shares as a result of the reverse split.

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The Board of Directors believes that the share price of our Common Stock is a factor in whether our Common Stock meets investing guidelines for certain institutional investors and investment funds. Also, the Board of Directors believes that our Stockholders will benefit from relatively lower trading costs for a higher priced stock. The combination of lower transaction costs and increased interest from institutional investors and investment funds may ultimately improve the trading liquidity of our Common Stock.

We are not aware of any present efforts by anyone to accumulate the Common Stock, and the proposed reverse split is not intended to be an anti-takeover device. The Board of Directors did not seek authority to implement a reverse stock split in anticipation of any future transaction or series of transactions, including any "going private" transaction.

Currently, our Common Stock is listed on the FINRA OTC Bulletin Board under the symbol "IRBO". The OTC Bulletin Board has several continued listing criteria that companies must satisfy in order to remain listed on the exchange. Currently, the Company meets all of the OTC Bulletin Board's continued listing criteria. The OTC Bulletin Board is viewed by most investors as a less desirable and less liquid marketplace. A reverse stock split may give the Company the opportunity to attempt a listing on a higher quality exchange, but there can be no assurance that the reverse split will help the Company achieve this desired result.

If the Stockholders approve Proposal No. 4, the reverse stock split will be effected, if at all, only upon a determination by the Board that the reverse stock split is in the Company's and the Stockholders' best interests at that time. In connection with any determination to effect the reverse stock split, the Board, with the advice of its experts, will set the time for such a reverse split up to March 31, 2009. If the Board of Directors does not implement the reverse stock split prior to March 31, 2009 the authority granted to the Board of Directors to implement the reverse stock split on these terms will terminate. This determination will be made by the Board with the intention to create the greatest marketability for the Company's Common Stock based upon prevailing market conditions at that time.

There can be no assurance that the reverse split will achieve any of the desired results. There also can be no assurance that the price per share of the Common Stock immediately after the reverse split will increase proportionately with the reverse split, or that any increase will be sustained for any period of time. A decrease in the price per share of the Common Stock will reduce the value of your holdings in the Company as you will have fewer shares as a result of the reverse split.

The Board reserves its right to elect not to proceed, and abandon, the reverse stock split if it determines, in its sole discretion, that this proposal is no longer in the best interests of the Company's stockholders.

### Purpose of the Reverse Stock Split

The purpose of the reverse stock split is to increase the per share trading price of the Company's Common Stock. The Board intends to effect the proposed reverse stock split only if it believes that a decrease in the number of shares outstanding is likely to improve the trading price for the Company's Common Stock, and only if the implementation of a reverse stock split is determined by the Board to be in the best interest of the Company and its stockholders. The Board may exercise its discretion not to implement a reverse stock split.

The Company believes that a number of institutional investors and investment funds are reluctant to invest, and in some cases may be prohibited from investing, in lower-priced stocks and that brokerage firms are reluctant to recommend lower-priced stocks to their clients. By effecting a reverse stock split, the Company believes it may be able to raise its Common Stock price to a level where the Company's Common Stock could be viewed more favorably by potential investors.

Other investors may also be dissuaded from purchasing lower-priced stocks because the brokerage commissions, as a percentage of the total transaction, tend to be higher for lower-priced stocks. A higher stock price after a reverse stock split could alleviate this concern.

The combination of lower transaction costs and increased interest from institutional investors and investment funds could have the effect of improving the trading liquidity of the Company's Common Stock.



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### Certain Risk Factors Associated with the Reverse Stock Split

- While the Board of Directors believes that a higher stock price may help generate investor interest, there can be no assurance that the reverse stock split will result in any particular price for the Company's Common Stock or result in a per-share price that will attract institutional investors or investment funds or that such share price will satisfy the investing guidelines of institutional investors or investment funds. As a result, the trading liquidity of the Company's Common Stock may not necessarily improve.
- There can be no assurance that the market price per new share of the Company's Common Stock after a reverse stock split will remain unchanged or increase in proportion to the reduction in the number of shares of the Company's Common Stock outstanding before the reverse stock split. For example, based on the closing price of the Company's Common Stock on April 25, 2008 of \$0.09 per share, if the reverse stock split was implemented and approved for a reverse stock split ratio of 1-for-10, there can be no assurance that the post-split market price of the Company's Common Stock would be \$0.90 or greater. Accordingly, the total market capitalization of the Company's Common Stock, and the value of your holdings of our Common Stock, after the reverse stock split may be lower than the total market capitalization before the reverse stock split. Moreover, in the future, the market price of the Company's Common Stock following the reverse stock split may not exceed or remain higher than the market price prior to the reverse stock split.
- If the reverse stock split is effected and the market price of the Company's Common Stock declines, the percentage decline may be greater than would occur in the absence of a reverse stock split. The value of your holdings of our Common Stock would also decline in the same manner. The market price of the Company's Common Stock will, however, also be based on performance and other factors, which are unrelated to the number of shares outstanding. Furthermore, the liquidity of the Company's Common Stock could be adversely affected by the reduced number of shares that would be outstanding after the reverse stock split.

### Impact of the Proposed Reverse Stock Split if Implemented

If approved and effected, the reverse stock split will be realized simultaneously and in the same ratio for all of the Company's Common Stock. The reverse stock split will affect all issued and outstanding shares of the Company's Common Stock and outstanding rights to acquire the Company's Common Stock uniformly. It will not affect any Stockholder's percentage ownership interest in the Company, except to the extent that the reverse stock split would result in any holder of the Company's Common Stock receiving whole shares instead of fractional shares. As described below, holders of the Company's Common Stock otherwise entitled to fractional shares as a result of the reverse stock split will receive whole shares in lieu of such fractional shares. In addition, the reverse stock split will not affect any Stockholder's proportionate voting power (subject to the treatment of fractional shares). After the reverse stock split, the number of authorized shares of Common Stock will be 100,000,000 shares and the number of unissued shares of Common Stock will be approximately 88,398,246 shares. Although the Company does not have any current plans, proposals or arrangements (written or otherwise) to issue any additional shares other than pursuant to equity plans and the potential conversion of secured convertible notes currently in existence and previously publicly announced transactions, the decrease in the number of authorized shares of our Common Stock will nevertheless make available a sufficient number of additional authorized but unissued shares of Common Stock for structuring possible future financings, in taking advantage of future business opportunities such as acquisitions and in meeting corporate needs as they arise.

The principal effects of the reverse stock split will be that:

- Each 10 shares of the Company's Common Stock owned by a Stockholder will be combined into one new share of Common Stock;

- the number of shares of Common Stock issued and outstanding will be reduced from approximately 116,017,539 shares to approximately 11,601,754 shares;
  - based upon the reverse stock split, proportionate adjustments will be made to the per-share exercise price and the number of shares issuable upon the exercise of all outstanding options, restricted stock awards and restricted stock units entitling the holders to purchase shares of Common Stock as set forth under provisions of our 2003 Stock Option, Deferred Stock and Restricted Stock Plan, which will result in approximately the same aggregate price being required to be paid for such options and restricted stock units upon exercise immediately preceding the reverse stock split;
- the number of shares reserved for issuance under the Company's 2003 Stock Option, Deferred Stock and Restricted Stock Plan will be reduced proportionately based upon the reverse stock split ratio selected by the Board of Directors; and,
- based upon the reverse stock split, proportionate adjustments will be made to the per-share exercise price and the number of shares issuable upon the exercise of all outstanding warrants to purchase shares of our Common Stock, which will result in approximately the same aggregate price being required to be paid for shares of our Common Stock upon exercise of such warrants immediately preceding the reverse stock split.

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In addition, if approved and implemented, the reverse stock split may result in some Stockholders owning “odd lots” of less than 100 shares of Common Stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in “round lots” of even multiples of 100 shares. The Board believes, however, that these potential effects are substantially outweighed by the benefits of the reverse stock split.

The Company will continue to have 10,000,000 authorized shares of Preferred Stock of which no shares are issued or outstanding. Authorized but unissued shares will be available for issuance, and we may issue such shares in the future. The exercise of stock options and warrants that have been granted or may be granted in the future will increase the number of issued and outstanding shares of our Common Stock. In addition, if we were to issue any additional shares in connection with any future financing, acquisition or other type of transaction, the ownership interest of holders of our Common Stock will be diluted.

### Effective Date

The proposed reverse stock split of the Common Stock would become effective as of 11:59 p.m., Eastern Time, (the “Effective Date”) on the date of filing the Reverse Split Amendment with the office of the Delaware Secretary of State. Except as explained below with respect to fractional shares, on the Effective Date, each ten (10) shares of the Company’s Common Stock issued and outstanding immediately prior thereto will be converted, automatically and without any action on the part of the stockholders, into one (1) share of the Company’s Common Stock.

After the Effective Date, the Company’s Common Stock will have new committee on uniform securities identification procedures (“CUSIP”) numbers, which is a number used to identify the Company’s equity securities, and stock certificates with the older CUSIP numbers will need to be exchanged for stock certificates with the new CUSIP numbers by following the procedures described below.

After the Effective Date, the Company will continue to be subject to periodic reporting and other requirements of the Securities Exchange Act of 1934, as amended. The Company’s Common Stock will continue to be reported on the FINRA OTC Bulletin Board under the symbol “IRBO”, although FINRA will add the letter “D” to the end of the trading symbol for a period of 20 trading days after the Effective Date to indicate that the reverse stock split has occurred.

### Board Discretion to Implement the Reverse Stock Split

If the reverse stock split is approved by the Company’s Stockholders, it will be effected, if at all, only upon a determination by the Board of Directors that a reverse stock split is in the best interests of the Company and the stockholders. The Board’s determination as to whether the reverse stock split will be effected will be based upon certain factors, including existing and expected marketability and liquidity of the Company’s Common Stock, prevailing market conditions and the likely effect on the market price of the Company’s Common Stock. If the Board determines to effect the reverse stock split, the Board, along with its experts, will consider various factors in selecting the ratio including the overall market conditions at the time and the recent trading history of the Common Stock. The Board of Directors is not required to implement the reverse stock split. If the Board of Directors does not implement the reverse stock split prior to March 31, 2009 the authority granted to the Board of Directors to implement the reverse stock split on these terms will terminate.

### Fractional Shares

Stockholders will not receive fractional shares of Common Stock from the conversion of the one-for-ten ratio following the reverse stock split. Instead, stockholders will receive a full share of Common Stock for any fractional share interests created by the reverse split.

#### Effect on Registered and Beneficial Holders of Common Stock

Upon the reverse stock split, the Company intends to treat shares held by stockholders in “street name,” through a bank, broker or other nominee, in the same manner as registered stockholders whose shares are registered in their names. Banks, brokers or other nominees will be instructed to effect the reverse stock split for their beneficial holders holding the Company’s Common Stock in “street name”.

#### Effect on Registered “Book-Entry” Holders of Common Stock

Certain of the Company’s registered holders of Common Stock may hold some or all of their shares electronically in book-entry form with the Company’s transfer agent. These stockholders do not have stock certificates evidencing their ownership of the Company’s Common Stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If a Stockholder holds registered shares in book-entry form with the transfer agent, no action needs to be taken to receive post-reverse stock split shares. If a stockholder is entitled to post-reverse stock split shares, a transaction statement will automatically be sent to the stockholder’s address of record indicating the number of shares of Common Stock held following the reverse stock split.

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### Effect on Certificated Shares

Stockholders holding shares of the Company's Common Stock in certificate form will be sent a transmittal letter by Stalt, Inc., our transfer agent, as soon as practicable after the Effective Date of the Reverse Split Amendment. The letter of transmittal will contain instructions on how a stockholder should surrender his or her certificate(s) representing shares of the Company's Common Stock ("Old Certificates") to the transfer agent in exchange for certificates representing the appropriate number of whole shares of Common Stock following the reverse split ("New Certificates"). No New Certificates will be issued to a stockholder until such stockholder has surrendered all Old Certificates, together with a properly completed and executed letter of transmittal, to the transfer agent. No Stockholder will be required to pay a transfer or other fee to exchange his, her or its certificates.

Stockholders will then receive a New Certificate(s) representing the number of whole shares of Common Stock to which they are entitled as a result of the reverse stock split. Until surrendered, the Company will deem outstanding Old Certificates held by stockholders to be canceled and only to represent the number of whole shares of Common Stock to which these Stockholders are entitled following the reverse stock split.

Any Old Certificates submitted for exchange, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for New Certificates.

If an Old Certificate has a restrictive legend on the back of the Old Certificate(s), the New Certificate will be issued with the same restrictive legends that are on the back of the Old Certificate(s).

**STOCKHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY STOCK CERTIFICATE(S) UNTIL REQUESTED TO DO SO.**

### Accounting Matters

The reverse stock split will not affect the par value of a share of the Company's Common Stock. As a result, as of the Effective Date of the reverse stock split, the stated capital attributable to Common Stock on the Company's balance sheet will be reduced proportionately based on the reverse stock split ratio (including a retroactive adjustment of prior periods), and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. Reported per-share net income or loss and net book value of the Company's Common Stock will be restated because there will be fewer shares of Common Stock outstanding.

### Potential Anti-Takeover Effect

The proportion of unissued authorized shares to issued shares could, under certain circumstances, have an anti-takeover effect. For example, the issuance of a large block of Common Stock could dilute the stock ownership of a person seeking to effect a change in the composition of the Board of Directors or contemplating a tender offer or other transaction for the combination of the Company with another company. However, the reverse stock split proposal is not being proposed in response to any effort of which the Company is aware to accumulate shares of Common stock or obtain control of the Company, nor is it part of a plan by management to recommend to the Board and stockholders a series of amendments to the Company's Certificate of Incorporation, as amended. Other than the proposal for the Reverse Stock Amendment and the Increased Common Stock Amendment set forth in Proposal No. 2 above, the Board of Directors does not currently contemplate recommending the adoption of any other amendments to the Company's Certificate of Incorporation, as amended, that could be construed to reduce or interfere with the ability of third parties to take over or change the control of the Company.

Reasons for the Decrease in the Number of Authorized Shares of Our Common Stock

We currently have 250,000,000 shares of Common Stock authorized for issuance. In the event that Proposal No. 2 is approved by the shareholders, the authorized number of shares of our Common Stock will be increased to 450,000,000. In the event that Proposal No. 4 is approved by the shareholders effecting a one-for-ten reverse stock split the number of outstanding shares of our Common Stock will be 11,601,754. As such, we do not believe that it is in the best interests of the Company to maintain the authorized number of shares of our Common Stock at 250,000,000 or 450,000,000 and therefore the Reverse Split Amendment includes a decrease in the number of authorized shares of our Common Stock to 100,000,000. This decrease would become effective upon filing the proposed Reverse Split Amendment with the Secretary of State of the State of Delaware.

The Board has determined that with approval of the reverse split of our Common Stock a decrease in the number of authorized shares of our Common Stock will be sufficient for existing and future corporate purposes, and allow flexibility for issuances of Common Stock to raise additional capital, for strategic business opportunities that may be presented from time to time and to allow additional shares of Common Stock to be reserved and available for issuance under our 2003 Stock Option, Deferred Stock and Restricted Stock Plan. The decrease in the number of authorized shares of our Common Stock from filing of the Reverse Split Amendment, if approved by the stockholders, will not change the number of outstanding shares of Common Stock but will provide the Board with the ability to issue sufficient additional shares of Common Stock as it determines to be for proper corporate purposes and in the best interests of the Company.

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With the exception of the number of authorized shares of Common Stock, the rights and preferences of the shares of Common Stock prior and subsequent to the decrease in the number of authorized shares of Common Stock will remain the same. After the effectiveness of the Reverse Split Amendment, it is not anticipated that the financial condition of the Company, the percentage ownership of management, the number of the Company's stockholders, or any aspect of the Company's business would materially change solely as a result of the decreased number of authorized shares of Common Stock.

The Common Stock is currently registered under Section 12(g) of the Exchange Act, and as a result, the Company is subject to the periodic reporting and other requirements of the Exchange Act. The decreased number of authorized shares of our Common Stock will not affect the registration of the Common Stock under the Exchange Act. If the proposed Reverse Split Amendment is implemented, our Common Stock will continue to be reported on the OTC Bulletin Board under the symbol "IRBO."

### Effects of the Decrease in the Number of Authorized Shares of Common Stock

As a result of the decreased number of authorized shares of Common Stock, there will be a decrease in the total number of authorized shares of Common Stock that the Company may issue including the number of shares of Common Stock unissued and available for future issuance. This will decrease the number of shares of available Common Stock for issuance to raise capital for any proper corporate purpose approved by the Board of Directors, including future financing transactions as compared to what would be available upon approval of Proposal No. 2 for the Increased Common Stock Amendment. Currently, we have 24,472,796 shares of Common Stock available for issuance prior to approval of Proposal No. 2 or Proposal No. 4. Because of the reverse split which will be effected upon approval of the Reverse Split Amendment under Proposal No. 4, there will be additional authorized shares of Common Stock available for issuance compared to what is currently available even with the decrease in the number of authorized shares of which may have the effect of diluting the earnings per share and book value per share, as well as the stock ownership and voting rights, of the currently outstanding shares of our Common Stock. The effective of this may be construed as having an anti-takeover effect by permitting the issuance of shares to purchasers who might oppose a hostile takeover bid or oppose any efforts to amend or repeal certain provisions of our Certificate of Incorporation or our Bylaws. The increased authorized Common Stock is not being proposed in response to any effort of which management of the Company is aware to accumulate shares of Common Stock or obtain control of the Company, nor is it part of a similar plan by management.

Holders of the Common Stock have no preemptive or other subscription rights.

### Shares of Common Stock Issued and Outstanding

The Company is currently authorized to issue a maximum of 250,000,000 shares of Common Stock. As of the Record Date of April 28, 2008, there were approximately 116,017,539 shares of Common Stock issued and outstanding. As of that date, an additional 58,739,637 shares of Common Stock were issuable upon exercise of outstanding stock options and warrants, an additional 75,028 shares were reserved under our stock option plans for future grants of options, 50,695,000 shares are reserved per outstanding contracts and convertible debt obligations. The Increased Common Stock Amendment will not change the number of outstanding shares of Common Stock but will provide the Board with the ability to issue additional shares of Common Stock as it determines to be for proper corporate purposes and in the best interests of the Company.

The holders of our Common Stock are entitled to one vote per share on all matters submitted to a vote of our stockholders. In addition, such holders are entitled to receive ratably such dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available therefore. No dividends may be paid on the Common Stock until all accrued but unpaid dividends on the shares of our preferred stock have been paid.

In the event of the dissolution, liquidation or winding up of our company, the holders of Common Stock are entitled to share ratably in all assets remaining after payment of all liabilities of our company and the preference amount distributable to the holders of the shares of preferred stock. The holders of Common Stock do not have any subscription, redemption or conversion rights, nor do they have any preemptive or other rights to acquire or subscribe for additional, unissued or treasury shares.

With the exception of the number of authorized shares of Common Stock, the rights and preferences of the shares of Common Stock prior and subsequent to the increased authorized Common Stock will remain the same. After the effectiveness of the Increased Authorized Common Stock Amendment, it is not anticipated that the financial condition of the Company, the percentage ownership of management, the number of the Company's stockholders, or any aspect of the Company's business would materially change solely as a result of the increased number of authorized shares of Common Stock.

The Common Stock is currently registered under Section 12(g) of the Exchange Act, and as a result, the Company is subject to the periodic reporting and other requirements of the Exchange Act. The increased authorized Common Stock will not affect the registration of the Common Stock under the Exchange Act. If the proposed Increased Common Stock Amendment is implemented, our Common Stock will continue to be reported on the OTC Bulletin Board under the symbol "IRBO."

#### No Appraisal Rights

The Company's stockholders are not entitled to appraisal rights under the Delaware General Corporation Law, the Company's Certificate of Incorporation, as amended, or Bylaws with regard to the proposed Reverse Stock Amendment, and the Company will not independently provide stockholders with any such right. There may exist other rights or actions under state law for stockholders who are aggrieved by an increase in authorized shares generally. Although the nature and extent of such rights or actions are uncertain and may vary depending upon the facts or circumstances, stockholder challenges to corporate action in general are related to the fiduciary responsibilities of corporate officers and directors and to the fairness of corporate transactions.

#### Effect on Legal Ability to Pay Dividends

The Increased Common Stock Amendment will have no material impact on the legal ability of the Company to pay dividends.

#### United States Federal Income Tax Consequences Of The Reverse Stock Split

The following is summary of certain material United States federal income tax consequences of the reverse stock split and does not purport to be a complete discussion of all of the possible federal income tax consequences of the reverse stock split. This summary is included for general information only. Further, it does not address any state, local or foreign income or other tax consequences. Also, it does not address the tax consequences to holders that are subject to special tax rules, such as banks, insurance companies, regulated investment companies, personal holding companies, foreign entities, nonresident alien individuals, broker-dealers and tax-exempt entities. The discussion is based on the provision of the United States federal income tax law as of the date hereof, which is subject to change retroactively as well as prospectively. This summary also assumes that the pre-reverse stock split shares were, and the post-reverse stock split shares will be, held as a "capital asset," as defined in the Internal Revenue Code of 1986, as amended (i.e., generally, property held for investment). The tax treatment of a stockholder may vary depending upon the particular facts and circumstances of such stockholder. Each stockholder is urged to consult with such stockholders own tax advisor with respect to the tax consequences of the Reverse Stock Amendment. As used herein, the term United States holder means a stockholder that is, for federal income tax purposes: a citizen or resident of the United States; a corporation or other entity taxed as a corporation created or organized in or under the laws of the United States, any state of the United States or the District of Columbia; an estate the income of which is subject to federal income tax



regardless of its source; or a trust if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decision of the trust.

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Other than receiving whole shares for fractional shares discussed above, no gain or loss should be recognized by a stockholder upon such stockholder's exchange of pre-reverse stock split shares for post-reverse stock split shares pursuant to the reverse stock split.

In the reverse stock split (including any fraction of a post-reverse stock split share deemed to have been received), the tax basis will be the same as the stockholder's aggregate tax basis in the pre-reverse stock split shares exchanged therefore. The stockholder's holding period for the post-reverse stock split shares will include the period during which the stockholder held the pre-reverse stock split shares surrendered in the reverse stock split.

The Company's view regarding the tax consequences of the reverse stock split is not binding on the Internal Revenue Service or the courts. Accordingly, each stockholder should consult with his or her own tax advisor with respect to all of the potential tax consequences to him or her of the reverse stock split.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, STOCKHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROXY STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY STOCKHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON STOCKHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) STOCKHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

Canadian Federal Income Tax Considerations of the Reverse Stock Split

The following summary describes the principal Canadian federal income tax considerations under the Income Tax Act (Canada) (the "Tax Act") generally applicable to stockholders whose shares are consolidated pursuant to the reverse stock split and who, for purposes of the Tax Act, are resident in Canada, hold their shares as capital property and deal at arm's length and are not affiliated with the Company.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), and counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency and takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof. This summary does not take into account or anticipate any other changes in law or administrative practices, whether by judicial, governmental or legislative action or decision, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any particular stockholder. Stockholders should consult their own tax advisors as to the tax consequences in their particular circumstances.

A stockholder will not realize a capital gain or a capital loss as a result of implementation of the Reverse Stock Amendment.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL TO AMEND THE AMENDED CERTIFICATE OF INCORPORATION, AS AMENDED, TO EFFECT A REVERSE STOCK SPLIT AT A RATIO OF ONE-FOR-TEN AT ANY TIME PRIOR TO MARCH 31, 2009, IF AT ALL, WITH THE TIMING THEREOF TO BE DETERMINED BY THE BOARD OF DIRECTORS, IN ITS SOLE DISCRETION, AND THE DECREASE IN THE NUMBER OF OUR AUTHORIZED SHARES OF COMMON STOCK.



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## PROPOSAL NO. 5

RATIFICATION OF THE APPOINTMENT OF RBSM LLP  
AS INDEPENDENT OUTSIDE ACCOUNTANT

The Company's Stockholders are being asked to ratify the appointment of RBSM LLP as our independent outside accountant.

## Required Vote

The ratification of the appointment of RBSM LLP as our independent outside accountant will be adopted upon the affirmative vote of the majority of shares voting on the proposal. Abstentions and brokers non-votes will have no effect on the outcome.

The Board of Directors recommends a vote FOR the ratification of the appointment of RBSM LLP as our independent outside accountants for the year ending December 31, 2008.

RBSM LLP was selected by the Board as our principal independent public accounting firm beginning in April 2004 and has conducted our audit for the years ending December 31, 2004, 2005, 2006 and 2007. We are asking Stockholders to ratify the appointment of RBSM LLP to conduct the audit for the year ending December 31, 2008. A representative of RBSM LLP will attend the annual meeting telephonically, have an opportunity to make a statement and be available to answer questions.

The following table sets forth fees billed to us by RBSM during the fiscal years ended December 31, 2007 and December 31, 2006 for: (i) services rendered for the audit of our annual financial statements and the review of our quarterly financial statements, (ii) services by our auditor that are reasonably related to the performance of the audit or review of our financial statements and that are not reported as Audit Fees, (iii) services rendered in connection with tax compliance, tax advice and tax planning, and (iv) all other fees for services rendered.

	December 31, 2007	December 31,2006
(i)Audit Fees	\$ 68,050	\$ 58,856
(ii)Audit Related Fees	-	-
(iii)Tax Fees	-	-
(iv)All Other Fees	3,300	4,795
Total Fees	\$ 71,350	\$ 63,651

**AUDIT FEES.** Consists of fees billed for professional services rendered for the audit of the Company's consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by the Company's certifying accountant in connection with statutory and regulatory filings or engagements.

**TAX FEES.** Consists of all services performed by the independent auditor's tax personnel, except those related to the audit of financial statements, and include tax compliance, tax consulting, tax planning and non-recurring projects.

**ALL OTHER FEES.** Consists of fees billed for professional services performed by the independent auditors related to the review of and consent to the Company's SB-2 registration statement, and exhibits thereto.

Our Board has considered whether the provision of these services is compatible with maintaining RBSM LLP's independence and has concluded that it is compatible.

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AMENDED AND RESTATED BYLAWS

Since the completion of the statutory merger in July 2003, our Bylaws have not been amended. Our Board has determined that it is in the best interest of the Company to update our Bylaws to current Delaware law, to update who can call a special meeting of the stockholders, to update provisions regarding the number and term of office of directors and the process of filling vacancies on the Board, to update provisions regarding the issuance of shares, share certificates and matters related to the transfer of shares, and other minor stylistic, definitional and clarifying drafting alterations.

The Board of Directors has approved the Amended and Restated Bylaws as permitted under provisions of the Bylaws and no stockholder approval is needed for amending the Bylaws. All that is required is that notice of the amended Bylaws is given in the notice of the meeting of stockholders. Therefore, a copy of the entire text of the Amended and Restated Bylaws, which sets forth the amendments discussed above is attached as Appendix D. The above description of the amendments to the Amended and Restated Bylaws are a summary only and you should read the Amended and Restated Bylaws that are attached in their entirety.

The Amended and Restated Bylaws have been approved by our Board of Directors and no vote of the stockholders is required for approval.

SECTION 16(a) BENEFICIAL OWNERSHIP  
REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Executive officers, directors and greater than 10% Stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms received by us during the year ended December 31, 2007, we believe that, during such year none of our executive officers, directors, and ten percent Stockholders have complied with such filing requirements.

SHAREHOLDER PROPOSALS

Proposals to be Included in Proxy Statement

Shareholders are hereby notified that if they wish a proposal to be included in our proxy statement and form of proxy relating to the 2009 Annual Meeting of Shareholders, they must deliver a written copy of their proposal a reasonable time before the Company begins to print and mail its proxy materials for the meeting. Proposals must comply with the proxy rules relating to stockholder proposals, in particular Rule 14a-8 under the Securities Exchange Act of 1934, in order to be included in our proxy materials.

Proposals to be Submitted for Annual Meeting

Shareholders who wish to submit a proposal for consideration at our 2009 annual meeting of Stockholders, but who do not wish to submit the proposal for inclusion in our proxy statement pursuant to Rule 14a-8 under the Exchange Act, must, in accordance with our bylaws, deliver a copy of their proposal no earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date or if the Company has not previously held an annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the

close of business on the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Public announcement means disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed by the company with the SEC pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended. Any shareholder submitting a proposal must provide a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial holder, if any, on whose behalf the proposal is made. The stockholder and the beneficial owner, if any, on whose behalf the proposal is made must provide their name and address as it appears on the books of the Company and the class and number of shares of the Company which are beneficially owned and of record. Furthermore, such stockholder must promptly provide any other information reasonably requested by the Company.

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TRANSACTION OF OTHER BUSINESS

At the date of this Proxy Statement, the only business which our Board of Directors intends to present or knows that others will present at the meeting is as set forth above. If any other matter or matters are properly brought before the meeting, or any adjournment thereof, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their best judgment.

Your cooperation in giving this matter your immediate attention and returning your proxies will be appreciated.

By Order of the Board of Directors

/s/ Michael K. Wilhelm  
President and Chief Executive Officer

Dated: May 9, 2008  
Scottsdale, Arizona



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PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS  
IR BIOSCIENCES HOLDINGS, INC.

The undersigned hereby appoints Messrs. Michael K. Wilhelm and John N. Fermanis, each of them as proxy holders with full power of substitution, to represent, vote and act with respect to all shares of Common Stock of IR BioSciences Holdings, Inc. which the undersigned would be entitled to vote at the annual meeting of Stockholders to be held on June 25, 2008, at 9:00 a.m., local time, at the Villagio Inn, located at The Vintage Estates, 6841 Washington Street, Yountville, California ,94599, or any adjournments thereof, with all the powers the undersigned would possess if personally present as follows:

(Continued, and to be marked, dated and signed, on the other side)

∨ DETACH PROXY CARD HERE ∨  
IR BIOSCIENCES HOLDINGS, INC.

The Board of Directors recommends a vote “FOR” each of the proposals. The Proxy confers authority to vote and shall be voted in accordance with such recommendation unless a contrary instruction is indicated, in which case, the shares represented by the Proxy will be voted in accordance with such instruction. If no instruction is specified with respect to the matter to be acted upon, the shares represented by the proxy will be voted “FOR” the proposal and in accordance with the recommendations of management. If any other business is presented at the meeting, this Proxy confers authority to and shall be voted in accordance with the recommendations of management.

1. THE ELECTION OF SIX DIRECTORS TO HOLD OFFICE UNTIL THE 2008 ANNUAL MEETING OF STOCKHOLDERS

01 Michael K. Wilhelm	04 Robert J. Hariri, M.D., Ph.D.	(INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDICATED NOMINEE, WRITE THE NUMBER(S) OF THE NOMINEE(S) ON THE LINE BELOW.) _____ _____ _____
02 Hal N. Siegel, Ph.D.	05 Lance K. Gordon, Ph.D.	
03 Theodore E. Staahl, M.D.	06 Jerome B. Zeldis, M.D., Ph.D.	
o Vote For All Ph.D. Nominees (except as marked)		
o Vote WITHHELD From All Nominees		

3. In the event Proposal No. 2 is approved by the stockholders, approval of the amendment to IR BioSciences Holdings, Inc.’s 2003 Stock Option, Deferred Stock and Restricted Stock Plan to increase the number of shares of the Company’s Common Stock reserved and available for issuance under the Plan from 20,000,000 to 60,000,000

FOR             AGAINST             ABSTAIN

2. Approval of an amendment to IR BioSciences Holdings, Inc.’s Certificate of Incorporation, as amended, to increase the number of authorized shares of Common Stock from

4. Approval of an Amendment to IR BioSciences Holdings, Inc.’s Certificate of Incorporation, as amended, providing for a recapitalization in which the

250,000,000 to 450,000,000.

issued and outstanding shares of the Company's Common Stock are to be reverse split at a ratio of one-for-ten at any time prior to March 31, 2009, with the timing thereof, if at all, to be determined by the Board of Directors in its sole discretion, and to decrease the number of authorized shares of Common Stock to 100,000,000.

FOR             AGAINST             ABSTAIN

FOR             AGAINST             ABSTAIN

5. The ratification of the appointment of Russell Bedford Stefanou Mirchandani LLP as our independent public accountants for the year ending December 31, 2008.

FOR             AGAINST             ABSTAIN

(Please date this Proxy and sign your name as it appears on your stock certificates. Executors, administrators, trustees, etc., should give their full title. If a corporation, please sign in full corporate name by the president or other authorized officer. If a partnership, please sign in partnership name by an authorized person. All joint owners should sign.)

6. Transaction of such other business as may properly come before the meeting and any adjournments or adjournments thereof.

FOR             AGAINST             ABSTAIN

(Number of Shares)

(Please Print Your Name)

(Please Print Your Name)

(Date)

(Signature of Shareholder)

(Signature of Shareholder)

(Email Address)

This Proxy may be revoked prior to its exercise by filing with our Secretary duly executed proxy bearing a later date or an instrument revoking this Proxy, or by attending the meeting and voting in person.

Please Detach Here

^ You Must Detach This Portion of the Proxy Card ^  
Before Returning it in the Enclosed Envelope



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APPENDIX A

PROPOSED AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION, AS AMENDED

CERTIFICATE OF AMENDMENT  
TO  
CERTIFICATE OF INCORPORATION  
OF  
IR BIOSCIENCES HOLDINGS, INC.,

a Delaware corporation

Pursuant to Section 242 of the General Corporation Law of the State of Delaware, the undersigned, Michael K. Wilhelm, President and Chief Executive Officer of IR BioSciences Holdings, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY,

FIRST: The name of the Corporation is IR BioSciences Holdings, Inc. (hereinafter the "Corporation").

SECOND: Pursuant to Section 242 of the Delaware General Corporation Law, the Board of Directors of the Corporation has duly adopted a resolution proposing and declaring advisable the amendment to the Certificate of Incorporation of the Corporation, as amended, set forth in this Certificate of Amendment as follows:

RESOLVED, that, Article FOURTH of the Certificate of Incorporation of the Corporation, as amended, is amended by striking out the first paragraph of subsection (a) consisting of three sentences of the Article thereof numbered "FOURTH" and changing said Article so that as amended, the first paragraph of subsection (a) of said Article shall read as follows:

This Corporation is authorized to issue two classes of stock to be designated as "Common Stock" and "Preferred Stock". The total number of shares of Common Stock which this Corporation is authorized to issue is Four Hundred Fifty Million (450,000,000) shares, par value \$0.001 per share. The total number of shares of Preferred Stock which this Corporation is authorized to issue is Ten Million (10,000,000) shares, par value \$0.001 per share."

THIRD: Pursuant to Section 242 of the Delaware General Corporation Law, a majority of the outstanding stock entitled to vote thereon and a majority of the outstanding stock of each class entitled to vote thereon as a class has duly approved, the amendment to the Certificate of Incorporation of the Corporation, as amended, set forth in this Certificate of Amendment.

FOURTH: That said amendment was duly adopted, in accordance with the provisions of Section 242 of the General Corporation law of the State of Delaware.

FIFTH: This amendment shall be effective on the date this Certificate of Amendment is filed and accepted by the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, being the Chief Executive Officer of the Corporation, for purposes of amending its Certificate of Incorporation pursuant to the General Corporation Law of the State of Delaware, acknowledges that it is his act and deed and that the facts stated herein are true, and has signed this instrument this \_\_\_ day of \_\_\_\_\_, 2008.

IR BIOSCIENCES HOLDINGS, INC.

By:

Name: Michael K. Wilhelm

Title: Chief Executive Officer

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APPENDIX B

AMENDMENT NO. 3  
TO  
IR BIOSCIENCES HOLDINGS, INC.

2003 STOCK OPTION, DEFERRED STOCK AND RESTRICTED STOCK PLAN

Pursuant to Section 7 of the IR BioSciences Holdings, Inc. 2003 Stock Option, Deferred Stock and Restricted Stock Plan (the "Plan") the Board of Directors has duly adopted a resolution, conditioned upon approval by the Stockholders to increase the total number of shares of Common Stock reserved and available for issuance under the Plan as follows:

Section 3(a) of Plan is hereby amended to read in its entirety as follows:

“SECTION 3 STOCK SUBJECT TO PLAN

(a) The total number of shares of Stock reserved and available for issuance under the Plan shall be 60,000,000 shares. Such shares shall consist of authorized and unissued shares.”

All other terms and provisions of the Plan shall remain unchanged and in full force and effect as written.

Pursuant to Section 7 of the Plan, a majority in voting interest of the Stockholders present in person or by proxy and entitled to vote at the meeting of Stockholders at which this Amendment No. 3 was considered, has duly approved this Amendment No. 3 to the Plan.

IN WITNESS WHEREOF, this Amendment No. 3 is made effective this \_\_\_ day of \_\_\_\_\_, 2008.

IR BIOSCIENCES HOLDINGS, INC.,  
A Delaware Corporation

\_\_\_\_\_  
Name: Michael K. Wilhelm  
Title: Chief Executive Officer

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APPENDIX C

PROPOSED AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION, AS AMENDED

CERTIFICATE OF AMENDMENT  
TO  
CERTIFICATE OF INCORPORATION  
OF  
IR BIOSCIENCES HOLDINGS, INC.,

a Delaware corporation

Pursuant to Section 242 of the General Corporation Law of the State of Delaware, the undersigned, Michael K. Wilhelm, President and Chief Executive Officer of IR BioSciences Holdings, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, DOES HEREBY CERTIFY,

FIRST: The name of the Corporation is IR BioSciences Holdings, Inc. (hereinafter the "Corporation").

SECOND: Pursuant to Section 242 of the Delaware General Corporation Law, the Board of Directors of the Corporation has duly adopted a resolution proposing and declaring advisable the amendment to the Certificate of Incorporation of the Corporation, as amended, set forth in this Certificate of Amendment as follows:

RESOLVED, that, Article FOURTH of the Certificate of Incorporation of the Corporation, as amended, is amended by striking out the first paragraph of subsection (a) consisting of three sentences of the Article thereof numbered "FOURTH" and changing said Article so that as amended, the first paragraph of subsection (a) of said Article shall read as follows:

"This Corporation is authorized to issue two classes of stock to be designated as "Common Stock" and "Preferred Stock". The total number of shares of Common Stock which this Corporation is authorized to issue is One Hundred Million (100,000,000) shares, par value \$0.001 per share. The total number of shares of Preferred Stock which this Corporation is authorized to issue is Ten Million (10,000,000) shares, par value \$0.001 per share."

RESOLVED, that Article FOURTH of the Certificate of Incorporation of the Corporation, as amended, is amended by striking out the first paragraph of subsection (b) consisting of one sentence of the Article thereof numbered "FOURTH" and changing said Article so that as amended, subsection (b) of said Article shall read as follows:

"Upon the effectiveness of the amendment contained in this Certificate of Amendment (the "Effective Date") each ten (10) shares of Common Stock, par value \$.001 per share, of this Corporation's issued and outstanding Common Stock at the close of business on the Effective Date shall be converted into one (1) share of fully paid and nonassessable Common Stock, without change in the aggregate number of shares of Common Stock this Corporation shall be authorized to issue pursuant to Article Fourth (a)."

THIRD: Pursuant to Section 242 of the Delaware General Corporation Law, a majority of the outstanding stock entitled to vote thereon and a majority of the outstanding stock of each class entitled to vote thereon as a class has duly approved, the amendment to the Certificate of Incorporation of the Corporation, as amended, set forth in this Certificate of Amendment.

FOURTH: That said amendment was duly adopted, in accordance with the provisions of Section 242 of the General Corporation law of the State of Delaware.

FIFTH: This amendment shall be effective on the date this Certificate of Amendment is filed and accepted by the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, being the Chief Executive Officer of the Corporation, for purposes of amending its Certificate of Incorporation pursuant to the General Corporation Law of the State of Delaware, acknowledges that it is his act and deed and that the facts stated herein are true, and has signed this instrument this \_\_ day of \_\_\_\_\_, 2008.

IR BIOSCIENCES HOLDINGS, INC.,

By: \_\_\_\_\_

Name: Michael K. Wilhelm

Title: Chief Executive Officer



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## APPENDIX D

**Revenue:**

## REALSuite

\$7,864	\$6,822	1,042	15	\$22,415	\$18,478	3,937	21
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## IT Infrastructure Services

5,099	5,629	(530)	(9)	15,007	16,655	(1,648)	(10)
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## Total Revenue

\$12,963	\$12,451	512	4	\$37,422	\$35,133	2,289	7
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**Transactions with Related Parties:**

## REALSuite

\$2,744	\$2,445	299	12	\$7,952	\$7,281	671	9
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## IT Infrastructure Services

1,916	2,599	(683)	(26)	5,683	8,520	(2,837)	(33)
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## Total

\$4,660	\$5,044	(384)	(8)	\$13,635	\$15,801	(2,166)	(14)
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Beginning with the second quarter of 2009, we began generating the majority of our revenue within this segment from our REALSuite of services, and we expect this trend to continue for the foreseeable future.

*REALSuite*. Our REALSuite revenue is primarily driven by REALServicing® which is our comprehensive residential loan servicing platform. Increases in both year-to-date and quarterly revenues were driven by increases in REALServicing

**Table of Contents****Management's Discussion and Analysis of  
Financial Condition and Results of Operations***(continued)*

attributable to an expanded agreement with a non-related third party customer and the growth in Ocwen's residential loan portfolio.

*IT Infrastructure Services.* Our IT infrastructure services revenues declined when compared to the comparable periods in 2009 primarily due to lower intercompany billings (which we eliminate in consolidation but include in our segment presentation) and reduced charges to Ocwen. Sequentially, Revenue increased slightly as Ocwen expanded their operations to support the acquisition of the HomeEq residential loan portfolio.

*Cost of Revenue*

<i>(in thousands)</i>	Three Months Ended September 30,				Nine Months Ended September 30,			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Cost of Revenue	\$ 7,239	\$ 5,582	1,657	30	\$ 20,555	\$ 18,042	2,513	14

Gross Margin  
Percentage:

Cost of Revenue / Total Revenue	44%	55%	45%	49%
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Cost of Revenue margins decreased both year to date and in the third quarter as a result of an increase in compensation and benefits as we added personnel to enhance our service capabilities, support our growth and commercialize our products. In addition, in the third quarter, technology and communications costs increased both as a result of the addition of new facilities and the expansion of bandwidth at existing facilities to handle the increased demands expected in the fourth quarter.

*Selling, General and Administrative Expenses*

<i>(in thousands)</i>	Three Months Ended September 30,				Nine Months Ended September 30,			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
Total Selling, General and Administrative Expenses	\$ 1,610	\$ 1,084	526	49	\$ 4,040	\$ 3,880	160	4

Operating  
Percentage:

Operating Income / Total Revenue	32%	46%	34%	38%
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Selling, General and Administrative Expenses increased both year to date and in the third quarter as a result of increased occupancy charges associated with the new data center. Sequentially, Selling, General and Administrative Expenses increased primarily as a result of costs incurred in preparing for the HomeEq transaction.

*EBITDA*

<i>(in thousands)</i>	Three Months Ended September 30,				Nine Months Ended September 30,			
	2010	2009	\$ Change	% Change	2010	2009	\$ Change	% Change
EBITDA	\$ 5,253	\$ 6,545	(1,292)	(20)	\$ 15,869	\$ 15,468	401	3

## EBITDA Margin:

EBITDA / Total

Revenue

41%

53%

42%

44%

Technology Products EBITDA increased year over year but declined quarter over quarter. Sequentially, margins decreased as higher revenues were more than offset by increased compensation and occupancy costs associated with the new data center as described above. The Company is increasing expenditures in technology software and hardware to support its commercialization efforts, Ocwen's growing servicing portfolio and Altisource's growth.

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**Table of Contents****Management's Discussion and Analysis of  
Financial Condition and Results of Operations***(continued)***SECTION 4 LIQUIDITY AND CAPITAL RESOURCES****Liquidity**

We believe that we have the ability to generate more than sufficient cash from our current operations for the next twelve months to meet anticipated cash requirements. Anticipated cash requirements principally include operational expenditures such as compensation and benefits, working capital requirements and spending for capital expenditures. We generate significant excess cash that we will seek to deploy in a disciplined manner. Principally, we will continue to invest in compelling services that we believe will generate high margins. In addition, we may seek to acquire a limited number of companies that fit our strategic objectives. Finally, given the tax inefficiency of dividends, the low returns earned on cash held and our desire to only perform a limited number of acquisitions, we believe one of the best ways to return value to shareholders is a share repurchase program. On May 19, 2010, our shareholders authorized us to purchase up to 3,784,618 shares of our common stock in the open market. During the third quarter of 2010, we purchased 86,098 shares of our common stock on the open market at an average price of \$26.81, leaving 3,698,520 shares still available for purchase. Subsequently, during October, we purchased an additional 65,317 shares. As of October 25, 2010, we have repurchased a total of 151,415 shares at an average share price of \$26.39.

**Cash Flows**

The following table presents our cash flows for the nine months ended September 30:

<i>(in thousands)</i>	Nine Months Ended September 30,			% Change
	2010	2009	\$ Change	
Net Income Adjusted for Non-cash Items	\$ 46,819	\$ 24,876	21,943	88
Working Capital	(13,558)	1,510	(15,068)	N/M
Cash Flow from Operating Activities	33,261	26,386	6,875	26
Cash Flow from Investing Activities	(35,744)	(3,787)	(31,957)	N/M
Cash Flow from Financing Activities	(4,936)	(4,877)	(59)	(1)
Net Change in Cash	(7,419)	17,722	(25,141)	(142)
Cash at Beginning of Period	30,456	6,988	23,468	N/M
Cash at End of Period	\$ 23,037	\$ 24,710	(1,673)	(7)

N/M not meaningful.

**Cash Flow from Operating Activities**

Cash flow from operating activities consists of two components: (i) net income adjusted for depreciation, amortization and certain other non-cash items and (ii) working capital. For the nine months ended September 30, 2010, we generated \$33.3 million in positive cash flow from operations which reflects our increased profitability adjusted for non-cash items as our businesses have expanded. Our working capital requirements increased significantly during the third quarter as a result of our expanded Asset Management and Default Management services within our Mortgage Services segment and the increase in associated referrals.

**Cash Flow from Investing Activities**

The largest use of cash flow for investing activities was the acquisition of MPA in February 2010 for which the purchase consideration included \$29.0 million in cash. In addition, we saw an increase in purchases of premises and equipment and technology to support our expansion of operations and in anticipated growth in Ocwen's residential loan portfolio.

*Cash Flow from Financing Activities*

During 2010, cash flow from financing activities primarily includes activity associated with stock option exercises, share repurchases and payments to non-controlling interest owners as a result of the acquisition of MPA. Prior to our Separation from Ocwen, we participated in a centralized cash management program with Ocwen. We made a significant amount of our cash disbursements through centralized payable systems which were operated by Ocwen, and a significant amount of our cash receipts

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**Table of Contents****Management's Discussion and Analysis of  
Financial Condition and Results of Operations***(continued)*

were received by us and transferred to centralized accounts maintained by Ocwen. There were no formal financing arrangements with Ocwen. Prior to the Separation we recorded all cash receipts and disbursement activity between Ocwen and us through invested equity in the Condensed Consolidated Balance Sheets and as net distributions in the Condensed Consolidated Statements of Equity and Cash Flows because we considered such amounts to have been distributed to Ocwen.

***Liquidity Requirements after September 30, 2010***

Between October 1 and October 25, 2010, we repurchased 65,317 shares at a total cost of \$1.7 million.

During the fourth quarter 2010, we expect to distribute \$2.1 million to non-controlling interests.

Management is not aware of any other trends or events, commitments or uncertainties which have not otherwise been disclosed that will or are likely to impact liquidity in a material way.

***Capital Resources***

Given our ability to generate cash flow which is sufficient to fund both current operations as well as expansion activities, we require very limited capital. Were we to need additional capital, we believe we have adequate access to both debt and equity capital markets.

***Commitments and Contingencies***

For details of these transactions, see Note 16 to the condensed consolidated financial statements.

**SECTION 5 CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

We prepare our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States. In applying many of these accounting principles, we need to make assumptions, estimates and/or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our condensed consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and/or judgments, however, are often subjective. Actual results may be affected negatively based on changing circumstances. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known.

Our critical accounting policies are described in the MD&A section in our 2009 Form 10-K. Such policies have not changed during 2010.

**SECTION 6 OTHER MATTERS*****Related Party - Ocwen***

For the nine months ended September 30, 2010, approximately \$90.7 million of the Mortgage Services, \$0.1 million of the Financial Services and \$13.6 million of the Technology Products segment revenues were from services provided to Ocwen or sales derived from Ocwen's loan servicing portfolio. Services provided to Ocwen included residential property valuation, real estate asset management and sales, trustee management services, property inspection and preservation, closing and title services, charge-off second mortgage collections, core technology back office support and multiple business technologies including our REALSuite of products. We provided all services at rates we believe to be comparable to market rates.

In connection with the Separation, Altisource and Ocwen entered into various agreements that address the allocation of assets and liabilities between them and that define their relationship after the Separation including a Separation Agreement, a Tax Matters Agreement, an Employee Matters Agreement, an Intellectual Property Agreement, a Data Center and Disaster Recovery Agreement, a Technology Products Services Agreement, a Transition Services Agreement and certain long-term servicing contracts (collectively, the Agreements) (see Note 4 to our 2009 Form 10-K). For the nine months ended September 30, 2010, Altisource billed Ocwen \$1.2 million (\$0.5 million for the third quarter), and Ocwen billed Altisource \$0.8 million (\$0.2 million for the third quarter) for services provided under the Transition Services Agreement. These amounts are reflected as a component of Selling, General and Administrative expenses in the accompanying Condensed Consolidated Statements of Operations.



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

*(continued)*

**SECTION 7 FORWARD LOOKING STATEMENTS**

This Quarterly Report contains forward-looking statements that relate to, among other things, our future financial and operating results. In many cases, you can identify forward-looking statements by terminology such as *may*, *will*, *should*, *expect*, *intend*, *plan*, *anticipate*, *believe*, *estimate*, *predict*, *potential* or *continue* or the negative and other comparable terminology including, but not limited to, the following:

assumptions related to the sources of liquidity and the adequacy of financial resources;

assumptions about our ability to grow our business;

assumptions about our ability to reduce our cost structure;

expectations regarding collection rates and placements in our Financial Services segment;

estimates regarding the calculation of our effective tax rate; and

estimates regarding our reserves and valuations.

Forward-looking statements are not guarantees of future performance and involve a number of assumptions, risks and uncertainties that could cause actual results to differ materially. Important factors that could cause actual results to differ materially from those suggested by the forward-looking statements include, but are not limited to, the risks discussed in *Risk Factors* in our Registration Statement on Form 10 and the following:

our ability to retain existing customers and attract new customers;

general economic and market conditions;

governmental regulations, taxes and policies; and

availability of adequate and timely sources of liquidity.

We caution you not to place undue reliance on these forward-looking statements which reflect our view only as of the date of this report. We are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any such statement is based.

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**Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

Our financial market risk consists primarily of foreign currency exchange risk.

**Foreign Currency Exchange Risk**

We consider the US Dollar to be our functional currency worldwide and the majority of our servicing agreements are denominated in US Dollars. Where required locally, we incur certain costs, primarily lease and payroll costs, in local currencies which include the Euro and Indian Rupee. Costs incurred in local currencies expose us to foreign exchange rate fluctuations to the extent our foreign positions remain un-hedged.

**Item 4. Controls and Procedures.**

*a) Evaluation of Disclosure Controls and Procedures*

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15a-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act )) as of the end of the period covered by this quarterly report. Based on such evaluation, such officers have concluded that our disclosure controls and procedures as of the end of the period covered by this quarterly report were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and to ensure that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

*b) Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ending September 30, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Table of Contents****PART II OTHER INFORMATION****Item 1. Legal Proceedings.**

We are subject to routine litigation and administrative proceedings arising in the ordinary course of business.

**Item 1A. Risk Factors.**

As of the date of this filing, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our 2009 Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**Equity Securities purchased by us

The following table presents information related to our repurchases of our equity securities during the three months ended September 30, 2010:

Period	Total number of shares purchased	Weighted average price paid per share	Total number of shares purchased as part of publicly announced plans or programs <sup>(1)</sup>	Maximum number of shares that may yet be purchased under the plans or programs
Common shares <sup>(1)</sup> :				
July 1 - 31, 2010		\$		3,784,618
August 1 - 31, 2010				3,784,618
September 1 - 30, 2010	86,098	26.81	86,098	3,698,520
Total common shares	86,098	\$ 26.81	86,098	3,698,520

<sup>(1)</sup> In the second quarter of 2010, our shareholders authorized us to purchase up to 3,784,618 shares of our common stock in the open market.

**Item 3. Defaults upon Senior Securities.** None**Item 4. (Removed and Reserved)****Item 5. Other Information.** None**Item 6. Exhibits.**

31.1 Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)

31.2 Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)

32.1 Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)

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**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.

ALTISOURCE PORTFOLIO SOLUTIONS  
S.A.

(Registrant)

Date: October 28, 2010

By: /s/ Robert D. Stiles  
Robert D. Stiles  
Chief Financial Officer  
(On behalf of the Registrant and as its  
principal financial officer)

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