

IPIX CORP  
Form 10-K/A  
May 10, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K/A  
(Amendment No. 2)**

(Mark One)

**[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2005

OR

**[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 00-26363

**IPIX CORPORATION**

(Exact name of registrant as specified in its charter)

**DELAWARE**            **52-2213841**

State or other            (IRS Employer  
jurisdiction              Identification  
incorporation or        No.)  
organization

**12120 Sunset Hills Road, Suite 410, Reston, Virginia 20190**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(703) 674-4100**

Securities registered pursuant to Section 12(b) of the Act: **None.**

Securities registered pursuant to Section 12(g) of the Act:

**Common Stock, \$0.001 par value**

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES  NO

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES  NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer / / Accelerated filer / X / Non-accelerated filer / /

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

At June 30, 2005, the aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates of the registrant was approximately \$65.9 million.

The number of shares outstanding of the registrant's common stock, \$0.001 par value, as of March 31, 2006 was 27,483,874.

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**EXPLANATORY NOTE:**

This Amendment No. 2 on Form 10-K/A is being filed to amend the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as filed with the Securities and Exchange Commission (the "Commission") on March 22, 2006 and Amendment No. 1 on Form 10-K/A, as filed with the Commission on May 1, 2006. This Amendment No. 2 on Form 10-K/A corrects typographical errors contained in footnote number 6 to the Beneficial Ownership Table and the Principal Accountant Fees and Service table. This amendment is not intended to update any other information presented in the annual report as originally filed or in Amendment No.1 as originally filed.

**PART III****Item 12. Security Ownership of Certain Beneficial Owners and Management.****Beneficial Ownership of IPIX Common Stock of Principal Stockholders, Directors and Management**

The table below shows the amount of our common stock beneficially owned by (a) each stockholder known to our management to be the beneficial owner of more than 5% of the outstanding shares of our common stock, (b) each of our directors and named executive officers and (c) all current directors and executive officers as a group. Unless otherwise stated, the address for each person in the table is 12120 Sunset Hills Road, Suite 410, Reston, Virginia 20190.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the shares. To our knowledge, except under applicable community property laws or as otherwise indicated, the persons named in the table have sole voting and sole investment control with regard to all shares beneficially owned. The number of shares of common stock outstanding used in calculating the percentage for each listed person includes the shares of our common stock underlying options or warrants exercisable within 60 days of April 1, 2006, but excludes shares of common stock underlying options held by other persons. We are presenting ownership information as of April 1, 2006.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares (%) (12)
Clara M. Conti	278,268 (1)	1.00%
Kara Brand	30,156 (2)	*
Charles A. Crew	200,000 (3)	*
Geoffrey Egnal	50,000 (4)	*
Jean Watterson	4,019 (5)	*
Michael D. Easterly	76,450 (6)	*
James H. Hunt	20,000 (7)	*
Laban P. Jackson, Jr.	137,500 (8)	*
Andrew P. Seamons	107,996 (9)	*
David M. Wilds	160,096 (10)	*
All directors, executive officers and former executive officers as a group	1,064,485 (11)	3.70%

(10) persons

\* Less than one percent

- (1) Ms. Clara M. Conti's number of shares beneficially owned includes 270,692 shares of common stock issuable upon the exercise of stock options.
- (2) Ms. Kara Brand's number of shares beneficially owned consists of common stock.
- (3) Mr. Charles A. Crew's number of shares beneficially owned includes 200,000 shares of common stock issuable upon the exercise of stock options.
- (4) Mr. Geoffrey Egnal's number of shares beneficially owned includes 50,000 shares of common stock issuable upon the exercise of stock options.
- (5) Ms. Jean Watterson's number of shares beneficially owned consists of common stock.
- (6) Mr. Michael D. Easterly's number of shares beneficially owned includes 43,850 shares of common stock issuable upon the exercise of stock options.
- (7) Mr. James H. Hunt's number of shares beneficially owned includes 20,000 shares of common stock issuable upon the exercise of stock options.
- (8) Mr. Laban P. Jackson, Jr., number of shares beneficially owned includes 92,500 shares of common stock issuable upon the exercise of stock options.
- (9) Mr. Andrew P. Seamons number of shares beneficially owned includes 92,500 shares of common stock issuable upon the exercise of stock options and 15,496 shares of common stock issuable upon the conversion of Series B Preferred Stock warrants.
- (10) Mr. David M. Wilds number of shares beneficially owned includes 6,250 shares of common stock directly held, 40,000 shares of common stock issuable upon the exercise of stock options and 113,556 shares of common stock issuable upon the conversion of Series B Preferred Stock Warrants.
- (11) Includes 809,542 shares of common stock issuable upon the exercise of stock options, 113,556 shares of common stock issuable upon the conversion of Series B Preferred Stock Warrants.
- (12) The percentage of outstanding shares beneficially owned by each person is calculated based on the 27,483,874 outstanding common shares as of April 1, 2006, plus the shares that such person has the right to acquire as of April 1, 2006 or within 60 days thereafter upon the exercise of conversion rights and options.

**Item 14. Principal Accountant Fees and Services.**

The following summary discloses all of the fees billed by AM and PWC during 2005 and 2004 for the following services:

Fees	2005		2004	
	AM	PWC	AM	PWC
Audit Fees	\$ 321,001	-	\$ 120,000	\$ 37,000
Audit Related Fees	330,394	84,250	316,000	-
Other Fees				
Tax Compliance				
Fees	-	48,000	-	53,000
All Other Fees	-	16,250	-	32,000
Totals	\$ 651,395	\$ 148,500	\$ 436,000	\$ 122,000

In the above information, in accordance with SEC definitions and rules, “audit fees” are fees billed by PWC or AM to IPIX for professional services for the audit of IPIX’s consolidated financial statements, included in Form 10-K and review of financial statements included in Form 10-Qs, or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements; “audit-related fees” are fees billed by PWC or AM for assurance and related services, primarily audits of internal control over financial reporting and audits of 401(k) benefit plans, that are reasonably related to the performance of the audit or review of IPIX’s financial statements; and “tax fees” are fees billed by PWC for tax compliance, tax advice, and tax planning.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules.**

The following exhibits are filed herewith or incorporated by reference:

**Exhibit**

**Number Description**

- 3.1 Amended and Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Form S-1 as declared effective on August 25, 1999 (File No. 333-80639)).
- 3.1(a) Amendment to the Amended and Restated Certificate of Incorporation of the Registrant (incorporated herein by reference to Form S-1 as filed with the Commission on March 17, 2000).
- 3.2 Amended and Restated Bylaws of the Registrant (incorporated herein by reference to Form 10-Q as filed with the Commission on November 14, 2000).
- 3.3 Certificate of Designations of Series A Junior Participating Preferred Stock (incorporated herein by reference to Form 8-A as filed with the Commission on November 2, 2000).
- 3.3 Amended Certificate of Designations of Series B Preferred Stock (incorporated herein by reference to Form 8-K as filed with the Commission on October 3, 2001).
- 4.1 Form of certificate representing the common stock, \$.001 par value per share of IPIX Corporation (incorporated herein by reference to Form 10-K as filed with the Commission on March 29, 2000).
- 4.2 Rights Agreement dated October 31, 2000 between IPIX Corporation and EquiServe (incorporated herein by reference to Form 8-A as filed with the Commission on November 2, 2000).
- 4.3 Registration Rights Agreement dated May 14, 2001 between IPIX Corporation and Image Investors Portfolio, a separate series of Memphis Angels, LLC (incorporated herein by reference to Form 8-K as filed with the Commission on May 29, 2001).
- 4.4 Registration Rights Agreement dated April 4, 2004 between IPIX Corporation and institutional investors named therein (incorporated by reference to Form 8-K as filed with the Commission on April 7, 2004).
- 10.1\* Employment Agreement dated July 1, 2001, between IPIX Corporation and Donald W. Strickland (incorporated herein by reference to Form 10-Q as filed with the Commission on August 14, 2001).
- 10.2\* Employment Agreement dated July 1, 2001, between IPIX Corporation and Paul A. Farmer (incorporated herein by reference to Form 10-Q as filed with the Commission on August 14, 2001).
- 10.3\* Employment Agreement dated July 1, 2001 between IPIX Corporation and Sarah Pate (incorporated herein by reference to Form 10-K as filed with the Commission on March 31, 2003).
- 10.4 Reserved
- 10.5\* Amended and Restated IPIX Corporation 2001 Equity Incentive Plan (incorporated herein by reference to Form S-8 as filed with the Commission on January 16, 2002).
- 10.6\* Amended and Restated 1997 Equity Compensation Plan (incorporated herein by reference to Form S-4 as declared effective on December 16, 1999 (File No. 91139)).
- 10.7\* Amended and Restated 1998 Employee, Director and Consultant Stock Plan (incorporated herein by reference to Form S-4 as declared effective on December 16, 1999 (File No. 91139)).
- 10.8\* 1999 Employee Stock Purchase Plan (incorporated herein by reference to Form S-4 as declared effective on December 16, 1999 (File No. 91139)).
- 10.9\* 2000 Equity Incentive Plan (incorporated herein by reference to Form S-8 as declared effective on June 27, 2000 (File No. 333-40160)).

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- 10.10\* PictureWorks Technology, Inc. 1994 Stock Option Plan (incorporated herein by reference to Form S-8 as declared effective on May 2, 2000 (File No. 333-36068))
- 10.11\* PictureWorks Technology, Inc. 1996 Stock Option Plan (incorporated herein by reference to Form S-8 as declared effective on May 2, 2000 (File No. 333-36068))
- 10.12\* PictureWorks Technology, Inc. 1997 Stock Option Plan (incorporated herein by reference to Form S-8 as declared effective on May 2, 2000 (File No. 333-36068))
- 10.13 Form of Indemnification Agreement between the Registrant and each of its directors and officers (incorporated herein by reference to Form S-1 as declared effective on August 25, 1999 (File No. 333-80639)).
- 10.14\* Separation Agreement dated September 16, 2004, between IPIX Corporation and Donald W. Strickland (incorporated by reference to Form 8-K as filed with the Commission on September 21, 2004).
- 10.15 \* Employment Agreement dated September 16, 2004 between IPIX Corporation and Clara M. Conti (incorporated herein by reference to Form 10-Q as filed with the Commission on November 15, 2004).
- 10.16\* Separation Agreement dated January 25, 2005, between IPIX Corporation and Paul A. Farmer (incorporated herein by reference to Form 8-K as filed with the Commission on January 31, 2005).
- 10.17 Lease dated February 3, 2005, between IPIX Corporation and Oak Ridge Technical Center Partners — One, LP
- 10.18 Patent Purchase, License and Repurchase Agreement dated February 11, 2005, between IPIX Corporation and AdMission Corporation (incorporated by reference to Form 8-K filed with the Commission on February 17, 2005).
- 10.19 Trademark/Service Mark License Agreement dated February 11, 2005, between IPIX Corporation and AdMission Corporation (incorporated by reference to Form 8-K filed with the Commission on February 17, 2005).
- 10.20 Letter Agreement dated October 25, 2004, between IPIX Corporation and Kara Brand (incorporated by reference to Form 8-K filed with the Commission on April 4, 2005).
- 10.21 Letter Agreement dated March 29, 2005, between IPIX Corporation and Kara Brand (incorporated by reference to Form 8-K filed with the Commission on April 4, 2005).
- 10.22 Employment Agreement effective April 1, 2005, between IPIX Corporation and Charles A. Crew (incorporated by reference to Form 8-K filed with the Commission on April 4, 2005).
- 10.23 Lease Agreement dated February 15, 2000, by and between R.E.C. Partners, L.P. and Thomas Group, Inc. (incorporated by reference to Form 10-Q filed with the Commission on May 10, 2005).
- 10.24 Sublease Agreement dated April 18, 2005, between Thomas Group, Inc. and IPIX Corporation (incorporated by reference to Form 10-Q filed with the Commission on May 10, 2005).
- 10.25 Securities Purchase Agreement dated June 21, 2005, among IPIX Corporation and each of the purchasers (incorporated by reference to Form 8-K filed with the Commission on June 23, 2005).
- 10.26 Separation Agreement dated February 27, 2006, between IPIX Corporation and Charles A. Crew (incorporated by reference to Form 8-K filed with the Commission on March 3, 2006).
- 10.27 Amendment A Termination of Lease dated March 13, 2006, by and between IPIX Corporation and Oak Ridge Technical Center Partners - One, L.P. (incorporated by reference to Form 8-K filed with the Commission on March 16, 2006).
- 14.1 Code of Ethics for Chief Executive Officer and Senior Financial Officers (incorporated by reference to Form 10-K filed with the Commission on March 30, 2004)
- 14.2 Code of Business Conduct and Ethics (incorporated by reference to Form 10-K filed with the Commission on March 30, 2004)
- 16.1 Letter dated June 15, 2004 regarding change in certifying accountant (incorporated by reference to Form 8-K filed with the Commission on June 18, 2004).
- 21.1

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- Subsidiaries of the Registrant (incorporated herein by reference to Form 10-K filed with the Commission on March 31, 2003).
- 23.1 Consent of PricewaterhouseCoopers LLP (incorporated by reference to Form 10-K filed with the Commission on March 22, 2006).
- 23.2 Consent of Armanino McKenna LLP (incorporated by reference to Form 10-K filed with the Commission on March 22, 2006).
- 24.1 Power of Attorney (incorporated by reference to Form 10-K filed with the Commission on March 22, 2006).
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 (incorporated by reference to Form 10-K filed with the Commission on March 22, 2006).
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 (incorporated by reference to Form 10-K filed with the Commission on March 22, 2006).
- 31.3 Certification of Chief Executive Officer and Interim Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 (incorporated by reference to Form 10-K/A filed with the Commission on May 1, 2006)..
- 31.4# Certification of Chief Executive Officer and Interim Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 32 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (incorporated by reference to Form 10-K filed with the Commission on March 22, 2006).

\* Executive Compensation Plan or Agreement

# Filed Herewith



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

**IPIX CORPORATION**

By: /s/ Clara M.  
Conti  
Clara M. Conti  
President and  
Chief Executive  
Officer  
( D u l y  
A u t h o r i z e d  
Representative)  
Date: May 10, 2006

