

NYSE Amex: PIP

Update

August 14, 2009

Rating: **Speculative Buy**
(Unchanged)

Recent Price: **\$2.92**
(8/13/09)

Price Target: **\$5.35**
(Unchanged)

PHARMATHENE, INC.

Biotechnology; Biodefense

MARKET DATA

52-Week High/Low	\$3.55 - \$0.05
Ave. Daily Volume (6-mos.)	92 K
Shares Outstanding	28.4 M
Inside Ownership	21.0%
Institutional Ownership	10%
Float	22.0 M
Short Interest (% of float)	< 1%

FINANCIAL DATA

Market Capitalization	\$82.9 M
- Cash & Equivalents	\$12.8 M
+ Long-term Debt	<u>\$19.3 M</u>
Enterprise Value	\$89.4 M
Book Value	\$10.3 M
Working Capital	\$21.6 M
Dividend Yield	Nil

Pro Forma balance sheet figures as of 8/13/09

	SALES	NET	CFO	PSL
2007A	\$14.6	(\$17.7)	(\$13.6)	(\$1.88)
2008A	\$32.9	(\$36.4)	(\$13.2)	(\$1.59)
1Q09A	\$ 5.5	(\$ 6.0)		(\$0.23)
2Q09A	\$ 8.0	(\$ 6.6)		(\$0.24)
3Q09E	\$ 7.8	(\$ 5.9)		(\$0.21)
4Q09E	\$ 7.8	(\$ 5.9)		(\$0.21)
2009E	\$29.1	(\$24.4)	(\$18.0)	(\$0.89)

Dollars in millions, except EPS; Fiscal year ends Dec.

VALUATION

Price/Sales	2.8 X
Price/CFO	Neg
Price/Trailing 12-mo. Earnings	Neg
Price/Book Value	8.1 X
Consensus EPS Estimate 2009	(\$0.66)
Forward PE	Neg
Consensus EPS Estimate 2010	(\$0.25)
Forward PE	Neg

PharmAthene is an early stage biopharmaceutical company engaged in the development and commercialization of vaccines and therapeutics for use against toxins that are potential agents of bioterrorism. The Company's second generation anthrax vaccine, SparVax, is under consideration for the U.S. Strategic National Stockpile established in 2004. PharmAthene is headquartered in Annapolis, MD and maintains a web site presence at www.pharmathene.com.

HIGHLIGHTS

- **Second Quarter Results.** PharmAthene reported \$8.1 million in revenue in the June quarter resulting from execution on various development contracts for its biodefense countermeasure candidates. The net loss for the quarter was \$6.6 million or \$0.24 per share compared to our estimate of \$5.9 million net loss or \$0.21 per share.
- **Recapitalization.** In our view, a recapitalization effort involving a private placement of \$19.3 million in convertible notes has left PharmAthene's balance sheet in better condition even though the debt-to-equity ratio increased and interest expense on the new 10% convertible notes will be higher beginning in the September 2009 quarter.
- **Rating and Price Target.** We maintain our Speculative Buy rating and \$5.35 price target for PIP shares. In our view, the stock is caught in "the BARDA band" as the Company awaits a final decision by that agency on a pending bid for second generation anthrax vaccine development and procurement.
- **Outlook.** PharmAthene has three significant proposals or applications in play that could dramatically alter the Company's future as a developer and supplier of biodefense countermeasures if the contracts are awarded. In our view, the second half of 2009 is a potentially transformative period for PharmAthene.

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SUMMARY

PharmAthene has been kept on hold by the U.S. government agency responsible for procuring biodefense countermeasures for the Strategic National Stockpile, but that has apparently not stopped the Company from moving forward with its overall strategic plan. During the second quarter earnings conference call management outlined progress with its various biodefense countermeasure candidates as well as efforts to gear up for production stage for its leading candidate, the *SparVax* second generation anthrax vaccine. We continue to view PIP shares as undervalued given the progress the Company has made with its product portfolio. Our rating remains Speculative Buy and the price target \$5.35.

HIGHLIGHTS OF SECOND QUARTER 2009 RESULTS

PharmAthene reported \$8.1 million in revenue in the June quarter resulting from execution on various development contracts for its biodefense countermeasure candidates. This compares to our estimate of \$7.8 million in the quarter. Research and development expenses attributed to recognized revenue totaled \$9.5 million. The net loss for the quarter was \$6.6 million or \$0.24 per share compared to our estimate of \$5.9 million net loss or \$0.21 per share. There was only one other published estimate for the Company, which was a loss of \$0.18 per share on \$8.1 million in revenue.

Balance Sheet Recapitalization

The Company reported \$9.3 million in cash and \$1.5 million in restricted cash at the end of June 2009. Additionally, the Company held \$14.3 million in 8% convertible notes and \$3.0 million other debt, all of which was considered current. The 8% convertible notes were due in the first week of August 2009. Subsequent to the end of the quarter, PharmAthene successfully completed a private placement of \$19.3 million in new 10% convertible notes, some of which were subscribed and exchanged by holders of the 8% notes. The Company paid off the balance of the 8% notes as well as other debt. We demonstrate the impact of the convertible note financing and recapitalization in Table I below.

Table I: Proforma Balance Sheet

	<u>6/30/09</u>	<u>Events Subsequent to Quarter End</u>	<u>Proforma 8/13/09</u>
Current assets:			
Cash	\$ 9.3 million	+\$10.5 million cash proceeds, 10% conv. bond -\$ 5.5 million cash payment on 8% conv. bond -\$ 3.0 million cash payment on revolving debt	\$12.8 million
Restricted cash	1.5	Re-designated free cash	-0-
Other current assets	<u>22.8</u>		<u>22.8</u>
Total current assets	\$33.6 million		\$35.6 million
PP&E	\$ 5.9		\$ 5.9
Other LT assets	<u>3.5</u>		<u>3.5</u>
Total assets	\$43.0 million		\$45.0 million
Current liabilities:			
Convertible notes, 8%	\$14.3 million	-\$8.8 million cancelled and exchanged -\$5.3 million repaid	-0-
Current LT debt	\$ 3.0	-\$3.0 million repaid	-0-
Other current liab.	<u>14.0</u>		<u>\$14.0</u>
Total current liab.	\$31.2 million		\$14.0 million
Other LT debt	\$ 0.4		\$ 0.4
Derivatives	1.0		1.0
LT Debt	-0-	+\$19.3 million 10% convertible debt issue	19.3
Shareholders equity	<u>\$10.3</u>		<u>\$10.3</u>
Total equity & liab.	\$43.0 million		\$45.0 million

Source: Company Reports and Crystal Equity Research Estimates

In our view, the recapitalization effort has left PharmAthene's balance sheet in better condition than ever though the debt-to-equity ratio increased and interest expense on the new 10% convertible notes will be higher beginning in the September 2009 quarter compared to that paid on the 8% notes. We estimate the debt-to-equity ratio is now 1.87 compared to 1.68 at the end of June. Nonetheless, cash available for investment is now approximately \$12.8 million compared to \$9.3 million. Working capital has increased to \$21.6 million from \$2.1 million. Furthermore, the company has satisfied all current debt repayment obligations.

Management announced that they now believe current cash resources will be sufficient to support the Company's business strategy. The anthrax development and procurement contract now pending with Biomedical Advanced Research and Development Authority (BARDA) is not expected to present a significant drain on cash resources, if awarded. Initial and milestone payments would be expected to cover working capital requirements for fulfillment of the development and production activities associated with finalizing the *SparVax* product and delivering doses to the National Strategic Stockpile.

We note that residual obligations to the seller of the Avecia operation have been partially extinguished. The Company paid \$7.0 million to Avecia in June 2009. As part of a revised settlement agreement, PharmAthene has pledged to pay an additional \$1.8 million for past performance and raw materials supplied by the sellers and \$3.0 million in cancellation fees. These final payments are subject to verification of additional performance obligations by Avecia. PharmAthene has already expensed the \$4.8 million in future payments, of which \$1.8 million is an allowable cost for submission under active U.S. government contracts.

Working Capital

We estimate that working capital subsequent to the \$19.3 million private placement of convertible notes is \$21.6 million. Working capital has also been impacted by a material increase in receivables including unbilled amounts on work already completed from \$1.4 million at the end of December 2008 to \$13.6 million at the end of June 2009. The increase has resulted principally from the transfer of a *SparVax* development contract from the National Institute of Allergies and Infectious Diseases (NIAID) to BARDA. The Company is still negotiating on policies and procedures relating to the submission of invoices for work under that contract. Management expects the procedures to be finalized by the end of the fourth quarter at which time the receivable is expected to be paid. We expect the impact to be observed in operating cash flows in the year-end report.

DEVELOPMENT PIPELINE

During the earnings conference call management outlined a series of accomplishments in its biodefense counter measure development program. *SparVax*, the second generation anthrax vaccine, and the bid to supply *SparVax* to the Strategic National Stockpile remain on the front burner. However, the Company continues to work on *SparVax* under previously awarded development contracts, including one which was initially awarded by the NIAID and transferred to BARDA in April 2009. Work also continues on *Valortim*, *Protexia* and the Company's third-generation anthrax vaccine candidate.

SparVax - anthrax vaccine

Relating to *SparVax*, the Company submitted its comprehensive plan for clinical and non-clinical development to the Federal Drug Administration (FDA). Feedback offered from the FDA was subsequently relayed to BARDA. A revised proposal by PharmAthene will be submitted to BARDA in the coming weeks and management anticipates further negotiation in contract terms including milestones and milestone payments. BARDA already visited PharmAthene facilities in May 2009 and has begun to oversee development work carried out under contracts previously awarded by NIAID. The Company also plans to present data on *SparVax* at the upcoming Bacillus-ACT conference scheduled to begin August 30, 2009, in Sante Fe, New Mexico. The conference is sponsored by the American Microbiology Association.

Protexia - nerve gas poisoning

The Company has completed the Phase I trial for *Protexia*, a bioscavenger for prevention or treatment of nerve gas poisoning. PharmAthene made an on-time delivery of a required report to the Department of Defense (DOD) which had awarded the Company a \$213 million contract including all development and procurement options to development and produce *Protexia* for use by the U.S. military. Management expects a decision by the DOD in 4Q09 or 1Q10 on the next development option valued at \$65 million. We note that the Company has run into a few bumps in the *Protexia* road. The contract manufacturer who supplies the pegylation reagent for *Protexia* is ceasing contract manufacturing operations, sending PharmAthene out looking for another supplier. The switch will require a license agreement for the pegylation process and a transfer the technology to the new supplier. There are also pending applications relating to pegylated butyrylcholinesterase, which is incorporated in *Protexia*. If patents are issued that overlap with *Protexia* intellectual property, PharmAthene may need to negotiate additional licenses in order to proceed with *Protexia* production.

Valortim - anthrax infection treatment

The June quarter was characterized as a particularly productive period for the Company's *Valortim* product candidate. Studies involving green monkeys and completed in cooperation with the U.S. Army Medical Research Institute for Infectious Diseases (USAMRIID) are expected to be completed this Fall 2009. An additional \$2.0 million in funding was received to submit a CMC/IND (Chemistry, Manufacturing and Controls / Investigational New Drug) to the FDA for completion of addition studies involving humans. Management expects to begin dosing by the end of the September 2009 quarter. In early June 2009 the Company has also submitted an application to BARDA in response to a Broad Agency Announcement (BAA) for anthrax anti-toxins and therapeutics. Specifically the Company proposes to develop an intravenous form of *Valortim* as well as an injectable formulation. Management expects a response on the proposal from BARDA by the end of the September 2009 quarter.

EARNINGS MODEL

We updated our earnings model to reflect June quarter results and the changes in outstanding debt and interest obligations. We made no other changes to revenue, cost or expense assumptions in 2H09. Our revised 2009 estimates are \$29.1 million in revenue, resulting in a net loss of \$24.1 million or \$0.89 per share. These estimates do not include possible workforce termination charges in the September quarter relating to the transfer of activities to a U.S.-based manufacturer for the bulk drug substance used in *SparVax* from the former Avecia facility in the U.K. We also note that our second scenario for 2009 as described in our last two updates on PharmAthene has been withdrawn as we no longer anticipate award of the *SparVax* development and procurement contract in time to impact 2009 results.

We note that our estimates vary considerably from the only other published estimate for PIP shares, which is a net loss of \$0.66 on \$74.2 million in revenue. We do not believe that this revenue level is achievable without additional contract awards and/or a dramatic escalation in development activity. The Company has recorded \$13.6 million in total sales in 1H09 requiring an additional \$60.6 million in revenue in the second half of the year to meet the estimate. Nonetheless, we acknowledge that even our revenue estimates are not much more than a demonstration as there is limited visibility into the pace and timing of the Company's development activity and even less visibility into the accounting factors that can impact the timing of revenue recognition. Thus we caution that there could be wide variance from our projected revenue levels even as product candidate development progresses as planned.

We expect revenue in the coming year to be commensurate with levels in 2009, unless the Company receives pending awards for *SparVax* (BARDA development and procurement contract for National Strategic Stockpile, \$400 million to \$600 million with options), *Valortim* (BARDA BAA, unspecified value) and *Protexia* (next option under DOD development and procurement contract, \$65 million). Any one of these pending contracts or proposals would have a material impact on 2010 revenue if awarded to the Company before the end of 2009.

We expect the Company's cash burn rate to settle near the level of \$2.0 million per quarter in 2H09. At this spending rate, the current cash resources would provide support for operations for approximately next six quarters. We note that we expect a material change in working capital and cash resources as receivables related to work under the NIAID-turned-BARDA development contract related to *SparVax* is expected to be billed and then paid by BARDA before the end of the year.

VALUATION AND OUTLOOK

We maintain our Speculative Buy rating and \$5.35 price target for PIP shares. In our view, the stock is caught in "the BARDA band" as the Company awaits a final decision by that agency on its second generation anthrax vaccine development and procurement contract. The lack of a definitive decision date may frustrate investors who seek certainty to calculate risk and return.

As noted in our comments above on our earnings model, PharmAthene has three significant contract proposals or funding applications in play that could dramatically alter the Company's future as a developer and supplier of biodefense countermeasures. In our view, the second half of 2009 is a potentially transformative period for PharmAthene. Accordingly, we believe investors should focus on all of the significant product candidates in PharmAthene's portfolio and not just the *SparVax* opportunity.

PharmAthene's outlook could also be impacted by further progress in the litigation pending between the Company and Siga Pharmaceuticals (SIGA: Nasdaq) relating to a now dissolved joint venture and merger agreement between the two companies. The litigation has been in the discovery stage since early 2009, in which the most recent action was a judge's order that Siga produce certain documents that had been withheld as privileged communications with legal counsel. The case is expected to go to trial after the beginning of next year. At play in PharmAthene's lawsuit and Siga's countersuit are rights to ST-246, a small pox vaccine. A bid to supply the ST-246 product candidate to the National Strategic Stockpile was recently deemed within competitive range by BARDA and a contract award could be made before the end of 2009. We expect the lawsuit to gain visibility in the coming months when discovery ends and a trial date is set. A decision favorable to PharmAthene could have a material impact on the Company's intellectual property portfolio, particularly if BARDA taps ST-246 for the Stockpile.

Exhibit I: PIP Stock Chart



Source: StockCharts.com

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

Table II: Historical and Projected Sales and Expenses

Dollars in Thousands	2006	2007	1Q08	2Q08	3Q08	4Q08	2008	1Q09	2Q09	3Q09E	4Q09E	2009E
Contract and grant revenue	1,642	14,625	5,819	10,914	10,644	5,481	32,858	5,522	8,071	7,750	7,750	29,093
Other income	21	19	21	-	32	-	53	-	-	-	-	-
Total revenue	1,663	14,644	5,840	10,914	10,676	5,481	32,911	5,522	8,071	7,750	7,750	29,093
Operating expenses:												
General & administrative	8,454	13,882	4,679	5,174	4,803	4,742	19,398	5,695	4,416	5,231	5,231	20,574
Research & development	7,259	16,560	5,877	11,184	9,414	5,337	31,812	5,147	9,465	7,169	7,169	28,950
Depreciation & amortization	484	705	196	240	206	172	814	192	199	250	250	891
Other	-	-	-	15,906	225	-	16,131	-	761	-	-	761
Total operating expenses	16,197	31,147	10,752	32,504	14,648	10,251	68,155	11,034	14,841	12,650	12,650	51,175
Operating income (loss)	(14,534)	(16,503)	(4,912)	(21,590)	(3,972)	(4,770)	(35,244)	(5,512)	(6,770)	(4,900)	(4,900)	(22,082)
Other income (expense)												
Interest income	290	1,123	472	362	201	190	1,225	104	93	100	100	397
Interest expense	(539)	(2,123)	(667)	(651)	(628)	(632)	(2,578)	(602)	(598)	(940)	(965)	(3,105)
Other, net	(350)	3,916	89	26	57	10	182	(3)	644	-	-	641
Total other income (expense)	(599)	2,916	(106)	(263)	(370)	(432)	(1,171)	(501)	139	(840)	(865)	(2,067)
Income (loss) before income taxes	(15,133)	(13,587)	(5,018)	(21,853)	(4,342)	(5,202)	(36,415)	(6,013)	(6,631)	(5,740)	(5,765)	(24,149)
Provision for income taxes (benefit from)	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	(15,133)	(13,587)	(5,018)	(21,853)	(4,342)	(5,202)	(36,415)	(6,013)	(6,631)	(5,740)	(5,765)	(24,149)
Accretion relating to preferred stock	(6,590)	(4,134)	-	-	-	-	-	-	-	-	-	-
Income available to shareholders	(21,723)	(17,721)	(5,018)	(21,853)	(4,342)	(5,202)	(36,415)	(6,013)	(6,631)	(5,740)	(5,765)	(24,149)
Adjusted income, net one-time charges	(21,723)	(17,721)	(5,018)	(5,947)	(4,117)	(5,202)	(20,284)	(6,013)	(5,870)	(5,740)	(5,765)	(23,388)
Net EPS (loss) available to shareholders	\$ (26.65)	\$ (1.44)	\$ (0.23)	\$ (0.99)	\$ (0.20)	\$ (0.20)	\$ (1.59)	\$ (0.23)	\$ (0.24)	\$ (0.21)	\$ (0.21)	\$ (0.88)
Net EPS (loss), adjusted	\$ (26.65)	\$ (1.44)	\$ (0.23)	\$ (0.27)	\$ (0.19)	\$ (0.20)	\$ (0.88)	\$ (0.23)	\$ (0.21)	\$ (0.21)	\$ (0.21)	\$ (0.85)
Weighted shares outstanding, diluted	568	9,443	22,087	22,087	22,096	25,500	22,943	26,009	28,057	28,000	28,000	27,517

Source: Company Reports and Crystal Equity Research Estimates

Table III: Selected Measures of Historical and Projected Sales and Expenses

Dollars in Thousands	2006	2007	1Q08	2Q08	3Q08	4Q08	2008	1Q09	2Q09	3Q09E	4Q09E	2009E
Total revenue	1,663	14,644	5,840	10,914	10,676	5,481	32,911	5,522	8,071	7,750	7,750	29,093
Operating income (loss)	(14,534)	(16,503)	(4,912)	(21,590)	(3,972)	(4,770)	(35,244)	(5,512)	(6,770)	(4,900)	(4,900)	(22,082)
Income available to shareholders	(21,723)	(17,721)	(5,018)	(21,853)	(4,342)	(5,202)	(36,415)	(6,013)	(6,631)	(5,740)	(5,765)	(24,149)
Adjusted income, net one-time charges	(21,723)	(17,721)	(5,018)	(5,947)	(4,117)	(5,202)	(20,284)	(6,013)	(5,870)	(5,740)	(5,765)	(23,388)
Net EPS (loss) available to shareholders	\$ (26.65)	\$ (1.44)	\$ (0.23)	\$ (0.99)	\$ (0.20)	\$ (0.20)	\$ (1.59)	\$ (0.23)	\$ (0.24)	\$ (0.21)	\$ (0.21)	\$ (0.88)
Net EPS (loss), adjusted	\$ (26.65)	\$ (1.44)	\$ (0.23)	\$ (0.27)	\$ (0.19)	\$ (0.20)	\$ (0.88)	\$ (0.23)	\$ (0.21)	\$ (0.21)	\$ (0.21)	\$ (0.85)
Weighted shares outstanding, diluted	568	9,443	22,087	22,087	22,096	25,500	22,943	26,009	28,057	28,000	28,000	27,517
SELECTED MEASURES:												
Sales growth, yr/yr		790.7%					124.7%					-11.5%
Net income growth, yr/yr	1269.5%	10.2%					168.0%					33.7%
EPS growth, yr/yr	26877.8%	94.6%					10.3%					44.7%
Gross margin	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating margin	-874.0%	-112.7%	-84.1%	-197.8%	-37.2%	-87.0%	-107.1%	-99.8%	-83.9%	-63.2%	-63.2%	-75.9%
EBIT margin	-877.6%	-78.3%	-74.5%	-194.3%	-34.8%	-83.4%	-102.8%	-98.0%	-74.7%	-61.9%	-61.9%	-72.3%
Net margin	-910.0%	-92.8%	-85.9%	-200.2%	-40.7%	-94.9%	-110.6%	-108.9%	-82.2%	-74.1%	-74.4%	-83.0%
Direct costs, % sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
G&A expense, % sales	508.4%	94.8%	80.1%	47.4%	45.0%	86.5%	58.9%	103.1%	54.7%	67.5%	67.5%	70.7%
R&D expense, % sales	436.5%	113.1%	100.6%	102.5%	88.2%	97.4%	96.7%	93.2%	117.3%	92.5%	92.5%	99.5%
Effective tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA, \$\$	(14,050)	(15,848)					(34,431)					(21,082)
EBITDA margin	-844.9%	-108.2%					-104.6%					-72.5%

Source: Company Reports and Crystal Equity Research Estimates

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ANALYST

Debra Fiakas, CFA is a seasoned, credentialed investment professional with a diversified and successful track record as a research analyst and as an investment banker. Her decade-plus career includes solid experience in all aspects of the equity capital markets with particular emphasis on emerging growth companies operating in the technology sectors. Ms. Fiakas is also the principal member of Crystal Equity Research, LLC.

ANALYST CERTIFICATION

The analyst who is primarily responsible for this research and whose name is listed first under Analysts above certifies that: 1) all of the views expressed in this research accurately reflect his or her professional views about any and all of the subject securities or issuers, and 2) no part of any of the analyst's compensation was, is or will be directly or indirectly related to the specific rating expressed by analyst in this research.

CER REPORT RESEARCH UNIVERSE*

Speculative Buy	1	25%	Unproven business model; catalysts exist to generate higher returns
Accumulate	2	50%	Long-term return potential above 10%; near-term catalysts may not exist
Hold	0	0%	Total return potential below 10%; an acceptable long-term holding
Sell	0	0%	Potential return greater than negative 10%; take profits or stem losses
Not Rated	1	25%	No rating
Total	4	100%	

*Research universe categorized by rating only; Crystal Equity Research provides no investment banking services.

HISTORICAL RECOMMENDATIONS AND TARGET PRICE: PharmAthene, Inc. / PIP

<u>Report</u>	<u>Date</u>	<u>Price</u>	<u>Rating</u>	<u>Target Price</u>
Initial	9/26/08	\$1.78	Speculative Buy	\$5.35
Update	10/2/08	\$2.12	Speculative Buy	\$5.35
Update	11/14/08	\$0.85	Speculative Buy	\$5.35
Update	3/31/09	\$2.56	Speculative Buy	\$5.35
Update	4/30/09	\$2.53	Speculative Buy	\$5.35
Update	5/15/09	\$2.44	Speculative Buy	\$5.35
Update	7/13/09	\$2.24	Speculative Buy	\$5.35
Update	8/14/09	\$2.92	Speculative Buy	\$5.35

DISCLOSURES

<u>Name</u>	<u>Symbol: Exchange</u>	<u>Disclosures</u>
PharmAthene, Inc.	PIP: NYSE Amex	D, E

Disclosure Key

- A A member or employee of Crystal Equity Research, LLC serves on the board of directors of the company.
- B A controlling member of Crystal Equity Research, LLC has a beneficial interest in the common stock of the company.
- C A person or persons preparing this report or an immediate family member of the preparer has a beneficial interest in the common stock of the company.
- D Crystal Equity Research, LLC received compensation for research coverage from the company or one of its agents. The subscription fee for CER Research Coverage in the amount of \$12,500 was paid in advance in cash.
- E The company has a convertible issue outstanding.
- F The securities covered in this report can be optioned.
- G The securities covered in this report can be margined.

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