

NYSE Amex: PIP

Update

June 24, 1010

Rating: **Speculative Buy**  
(Unchanged)

Recent Price: **\$1.60**  
(6/23/10)

Price Target: **\$3.50**  
(Unchanged)

## PHARMATHENE, INC.

Biotechnology; Biodefense

### MARKET DATA

52-Week High/Low	\$4.31 - \$1.13
Ave. Daily Volume (6-mos.)	126 K
Shares Outstanding	30.1 M
Inside Ownership	20.9%
Institutional Ownership	15%
Float	23.8 M
Short Interest (% of float)	<1%

### FINANCIAL DATA

Market Capitalization	\$48.2 M
- Cash & Equivalents	\$ 0.8 M
+ Long-term Debt	<u>\$18.3 M</u>
Enterprise Value	\$65.7 M
Book Value (Deficit)	(\$5.2) M
Working Capital	\$4.0 M
Dividend Yield	Nil

*Pro Forma balance sheet figures as of 3/31/10*

	SALES	NET	CFO	PSL
2007A	\$14.6	(\$17.7)	(\$13.6)	(\$1.88)
2008A	\$32.9	(\$36.4)	(\$13.2)	(\$1.59)
2009A	\$27.6	(\$32.3)	(\$29.0)E	(\$1.17)
1Q10A	\$ 3.1	(\$ 7.9)	(\$ 5.0)	(\$0.28)
2Q10E	\$ 7.5	(\$ 7.0)		(\$0.24)
3Q10E	\$ 7.5	(\$ 7.0)		(\$0.24)
4Q10E	\$ 7.5	(\$ 7.0)		(\$0.24)
2010E	\$25.6	(\$28.9)	(\$20.0)	(\$1.00)

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

### VALUATION

Price/Sales	1.9 X
Price/CFO	Neg
Price/Trailing 12-mo. Earnings	Neg
Price/Book Value	Neg
Consensus EPS Estimate 2010	(\$0.54)
Forward PE	Neg
Consensus EPS Estimate 2011	(\$0.47)
Forward PE	NA

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*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 a candidate 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](http://www.pharmathene.com).*

### HIGHLIGHTS

- **Management Changes.** Turnover has been surprisingly low at PharmAthene in light of the delays in landing development contracts for the Company's primary anthrax vaccine candidate, SparVax, which could have disappointed some on the team. (Page 2)
- **New Leadership.** Not long after promoting Richman to President and COO, the Company pressed Richman into service as Interim Chief Executive Officer to fill a vacancy left by David Wright. We believe the lack of a formal search for a new CEO suggests Richman is in a trial period. (Page 3)
- **Deep Bench.** The Company's investor presentation demonstrates the experience of the management and scientific team with a display of corporate logos from the team members' former employers. The group is impressive with a wide ranging list of alma maters. We have identified certain talents on the PharmAthene team we believe are more vital than others in execution. (Page 2)
- **Insider Transactions.** Insiders control approximately 21% of the outstanding shares. Recent purchases by the Chairman and Interim CEO are strong cues for investors. (Pages 5, 6)
- **Rating and Price Target.** We continue to rate PIP shares as a Speculative Buy with a price target of \$3.50. Our price target falls below our valuation estimates as we have taken into consideration historic trading patterns we believe could trigger price expansion. (Page 5)

**PLEASE READ THE IMPORTANT DISCLOSURES AND DISCLAIMER ON PAGES 9 AND 10 OF THIS REPORT.**

## SUMMARY

Our coverage of PharmAthene, Inc. is updated following the Company's annual shareholder meeting. We have come away from our most recent conversations with management with renewed confidence in the ability of this team to execute on PharmAthene's strategic plan to develop and produce biodefense countermeasures. In our view, execution is a key investment consideration in PIP along with capital adequacy to bring to market the most promising countermeasures in PharmAthene's biodefense portfolio.

We continue to rate PIP shares as a **Speculative Buy with a price target of \$3.50**. Our price target falls below our valuation estimates as we have taken into consideration historic trading patterns we believe could trigger price expansion. The contract pipeline includes three pending decisions relating to *SparVax*, *Valortim* and *Protexia*. Favorable decisions could have a positive impact on investor confidence in this Company to remain a viable competitor in the biodefense arena, catalyzing higher valuation and stock price.

## MANAGEMENT CHANGES

**Turnover has been surprisingly low** at PharmAthene in light of the delays in landing development contracts for the Company's primary anthrax vaccine candidate, *SparVax*, which could have disappointed some on the team. Although we note there are no personnel from the Avecia acquisition who have remained with the Company, PharmAthene had been very successful in attracting and retaining top talent on its scientific bench. The Company's investor presentation demonstrates the experience of the management and scientific team with a display of corporate logos from the team members' former employers. The group is impressive with a wide ranging list of alma maters.

### ***Vital Talents for Execution***

We have identified certain talents on the PharmAthene team we believe are more vital than others in execution.

Dr. Valerie Riddle has been with the Company since late 2003 as medical director. Riddle is a board **certified doctor of internal medicine and infectious diseases** and spent several years each with biotechs, MedImmune (now a subsidiary of AstraZeneca, AZN: NYSE) and Guilford Pharmaceuticals, in medical science posts. Just prior to joining PharmAthene Riddle was with the Washington Hospital Center in Washington, D.C., as director of its HIV Service.

We also believe the experiences of Joan Fusco, PhD. and Wayne Morges, PhD. are also vital. Both have **successful vaccine development stories** to their credit. At Baxter Healthcare's (BAX: NYSE) BioScience Division, Dr. Fusco was responsible for the vaccine development pipeline and successfully drove two vaccines from discovery through commercialization. Fusco also worked at Acambis (now a division of Sanofi Aventis, SNY: NYSE) as senior vice president of operations, where she oversaw the development and manufacturing operations of Acambis' biodefense and portfolio programs. In our view, her experience in the on-time delivery of vaccine products is indispensable. Dr. Morges was also previously with both Baxter and Acambis. At the latter Acambis post, Morges was instrumental in delivering a new smallpox vaccine to the Strategic National Stockpile. In our view, their experience in the on-time delivery of vaccine products is indispensable for PharmAthene as it brings its countermeasure candidates out of the laboratory and into production.

Even a solid, stable team like that of PharmAthene needs to bring in a new hitter to improve the score - to use a baseball metaphor. The Company believes they have such a star in Dr. Thomas Fuerst, who was appointed Chief Scientific Officer in April 2010. Fuerst brings **experience in government policy and planning as well as scientific and management functions in the private pharmaceutical industry**. He was head of corporate development at Sanofi (Pasteur) Aventis (SNY: NYSE), originating that company's biodefense initiative after the September 11<sup>th</sup> terrorist attacks in New York City and Washington, D.C. He led scientific and business functions for Sanofi's vaccine and immunotherapeutic products for infectious diseases and cancer. Most recently Fuerst had been the senior science and

technology advisor for the U.S. Department of Health and Human Services, where he was responsible for developing and acquiring vaccines and therapeutic products for U.S. biodefense programs. Fuerst helped establish the Biomedical Advanced Research and Development Authority (BARDA) that has become one of the dominant forces in the U.S. biodefense field. In our view, Fuerst brings an exceptional perspective to PharmAthene having both private pharmaceutical sector and public policy perspectives.

As vital as the scientific and program management functions are, we also view the financial function as equally important. Charles Reinhart took over the position of chief financial officer in 2009. Reinhart has **significant experience in the pharmaceutical sector** having served in senior financial posts at Millennium Pharmaceuticals, Inc. and Cephalon, Inc. (CEPH: Nasdaq) Reinhart has been bolstering programmatic monitoring and reporting functions that provide greater insight into milestone achievement and budget performance. We believe these changes along with the strategic focus of the new position of chief scientific officer should lead to improved financial efficiency.

### ***Executive Leadership***

Bringing it altogether is the new chief executive officer and director, Eric Richman. Not long after promoting Richman to President and Chief Operating Officer, the Company pressed Richman into service as Interim Chief Executive Officer to fill a vacancy left by David Wright. Wright resigned from the top post in April 2010. Richman first joined PharmAthene in 2003 as vice president of business development and strategic planning. He had been elevated to the president and COO posts in March 2010.

Although tapping Richman as an “interim” CEO, the board of directors has not formally announced a search effort to fill the position. We believe the lack of a formal search suggests Richman is in a trial period. He worked on teams responsible for launching two of MedImmune’s major drugs, CytoGam and Synagis, in U.S. and international markets. MedImmune was subsequently sold to AstraZeneca in 2007. Richman had previously worked at a life-sciences focused venture capital firm. He serves on the board of directors of two other companies.

Richman does not have the senior executive or personal entrepreneurial success stories behind him that some investors might want to see in a CEO. Nonetheless, his **wide ranging experience** may suit him well for PharmAthene’s board room. We believe his **rapport with the rest of the management and scientific team** may be his most important qualification for the CEO post. Richman’s quiet and well-spoken demeanor appears to disguise a no-nonsense “driver” who could shift the Company into a higher gear if given a chance.

## **ANTHRAX VACCINE DEVELOPMENT**

### ***Second Generation Anthrax Vaccine***

Earlier this month the U.S. General Accounting Office announced its conclusion that BARDA (Biomedical Advanced Research and Development Agency) had not violated U.S. government procurement policies in extending a contract to PharmAthene for continued development work on the Company’s *SparVax* second generation anthrax vaccine. The contract had been let in February 2010 after BARDA nixed a sizable Request for Proposals that would have made at as much as \$600 million available for Gen2 anthrax vaccine work. Shortly following the contract award, a competitor filed a complaint and the contract was suspended pending investigation by the GAO. The **decision by the GAO releases the \$78 million contract to PharmAthene**, which is expected to provide support for *SparVax* work through the end of 2012.

The Company’s technology team is meeting this week with BARDA representatives to discuss the development timetable and resumption of the contract extension. It is unclear whether the *SparVax* timetable has been set back by the funding hiccup. PharmAthene has continued work on *SparVax* under another program and funding source, but the activities are not necessarily contiguous to those activities that are provided for under the now-restored contract.

PharmAthene has also applied for support of *SparVax* development under a Broad Agency Announcement (BAA) issued by BARDA in February 2010, under which another \$100 million in development work could be awarded. The BAA is not a competitive process and would allow PharmAthene to work at its own pace and under a possible more refined timetable than what might have otherwise been the case under cancelled RFP. Following the remix of the team as described above, PharmAthene management is working on refinements to its contracting process that could streamline timetables and provide for more effective follow-up on milestones as well as better coordinate successive programs such as the Gen2 and Gen3 anthrax vaccine projects.

### **Third Generation Anthrax Vaccine**

The Company's third generation anthrax vaccine development efforts have been temporarily stymied by the announcement in late May 2010 from late last month by the NIAID (National Institute of Allergy and Infectious Disease) that PharmAthene's development contract awarded in September 2008, is subject to termination. The NIAID had previously notified PharmAthene of their concerns regarding performance and noted project delays and contract management as issues. PharmAthene had responded with a revised development timetable among other changes. A resolution is expected in the near-term.

The third generation anthrax vaccine sought by the U.S. government requires significant differences from the second generation effort. The 3G candidate is to be a post-exposure treatment versus a preventative vaccine in the 2G candidate. PharmAthene's 3G effort involves the same recombinant protective antigen (rPA) as in *SparVax*, the Company's 2G candidate. However, the 3G form involves additional immune stimulant not present in *SparVax*. A freeze dried (lyophilized) form that enables room temperature storage and a two-dose regimen rather than a three-dose regimen is contemplated for PharmAthene's 3G formulation. Management has indicated that to this point there have been no problems with the 3G vaccine candidate in terms of its potential effectiveness or safety.

Although **important changes are contemplated for PharmAthene's 3G anthrax candidate**, management has indicated that to this point there have been no problems with the 3G vaccine candidate in terms of effectiveness or safety. Nonetheless, the 3G program still dependent upon development accomplishments in the 2G program, making coordination of the two programs intelligent from a cost efficiency standpoint. Some delays were experienced in the transition of the Company's manufacturing effort from the U.K. to the U.S. as well as the transition of certain funding contracts for *SparVax* from the NIAID to BARDA.

PharmAthene continues to work with the NIAID officials on the 3G project issues. Meanwhile development efforts continue under alternate funding sources relating to reconstituting the lyophilized product, scaling up production capabilities and testing for stability.

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**Table I: Corporate Calendar**

July 2010	Siga Legal Dispute	Anticipated hearing date in Delaware Chancery Court on Siga's motion for summary judgment
August 2010	3G Anthrax Vaccine Contract	June Quarter Report update on negotiations with NIAID on \$13.2 million contract under review for non-compliance
Fall 2010	<i>Protexia</i> Nerve Agent Antidote	Final negotiations with Department of Defense on Milestone B funding valued in a range of \$65 million to \$100 million
Fall 2010	<i>Valortim</i> Study Evaluation	Finalization of review on <i>Valortim</i> -Cipro study outcomes; reinstatement of negotiations under BARDA BAA valued at \$100 million
Year End 2010	2G Anthrax Funding Application	Final decision by BARDA on BAA application for funding to support <i>SparVax</i> development valued at \$100 million

Source: Company Reports and Crystal Equity Research Estimates

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**Table II: Insider and Significant Ownership**

Name	Position	Years	Stock	Derivatives	Total	Experience
J. Pappajohn	Chairman - I	5	911,164	50,000	961,164	Finance, exec. mngmt
J. H. Cavanaugh, Ph.D.*	Director - I, 1, 2, 4	3	4,228,592	333,577	4,562,169	Venture capital; pharma
S. St. Peter, MD	Director - I, 2, 3	6	-0-	51,104	51,104	Medical doctor; finance
D. Schaffer, MD	Director - I		974,497	482,350	1,456,847	Venture capital, health
J. McCleary	Director - I, 3, 4	7	101,410	126,656	228,066	Public policy
J. Gill	Director - I, 1, 3	6	-0-	72,759	72,759	Exec. mngmt.; pharma
J. Runge, MD	Director - I	1	-0-	20,000	20,000	Consulting, security
M. Sayare, Ph.D.	Director - I	<1	-0-	20,000	20,000	Exec. mngmt; pharma
E. Richman	Interim CEO, Dir.	5	70,572	264,424	334,996	Management; pharma
T. Fuerst, Ph.D.	CSO	<1	-0-	350,000	350,000	Public policy, pharma
W. Morges, Ph.D.	VP Reg. Affairs	5	38,091	130,902	168,993	Microbiology; pharma
C. Reinhart	CFO	1	na	na	na	Accounting; finance
V. Riddle, MD	Medical Director	7	na	na	na	Medicine; pharma
F. Cook	VP Policy & Pub	7	na	na	na	Public policy
J. Fusco, Ph.D.	VP Operations	3	na	na	na	Microbiology; pharma

	Stock	Derivatives	Total
Officers as a Group	6.3 M	1.9 M	8.2 M
5% Holders	14.5 M	6.3 M	20.8 M

*I - Independent Director*

*1 - Audit Committee*

*2 - Governance and Nominating Committee*

*3 - Compensation Committee*

*4 - Government Affairs Committee*

*\*Includes shares and shares underlying convertible notes and warrants owned by Healthcare Ventures VII, of which Mr. Cavanaugh is a general partner.*

Source: Company Reports and Crystal Equity Research Estimates

## VALUATION AND OUTLOOK

The **biodefense arena is unique in that it straddles the two separate worlds** of government policy and private sector research and development with potentially conflicting priorities. PharmAthene is also unique among the companies that have biodefense initiatives in that the Company is singularly focused on biodefense countermeasures. Some of its peers and competitors such as Emergent Biosolutions, Inc. (EBS: NYSE) and Human Genome Sciences, Inc. (HGSI: Nasdaq) have their origins in commercial initiatives and participate in biodefense programs as a means to expand addressable market. The nascent character of the biodefense arena might call for “out of the box” thinking to successfully navigating government funding programs while guiding research and development toward a timely and fruitful end - a countermeasure that is effective and safe enough to earn FDA approval.

PharmAthene has executed well enough in its various programs. Notwithstanding the possible loss of a contract to develop a third generation anthrax vaccine, the Company has won approximately \$388 million in development contracts to date and has completed successful clinical trials for three of its top countermeasure candidates.

Yet, the argument could be made that this management team still has much to prove. We believe investors should consider carefully cues provided by insiders themselves in recent months as to the Company’s future prospects. Management appears to believe PIP shares are undervalued and that the Company is worth personal and financial risk.



**Table III: Historical and Projected Sales and Expenses**

Dollars in Thousands	2008	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10E	3Q10E	4Q10E	2010E	2011E
Total revenue	32,911	5,522	8,071	6,830	7,127	27,550	3,117	7,500	7,500	7,500	25,617	80,000
Operating expenses:												
General & administrative	19,398	5,695	4,416	6,225	5,062	21,398	5,326	5,625	5,625	5,625	22,201	25,000
Research & development	31,812	5,147	9,465	7,610	7,998	30,220	4,952	7,875	7,875	7,875	28,577	72,000
Depreciation & amortization	814	192	199	247	234	872	245	250	250	250	995	1,000
Other	16,131	-	761	274	-	1,035	-	-	-	-	-	-
Total operating expenses	68,155	11,034	14,841	14,356	13,294	53,525	10,523	13,750	13,750	13,750	51,773	98,000
Operating income (loss)	(35,244)	(5,512)	(6,770)	(7,526)	(6,167)	(25,975)	(7,406)	(6,250)	(6,250)	(6,250)	(26,156)	(18,000)
Other income (expense)												
Interest income	1,225	104	93	62	10	269	3	15	15	15	48	150
Interest expense	(2,578)	(602)	(598)	(749)	(888)	(2,837)	(948)	(716)	(716)	(716)	(3,096)	(2,863)
Other, net	182	(3)	644	(5,750)	1,372	(3,737)	407	-	-	-	407	-
Total other income (expense)	(1,171)	(501)	139	(6,437)	494	(6,305)	(538)	(701)	(701)	(701)	(2,641)	(2,713)
Income (loss) before income taxes	(36,415)	(6,013)	(6,631)	(13,963)	(5,673)	(32,280)	(7,944)	(6,951)	(6,951)	(6,951)	(28,797)	(20,713)
Net income (loss)	(36,415)	(6,013)	(6,631)	(13,963)	(5,673)	(32,280)	(7,944)	(6,951)	(6,951)	(6,951)	(28,797)	(20,713)
Accretion relating to preferred stock	-	-	-	-	-	-	-	-	-	-	-	-
Income available to shareholders	(36,415)	(6,013)	(6,631)	(13,963)	(5,673)	(32,280)	(7,944)	(6,951)	(6,951)	(6,951)	(28,797)	(20,713)
Adjusted income	(20,284)	(6,013)	(5,870)	(13,689)	(5,673)	(31,245)	(7,944)	(6,951)	(6,951)	(6,951)	(28,797)	(20,713)
Net EPS (loss) available to shareholders	\$ (1.59)	\$ (0.23)	\$ (0.24)	\$ (0.50)	\$ (0.20)	\$ (1.17)	\$ (0.28)	\$ (0.24)	\$ (0.24)	\$ (0.24)	\$ (1.00)	\$ (0.71)
Net EPS (loss), adjusted	\$ (0.88)	\$ (0.23)	\$ (0.21)	\$ (0.49)	\$ (0.20)	\$ (1.13)	\$ (0.28)	\$ (0.24)	\$ (0.24)	\$ (0.24)	\$ (1.00)	\$ (0.71)
Weighted shares outstanding, diluted	22,943	26,009	28,057	28,077	28,155	27,575	28,173	29,000	29,000	29,000	28,793	29,000

Source: Company Reports and Crystal Equity Research Estimates

**Table IV: Selected Measures of Historical and Projected Sales and Expenses**

Dollars in Thousands	2008	1Q09	2Q09	3Q09	4Q09	2009	1Q10	2Q10E	3Q10E	4Q10E	2010E	2011E
Total revenue	32,911	5,522	8,071	6,830	7,127	27,550	3,117	7,500	7,500	7,500	25,617	80,000
Operating income (loss)	(35,244)	(5,512)	(6,770)	(7,526)	(6,167)	(25,975)	(7,406)	(6,250)	(6,250)	(6,250)	(26,156)	(18,000)
Income available to shareholders	(36,415)	(6,013)	(6,631)	(13,963)	(5,673)	(32,280)	(7,944)	(6,951)	(6,951)	(6,951)	(28,797)	(20,713)
Adjusted income	(20,284)	(6,013)	(5,870)	(13,689)	(5,673)	(31,245)	(7,944)	(6,951)	(6,951)	(6,951)	(28,797)	(20,713)
Net EPS (loss) available to shareholders	\$ (1.59)	\$ (0.23)	\$ (0.24)	\$ (0.50)	\$ (0.20)	\$ (1.17)	\$ (0.28)	\$ (0.24)	\$ (0.24)	\$ (0.24)	\$ (1.00)	\$ (0.71)
Net EPS (loss), adjusted	\$ (0.88)	\$ (0.23)	\$ (0.21)	\$ (0.49)	\$ (0.20)	\$ (1.13)	\$ (0.28)	\$ (0.24)	\$ (0.24)	\$ (0.24)	\$ (1.00)	\$ (0.71)
Weighted shares outstanding, diluted	22,943	26,009	28,057	28,077	28,155	27,575	28,173	29,000	29,000	29,000	28,793	29,000
SELECTED MEASURES:												
Sales growth, yr/yr	124.7%					-16.2%					-7.0%	212.3%
Net income from cont. oper. growth, yr/yr	168.0%					11.4%					10.8%	28.1%
EPS cont. oper. growth, yr/yr	10.3%					26.2%					14.6%	28.6%
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	-107.1%	-99.8%	-83.9%	-110.2%	-86.5%	-94.3%	-237.6%	-83.3%	-83.3%	-83.3%	-102.1%	-22.5%
EBIT margin	-102.8%	-98.0%	-74.7%	-193.5%	-67.1%	-106.9%	-224.4%	-83.1%	-83.1%	-83.1%	-100.3%	-22.3%
Net margin	-110.6%	-108.9%	-82.2%	-204.4%	-79.6%	-117.2%	-254.9%	-92.7%	-92.7%	-92.7%	-112.4%	-25.9%
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	58.9%	103.1%	54.7%	91.1%	71.0%	77.7%	170.9%	75.0%	75.0%	75.0%	86.7%	31.3%
R&D expense, % sales	96.7%	93.2%	117.3%	111.4%	112.2%	109.7%	158.9%	105.0%	105.0%	105.0%	111.6%	90.0%
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, \$\$	(34,431)					(25,135)					(25,156)	(17,000)
EBITDA margin	-104.6%					-91.2%					-98.2%	-21.3%

Source: Company Reports and Crystal Equity Research Estimates

## CRYSTAL EQUITY RESEARCH, LLC

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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	3	60%	Unproven business model; catalysts exist to generate higher returns
Accumulate	1	20%	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	20%	Potential return greater than negative 10%; take profits or stem losses
Not Rated	0	0%	No rating
<b>Total</b>	<b>4</b>	<b>100%</b>	

\*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
Update	11/18/09	\$3.50	Speculative Buy	\$5.35
Update	12/9/09	\$1.55	Speculative Buy	\$3.50
Update	3/24/10	\$1.65	Speculative Buy	\$3.50
Update	5/13/10	\$1.40	Speculative Buy	\$3.50
Update	6/24/10	\$1.60	Speculative Buy	\$3.50

**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 per year 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.

*Crystal Equity Research, LLC received compensation from PharmAthene, Inc. to issue this report.*

**ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST.** Inquiries may be made by telephone at **212-400-7519**, by electronic message to **info@crystalequityresearch.com** or by mail to **1040 Avenue of the Americas, Floor 24, New York, NY 10018**. Additional information about Crystal Equity Research is available at the firm's web site at **www.crystalequityresearch.com**.

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