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FOR IMMEDIATE RELEASE:

**DEPARTMENT OF DEFENSE AWARDS \$5.8 MILLION
CONTRACT MODIFICATION PROVIDING ADDITIONAL FUNDING FOR
PHARMATHENE'S PROTEXIA® PROGRAM**

ANNAPOLIS, MD, March 26, 2008 — PharmAthene, Inc., (Amex: PIP) a biodefense company specializing in the development and commercialization of medical countermeasures against chemical and biological terrorism, announced today that it has been awarded a contract modification providing an additional value of \$5.8 million for continued development of Protexia®, the Company's broad spectrum chemical nerve agent prophylaxis.

In September 2006, PharmAthene was awarded a multi-year contract from the Department of Defense (DoD) U.S. Army Space and Missile Command for advanced development of Protexia® valued at up to \$213 million, provided that certain milestones are achieved and that all contract options and extensions are exercised by the government.

The work made possible by this award will provide an additional value of \$5.8 million and has been provided through a contract modification initiated by DoD. Including these additional funds, the contract is now valued at up to \$219 million, assuming all milestones are achieved and that all contract extensions and options are exercised by the DoD.

“Our successful performance to date has permitted the Department of Defense to provide additional funding which enables PharmAthene to pursue activities aimed at further enhancing the program,” commented Dr. John Troyer, Senior Program Director for Protexia®. “We are delighted at the continued strong interest and support from the DoD in our Protexia® program.”

“The DoD continues to be at the forefront of the development of novel medical countermeasures and we are very pleased and fortunate to have such an outstanding partner with which to collaborate on our Protexia® program,” continued Dr. Troyer.

Preclinical studies suggest that recombinant butyrylcholinesterase used as a prophylactic against nerve agents would add a valuable capability to the spectrum of existing nerve agent therapeutics. Recombinant butyrylcholinesterase has been shown to bind with nerve agents to



prevent lethality in *in vivo* challenge studies with nerve agents. As a prophylactic, recombinant butyrylcholinesterase may reduce or eliminate the need for post-exposure therapeutics. In addition, our proprietary manufacturing method enables substantially larger production yields than what is possible with human plasma-derived BChE, suggesting that when developed, Protexia® could adequately fulfill the U.S. military and civilian stockpile requirements. It is these unique characteristics which make Protexia® the superior choice for military and civilian chemical defense,” said Dr. Troyer.

About Protexia®: PEGylated Recombinant Human Butyrylcholinesterase (rBChE)

Protexia® is a form of recombinant human butyrylcholinesterase (rBChE), a potent organophosphorus (OP) scavenger protein produced in the milk of transgenic goats, which is being developed for use as a prophylactic against acute organophosphorus (OP) nerve agent toxicity.

About Chemical Weapons

Organophosphorus nerve agents, or anti-cholinesterase agents, were discovered in the 1930s following intensive research into new insecticides. Their discovery represents the beginning of modern chemical warfare. These agents cause toxicity by binding to and inhibiting acetylcholinesterase, an enzyme in the body that is essential for nervous system function, leading to increases in acetylcholine and “cholinergic crisis” that can cause loss of muscle control, respiratory failure, paralysis, convulsions, permanent brain damage and eventually death.

These so-called nerve gases, which are actually all liquids at room temperature, are lethal far more quickly and in far lower concentrations than other classical chemical warfare agents such as vesicants, choking agents and blood agents, and are effective both when inhaled and when absorbed through the skin. Nerve agents can be classified as either G-agents (sarin, soman, tabun) or V-agents (VX), both of which are exceedingly toxic.

About PharmAthene, Inc.

PharmAthene (AMEX:PIP) was formed to meet the critical needs of the United States and its allies by developing and commercializing medical countermeasures against biological and chemical weapons. PharmAthene’s lead programs include Valortim™ for the prevention and treatment of anthrax infection and Protexia® for the prevention and treatment of morbidity and mortality associated with exposure to chemical nerve agents. For more information on PharmAthene, please visit www.PharmAthene.com.

Statement on Cautionary Factors

Except for the historical information presented herein, matters discussed may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to certain risks and uncertainties that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. Statements that are not historical facts, including statements preceded by, followed by, or that include the words “potential”; “believe”; “anticipate”; “intend”; “plan”; “expect”; “estimate”; “could”; “may”; “should”; “could”; or similar statements are forward-looking statements. PharmAthene disclaims, however, any intent or obligation to update these forward-



looking statements. Risks and uncertainties include risk associated with the reliability of the results of the studies relating to human safety and possible adverse effects resulting from the administration of Protexia®, unexpected funding delays, unforeseen safety issues, unexpected determination that Protexia® proves not to be effective or capable of being marketed as a product, as well as risks detailed from time to time in PharmAthene’s public disclosure filings with the U.S. Securities and Exchange Commission (the “SEC”). There can be no assurance that such development efforts will succeed or that other developed products will receive required regulatory clearance, or that, even if such regulatory clearance were received, such products would ultimately achieve commercial success. Copies of PharmAthene’s public disclosure filings are available from its investor relations department.

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