



FOR IMMEDIATE RELEASE

Contact:

Stacey Jurchison
PharmAthene, Inc.
Phone: 410-269-2610
JurchisonS@PharmAthene.com

PHARMATHENE REPORTS YEAR-END 2007 FINANCIAL RESULTS

ANNAPOLIS, MD – March 31, 2008 – PharmAthene, Inc. (Amex: PIP) a biodefense company developing medical countermeasures against biological and chemical threats, today reported financial results for the year ended December 31, 2007.

David P. Wright, President and Chief Executive Officer commented, “In 2007 we continued to advance both our corporate and product development objectives and achieved a number of important milestones which included, obtaining additional contract and appropriations funding for Valortim™ and Protexia® and generating promising new data in each of these programs. We also completed a merger with Healthcare Acquisition Corp. which provided a stronger financial foundation with enhanced access to capital with which to pursue our business objectives. Our goal was to use these resources to accelerate our growth, which was recently demonstrated by the execution of an agreement for the acquisition of Avecia’s biodefense vaccines.”

Current and Full Year 2007 Highlights

In addition to the recently announced sale and purchase agreement signed with Avecia, PharmAthene also demonstrated significant achievements in 2007, including:

- Completing a merger with Healthcare Acquisition Corp. and building a stronger financial foundation for the Company. As a result of the merger PharmAthene obtained approximately \$57.9 million in capital.
- Receiving a contract for up to \$13.9 million from the National Institutes of Health to support the development of Valortim™ for use as an anti-toxin therapeutic to prevent and treat inhalational anthrax infection.
- Obtaining up to an additional \$2.4 million in funding for Valortim™ in the FY 2007 and 2008 U.S. Congressional Appropriations budgets for the Department of Defense.
- Presenting new mechanistic data for Valortim™ showing that Valortim™ may possess the ability to enhance macrophage killing of *Bacillus anthracis* (anthrax) spores within macrophages, potentially blocking the ability of the spores to develop into bacteria and preventing toxin production and propagation of the infection.

- Demonstrating new research showing that recombinant butyrylcholinesterase (rBChE) may effectively block the formation of amyloid fibrils, which are believed to be important precursors to Alzheimer's disease.
- Showing a therapeutic effect for Valortim™ in a new primate model of established inhalation anthrax infection – the African Green Monkey model, which is believed to follow a similar disease course as would be expected in humans exposed to aerosolized *Bacillus anthracis* (anthrax) spores. The pilot study demonstrated 50% survival in Valortim™-treated animals compared to no animals in the control group; this was perceived to be an encouraging survival result since the study animals had bacteria multiplying in their blood and were poised to manifest severe symptoms and death at the time they received treatment.

Financial Highlights

For the year ended December 31, 2007, PharmAthene recognized revenues of \$14.6 million compared to \$1.7 million for the period ended December 31, 2006. The Company's revenues consist primarily of contract and grant funding from the U.S. government. The increase in revenue in 2007 is primarily attributable to revenues of \$14.6 million provided under the Department of Defense advanced development and procurement contract for Protexia®, which was executed in September 2006.

PharmAthene's research and development expenses were \$16.6 million for the year ended December 31, 2007 and \$7.3 million for the same period in 2006. Research and development expense increased \$9.3 million in 2007 compared to 2006 primarily as a result of increased process development and manufacturing activities related to Protexia® and Valortim™ of \$9.2 million, and employee-related expenses, including stock compensation expense of \$1.8 million. These increases were partially offset by reduced preclinical and clinical activities related mostly to the Valortim™ clinical trial program.

General and administrative expenses for the Company in 2007 were \$13.9 million compared to \$8.5 million for the same period in 2006. The increase in general and administrative costs in 2007 was attributable to increased employee costs, a related increase in travel expense, increased stock compensation expense, and increased facilities costs as PharmAthene relocated its corporate headquarters in 2007 to larger facilities in Annapolis.

PharmAthene's net loss attributable to common shareholders for the year ended December 31, 2007 was \$17.7 million or \$1.88 per basic and diluted share. Non-cash adjustments for the year ended December 31, 2007 included a \$2.4 million credit that resulted from the cancellation of former PharmAthene preferred stock warrants, a \$0.9 million gain on the extinguishment of debt, and stock compensation expense of \$1.7 million.

As of December 31, 2007, cash, cash equivalents and short term investments were \$52.7 million, compared to \$5.1 million at December 31, 2006. The \$47.6 million increase in cash, cash equivalents and short term investments from December 31, 2006 is primarily attributable to the August 2007 merger with HAQ, which resulted in net cash proceeds of \$57.9 million and to the March 2007 \$10.0 million credit facility, partially offset by the funding of operations for fiscal year 2007.

On March 20, 2008, PharmAthene announced that the Company had signed a sale and purchase agreement with Avecia. Under the agreement PharmAthene will acquire the assets related to Avecia's biodefense vaccines business unit, including a recombinant Protective Antigen (rPA) anthrax vaccine, a novel dual antigen plague vaccine, RypVax™, and third generation anthrax vaccine technology.

On March 28, 2008, Avecia received a letter from the Defence Science and Technology Lab, a branch of the UK Ministry of Defence, advising Avecia of the recent resource allocation decision of the US Department of Defense (DoD) and that the DoD had decided not to fund Avecia's plague vaccine candidate beyond the current contractual commitments. The parties are engaged in discussions to amend the terms of the sale and purchase agreement to accommodate this change in circumstances. The Company is still working towards closing in early April.

Conference Call and Webcast

PharmAthene management will host a conference call to discuss the Company's year-end 2007 financial results. The call will take place beginning at 4:30 p.m, Eastern Time on March 31, 2008. The dial-in number within the United States is 866-700-6979. The dial-in number for international callers is 617-213-8836. The participant passcode is 29363875.

A replay of the conference call will be available for 30 days, beginning at approximately 6:30 p.m. Eastern Time on March 31, 2008 until approximately 11:50 p.m. Eastern Time April 30, 2008. The dial-in number from within the United States is 888-286-8010. For international callers, the dial-in number is 617-801-6888. The participant passcode is 76157985.

The conference call will also be webcast and can be accessed from the company's website at www.pharmathene.com. A link to the webcast may be found on both the Home Page and also under the Investor Relations section of the website. The webcast will be available for 30 days, or until approximately April 30, 2008.

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.

Forward Looking Statements

Except for the historical information presented herein, matters described in this press release, including but not limited to statements with regard to our growth, access to procurement opportunities, new data and applicability thereof to eventual product development, effectiveness of potential products, and matters relating to the proposed acquisition of the assets of Avecia, etc. may constitute forward-looking statements which are within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by words such as "believe," "expect," "anticipate," "plan," "potential," "continue" or similar expressions. Forward-looking statements also include the

assumptions underlying or relating to any of the foregoing statements. Such forward-looking statements are based upon current expectations or beliefs of management and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements including, but not limited to, risks associated with obtaining regulatory approvals, unforeseen technical difficulties, dependencies on certain customers or products, market acceptance and competition, ability to receive grant and contract revenue and procurement funding, ability to identify any additional strategic acquisitions or other opportunities to accelerate growth, cash at the end of the year, as well as other risks described in the Company's filings with the Securities and Exchange Commission, in conference calls and in other communications.

PHARMATHENE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	December 31,	
	2007	2006
Current assets:		
Cash and cash equivalents	\$ 40,582,643	\$ 5,112,212
Short-term investments	12,153,945	-
Accounts receivable	5,245,763	1,455,538
Prepaid expenses.....	476,511	877,621
Other current assets.....	15,783	104,772
Total current assets	58,474,645	7,550,143
Property and equipment, net	6,571,024	5,230,212
Patents, net.....	1,312,991	1,246,236
Other long term assets	183,588	153,336
Deferred costs	68,884	587,577
Total assets	\$ 66,611,132	\$ 14,767,504
LIABILITIES, CONVERTIBLE REDEEMABLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$ 1,393,664	\$ 839,120
Accrued expenses and other liabilities	3,602,886	1,587,017
Notes payable.....	-	11,768,089
Current portion of long term debt	4,000,000	-
Total current liabilities.....	8,996,550	14,194,226
Warrants to purchase Series C convertible redeemable preferred stock	-	2,423,370
Other long-term liabilities	374,040	-
Long term debt.....	16,668,458	-
Total liabilities.....	26,039,048	16,617,596
Minority interest -- Series C convertible redeemable preferred stock of PharmAthene Canada, Inc. \$0.001 par value; unlimited shares authorized; 2,591,654 issued and outstanding; liquidation preference in the aggregate of \$2,719,178	-	2,545,785
Series A convertible redeemable preferred stock; \$0.001 par value; 16,442,000 shares authorized, issued and outstanding; liquidation preference in the aggregate of \$19,355,388	-	19,130,915
Series B convertible redeemable preferred stock; \$0.001 par value; 65,768,001 shares authorized; 30,448,147 issued and outstanding; liquidation preference in the aggregate of \$33,010,797	-	31,780,064
Series C convertible redeemable preferred stock; \$0.001 par value; 22,799,574 shares authorized; 14,946,479 issued and outstanding; liquidation preference in the aggregate of \$15,681,930	-	14,480,946
Stockholders' deficit:		
Common stock, \$0.0001 par value; 100,000,000 shares authorized; 22,138,723 and 22,087,121 shares issued and outstanding; respectively at December 31, 2007 and 621,281 shares issued and outstanding at December 31, 2006.....	2,209	63
Additional paid-in capital	126,490,647	-
Accumulated other comprehensive income	1,481,779	63,954
Accumulated deficit	(87,402,551)	(69,851,819)
Total stockholders' equity (deficit).....	40,572,084	(69,787,802)
Total liabilities, convertible redeemable preferred stock, and stockholders' equity (deficit)	\$ 66,611,132	\$ 14,767,504

PHARMATHENE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended December 31,	
	2007	2006
Contract and grant revenue.....	\$ 14,624,595	\$ 1,641,822
Other revenue	19,020	21,484
	14,643,615	1,663,306
Operating expenses:		
Research and development.....	16,559,670	7,259,359
General and administrative.....	13,882,023	8,453,941
Depreciation and amortization.....	705,370	483,646
Total operating expenses	31,147,063	16,196,946
Loss from operations	(16,503,448)	(14,533,640)
Other income (expense):		
Interest income	1,122,565	289,606
Gain on extinguishment of debt.....	886,963	-
Interest expense	(2,122,624)	(538,948)
Change in market value of derivative instruments	3,029,241	(350,405)
Total other income (expense)	2,916,145	(599,747)
Net loss	(13,587,303)	(15,133,387)
Accretion of redeemable convertible preferred stock to redemptive value	(4,133,733)	(6,589,671)
Net loss attributable to common shareholders	<u>\$ (17,721,036)</u>	<u>\$ (21,723,058)</u>
Basic and diluted net loss per share.....	<u>\$ (1.88)</u>	<u>\$ (38.26)</u>
Weighted average shares used in calculation of basic and diluted net loss per share.....	9,442,885	567,753

###