



## News Release

### **U.S. Government Accountability Office Denies Competitor Protest of SparVax(TM) Contract Modification**

ANNAPOLIS, Md., June 9, 2010 /PRNewswire via COMTEX/ --PharmAthene, Inc. (NYSE Amex: PIP), a biodefense company specializing in the development and commercialization of medical countermeasures against chemical and biological threats, announced today that the U.S. Government Accountability Office (GAO) has denied a competitor's protest, challenging a previously announced contract modification for up to \$78.4 million for the Company's recombinant rPA anthrax vaccine, SparVax(TM). As a result of the protest being denied, the Biomedical Advanced Research and Development Authority (BARDA) has provided written notification to PharmAthene to resume previously suspended development activities for SparVax(TM) covered under the contract modification.

"We are very pleased by the GAO's decision, which confirms that BARDA had acted reasonably, in compliance with applicable legal and contractual requirements in its decision to enter into the modification with PharmAthene," remarked Eric I. Richman, President and Interim Chief Executive Officer. "While development activities for SparVax(TM) have continued with other funding allocated under the current contract with BARDA, the additional funding provided under the contract modification will support advanced development initiatives for SparVax(TM) through 2012. We are also concurrently seeking additional funding for SparVax(TM) under a Broad Agency Announcement (BAA), which if awarded, should enable us to advance SparVax(TM) to a stage of procurement consideration for the Strategic National Stockpile."

"SparVax(TM) represents an important advance in vaccine technology, responding to a clear requirement of the Federal government. Protesting the development of an advanced vaccine is counter to the interest of our national security," continued Mr. Richman. "Similar to our other biodefense product candidates, SparVax(TM) utilizes modern recombinant technology, which is a key objective of the Project BioShield legislation - to invest in the development and acquisition of newer and safer countermeasures to protect American citizens. Clinical studies have demonstrated that protective immunity can be achieved rapidly and safely with SparVax(TM) using a highly purified vaccine formulation, as compared to the current anthrax vaccine, which was developed nearly half a century ago. It is precisely for these reasons that various government agencies have called for the development and acquisition of next generation anthrax vaccines for the civilian national stockpile, and why we remain dedicated to bringing an improved anthrax vaccine to market. We look forward to continuing our work with BARDA to ensure the successful development of this important new anthrax countermeasure."

The rPA contract modification was announced via a Special Notice (Solicitation Number: HHSO100200900103C) *rPA Anthrax Vaccine Advance Development*, issued by HHS on December 29, 2009. PharmAthene could receive up to approximately \$61 million during the base period of the modification, assuming that all milestones are achieved, and up to an additional \$17.4 million, if the government exercises all options under the modification. The original development contract for rPA vaccine (N01-AI-30052) was awarded in 2003 and transferred to BARDA on April 1, 2009.

### **About SparVax(TM)**

SparVax(TM) is a novel second generation recombinant protective (rPA) anthrax vaccine being developed for pre and post exposure protection against anthrax infection. SparVax(TM) is a highly purified subunit vaccine comprised of a single protein (recombinant PA) manufactured in *E.coli*. Phase I and Phase II clinical trials involving 770 healthy human subjects have been completed and showed that SparVax(TM) appears to be well tolerated and immunogenic in humans. These studies suggest that three doses of SparVax(TM), administered several weeks apart, should be sufficient to induce protective immunity. In non-clinical studies

SparVax(TM) has also demonstrated the capability to protect rabbits and non-human primates against a lethal aerosol spore challenge of the anthrax Ames strain.

### **About PharmAthene, Inc.**

PharmAthene 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 product development programs include:

- SparVax(TM) - a second generation recombinant protective antigen (rPA) anthrax vaccine
- Third generation rPA anthrax vaccine
- Valortim(R) - a fully human monoclonal antibody for the prevention and treatment of anthrax infection
- Protexia(R) - a novel bioscavenger for the prevention and treatment of morbidity and mortality associated with exposure to chemical nerve agents

For more information about PharmAthene, please visit [www.PharmAthene.com](http://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"; or similar statements are forward-looking statements. PharmAthene disclaims, however, any intent or obligation to update these forward-looking statements. Risks and uncertainties include risks associated with the reliability of the results of the studies relating to human safety and possible adverse effects resulting from the administration of the Company's product candidates, unexpected funding delays and/or reductions or elimination of U.S. government funding for one or more of the Company's development programs, the award of government contracts to our competitors, unforeseen safety issues, challenges related to the development, scale-up, and/or process validation of manufacturing processes for our product candidates, unexpected determinations that these product candidates prove not to be effective and/or capable of being marketed as products as well as risks detailed from time to time in PharmAthene's Form 10-K and 10-Q under the caption "Risk Factors" and in its other reports filed with the U.S. Securities and Exchange Commission (the "SEC"). In particular, the funding provided for under this contract modification is not sufficient to complete the development work needed for SparVax(TM) to meet the criteria for procurement into the Strategic National Stockpile or to achieve FDA licensure. There can be no assurance that the government will provided additional funding to support the further advanced development of this product candidate to achieve these objectives. Furthermore, significant additional non-clinical animal studies, human clinical trials, and manufacturing development work remain to be completed for SparVax(TM). At this point there can be no assurance that this product candidate will be shown to be safe and effective and approved by regulatory authorities for use in humans. Copies of PharmAthene's public disclosure filings are available from its investor relations department and our website under the investor relations tab at [www.PharmAthene.com](http://www.PharmAthene.com).

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