

PHARMATHENE, INC.

COMPENSATION COMMITTEE CHARTER

(Amended and Restated)

I. Purpose

The Compensation Committee (the “Committee”) is responsible for ensuring that the compensation program of PharmAthene, Inc. (the “Company”) is effective in attracting and retaining executives and directors and is administered fairly and in the shareholders’ interests. The Committee will review and recommend to the Board of Directors (the “Board”) appropriate executive compensation policies, compensation of the Directors and officers, and executive and employee benefit plans and programs, and shall be responsible for overseeing such policies, compensation, plans and programs approved by the Board and, where appropriate, by the shareholders.

II. Composition

The Committee shall be comprised of three or more members, as determined by the Board. The members shall be nominated by the Nominating and Corporate Governance Committee and appointed annually to one-year terms by the Board. Unless a chair is elected by the Board, the members of the Committee may designate a chair by majority vote of the full Committee membership. The members shall serve until their resignation, retirement, removal by the Board or until their successors shall be appointed and shall qualify. No member shall be removed except by a majority vote of the Independent Directors then in office.

The Board must determine in its best judgment that each member of the Committee is independent of management and qualified to serve by experience or education. An independent director means a director who has been determined by the Board to be free from any material relationship with the Company, other than their relationship as a Director or Board committee member, within the meaning of American Stock Exchange Rules and any applicable laws and regulations, as amended from time to time. In addition, each member of the Committee shall be a “non-employee director” as that term is defined under Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and, an “outside director” as that term is defined for the purposes of Section 162(m) of the Internal Revenue Code. No member of the Committee shall occupy a position disclosable as a compensation committee interlock under the rules and regulations of the Securities and Exchange Commission.

Each member of the Committee shall remain independent during his or her term of service on the Committee, and may not (i) accept any consulting, advisory or other compensatory fee or other compensation, other than standard Director’s and committee compensation from the Company, or (ii) become an affiliated person of the Company or any of its subsidiaries.

III. Meetings and Procedures

- The Committee shall fix its own rules of procedure, which shall be consistent with the

Certificate of Incorporation and this Charter.

- The Committee shall meet at least once each year and more frequently as circumstances require.
- The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.
- A majority shall constitute a quorum of the Committee for purposes of each meeting. All Committee actions shall be taken by a majority vote of the quorum of members present in person and/or by conference telephone at the meeting.
- The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; provided, however, that:
 - no subcommittee shall consist of fewer than two members, and
 - the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.
- The Committee may request that any director, officer or employee of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests.
- Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting.
- The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

IV. Policies and Principles

The Committee shall apply the following principles in the performance of their duties:

- Compensate competitively in order to attract, retain and motivate a highly competent executive team dedicated to achieving the Company's goals and strategic plans, which are designed to result in long-term growth in shareholder value;
- Tie individual compensation to individual performance and the success of the Company; and
- Align officers' and selected eligible employees' interests with those of the Company and its shareholders by providing long-term compensation opportunities through participation in the Company's equity-based compensatory incentive plan and/or any successor or other long-term incentive compensation plans as may be adopted from time to time.

V. Responsibilities and Duties

The Committee shall perform the following duties and responsibilities:

GENERAL

- Recommend to the Board, in consultation with senior management of the Company, (i) the corporate goals and objectives relevant to compensation of officers and directors and (ii) the compensation and benefits philosophy and strategy for the Company.

PERFORMANCE EVALUATION

- Recommend performance measures and, if applicable, goals for measuring performance in consultation with senior management of the Company.
- Assess the performance of the Chairman of the Board, CEO and President.

EVALUATION OF COMPETITIVE PAY

- Evaluate competitive pay levels for key executives of other biodefense and life sciences companies based on industry analyses.

COMPENSATION DETERMINATIONS

- Recommend to the Board for approval compensation for the CEO and President, including salary, bonus, restricted securities, stock options, and, if applicable, any supplemental compensation or benefit arrangements.
- Make determinations with respect to the grant of stock options and restricted securities under the Company's 2007 Long-Term Incentive Compensation Plan, or successor stock option plan, to all officers of the Company, other than the CEO and President, and report to the Board on such determinations at the Board's subsequent meeting.
- Make determinations with respect to the grant of stock options and restricted securities under the Company's 2007 Long-Term Incentive Compensation Plan, or successor stock option plan, to all employees who are not officers of the Company, or, at the Committee's sole discretion, delegate such responsibility to the CEO and President, subject to any limitations it shall impose from time to time (in which case it shall require the CEO and President to report to the Committee on such determinations at the Committee's subsequent meeting).
- To the extent not covered by the determinations above, review and approve compensation programs applicable to officers and other selected employees and, upon recommendation of the Chairman of the Board and CEO and President, review and recommend the Board's approval of individual compensation awards for the officers.

- Recommend to the Board for approval the compensation for directors, including retainer, committee chairman's fees, the grant of restricted securities or stock options and other similar items, as appropriate.
- Make determinations with respect to the grant of stock options and restricted securities under the Company's 2007 Long-Term Incentive Compensation Plan, or successor stock option plan, to consultants eligible to receive such grants under such plan, or, at the Committee's sole discretion, delegate such responsibility to the CEO and President, subject to any limitations it shall impose from time to time (in which case it shall require the CEO and President to report to the Committee on such determinations at the Committee's subsequent meeting). The Committee shall report to the Board on any determinations made by it or the CEO and President (of which it has been informed) at the Board's subsequent meeting.

OTHER DUTIES

- Perform such other functions which from time to time may be assigned by the Board.
- Prepare an annual Compensation Committee Report to the Board of Directors.

VI. Committee Access to Management and Outside Advisors

- Members of the Committee shall have direct access to the Company's senior management, employees, and financial, legal and other business advisors, as requested and as may be necessary and appropriate to support committee functions and may retain, at the Company's expense, such advisors as it deems necessary.
- The Committee shall have the authority (with the knowledge of the Board) to retain or terminate any compensation consultant used to assist in the evaluation of a director, CEO, or senior executive, or his or her compensation, including sole authority to approve the compensation consultant's fees and other retention terms, such fees to be borne by the Company.

VII. Performance Evaluation

- The Committee shall conduct a self-evaluation of its performance annually.
- In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope.
- In conducting this review, the Committee shall address all matters that it considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.