

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 1, 2013

**PHARMATHENE, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

001-32587  
(Commission File Number)

20-2726770  
(IRS Employer Identification No.)

One Park Place, Suite 450, Annapolis, Maryland  
(Address of principal executive offices)

21401  
(Zip Code)

**Registrant's telephone number including area code: (410) 269-2600**

**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### **Item 1.02 Termination of a Material Definitive Agreement**

On December 1, 2013, PharmAthene, Inc. ("PharmAthene"), Theraclone Sciences, Inc. ("Theraclone") and Taurus Merger Sub, Inc. ("Merger Sub") entered into a Termination Agreement (the "Termination Agreement") to terminate the Agreement and Plan of Merger, dated as of July 31, 2013 among PharmAthene, Theraclone, Merger Sub and Steven Gillis, Ph.D., as representative of the Theraclone stockholders (the "Merger Agreement"), pursuant to which Merger Sub would be merged with and into Theraclone, with Theraclone as the surviving, wholly owned subsidiary of PharmAthene. Under the terms of the Termination Agreement, PharmAthene will pay Theraclone a \$1 million termination fee. The Termination Agreement also provides that neither PharmAthene nor Theraclone shall have any further obligation to the other, except with respect to certain confidentiality agreements as provided in the Merger Agreement, and includes a mutual release of certain claims in connection with the Merger Agreement.

A copy of the Termination Agreement is attached hereto as exhibit 2.1 and is incorporated herein by reference.

### **Item 8.01 Other Events**

On December 2, 2013, PharmAthene issued a press release announcing the execution of the Termination Agreement and the cancellation of the December 3, 2013 special meeting of stockholders of PharmAthene to vote on proposals related to the Merger Agreement.

A copy of the press release is attached hereto as exhibit 99.1 and is incorporated by reference herein.

### **Item 9.01**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Termination Agreement, dated as of December 1, 2013, by and among PharmAthene, Theraclone and Merger Sub.
99.1	Press Release, dated December 2, 2013

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PHARMATHENE, INC.**

By: /s/ Eric I. Richman  
Eric I. Richman  
*President and Chief Executive Officer*

Dated: December 2, 2013

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**TERMINATION AGREEMENT**

This TERMINATION AGREEMENT (this "Agreement"), dated as of December 1, 2013, is entered into by and among PharmAthene, Inc. ("PharmAthene"), Theraclone Sciences, Inc. ("Theraclone"), and Taurus Merger Sub, Inc. ("Merger Sub").

WHEREAS, the parties hereto are party to that certain Agreement and Plan of Merger, dated as of July 31, 2013, among the parties and Steven Gillis, Ph.D., as representative of the Theraclone stockholders (the "Merger Agreement"), pursuant to which Merger Sub would be merged with and into Theraclone, with Theraclone as the surviving corporation (the "Merger"), and as a result of the Merger, Theraclone would become a direct, wholly owned subsidiary of PharmAthene;

WHEREAS, a meeting of the PharmAthene stockholders to vote on the Merger (the "PharmAthene Stockholder Meeting") is scheduled to take place on Tuesday, December 3, 2013;

WHEREAS, certain developments and communications have come to the attention of the parties, including (i) Theraclone's receipt of notification from the Biomedical Advanced Research and Development Authority informing Theraclone that their proposal "Broad-spectrum anti-influenza A M2e fully human monoclonal antibody TCN-032: Determination of efficacy in serious influenza disease" was not selected for funding under the current proposal, (ii) communications from certain PharmAthene stockholders indicating that they will not vote in favor of the Merger, (iii) a recommendation against the Merger by Institutional Shareholder Services; and (iv) the commencement of an action against the members of PharmAthene's board of directors in the Court of Chancery of the State of Delaware alleging that the PharmAthene Directors individually breached their fiduciary duties by recommending the Merger;

WHEREAS, based on the foregoing recent developments and communications, the parties have each concluded that it is unlikely that the Merger will be approved at the PharmAthene Shareholder Meeting, or any adjournments thereof;

WHEREAS, the parties have concluded that it is in their respective best interests and the best interests of their respective stockholders to terminate the Merger Agreement and to abandon the Merger; and

WHEREAS, Section 8.2(a)(v) of the Merger Agreement requires PharmAthene to pay to Theraclone a termination fee of up to one million dollars (\$1,000,000) in certain circumstances (the "Termination Fee").

NOW, THEREFORE, the parties hereto hereby agrees as follows:

1. Termination. The parties hereto hereby terminate the Merger Agreement and abandon the Merger by mutual consent pursuant to section 8.1(a) of the Merger Agreement (the "Termination"). PharmAthene agrees to promptly cancel the PharmAthene Stockholder Meeting.
  2. No Further Obligations. Except with respect to the confidentiality provisions set forth in the Confidentiality Agreement (as defined in the Merger Agreement), and except as set forth herein with respect to the Termination Payment (as defined below), neither party shall have any further obligations to the other under the Merger Agreement or otherwise; and from and after the date hereof, each party shall be free to conduct its business and affairs in the same manner as if the Merger Agreement had not been executed.
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3. Termination Payment. In consideration of the Termination, and in recognition of the provisions of the Merger Agreement pertaining to the Termination Fee, PharmAthene shall promptly pay Theraclone One Million Dollars (\$1,000,000) (the "Termination Payment"), by wire transfer before the close of business on December 2, 2013.

4. Mutual Release.

- a. Each of PharmAthene and Merger Sub and each of its presently and formerly affiliated corporations, partnerships, limited liability companies, and other business entities, present and former parents, present and former subsidiaries, present and former officers and directors, present and former agents, and the predecessors, successors, and assigns of all or any of them (collectively, the "**PharmAthene Parties**") releases and discharges individually and collectively, Theraclone and its presently and formerly affiliated corporations, partnerships, limited liability companies, and other business entities, present and former parents, present and former subsidiaries, present and former stockholders, present and former officers, directors, partners, members, managers and other principals, present and former attorneys, consultants, present and former agents, and the predecessors, successors, and assigns of all or any of them (collectively, the "**Theraclone Parties**") from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, bonds, bills, covenants, contracts, controversies, liens, subordinations, agreements, promises, variances, trespasses, damages, judgments, extents, executions, counterclaims and offsets, and demands, against any of the Theraclone Parties, or any of them, which the PharmAthene Parties, anyone claiming in a derivative capacity from the PharmAthene Parties and the predecessors, successors, and assigns of any or all of them ever jointly or individually had, now have, or hereafter can, shall, or may have for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of the world to the date hereof, relating directly or indirectly to the Merger Agreement or the transactions contemplated thereby, other than claims arising under this Agreement or the Confidentiality Agreement.
- b. Each of the Theraclone Parties releases and discharges individually and collectively, each of the PharmAthene Parties from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, bonds, bills, covenants, contracts, controversies, liens, subordinations, agreements, promises, variances, trespasses, damages, judgments, extents, executions, counterclaims and offsets, and demands, against any of the PharmAthene Parties, or any of them, which the Theraclone Parties, anyone claiming in a derivative capacity from the Theraclone Parties and the predecessors, successors, and assigns of any or all of them ever jointly or individually had, now have, or hereafter can, shall, or may have for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of the world to the date hereof, relating directly or indirectly to the Merger Agreement or the transactions contemplated thereby, other than claims arising under this Agreement or the Confidentiality Agreement.

5. General Provisions.

- a. This Agreement shall be governed by, construed and enforced in accordance with, the laws of the State of Delaware, without regard to principles of conflict of laws.
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- b. This Agreement may be executed in counterparts, each of which will constitute an original, with the same effect as if the signatures hereto were upon the same instrument, and will become effective when one or more counterparts have been signed by each of the parties and delivered (by facsimile, e-mail or otherwise) to the other parties.
- c. The recitals hereto form an integral part hereof as though herein again recited.

*[Remainder of page intentionally left blank. Signature page follows.]*

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

**PHARMATHENE, INC.**

By: /s/ Eric I. Richman  
Name: Eric I. Richman  
Title: Chief Executive Officer

**TAURUS MERGER SUB, INC.**

By: /s/ Eric I. Richman  
Name: Eric I. Richman  
Title: Chief Executive Officer

**THERACLONE SCIENCES, INC.**

By: /s/ Clifford J. Stocks  
Name: Clifford J. Stocks  
Title: Chief Executive Officer

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PharmAthene

**FOR IMMEDIATE RELEASE****Contact:**

Stacey Jurchison

PharmAthene, Inc.

Phone: (410) 269-2610

[Stacey.Jurchison@PharmAthene.com](mailto:Stacey.Jurchison@PharmAthene.com)

**PHARMATHENE ANNOUNCES TERMINATION OF  
MERGER AGREEMENT WITH THERACLONE SCIENCES**

**ANNAPOLIS, MD – December 2, 2013** – PharmAthene, Inc. (NYSE MKT: PIP) announced today that it has terminated its definitive merger agreement with Theraclone Sciences, Inc. with consent from Theraclone. The agreement provided for the merger of a wholly-owned subsidiary of PharmAthene into Theraclone in an all-stock, merger-of-equals transaction. Accordingly, PharmAthene has cancelled the Special Meeting of Stockholders scheduled for December 3, 2013 and will pay Theraclone a \$1 million termination fee.

Eric Richman, PharmAthene's President and Chief Executive Officer noted, "I would like to thank the employees and management of PharmAthene and Theraclone who have worked diligently on this transaction over the past several months. We at PharmAthene will continue to seek to identify opportunities to maximize value for our stockholders."

**About PharmAthene**

PharmAthene is a leading biodefense company engaged in the development and commercialization of next generation medical countermeasures against biological and chemical threats. PharmAthene's current biodefense portfolio includes the following product candidates:

- SparVax<sup>®</sup> - a next generation recombinant protective (rPA) anthrax vaccine
- rBChE bioscavenger - a medical countermeasure for nerve agent poisoning by organophosphorous compounds, including nerve gases and pesticides
- Valortim<sup>®</sup> - a fully human monoclonal antibody for the prevention and treatment of anthrax infection

In addition, in May 2013, the Delaware Supreme Court issued its ruling on the appeal in our litigation with SIGA Technologies, affirming the Court of Chancery's finding that SIGA was liable for breach of contract, reversing its finding of promissory estoppel, and remanding the case back to the Court of Chancery to reconsider the appropriate remedy and award of attorney's fees and expert witness costs in light of the Supreme Court's opinion. For more information about PharmAthene, please visit [www.PharmAthene.com](http://www.PharmAthene.com).

**Forward-Looking Statements**

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 "will," "hopeful," "designed," "expect," "objective" or similar statements are forward-looking statements. PharmAthene disclaims any intent or obligation to update these forward-looking statements, except as required by law. Forward-looking statements include known and unknown risks and uncertainties, including, among others, the impact of the termination of the merger agreement between PharmAthene and Theraclone, including litigation previously announced relating to the proposed merger the Company's need for and ability to obtain additional financing; risk 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 competitors; unforeseen safety issues; unexpected determinations that these product candidates prove not to be effective or capable of being marketed as products; as well as risks detailed from time to time in PharmAthene's annual report on Form 10-K and quarterly reports on Form 10-Q under the caption "Risk Factors" and in its other reports filed with the SEC. 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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