

Frequently Asked Questions related to Panacos' Voluntary Delisting from Nasdaq

Q: Why did the Board make the decision to delist from Nasdaq?

A. After careful analysis (including a review of historic trading volume in the Company's stock), the Board concluded the costs of public company compliance (>\$1 million per year) significantly outweigh the benefits of remaining listed at this time. Voluntarily delisting the Company's common stock from The Nasdaq Capital Market is in line with Panacos' commitment to conserving capital while a possible partnering/sale/acquisition of the Company and/or its assets is pursued. This strategy also is reflected by the recent workforce reductions and closing of the Company's Gaithersburg facility.

Q: What happens to my shares when the Company is delisted?

A. Panacos anticipates its common stock will be quoted on the Pink Sheets, a centralized electronic quotation service for over-the-counter securities. At this time, however, the Company cannot ensure trading of its stock will continue on the Pink Sheets or on any other securities exchange or quotation medium. Nonetheless, we advise current shareholders to consult their individual stock brokers to determine the brokerage firm's requirements for Pink Sheet-listed companies.

Q: Can I sell all my shares prior to the delisting?

A. Yes, assuming buyers can be found for such shares. As announced on February 27, 2009, Panacos anticipates it will file with the SEC a Form 25 relating to the delisting of its common stock from The Nasdaq Capital Market on or about March 9, 2009, and the delisting will be effective ten days thereafter. Accordingly, the Company anticipates the last day of trading of its securities on The Nasdaq Capital Market will be on or about March 18, 2009.

Q: How will I be able to monitor the stock price once the Company has delisted?

A. Assuming the Company's common stock is quoted on the Pink Sheets, the stock price can be monitored through the usual online resources (i.e., Yahoo, Google, etc.), under the ticker PANC.PK.

Q: What happens to my shares if the Company gets acquired or merges?

A. If the Company is acquired or merged, you will be entitled to receive for your shares whatever consideration is paid for the Company's common stock by an acquirer or merger partner.

Q: What happens to my shares if the Company sells its remaining assets and closes its doors?

A. If this is the path the Company takes, the Company will likely wind down its business, pay all outstanding liabilities and establish a reserve for possible future liabilities. Any remaining assets would be liquidated, and any remaining cash proceeds would be distributed to stockholders as a dividend, probably in installments.

Q: What is the strategy regarding the sale of the Company and its assets?

A. Our ultimate goal is to ensure Panacos' compounds and technologies are developed and benefit people living with HIV. This may take the form of an outright acquisition or sale of one or more programs. We are engaged in conversations that would facilitate either solution.

Q: Why are you delisting when the listing requirements have been suspended?

A. Although the Company is not required to delist its common stock at this time due to Nasdaq's decision to temporarily suspend Marketplace Rule 4310(c)(4), which would require the Company to evidence a minimum closing bid price of \$1.00 per share, the costs associated with public company compliance (>\$1 million per year) significantly outweigh the benefits of remaining listed at this time. At this time we do not envision being able to regain compliance with Nasdaq's listing requirements.

Q: Why are you doing this now when the stock has been trading below \$1 for the past year and below \$0.10 since the sale of bevirimat?

A. After careful analysis, the Board concluded the costs of public company compliance (>\$1 million per year) significantly outweigh the benefits of remaining listed at this time. Voluntarily delisting the Company's common stock from Nasdaq is in line with Panacos' commitment to conserving capital while a possible partnering/sale/acquisition of the Company or its assets is pursued. This strategy is also reflected by the recent workforce reductions and closing of the Company's Gaithersburg facility.

Q: Would a reverse split have been better for shareholders?

A. The choice to withdraw the Company's common stock from Nasdaq was driven by a need to reduce the Company's cash burn and better position the Company for potential sale of the Company or its assets. Had Panacos decided to remain listed and instead facilitate a reverse split of its common stock, the costs associated with remaining listed on Nasdaq would continue to drain the Company's capital resources. In addition, there would be significant costs involved in effecting a reverse split, and such action would not result in any additional capital infusion to the Company.

Q: Why did the Company not file its Form 10-K prior to delisting? Will you file a 10-K between now and the delisting date?

A. Filing of a Form 10-K requires a full year financial audit, which is an expense the Company feels would be better applied to seeking an asset sale, as reflected by the recent headcount reduction and closing of the Gaithersburg facility.

Q: How will I obtain information about the Company if there are no disclosure requirements?

A. The Company will issue announcements regarding corporate activities and developments as they are warranted.

Q: Will management make any changes to their compensation packages once the Company is delisted?

A. The Company reduced its expenditures through reductions in workforce, closing of the Gaithersburg facility and voluntarily delisting from The Nasdaq Capital Market. Management is aware there is little capital available and must facilitate an asset or the Company sale in the near future.

Q: Can the Company be listed on Nasdaq again?

A. Possibly. The Company's common stock can be listed on The Nasdaq Capital Market in the future if the Company so chooses, but Panacos first must comply with the same initial listing requirements as outlined by Nasdaq for newly listed companies. At this time we do not envision being able to regain compliance with Nasdaq's listing requirements.

Q: What happens to my shares if the Company decides to list again?

A. These shares will be traded on The Nasdaq Capital Market as they were prior to delisting.