SAMARITAN PHARMACEUTICALS INC
Form 10-K
June 19, 2009

UNITED STATES
SECURITIES AND EXCHANGE
COMMISSION
Washington, D.C. 20549
Form 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT of 1934

For the fiscal year ended December 31, 2008 or
( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____to_____
Commission file number 0-26775

Samaritan Pharmaceuticals,
Inc.
(Exact name of registrant as
specified in its charter)

Nevada	88-0431538
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

2877 Paradise Road, Suite 801, Las Vegas, Nevada 89109
(Address of Principal Executive Offices) (Zip Code)

(702) 735-7001
Issuer's telephone number

Securities to be registered Pursuant to Section 12(b) of the Act: None

Securities Registered Pursuant to Section 12(g) of the Exchange Act: Common Stock, $0.001 par value per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes |_| No |X|

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes |X| No|_|

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |_|

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer |_| Accelerated filer |_| Non-accelerated filer |_| Smaller reporting company |X|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of Act). Yes |_| No |X|

The aggregate market value of Common Stock held by non-affiliates as of June 30, 2008 was $8,361,844. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

The Company had 36,390,265 common shares issued and outstanding as of May 25, 2009.

DOCUMENTS INCORPORATED BY REFERENCE:

None.

FORWARD LOOKING STATEMENTS

This document and the documents incorporated by reference herein contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Also, our Company management may make forward-looking statements orally or in writing to investors, analysts, the media and others. Forward-looking statements express our expectations or predictions of future events or results. They are not guarantees and are subject to many risks and uncertainties. There are a number of factors that could cause actual events or results to be significantly different from those described in the forward-looking statements. Forward-looking statements might include one or more of the following:

- anticipated results of financing activities;
- anticipated clinical trial timelines or results;
- anticipated research and product development results;
- projected regulatory timelines;
- descriptions of plans or objectives of management for future operations, products or services;
- anticipated agreements with marketing partners;
- forecasts of future economic performance; and
- descriptions or assumptions underlying or relating to any of the above items.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts or events. They use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “opportunity”, “plan”, “potential”, “beli words of similar meaning. They may also use words such as “will”, “would”, “should”, “could” or “may.”

We obtained the market data and industry information contained in this Annual Report on Form 10-K from internal surveys, estimates, reports and studies, as appropriate, as well as from market research, publicly available information and industry publications. Although we believe our internal surveys, estimates, reports, studies and market research, as well as industry publications are reliable, we have not independently verified such information, and as such, we do not make any representation as to its accuracy.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. We do not intend to update any of the forward-looking statements after the date of this report to conform such statements to actual results except as required by law. Given these uncertainties, you should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. You should carefully consider that information before you make an investment decision. You should review carefully the risks and uncertainties identified in this report. This annual report will not be updated as a result of new information or future events.

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PART I

ITEM 1. BUSINESS

Samaritan Pharmaceuticals, Inc. (including the subsidiaries, referred to as Samaritan, the "Company", "its", "we", and "our"), formed in September 1994, is an entrepreneurial biopharmaceutical company, focused on commercializing innovative therapeutic products to relieve the suffering of patients with Alzheimer's disease; cancer; cardiovascular disease, HIV, and Hepatitis C; as well as, commercializing its acquired marketing and sales rights, to sell marketed revenue-generating products, in Greece, and/or various Eastern European countries.

Samaritan has partnered its oral entry inhibitor HIV drug SP-01A, a drug that has demonstrated safety and efficacy, in Phase II clinical trials, with Pharmaplaz, Ireland to advance to Phase III clinical trials. In addition, Samaritan aims to commercialize three (3) market drug candidates with late-stage preclinical development programs. Samaritan is evaluating the use of Caprospinol, SP-233 in Alzheimer's disease patients; the use of SP-1000 with acute coronary disease patients; and the use of SP-30 as an "oral treatment" for Hepatitis C patients.

During 2008, we significantly reduced our ongoing expenses due to the inability of the Company to raise funds on favorable terms. Additionally in 2008, Samaritan signed a worldwide exclusive agreement with Taconic Farms to commercialize "The Samaritan Alzheimer's Rat Model." The "forgetful" rat model is a research tool used by scientists to study the effectiveness of their new drugs to treat Alzheimer's disease.

In 2009, we are seeking to raise additional funds. We are currently operating the Company in a manner that we believe maximizes the value of our business for our creditors and stockholders by focusing on marketing and sales in our territories, as well as continuing our research programs and looking for additional ways to reduce our operating expenses. If we are unable to resolve our situation to raise sufficient additional funds, we would be required to further reduce operating expenses, by, among other things, curtailing significantly or delaying or eliminating part or all of our development programs or scaling back our commercial operations.

For further discussion of our business and operations, please see the section entitled, Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Patents, Licenses and Proprietary Rights

The products and product candidates currently being developed or considered for development by Samaritan are in the area of biotechnology, an area in which there are extensive patent filings. We rely on patent protection against use of our proprietary products and technologies by competitors. The patent positions of biotechnology firms generally are highly uncertain and involve complex legal and factual questions. To date, no consistent policy has emerged regarding the breadth of claims allowed in biotechnology patents. We own or in-license patents related to our products or product candidates and own or in-license additional applications for patents that are currently pending. In general, when we in-license intellectual property from various third parties, we are required to pay royalties to the parties on product sales.

Our marketed products, AMPHOCIL(R), CAPHOSOL(R), COLLATAMP(R), ERWINASE(R), KIDROLASE(R), MEPIVAMOL(R), METHADONE(R), MORPHINE SULPHATE(R), NALOXONE(R), NALTREXONE(R), ORAMORPH(R), PETHIDINE(R), and RAPYDAN(R) are covered by trademark and patents by their respective owners.

Trademark protection continues in some countries for as long as the mark is used and, in other countries, for as long as it is registered. Registrations generally are for fixed, but renewable, terms.

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The protection of our unpatented confidential and proprietary information and materials is important to us. To protect our trade secrets, materials and other confidential information, we generally require our employees, consultants, scientific advisors, and parties to collaboration and licensing agreements to execute confidentiality agreements upon the commencement of employment, the consulting relationship, or the collaboration or licensing arrangement with us. However, others could either develop independently the same or similar information or obtain access to our information. Our trademarks for our marketed products are not included in the table below, since they are trademarked by our partners.

PATENT SUMMARY TABLE

Item	Issued	Pending	Total
US Patents	13	25	38
Foreign Patents	33	71	104
Total	46	90	142

TRADEMARK SUMMARY TABLE

Item	Issued	Pending	Total
US Trademarks	3	0	3
Foreign Trademarks	1	0	1
Total	4	0	4

Manufacturing

The Company has no commercial–scale manufacturing facilities for our products. For our products that we are developing, we plan to establish relationships with third-party suppliers to manufacture sufficient quantities of our product candidates to undertake clinical trials and to manufacture sufficient quantities of any products that are approved for commercial sale. If we are unable to contract for large-scale manufacturing with third parties on acceptable terms for our future products and are unable to develop manufacturing capabilities internally, our ability to conduct large-scale clinical trials and to meet customer demand for commercial products would be adversely affected. For our products that we have commercial sales for, we purchase the product from our respective partner.

Government Regulation

Our pharmaceutical products are subject to extensive government regulation in the United States. If we distribute our products abroad, these products will also be subject to extensive foreign government regulation. In the United States, the FDA regulates pharmaceutical products. FDA regulations govern the testing, manufacturing, advertising, promotion, labeling, sale and distribution of our products.

In general, the FDA approval process for drugs includes, without limitation:

• preclinical studies;

• submission of an Investigational New Drug Application, or IND, for clinical trials;

• adequate and well-controlled human clinical trials to establish the safety and efficacy of the product;

• submission of an NDA to obtain marketing approval;

• review of the NDA; and

• inspection of the facilities used in the manufacturing of the drug to assess compliance with the FDA’s current Good Manufacturing Practice, or cGMP, regulations.

The NDA must include comprehensive and complete descriptions of the preclinical testing, clinical trials, and the chemical, manufacturing and control requirements of a drug that enable the FDA to determine the drug’s safety and

efficacy. An NDA must be submitted by Samaritan, and filed and approved by the FDA before any of our drugs can be marketed commercially in the United States.

The FDA testing and approval process requires substantial time, effort and money. We cannot assure that any approval will ever be granted.

Preclinical studies include laboratory evaluation of the product, as well as animal studies to assess the potential safety and effectiveness of the product. These studies must be performed according to good laboratory practices. The results of the preclinical studies, together with manufacturing information and analytical data, are submitted to the FDA as part of the IND.

Clinical trials may begin 30 days after the IND is received, unless the FDA raises concerns or questions about the conduct of the clinical trials. If concerns or questions are raised, the IND sponsor and the FDA must resolve any outstanding concerns before clinical trials can proceed.

We cannot assure that submission of an IND will result in authorization to commence clinical trials. Nor can we assure that if clinical trials are approved, that data will result in marketing approval. Clinical trials involve the administration of the product that is the subject of the trial to volunteers or patients under the supervision of a qualified principal investigator. Each clinical trial must be reviewed and approved by an independent institutional review board at each institution at which the study will be conducted. The institutional review board will consider, among other things, ethical factors, safety of human subjects and the possible liability of the institution. Also, clinical trials must be performed according to good clinical practices. Good clinical practices are enumerated in FDA regulations and guidance documents.

Clinical trials typically are conducted in three sequential phases: Phases I, II and III, with Phase IV studies conducted after approval. Drugs for which Phase IV studies are required include those approved under accelerated approval regulations. The four phases may overlap. In Phase I clinical trials, the drug is usually tested on a small number of healthy volunteers to determine:

- safety;
- any adverse effects;
- proper dosage;
- absorption;
- metabolism;
- distribution;
- excretion; and
- other drug effects.

In Phase II clinical trials, the drug is usually tested on a limited number of subjects (generally up to several hundred subjects) to preliminarily evaluate the efficacy of the drug for specific, targeted indications, determine dosage tolerance and optimal dosage, and identify possible adverse effects and safety risks.

In Phase III clinical trials, the drug is usually tested on a larger number of subjects (up to several thousand), in an expanded patient population and at multiple clinical sites. The FDA may require that we suspend clinical trials at any time on various grounds, including if the FDA makes a finding that the subjects are being exposed to an unacceptable health risk.

In Phase IV clinical trials or other post-approval commitments, additional studies and patient follow-up are conducted to gain experience from the treatment of patients in the intended therapeutic indication. Additional studies and follow-up are also conducted to document a clinical benefit where drugs are approved under accelerated approval regulations and based on surrogate endpoints. In clinical trials, surrogate endpoints are alternative measurements of the symptoms of a disease or condition that are substituted for measurements of observable clinical symptoms. Failure to promptly conduct Phase IV clinical trials and follow-up could result in expedited withdrawal of products approved under accelerated approval regulations.

The facilities, procedures, and operations of our contract manufacturers must be determined to be adequate by the FDA before product approval. Manufacturing facilities are subject to inspections by the FDA for compliance with cGMP, licensing specifications, and other FDA regulations before and after an NDA has been approved. Foreign manufacturing facilities are also subject to periodic FDA inspections or inspections by foreign regulatory authorities. Among other things, the FDA may withhold approval of NDAs or other product applications of a facility if deficiencies are found at the facility. Vendors that supply us finished products or components used to manufacture, package and label products are subject to similar regulation and periodic inspections.

Following such inspections, the FDA may issue notices on Form 483 and Warning Letters that could cause the Company to modify certain activities identified during the inspection. A Form 483 notice is generally issued at the conclusion of an FDA inspection and lists conditions the FDA investigators believe may violate cGMP or other FDA regulations. FDA guidelines specify that a Warning Letter be issued only for violations of "regulatory significance" for which the failure to adequately and promptly achieve correction may be expected to result in an enforcement action.

In addition, the FDA imposes a number of complex regulatory requirements on entities that advertise and promote pharmaceuticals, including, but not limited to, standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities, and promotional activities involving the Internet.

Failure to comply with FDA and other governmental regulations can result in fines, unanticipated compliance expenditures, recall or seizure of products, total or partial suspension of production and/or distribution, suspension of the FDA's review of NDAs, injunctions and criminal prosecution. Any of these actions could have a material adverse effect on us.

For marketing outside the United States, we also are subject to foreign regulatory requirements governing human clinical trials and marketing approval for pharmaceutical products. The requirements governing the conduct of clinical trials, product approval, pricing and reimbursement vary widely from country to country. Whether or not FDA approval has been obtained, approval of a product by the comparable regulatory authorities of foreign countries must be obtained before manufacturing or marketing the product in those countries. The approval process varies from country to country and the time required for such approvals may differ substantially from that required for FDA approval. We cannot assure you that clinical trials conducted in one country will be accepted by other countries or that approval in one country will result in approval in any other country. For clinical trials conducted outside the United States, the clinical stages are generally comparable to the phases of clinical development established by the FDA.

In the United States, physicians, hospitals and other healthcare providers that purchase pharmaceutical products generally rely on third-party payers, principally private health insurance plans, Medicare and, to a lesser extent, Medicaid, to reimburse all or part of the cost of the product and procedure for which the product is being used. Even if a product is approved for marketing by the FDA, there is no assurance that third-party payers will cover the cost of the product and related medical procedures. Although they are not required to do so, private health insurers often follow the Medicare program's lead when determining whether or not to reimburse for a drug. To support our applications for reimbursement coverage with Medicare and other major third-party payers, we intend to use data from clinical trials. The lack of satisfactory reimbursement for our drug products would limit their widespread use and lower potential product revenues.

Reimbursement systems in international markets vary significantly by country and, within some countries, by region. Reimbursement approvals must be obtained on a country-by-country basis. In many foreign markets, including markets in which we anticipate selling our products, the pricing of prescription pharmaceuticals is subject to government pricing control. In these markets, once marketing approval is received, pricing negotiations could take another six to twelve months or longer. As in the United States, the lack of satisfactory reimbursement or inadequate government pricing of our products would limit their widespread use and lower potential product revenues.

Federal, state and local laws of general applicability, such as laws regulating working conditions, also govern us. In addition, we are subject to various federal, state and local environmental protection laws and regulations, including those governing the discharge of material into the environment. We do not expect the costs of complying with such environmental provisions to have a material effect on our earnings, cash requirements or competitive position in the foreseeable future.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly evolving technology and intense competition. Our competitors include pharmaceutical, chemical and biotechnology companies, many of which have financial, technical and marketing resources significantly greater than ours. In addition, many specialized biotechnology companies have formed collaborations with large, established companies to support research, development and commercialization of products that may be competitive with ours. Academic institutions, governmental agencies and other public and private research organizations are also conducting research activities and seeking patent protection and may commercialize products on their own or through collaboration arrangements.We expect our products to compete primarily on the basis of product efficacy, safety, patient convenience, reliability and patent position. In addition, the first product to reach the market in a therapeutic or preventive area is often at a significant competitive advantage relative to later entrants to the market. Our competitive position will also depend on our ability to attract and retain qualified scientific and other personnel, develop effective proprietary products, implement product and marketing plans, obtain patent protection and secure adequate capital resources.

Seasonality

Our business is generally not seasonal, however, sales and earnings in our third quarter are usually flat to down sequentially primarily because there are a large number of holidays and vacations during the quarter in Europe. Our fourth quarter sales and earnings are often the highest in the fiscal year compared to the other three quarters, primarily because many of our customers tend to spend budgeted money before their own fiscal year’s end.

Employees

As of December 31, 2008, we have eight (8) employees. Additionally, Samaritan has eight (8) research professionals (including five (5) Ph.D. level research scientists) who work under the Research Collaboration with The Research Institute of McGill University Health Centre.

A significant number of our management and professional employees have had experience with pharmaceutical, biotechnology or medical product companies. While we have been successful in attracting skilled and experienced scientific personnel, there can be no assurance that we will be able to attract or retain the necessary qualified employees and/or consultants in the future. None of our employees are covered by collective bargaining agreements and we consider relations with our employees to be good.

Available Information

Our website address is www.samaritanpharma.com. The contents of our website are not part of this annual report. We make available on our website our annual reports on Form 10-K, our quarterly reports on Form 10-Q, any current reports on Form 8-K and any amendments to those reports as soon as reasonably practicable after this material is electronically filed with or furnished to the U.S. Securities and Exchange Commission, or SEC. In addition, we provide paper copies of our filings free of charge upon request.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below before purchasing our Common Stock. Our most significant risks and uncertainties are described below; however, they are not the only risks we face. If any of the following risks actually occur, our business, financial condition, or results of operations could be materially adversely affected, the trading of our Common Stock could decline, and you may lose all or part of your investment therein. You should acquire shares of our Common Stock only if you can afford to lose your entire investment.

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RISKS ASSOCIATED WITH OUR BUSINESS

The Current Credit and Financial Market Conditions May Exacerbate Certain Risks Affecting Our Business.

Increased concerns about credit markets, consumer confidence, economic conditions, volatile corporate profits and reduced capital spending could negatively impact demand for our products. We may experience in the future, reduced demand for our products because of the uncertainty in the general economic environment in which our customers and we operate. The current tightening of credit in financial markets may adversely affect the ability of our customers and suppliers to obtain financing, which could result in a decrease in, or deferrals or cancellations of, the sale of our products. If global economic and market conditions, or economic conditions in the United States, remain uncertain or persist, spread, or deteriorate further, we may experience a material adverse effect on our business, operating results and financial condition. Unstable economic, political and social conditions make it difficult for our customers, our suppliers and us to accurately forecast and plan future business activities. If such conditions persist, our business, financial condition and results of operations could suffer. We cannot project the extent of the impact of the economic environment specific to our industry.

Our Quarterly Revenues Will Likely Be Affected By Various Factors, Including The Timing Of Purchases By Customers and The Seasonal Nature Of Purchasing in Europe.

Our quarterly revenues will likely be affected by various factors, including the seasonal nature of purchasing in Europe. Our revenues may vary from quarter to quarter due to a number of factors, including new product introductions, expiration of distribution agreements, the release of grant and budget funding, future acquisitions and our substantial sales to European customers, who in summer months often defer purchases. In particular, delays or reduction in purchase orders from the pharmaceutical and biotechnology industries could have a material adverse effect on us and could adversely affect our stock price.

The Failure Of Any Banking Institution In Which We Deposit Our Funds Or The Failure Of Such Banking Institution To Provide Services In The Current Economic Environment Could Have A Material Adverse Effect On Our Results Of Operations, Financial Condition Or Access To Borrowings.

The capital and credit markets have been experiencing extreme volatility and disruption. In recent months, the volatility and disruption have reached unprecedented levels. In some cases, the markets have exerted downward pressure on stock prices and credit capacity for certain issuers, as well as pressured the solvency of some financial institutions. Some of these financial institutions, including banks, have had difficulty performing regular services and in some cases have failed or otherwise been largely taken over by governments. We deposit our cash and cash equivalents with a number of financial institutions around the world. Should some or all of these financial institutions fail or otherwise be unable to timely perform requested services, we would likely have a limited ability to quickly access our cash deposited with such institutions. If we are unable to quickly access such funds, we may need to increase our use of our existing credit lines or access more expensive credit, if available. If we are unable to access some or all of our cash on deposit, either temporarily or permanently, or if we access existing or additional credit or are unable to access additional credit, it could have a negative impact on our operations, including our reported net income, or our financial position, or both.

We May Not Realize The Expected Benefits From Acquisitions Due To Difficulties Integrating The Businesses, Operations And Product Lines.

Our ability to achieve the benefits of acquisitions depends in part on the integration and leveraging of technology, operations, sales and marketing channels and personnel. The integration process is a complex, time-consuming and expensive process and may disrupt our business if not completed in a timely and efficient manner.

We may have difficulty successfully integrating the acquired businesses, the domestic and foreign operations or the product lines, and as a result, we may not realize any of the anticipated benefits of the acquisitions. Additionally, we cannot assure that our growth rate will equal the growth rates that have been experienced by us and the acquired companies, respectively, operating as separate companies in the past.

Attractive Acquisition Opportunities May Not Be Available To Us In The Future.

We will consider the acquisition of other businesses. However, we may not have the opportunity to make suitable acquisitions on favorable terms in the future, which could negatively impact the growth of our business. In order to pursue such opportunities, we may require significant additional financing, which may not be available to us on favorable terms, if at all. The availability of such financing is limited by the recent tightening of the global credit markets. We expect that our competitors, many of which have significantly greater resources than we do, will compete with us to acquire compatible businesses. This competition could increase prices for acquisitions that we would likely pursue.

If Our Goodwill Or Intangible Assets Become Impaired, We May Be Required To Record A Significant Charge To Earnings.

Under accounting principles generally accepted in the United States, we review our intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill or other intangible assets may not be recoverable include declines in our stock price and market capitalization or future cash flows projections. We may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or other intangible assets is determined.

Currency Exchange Rate Fluctuations May Have A Negative Impact On Our Reported Earnings.

We conduct business in functional currencies other than the U.S. dollar, which is our reporting currency. As a result, currency fluctuations among the U.S. dollar and the currencies in which we do business have caused and will continue to cause foreign currency transaction gains and losses. Currently, we attempt to manage foreign currency risk through the matching of assets and liabilities. In the future, we may undertake to manage foreign currency risk through additional hedging methods. We recognize foreign currency gains or losses arising from our operations in the period incurred. We cannot guarantee that we will be successful in managing foreign currency risk or in predicting the effects of exchange rate fluctuations upon our future operating results because of the number of currencies involved, the variability of currency exposure and the potential volatility of currency exchange rates.

We Have A Limited Operating History With Significant Losses And Expect Losses To Continue In The Near Future

We have yet to establish any history of profitable operations. We have incurred annual operating losses of $6,267,169 and $3,025,998 during the years ended December 31, 2008 and 2007 respectively. As a result, at December 31, 2008, we had an accumulated deficit since exiting development stage at December 31, 2007 of $6,267,169 and an accumulated development stage deficit of $44,335,140. To date, our revenues have not been sufficient to sustain our operations. Our profitability will require the successful commercialization of one or more drugs for our territories in Eastern Europe as well as the out-licensing of our internal development programs in Alzheimer's, cancer, cardiovascular disease, and infectious diseases. The Company has in-licensed products to be marketed and distributed in our Eastern Europe territories. No assurances can be given when this will occur or when we will become profitable.

We Will Need Additional Capital In The Future, But Our Access To Such Capital Is Uncertain. Failure To Access Such Capital May Cause Us To Cease Operations.

Our current resources are insufficient to fund all of our planned development and commercialization efforts. As of December 31, 2008, we have a working capital deficiency of $5,588,759 and we had cash, and cash equivalents, of approximately $105,641. On March 28, 2007, Samaritan and Pharmaplaz, a private Irish Healthcare company and a shareholder of Samaritan, signed an agreement (the "Pharmaplaz Agreement") to commercialize SP-01A. Under the

terms of the agreement, Pharmaplaz is required to pay Samaritan $10 million upfront. To date, under the Pharmaplaz Agreement, the amount of funds received from Pharmaplaz is $2.15 million; $1.4 million and $750,000 were received during the first and fourth quarter of 2007 respectively. On May 15, 2007, the CEO of Pharmaplaz, Michael Macken, signed a personal guarantee and on May 21, 2007 a stock pledge agreement for 943,291 (split-adjusted) shares of Samaritan Pharmaceuticals to guarantee the balance of the $7.85 million. On May 15, 2007, the amount of shares pledged was worth $1,300,742. On December 31, 2008, the last reported market sale price of our Common Stock was $0.07 and the value of the stock pledge was $66,030. As a result of Pharmaplaz's failure to timely pay the remaining balance of 7.85 million, Pharmaplaz is not in compliance with the terms of the Pharmaplaz Agreement. No payments were received in 2008. During the year 2008, the Company reserved a $3,451,742 note receivable to doubt about collection of the note. Samaritan recognizes Pharmaplaz’s intention is to pay the remaining balance and its failure is due to an economic slowdown in Ireland. Samaritan will continue to work with Pharmaplaz to collect the past due remaining balance.

At our current level of expenditures and profits from our sales in Eastern Europe, our cash resources are not adequate to meet our requirements into 2009. Our capital needs will depend on many factors, including our research and development activities, the scope and timing of our clinical trial programs, the timing of regulatory approval for our products under development and the successful commercialization of our products. Our needs may also depend on the magnitude and scope of these activities, the progress and the level of success in our clinical trials, the costs of preparing, filing, prosecuting, maintaining and enforcing patent claims and other intellectual property rights, competing technological and market developments, changes in or terminations of collaboration and existing licensing arrangements, the establishment of new collaboration and licensing arrangements and the cost of manufacturing scale-up and development of marketing activities, if undertaken by us. We do not have committed external sources of funding. If adequate funds are not available, we may be required to:

- delay, reduce the scope of, or eliminate one or more of our research and development programs;
- obtain funds through arrangements with collaboration partners or others that may require us to relinquish rights to technologies, product candidates or products that we would otherwise seek to retain in order to develop or commercialize them ourselves;
- license rights to technologies, product candidates or products on terms that are less favorable to us than might otherwise be available; or

We intend to actively seek new financing from time to time to provide financial support for our activities. If we raise additional funds by issuing additional stock, further dilution to our stockholders may result, and new investors could have rights superior to existing stockholders. If funding is insufficient at any time in the future, we may be unable to develop or commercialize our products, take advantage of business opportunities or respond to competitive pressures, which could have a material adverse effect on our business.

Our Independent Registered Public Accounting Firm Has Issued An Unqualified Opinion With An Explanatory Paragraph, To The Effect That There Is Substantial Doubt About Our Ability To Continue As A Going Concern.

The Company’s independent registered public accounting firm has issued an unqualified opinion with an explanatory paragraph, to the effect that there is substantial doubt about the Company’s ability to continue as a going concern. This unqualified opinion with an explanatory paragraph could have a material adverse effect on the business, financial condition, results of operations and cash flows of the Company.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has generated minimal revenues and experienced an aggregate accumulated deficit of $50,602,309 through December 31, 2008, comprised of both development stage losses and the 2008 post-development loss. For the year ended December 31, 2008 and 2007, the Company incurred net losses of $6,267,169 and $3,025,998, respectively and used cash flows from operations of $204,557 and $1,347,122, respectively. As of December 31, 2008, the Company had a working capital deficiency of $5,588,759. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 2. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

We have no committed sources of capital and do not know whether additional financing will be available when needed on terms that are acceptable, if at all. Our current lack of resources is exacerbated by our inability to date to collect the remaining balance from Pharmaplaz. The addition of this going concern statement from our independent registered public accounting firm may discourage some investors from purchasing our Common Stock or providing alternative capital financing. The failure to satisfy our capital requirements will adversely affect our business, financial condition, results of operations and prospects.

Unless we raise additional funds, either through the sale of equity securities or one or more collaborative arrangements, we will need to reduce our research and development and significantly reduce our workforce and our operating expenses. If we do not take these actions, we will not have sufficient funds to continue operations. Even if we take these actions, they may be insufficient, particularly if our costs are higher than projected or unforeseen expenses arise. Reducing our research and development or significantly reducing our workforce or operating expenses will adversely affect our business and prospects.

If We Do Not Receive And Maintain Regulatory Approvals For Our Products Or Product Candidates, We Will Not Be Able To Commercialize Our Products, Which Would Substantially Impair Our Ability To Generate Revenues And Materially Harm Our Business And Financial Condition.

Approval from the FDA is necessary to manufacture and market pharmaceutical products in the United States. The regulatory approval process is extensive, time-consuming and costly, and the FDA may not approve additional product candidates, or the timing of any such approval may not be appropriate for our product launch schedule and other business priorities, which are subject to change.

Clinical testing of pharmaceutical products is also a long, expensive and uncertain process. Even if initial results of preclinical studies or clinical trial results are positive, we may obtain different results in later stages of drug development, including failure to show desired safety and efficacy. The clinical trials of any of our product candidates could be unsuccessful, which would prevent us from obtaining regulatory approval and commercializing the product.

FDA approval of our products can be delayed, limited or not granted for many reasons, including, among others:

- FDA officials may not find a product candidate safe or effective to merit an approval;
- FDA officials may not find that the data from preclinical testing and clinical trials justifies approval, or they may require additional studies that would make it commercially unattractive to continue pursuit of approval;
- the FDA might not approve the processes or facilities of our contract manufacturers or raw material suppliers or our manufacturing processes or facilities;
- the FDA may change its approval policies or adopt new regulations; and
- the FDA may approve a product candidate for indications that are narrow or under conditions that place our product at a competitive disadvantage, which may limit our sales and marketing activities or otherwise adversely impact the commercial potential of a product.

If the FDA does not approve our product candidates in a timely fashion on commercially viable terms or we terminate development of any of our product candidates due to difficulties or delays encountered in clinical testing and the regulatory approval process, it will have a material adverse impact on our business.

If Our Products Do Not Gain Market Acceptance, Our Business Will Suffer Because We Might Not Be Able To Fund Future Operations.

A number of factors may affect the market acceptance of our products or any other products we develop or acquire, including, among others:

- the price of our products relative to other therapies for the same or similar treatments;
- the perception by patients, physicians and other members of the health;
- care community of the safety and effectiveness of our products for their prescribed treatments;
- the availability of satisfactory levels, or at all, of third party reimbursement for our products and related treatments;
- our ability to fund our sales and marketing efforts; and
- the effectiveness of our sales and marketing efforts.

In addition, our ability to market and promote our products is restricted to the labels approved by the FDA. If the approved labels are restrictive, our sales and marketing efforts and market acceptance and the commercial potential of our products may be negatively affected.

If our products do not gain market acceptance, we may not be able to fund future operations, including the development or acquisition of new product candidates and/or our sales and marketing efforts for our approved products, which would cause our business to suffer.

The Company's License Agreements May Be Terminated In The Event Of A Breach; The Company Is In Breach Of The Collaboration Agreement

The license agreements pursuant to which the Company has licensed its core technologies for its potential drug products permit the licensors to terminate such agreements under certain circumstances, such as the failure by the licensee to use its reasonable best efforts to commercialize the subject drug or the occurrence of any uncured material breach by the licensee. The license agreements also provide that the licensor is primarily responsible for obtaining patent protection for the licensed technology, and the licensee is required to reimburse the licensor for costs it incurs in performing these activities. The license agreements also require the payment of specified royalties. Any inability or failure to observe these terms or pay these costs or royalties may result in the termination of the applicable license agreement in certain cases. The termination of any license agreement could force us to curtail our business operations. As of April 11, 2008, Samaritan Pharmaceuticals and Samaritan Therapeutics' payment to McGill University is in arrears, which may permit our collaborator to terminate the research and development agreement. The termination of any license agreement could force us to curtail our business operations.

Protecting Our Proprietary Rights is Difficult and Costly Which Could Have Material Adverse Effect On Our Business

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal and factual questions. The license agreements also provide that the licensor is primarily responsible for obtaining patent protection for the licensed technology, and the licensee is required to reimburse the licensor for costs it incurs in performing these activities. Accordingly, we cannot predict the breadth of claims allowed in these companies' patents or whether the Company may infringe or be infringing on these claims. Patent disputes are common and could preclude the commercialization of our products. Patent litigation is costly in its own right and could subject us to significant liabilities to third parties. In addition, an adverse decision could force us to either obtain third-party licenses at a material cost or cease using the technology or product in dispute.

The Company's Success Will Be Dependent Upon The Licenses And Proprietary Rights It Receives From Other Parties, And On Any Patents It May Obtain. Failure To Obtain Such Rights Could Have A Material Adverse Affect On Our Business.

Our success will depend in large part on the ability of the Company and its licensors to (a) maintain license and patent protection with respect to their drug products, (b) defend patents and licenses once obtained, (c) maintain trade secrets, (d) operate without infringing upon the patents and proprietary rights of others and (e) obtain appropriate licenses to patents or proprietary rights held by third parties if infringement should otherwise occur, both in the United States and in foreign countries. We have obtained licenses to patents and other proprietary rights from Georgetown University and George Washington University.

The patent positions of pharmaceutical companies, including those of the Company, are uncertain and involve complex legal and factual questions. There is no guarantee the Company or its licensors have or will develop or obtain the rights to products or processes that are patentable, that patents will issue from any of the pending applications or that claims allowed will be sufficient to protect the technology licensed to the Company. In addition, we cannot be

certain that any patents issued to or licensed by the Company will not be challenged, invalidated, infringed or circumvented, or that the rights granted thereunder will provide competitive advantages to the Company.

Litigation, which could result in substantial cost, may also be necessary to enforce any patents to which the Company has rights, or to determine the scope, validity and unenforceability of other parties' proprietary rights, which may affect the rights of the Company. U.S. patents carry a presumption of validity and generally can be invalidated only through clear and convincing evidence. There can be no assurance that our licensed patents would be held valid by a court or administrative body or an alleged infringer would be found to be infringing. The mere uncertainty resulting from the institution and continuation of any technology-related litigation or interference proceeding could have an adverse material effect on the Company pending resolution of the disputed matters.

We may also rely on unpatented trade secrets and expertise to maintain a competitive position, which we seek to protect, in part, by confidentiality agreements with employees, consultants and others. There can be no assurance these agreements will not be breached or terminated, that we will have adequate remedies for any breach or that trade secrets will not otherwise become known or be independently discovered by competitors.

We Are Faced With Intense Competition And Industry Changes, Which May Make It More Difficult For Us To Achieve Significant Market Penetration, Which Could Adversely Affect Our Business.

The pharmaceutical and biotech industry generally is characterized by rapid technological change, changing customer needs, and frequent new product introductions. If our competitors' existing products or new products are more effective than or considered superior to our products, the commercial opportunity for our products will be reduced or eliminated. We face intense competition from companies in our marketplace as well as companies offering other treatment options. Many of our potential competitors are significantly larger than we are and have greater financial, technical, research, marketing, sales, distribution and other resources than we do. We believe there will be intense price competition for products developed in our markets. Our competitors may develop or market technologies and products that are more effective or commercially attractive than any that we are developing or marketing. Our competitors may obtain regulatory approval, and introduce and commercialize products before we do. These developments could force us to curtail or cease our business operations. Even if we are able to compete successfully, we may not be able to do so in a profitable manner.

If We Are Unable To Continue Product Development, Our Business Will Suffer, Which Could Adversely Affect Our Business.

Our success depends on our ability to develop our products. We currently do not have sufficient funds to continue the development of our products. In addition, we may experience difficulties that could delay or prevent the successful development and commercialization of these products. Our products in development may not prove safe and effective in clinical trials. Clinical trials may identify significant technical or other obstacles that must be overcome before obtaining necessary regulatory or reimbursement approvals. In addition, our competitors may succeed in developing commercially viable products that render our products obsolete or less attractive. Failure to successfully develop and commercialize new products and enhancements would likely have a significant negative effect on our financial prospects.

There Is No Assurance That Our Products Will Have Market Acceptance, Which Could Adversely Affect Our Business.

The success of the Company will depend in substantial part on the extent to which a drug product, once approved, achieves market acceptance. The degree of market acceptance will depend upon a number of factors, including (a) the receipt and scope of regulatory approvals, (b) the establishment and demonstration in the medical community of the safety and efficacy of a drug product, (c) the product's potential advantages over existing treatment methods and (d) reimbursement policies of government and third party payers. We cannot predict or guarantee physicians, patients, healthcare insurers, maintenance organizations, or the medical community in general, will accept or utilize any drug product of the Company. If our products do not develop market acceptance, we will be forced to curtail or cease our

business operations.

There Is Uncertainty Relating To Third-Party Reimbursement, Which Is Critical To Market Acceptance Of Our Products And The Viability Of Our Business.

International market acceptance of our products may depend, in part, upon the availability of reimbursement within prevailing health care payment systems. Reimbursement and health care payment systems in international markets vary significantly by country, and include both government sponsored health care and private insurance. We may not obtain international reimbursement approvals in a timely manner, if at all. Our failure to receive international reimbursement approvals may negatively impact market acceptance of our products in the international markets in which those approvals are sought and could force us to curtail or cease our business operations.

From time to time significant attention has been focused on reforming the health care system in the United States and other countries. Any changes in Medicare, Medicaid or third-party medical expense reimbursement, which may arise from health care reform, may have a material adverse effect on reimbursement for our products or procedures in which our products are used and may reduce the price we are able to charge for our products. In addition, changes to the health care system may also affect the commercial acceptance of products we are currently developing and products we may develop in the future.

If We Are Unable To Protect Our Intellectual Property, We May Not Be Able To Operate Our Business Profitably, Which Could Have An Adverse Affect On Our Business.

Our success will depend to a significant degree on our ability to secure and protect intellectual property rights and to enforce patent and trademark protections relating to our technology which we license. From time to time, litigation may be advisable to protect our intellectual property position. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. Any litigation in this regard could be costly, and it is possible that we will not have sufficient resources to fully pursue litigation or to protect our intellectual property rights. It could result in the rejection or invalidation of our existing and future patents. Any adverse outcome in litigation relating to the validity of our patents, or any failure to pursue litigation or otherwise to protect our patent position, could force us to curtail or cease our business operations. Also, even if we prevail in litigation, the litigation would be costly in terms of management distraction as well as in terms of money. In addition, confidentiality agreements with our employees, consultants, customers, and key vendors may not prevent the unauthorized disclosure or use of our intellectual property. It is possible that these agreements could be breached or that they might not be enforceable in every instance, and that we might not have adequate remedies for any such breach. Enforcement of these agreements may be costly and time consuming. Furthermore, the laws of foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States.

If We Are Unable To Operate Our Business Without Infringing Upon The Intellectual Property Rights Of Others, We May Not Be Able To Operate Our Business Profitably.

Our success depends on our ability to operate without infringing upon the proprietary rights of others. We endeavor to follow developments in our field, and we do believe that we have freedom to operate with respect to our core technologies. To the extent that planned or potential products would infringe patents or other intellectual property rights held by third parties, we would need licenses under such patents or other intellectual property rights to continue development and marketing of our products protected by those third party patents or other intellectual property rights. Any required licenses may not be available on acceptable terms, if at all. If we do not obtain such licenses, we may need to design around other parties' patents or we may not be able to proceed with the development, manufacture or sale of our products.

We Maintain No General Liability Insurance Policy

Our business exposes us to potential product liability claims that are inherent in the testing, production, marketing, and sale of pharmaceuticals products. We maintain no commercial general liability policy and do not maintain insurance in the amounts or scope sufficient to provide us with adequate coverage. A claim would have to be paid out of cash reserves, which could have a material adverse effect on our business, financial condition, results of operations and cash flows and force us to curtail or cease our operations. In addition, any product liability claim likely would harm our reputation in the industry and our ability to develop and market products in the future.

Insurance Coverage Is Increasingly More Difficult To Obtain or Maintain

Obtaining insurance for our business, property and products is increasingly more costly and narrower in scope, and requires the Company to assume more risk in the future. If we are subject to third party claims or suffer a loss or damage, we will be required to bear that risk. Furthermore, any first-or-third-party claims made against the Company may impact our ability to obtain or maintain insurance coverage at reasonable costs or at all in the future.

Our Success Will Depend On Our Ability To Attract And Retain Key Personnel. The Failure To Retain Key Personnel Could Adversely Affect Our Business.

In order to execute our business plan, we need to attract, retain and motivate a significant number of highly qualified managerial, technical, financial and sales personnel. If we fail to attract and retain skilled scientific and marketing personnel, our research and development and sales and marketing efforts will be hindered. Our future success depends to a significant degree upon the continued services of key management personnel, including Dr. Janet Greeson, our Chief Executive Officer, President and Chairman of the Board of Directors, and Dr. Vassilios Papadopoulos, Chief Scientist of the Science of Technology Advisory Committee and our key consultant. As of December 31, 2008, the Company has accrued compensation for Dr. Janet Greeson of $1,234,455. We do not maintain key man insurance on either of these individuals. The loss of their services could delay our product development programs and our research and development efforts at the Research Centre of McGill University. In addition, the loss of Dr. Greeson is grounds for our Research Collaboration with the Research Centre of McGill University Health Centre to terminate. In addition, competition for qualified employees among companies in the biotechnology and biopharmaceutical industry is intense and we cannot be assured that we would be able to recruit qualified personnel on commercially acceptable terms, or at all, to replace them.

We Are Dependent On Third Parties For A Significant Portion Of Our Bulk Supply And The Formulation, Fill And Finish Of Our Product Candidates, The Loss Of Which May Adversely Affect Our Business.

We currently produce a substantial portion of clinical product candidates' supply at our collaborative partner's Ireland manufacturing facility. However, we also depend on third parties for a significant portion of our product candidates' bulk supply as well as for some of the formulation, fill and finish of product candidates that we manufacture. Pharmaplaz is our third-party contract manufacturer of product candidates' bulk drug; accordingly, our clinical supply of product candidates is currently significantly dependent on Pharmaplaz's production schedule for product candidates. We would be unable to produce product candidates in sufficient quantities to substantially offset shortages in Pharmaplaz's scheduled production if Pharmaplaz or other third-party contract manufacturers used for the formulation, fill and finish of product candidates bulk drug were to cease or interrupt production or services or otherwise fail to supply materials, products or services to us for any reason, including due to labor shortages or disputes, regulatory requirements or action or contamination of product lots or product recalls. We cannot guarantee that an alternative third-party contract manufacturer would be available on a timely basis or at all. This in turn could materially reduce our ability to satisfy demand for product candidates, which could materially and adversely affect our operating results.

Our Corporate Compliance Program Cannot Guarantee That We Are In Compliance With All Potentially Applicable U.S. Federal And State Regulations And All Potentially Applicable Foreign Regulations.

The development, manufacturing, distribution, pricing, sales, marketing and reimbursement of our products, together with our general operations, is subject to extensive federal and state regulation in the United States and to extensive regulation in foreign countries. While we have developed and instituted a corporate compliance program based on what we believe to be current best practices, we cannot assure you that we or our employees are or will be in compliance with all potentially applicable U.S. federal and state regulations and/or laws or all potentially applicable foreign regulations and/or laws. If we fail to comply with any of these regulations and/or laws a range of actions could result, including, but not limited to, the termination of clinical trials, the failure to approve a product candidate,

restrictions on our products or manufacturing processes, including withdrawal of our products from the market, significant fines, exclusion from government healthcare programs or other sanctions or litigation.

RISKS ASSOCIATED WITH AN INVESTMENT IN OUR COMMON STOCK

Our Stock Is Currently Listed On The OTC Pink Sheets Which Limits The Trading Of Our Stock

Our Common Stock currently trades on the OTC Pink Sheets which is generally considered to be a less efficient market than markets such as NASDAQ or other national exchanges. This may cause difficulty in obtaining future financing, which could have an adverse affect on our business. Broker-dealers who sell stock on the OTC market must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. This document provides information about our Common Stock and the nature and level of risks involved in investing in the OTC market. A broker must also give a purchaser, orally or in writing, bid and offer quotations and information regarding broker and salesperson compensation, make a written determination that our Common Stock is a suitable investment for the purchaser, and obtain the purchaser's written agreement to the purchase. Broker-dealers must also provide customers that hold OTC stock in their accounts with such broker-dealer a monthly statement containing price and market information relating to the OTC stock. If an OTC stock is sold in violation of the OTC stock rules, purchasers may be able to cancel their purchase and get their money back. If applicable, the OTC stock rules may make it difficult for investors to sell their shares of our Common Stock. Because of the rules and restrictions applicable to an OTC market stock, there is less trading in OTC stocks and the market price of our Common Stock may be adversely affected. Also, many brokers choose not to participate in OTC stock transactions. Accordingly, purchasers may not always be able to resell shares of our Common Stock publicly at times and prices that they feel are appropriate.

A Sale Of A Substantial Number Of Shares Of Our Common Stock May Cause The Price Of Our Common Stock To Decline, Which May Cause Difficulty In Obtaining Future Financing.

If our stockholders sell substantial amounts of our Common Stock in the public market, the market price of our Common Stock could fall. These sales also may make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate. Several of our shareholders hold restricted Common Stock that may be eligible for sale pursuant to Rule 144 under the Securities Act of 1933. Sales of our Common Stock by certain present stockholders under Rule 144 may, in the future, have a depressive effect on the market price of our securities. In addition, the sale of shares by officers and directors and other affiliated shareholders may also have a depressive effect on the market for our securities.

Because We Do Not Intend To Pay Dividends, You May Benefit From An Investment In Our Common Stock Only If It Appreciates In Value.

We have paid no cash dividends on any of our Common Stock to date, and we currently intend to retain our future earnings, if any, to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. The success of your investment in our Common Stock will likely depend entirely upon any future appreciation. There is no guarantee that our Common Stock will appreciate in value or even maintain the price at which you purchased your shares.

The Market Price Of Our Common Stock Is Highly Volatile.

The market price of our Common Stock has been and is expected to continue to be highly volatile. Various factors, including announcements of technological innovations by us or other companies, regulatory matters, new or existing products or procedures, concerns about our financial position, operating results, litigation, government regulation, developments or disputes relating to agreements, patents or proprietary rights may have a significant impact on the market price of our Common Stock. If our operating results are below the expectations of securities analysts or investors, the market price of our Common Stock may fall abruptly and significantly.

Future sales of our Common Stock, including shares issued upon the exercise of outstanding options and warrants or hedging or other derivative transactions with respect to our Common Stock, could have a significant negative effect on the market price of our Common Stock. These sales also might make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that we would deem appropriate.

We may enter into registration rights agreements in connection with certain financings pursuant to which we agreed to register for resale by the investors the shares of Common Stock issued. Sales of these shares could have a material adverse effect on the market price of our shares of Common Stock.

Under Provisions Of The Company's Articles Of Incorporation, Bylaws And Nevada Law, The Company's Management May Be Able To Block Or Impede A Change In Control

The issuance of blank check preferred stock, where the Board of Directors can designate rights or preferences, may make it more difficult for a third party to acquire, or may discourage a third party from acquiring, a majority of our voting stock. These and other provisions in our Articles of Incorporation (restated as last amended November 1, 2007) and in our Bylaws (restated as last amended March 20, 2008), as well as certain provisions of Nevada law, could delay or impede the removal of incumbent directors and could make it more difficult to effect a merger, tender offer or proxy contest involving a change of control of the Company, even if such events could be beneficial to the interest of the shareholders as a whole. Such provisions could limit the price that certain investors might be willing to pay in the future for our Common Stock.

Officers and Directors Liabilities Are Limited Under Nevada Law

Pursuant to the Company's Articles of Incorporation (restated as last amended November 1, 2007) and Bylaws (restated as last amended March 20, 2008), and as authorized under applicable Nevada law, Directors are not liable for monetary damages for breach of fiduciary duty, except in connection with a breach of the duty of loyalty for (a) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (b) for dividend payments or stock repurchases illegal under applicable Nevada law or (c) any transaction in which a Director has derived an improper personal benefit. The Company's Articles of Incorporation (restated as last amended November 1, 2007) and Bylaws (restated as last amended March 20, 2008) provide that the Company must indemnify its officers and Directors to the fullest extent permitted by applicable Nevada law for all expenses incurred in the settlement of any actions against such persons in connection with their having served as officers or Directors.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES

The Company's executive offices are currently located at 2877 Paradise Road, Suite 801, Las Vegas, Nevada 89109. The Company has a 2,500 square foot office space which is rented at a base rent of $4,500.00 per month. In addition, pursuant to a research collaboration, the Research Institute of the McGill University Health Centre provides office and laboratory space at the Samaritan Research Laboratories.

ITEM 3. LEGAL PROCEEDINGS

We are, from time to time, involved in various legal proceedings in the ordinary course of our business. While it is impossible to predict accurately or to determine the eventual outcome of these matters, the Company believes the outcome of these proceedings will not have an adverse material effect on the financial statements of the Company. Other than routine litigation incidental to our business, there are no legal proceedings or actions pending at this time.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's Common Stock is traded on the Over the Counter Pink Sheets under the symbol "SPHC.PK". The following table sets forth the range of high and low bid prices for our Common Stock for each quarter within the last two (2) fiscal years. Such quotes reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions. The quotations may be rounded for presentation.

	FISCAL YEAR ENDED			
	December 31, 2008		December 31, 2007	
	High	Low	High	Low
First Quarter	$ 0.45	$ 0.21	$ 0.38	$ 0.17
Second Quarter	$ 0.39	$ 0.25	$ 0.31	$ 0.16
Third Quarter	$ 0.40	$ 0.14	$ 1.35	$ 0.16
Fourth Quarter	$ 0.35	$ 0.06	$ 0.84	$ 0.25

Dividends

We have not paid any dividends on our Common Stock and do not anticipate paying any cash dividends in the near future. We intend to retain any earnings to finance the growth of the business. We make no assurances we will ever pay cash dividends. Whether we pay any cash dividends in the future will depend on the Company's financial condition, results of operations and other factors the Board of Directors will consider.

Recent Sales of Unregistered Securities

The following discussion sets forth securities sold by the Company in the last three (3) fiscal years. These securities were shares of Common Stock of the Company. They were sold for cash and, unless otherwise noted, sold in private transactions to persons believed to be of a class of accredited investors not affiliated with the Company unless otherwise noted and purchasing the shares with investment intent, and the Company relied upon, among other possible exemptions, Section 4(2) of the Securities Act of 1933, as amended. The Company's reliance on said exemption was based upon the fact no public solicitation was used by the Company in the offer or sale, and the securities were legend shares, along with a notation at the respective transfer agent, restricting the shares from sale or transfer as is customary with reference to Rule 144 of the SEC.

During the fiscal year ending December 31, 2008, the Company exchanged 5,695,450 shares of Common Stock for $6,553,044 for services and cash. During the fiscal year ending December 31, 2007, the Company exchanged 4,384,353 shares of Common Stock for $3,178,072 for services and cash, which includes $231,500 that was actually received during 2006 and recorded as common stock to be issued at 12/31/2006. The Company had no exercise of stock options during 2008.

Issuer Purchase of Equity Securities

We did not make any purchases of our Common Stock during the three months ended December 31, 2008, which is the fourth quarter of our fiscal year.

Holders

As of April 14, 2009, there were approximately 932 holders of record of our Common Stock. This number was determined from records maintained by our transfer agent and does not include beneficial owners of our securities whose securities are held in the names of various dealers and/or clearing agencies.

The following graph sets forth the cumulative total stockholder return (assuming reinvestment of dividends) to the Company's stockholders during the five-year period ended December 31, 2008, as well as an overall stock market index (AMEX Market Index) and the Company's peer group index (AMEX Biotech Index):

COMPARE 5-YEAR CUMULATIVE TOTAL RETURN AMONG SAMARITAN PHARMACEUTICALS, NASDAQ MARKET INDEX AND NASDAQ BIOTECH INDEX (1)

[The following information was depicted as a line chart in the printed material]

Company/Index	Base Period 12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008
SPHC	100	$ 264.86	$ 108.11	$ 56.76	$ 14.86	$ 3.15
Nasdaq Biotech Index	100	$ 106.13	$ 109.14	$ 110.25	$ 115.30	$ 89.37
Nasdaq Composite Index	100	$ 108.59	110.08	$ 120.56	$ 132.39	$ 78.72

1) Assumes $100 Invested On December 31, 2003, Assumes Dividend Reinvested, Fiscal Year Ending December 31, 2008.

The information under "Performance Graph" is not deemed filed with the Securities and Exchange Commission and is not be incorporated by reference in any filing of Samaritan under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this 10-K and irrespective of any general incorporation language in those filings.

ITEM 6. SELECTED FINANCIAL DATA

The information called for by this Item is not applicable to us because we are a small reporting company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Samaritan Pharmaceuticals, Inc. (including the subsidiaries, referred to as Samaritan, the "Company", "its", "we", and "our"), formed in September 1994, is an entrepreneurial biopharmaceutical company, focused on commercializing innovative therapeutic products to relieve the suffering of patients with Alzheimer's disease; cancer; cardiovascular disease, HIV, and Hepatitis C; as well as, commercializing its acquired marketing and sales rights, to sell marketed revenue-generating products, in Greece, and/or various Eastern European countries.

Samaritan has partnered its oral entry inhibitor HIV drug SP-01A, a drug that has demonstrated safety and efficacy, in Phase II clinical trials, with Pharmaplaz, Ireland to advance to Phase III clinical trials. In addition, Samaritan aims to commercialize three (3) market drug candidates with late-stage preclinical development programs. Samaritan is evaluating the use of Caprospinol, SP-233 in Alzheimer's disease patients; the use of SP-1000 with acute coronary disease patients; and the use of SP-30 as an "oral treatment" for Hepatitis C patients.

During 2008, we significantly reduced our ongoing expenses due to the inability of the Company to raise funds on favorable terms. Additionally in 2008, Samaritan signed a worldwide exclusive agreement with Taconic Farms to commercialize "The Samaritan Alzheimer's Rat Model." The "forgetful" rat model is a research tool used by scientists to study the effectiveness of their new drugs to treat Alzheimer's disease.

In 2009, we are seeking to raise additional funds. We are currently operating the Company in a manner that we believe maximizes the value of our business for our creditors and stockholders by focusing on marketing and sales in our territories, as well as continuing our research programs and looking for additional ways to reduce our operating expenses. If we are unable to resolve our situation to raise sufficient additional funds, we would be required to further reduce operating expenses, by, among other things, curtailing significantly or delaying or eliminating part or all of our development programs or scaling back our commercial operations.

Commercialization Business Model

Our commercialization business model is focused dually on, the partnering of our promising innovative products to pharmaceutical companies; and the acquisition of the marketing and sales rights to revenue-generating marketed products for sales in Greece and Eastern Europe. This model allows Samaritan to focus on our core competencies in drug discovery and drug development. Our commercialization business model is entirely focused on achieving growth and maximizing value for the benefit of our investors.

Marketed Products

Samaritan has collaborative relationships with other pharmaceutical companies to commercialize branded approved prescription products in selected niche territories, such as, in Greece, Albania, Bosnia, Bulgaria, Croatia, Cyprus, Czech Republic, Egypt, FYROM, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, Syria and Turkey. We use our expertise to register approved drugs with regulatory agencies in the country we have acquired the rights for; and then, upon regulatory approval, we distribute, market and sell these products. We have in-licensed the rights to sell specialty pharmaceutical products, Amphocil from Three Rivers Pharmaceuticals, Infasurf from Ony, Inc, Caphosol, Collatamp, Erwinase, Kidrolase, and the Rapydan pain patch from EUSA, Mepivamol, Methadone, Morphine Sulphate, Naloxone, Naltrexone, Oramorph and Pethidine from Molteni Farmaceutici and Abioklad from Abiogen Pharma. Our efforts are focused on specialist physicians in private practice or at hospitals and major medical centers in our territories. Below is a description of our in-licensed products.

ABIOKLAD(R)

ABIOKLAD(R) (Disodium Clodronate) is a bisphosphonate that binds to calcium and inhibits osteoclastic bone resorption, crystal formation and dissolution, resulting in a reduction of bone turnover.

ABIOKLAD(R) is indicated for the control of malignancy-associated hypercalcemia (high levels of calcium in blood), the inhibition of osteolysis (degeneration of bone tissue) resulting malignant tumors and the decrease of bone pain.

Samaritan signed an exclusive distribution deal for Greece, Cyprus, and Turkey with Abiogen Pharmaceuticals on March 14, 2008.

Samaritan Pharmaceuticals is preparing marketing applications for ABIOKLAD (R) with regulatory authorities in Greece and Cyprus to gain country marketing authorization drug approval.

AMPHOCIL(R)

AMPHOCIL(R) is a lipid form of amphotericin B indicated for the treatment of invasive aspergillosis, a life threatening systemic fungal infection. AMPHOCIL(R) is indicated for the treatment of severe systemic and/or deep mycoses in cases where toxicity or renal failure precludes the use of conventional amphotericin B in effective doses, and in cases where prior systemic antifungal therapy has failed. Fungal infections successfully treated with AMPHOCIL(R) include disseminated candidiasis and aspergillosis. AMPHOCIL(R) has been used successfully in severely neutropenic patients.

AMPHOCIL(R) is an approved FDA prescription product owned by Three Rivers Pharmaceuticals, Inc. and marketed by Three Rivers Pharmaceuticals, Inc. in the US. Samaritan signed an exclusive distribution deal for Greece and Cyprus with Three Rivers on December 14, 2005. Three Rivers added the territory of Ireland to Samaritan's existing exclusive licensing agreement to market Amphocil in Greece and Cyprus in October 2007.

Samaritan markets AMPHOCIL(R) in Greece.

CAPHOSOL(R)

CAPHOSOL(R) is a topical oral agent, is a U.S. patented, prescription medical device that lubricates the mucosa and helps maintain the integrity of the oral cavity through its mineralizing potential. The distinguishing feature of CAPHOSOL(R) is its high concentrations of calcium and phosphate ions, which are hypothesized to exert their beneficial effects by diffusing into intracellular spaces in the epithelium and permeating the mucosal lesion in mucositis. Calcium ions play a crucial role in several aspects of the inflammatory process, the blood clotting cascade, and tissue repair and phosphate ions may be a valuable supplemental source of phosphates for damaged mucosal surfaces.

Samaritan has acquired the exclusive rights from EUSA for CAPHOSOL(R) and is negotiating an addendum to the original distribution agreement to include Caphosol(R) for marketing and distribution in Greece and Cyprus. Caphosol(R) is an approved FDA prescription product and is owned by EUSA Pharma and marketed by EUSA Pharma in the U.S.

COLLATAMP(R)

COLLATAMP(R) is a lyophilized collagen sponge impregnated with the aminoglycoside antibiotic gentamicin. Collatamp(R) is approved for the treatment and prevention of post-surgical infection.

On June 1, 2008, Samaritan signed an exclusive agreement with EUSA for the marketing and distribution of the product Collatamp(R) in Greece and Cyprus. Collatamp(R) is an approved FDA prescription product and is owned by EUSA Pharma and marketed by EUSA Pharma in the U.S.

Samaritan is marketing Collatamp(R) in Greece and has a pending marketing application with regulatory authorities in Cyprus to gain country marketing authorization drug approval.

ELAPRASE(R)

ELAPRASE(R) is a human enzyme replacement therapy for the treatment of Hunter syndrome, also known as Mucopolysaccharidosis II (MPS II). Hunter syndrome is a rare, life-threatening genetic condition that results from the absence or insufficient levels of the lysosomal enzyme iduronate-2-sulfatase. Without this enzyme, cellular waste products accumulate in tissues and organs, which then begin to malfunction.

ELAPRASE(R) was granted marketing authorization for the long-term treatment of patients with Hunter's disease by the European Commission in January 2007. ELAPRASE(R) is the first, and only, enzyme replacement therapy for Hunter's disease patients and was launched in the U.S. in July 2006.

On December 19, 2007, the Company received pricing approval for ELAPRASE from the Greek Ministry of Development. On March 1, 2007, Samaritan signed an exclusive licensing agreement with Shire Human Genetic Therapies (SHPGY.O) to market and sell Elaprase in Greece and Cyprus.

The year 2008 was the last year that Samaritan marketed Elaprase.

ERWINASE(R)

ERWINASE(R) is indicated for the treatment of Acute Lymphoblastic Leukemia (ALL). Asparagine is an amino acid that is essential for cell growth; it is produced by most cells, but not all blood cells. Mutated (cancer) cells in ALL rely on asparagine circulating in the blood for growth. L-sparaginase is an enzyme that lowers circulating asparagine levels in the blood thereby depriving the mutated blood cells of asparagine and inhibiting their growth.

On March 10, 2008, Samaritan signed an exclusive agreement with EUSA for the marketing and distribution of the product Erwinase(R) in Greece and Cyprus. Erwinase(R) is an approved FDA prescription product and is owned by EUSA Pharma and marketed by EUSA Pharma, in the U.S.

Samaritan is marketing Erwinase(R) in Greece and has a pending marketing application with regulatory authorities in Cyprus to gain country marketing authorization drug approval.

INFASURF(R)

INFASURF(R) treats and prevents Respiratory Distress Syndrome (RDS). This syndrome occurs when infants lack surfactant, a natural substance normally produced in the body, which is necessary for lungs to function normally. INFASURF(R) is used exclusively in hospitals with a neonatal intensive care unit (NICU) and is administered by neonatologists, neonatal nurses, neonatal nurse practitioners and respiratory therapists.

On January 16, 2007, Samaritan signed an exclusive agreement with Siraeo, Ltd for the marketing and distribution of the product INFASURF(R) in Turkey, Serbia, Bosnia, Macedonia, Albania, Egypt and Syria. INFASURF(R) is an approved FDA prescription product owned by ONY, Inc. and marketed by Forest Laboratories in the U.S.

Samaritan utilizes the US FDA approved regulatory file in preparing marketing applications for INFASURF(R) with regulatory authorities in Turkey, Serbia, Bosnia, F.Y.R.O.M., Albania, Egypt and Syria to gain country marketing authorization drug approval.

KIDROLASE(R)

KIDROLASE(R) is indicated in the treatment of Acute Lymphoblastic Leukemia. Asparagine is an amino acid that is essential for cell growth; it is produced by most cells, but not all blood cells. Mutated (cancer) cells in ALL rely on asparagine circulating in the blood for growth. L-Asparaginase is an enzyme that lowers circulating asparagine levels in the blood thereby depriving the mutated blood cells of asparagine and inhibiting their growth.

On March 10, 2008, Samaritan signed an exclusive agreement with EUSA for the marketing and distribution of the product Kidrolase(R) in Greece and Cyprus. Kidrolase(R) is an approved FDA prescription product and is owned by EUSA Pharma and marketed by EUSA Pharma, in the U.S.

Samaritan utilizes the US FDA approved regulatory file in preparing marketing applications for Kidrolase(R) with regulatory authorities in Greece and Cyprus to gain country marketing authorization drug approval.

MEPIVAMOL(R)

MEPIVAMOL(R) (Mepivacaine) is an effective and reliable local anesthetic of intermediate duration and low systemic toxicity. It is widely used for regional anesthetic procedures such as IVRA, infiltration, epidural blockade, plexus and peripheral nerve blockade. MEPIVAMOL(R) is approved by the Italian Ministry of Health (The equivalent to the US FDA) and is owned by Molteni Farmaceutici, Inc. and marketed by Molteni Farmaceutici, Inc. in Italy.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of MEPIVAMOL(R) in the countries of Greece and Cyprus.

Samaritan utilizes the Italian Ministry of Health approved regulatory file in preparing marketing applications for MEPIVAMOL(R) with regulatory authorities in Greece and Cyprus to gain country marketing authorization drug approval.

METHADONE HCL(R)

METHADONE HCL(R) is an opiate agonist. METHADONE HCL(R) prevents heroin or morphine from interacting with receptors for natural painkillers called endorphins, blocking the effects of the addictive drugs and reducing the physical cravings. METHADONE HCL(R) is approved by the Italian Ministry of Health and is owned by Molteni Pharmaceuticals, Inc. and marketed by Molteni Farmaceutici, Inc. in Italy.

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On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of METHADONE HCL(R) in the countries of Greece and Cyprus.

METHADONE HCL(R) can only be sold in Greece and Cyprus via a centralized government tender. Samaritan has a tender application prepared for the next announcement by Greek authorities to accept price bids for this product.

MORPHINE SULPHATE(R)

MORPHINE SULPHATE(R) (Injectable Formulation) relieves moderate to severe pain by binding to brain receptors. Morphine Sulphate may be used to control the pain following surgery, child birth, and other procedures. It may also be used to treat the pain associated with cancer, heart attacks, sickle cell disease and other medical conditions.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of MORPHINE SULPHATE(R) in the countries of Greece and Cyprus.

MORPHINE SULPHATE(R) can only be sold in Greece and Cyprus via a centralized government tender. During the first quarter of 2008, Samaritan received its first tender purchase order of Morphine Sulfate from the Institute of Pharmaceutical Research and Technology (IFET). Samaritan has prepared a tender application for the next request by Greek authorities for applications.

NALOXONE MOLTENI(R)

NALOXONE MOLTENI(R) is an opioid antagonist which reverses the effects of opioid overdose, for example heroin and morphine overdose. Specifically, Naloxone is used in opioid overdoses for countering life-threatening depression of the central nervous system and respiratory system.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of NALOXONE MOLTENI(R) in the countries of Greece and Cyprus.

NALOXONE(R) will be sold and distributed by Samaritan on a named patient basis until the pricing and the reimbursement of NALOXONE(R) is established in Greece and Cyprus, with the relevant regulatory authorities.

NALTREXONE MOLTENI(R)

NALTREXONE MOLTENI(R) is an opioid antagonist which is used to help people who have a narcotic or alcohol addiction stay drug free. NALTREXONE MOLTENI(R) is used after the patient has stopped taking drugs or alcohol. It works by blocking the effects of narcotics or by decreasing the craving for alcohol.

NALTREXONE MOLTENI(R) is approved by the Italian Ministry of Health and is owned by Molteni Farmaceutici, Inc. and marketed by Molteni Farmaceutici, Inc. in Italy.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of NALTREXONE MOLTENI(R) in the countries of Greece and Cyprus.

Samaritan utilizes the Italian Ministry of Health approved regulatory file in preparing marketing applications for NALTREXONE MOLTENI(R) with regulatory authorities in Greece and Cyprus to gain country marketing authorization drug approval.

ORAMORPH(R)

ORAMORPH(R) is morphine sulphate in an oral solution and is used for managing moderate to severe chronic pain for more than a few days. It works by dulling the pain perception center in the brain. ORAMORPH(R) is approved by the Italian Ministry of Health and is marketed by Molteni in Italy.

ORAMORPH(R) is approved by the Italian Ministry of Health and is owned by Molteni Farmaceutici, Inc. and marketed by Molteni Farmaceutici, Inc. in Italy.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of ORAMORPH(R) in the countries of Greece and Cyprus.

Oramorph has a Greek marketing authorization. Oramorph can only be sold in Greece via a centralized government tender. Samaritan has a tender application prepared for the next announcement by Greek authorities to accept price bids for this product.

PETHIDINE(R)

PETHIDINE(R) is indicated for the treatment of moderate to severe pain, and may be prescribed as a preoperative medication, support of anesthesia, and obstetric analgesia.

On January 1, 2007, Samaritan entered into an exclusive licensing agreement with Molteni Farmaceutici for the marketing and distribution of PETHIDINE(R) in the countries of Greece and Cyprus.

Pethidine® can only be sold in Greece and Cyprus via a centralized government tender. Samaritan has a tender application prepared for the next announcement by Greek authorities to accept price bids for this product.

RAPYDAN(R)

RAPYDAN(R) is indicated for local dermal analgesia on intact skin, and consists of a thin, uniform, local anesthetic formulation with an integrated, oxygen-activated heating component that is intended to enhance the delivery of the local anesthetic. The drug formulation is a eutectic mixture of lidocaine 70 mg and tetracaine 70 mg. Rapydan(R) is indicated to provide local dermal analgesia for superficial venous access and superficial dermatological procedures such as excision, electrodessication and shave biopsy of skin lesions.

On August 3, 2007, Samaritan signed an exclusive agreement with EUSA for the marketing and distribution of the product Rapydan(R) in Greece and Cyprus. As of October 2008, EUSA no longer markets and distributes the product Rapydan(R). Rapydan(R) is an approved FDA prescription product under the name SYNERA(R) and is owned by ZARS Pharmaceuticals, Inc. and marketed by Endo Pharmaceuticals, Inc. in the US.

Samaritan markets Rapydan(R) in Greece. The Company has a pending marketing application with regulatory authorities in Cyprus to gain country marketing authorization drug approval.

REPLAGAL(R)

REPLAGAL(R) is a long-term enzyme replacement therapy used to treat patients with a confirmed diagnosis of Fabry Disease. Fabry Disease is caused by a deficiency of an enzyme, alpha-galactosidase A (also called ceramidetrihexosidase), involved in the breakdown of fats.

Replagal(R) will be sold and distributed by Samaritan on a named patient basis until the pricing and the reimbursement of Replagal(R) is established in Greece and Cyprus, with the relevant regulatory authorities.

On April 13, 2007, Samaritan signed an exclusive licensing agreement with Shire Pharmaceuticals for the marketing and sale of Replagal(R) in Greece and Cyprus.

The year 2008 was the last year that Samaritan marketed Replagal.

Sales and Marketing

We in-license products that focus on targeting healthcare providers, managed healthcare organizations, specialty distribution companies, government purchasers, and payers.

Product Candidates

A significant portion of our operating expenses are related to the research and development of investigational-stage product candidates. Research and development expenses for the years ended December 31, 2008 and 2007 were $1,634,304 and $1,983,194 respectively. We limited the research and development of our product candidates due to the lack of financing for the Company.

We currently focus our research and development efforts in the therapeutic areas of Alzheimer's, cancer, cardiovascular and infectious diseases. Any of our programs in these disease areas could become more significant to us in the future, but there can be no assurance that any program in development or investigation will generate viable marketable products. As such, we continually evaluate all product candidates and may, from time to time, discontinue the development of any given program and focus our attention and resources elsewhere. We may choose to address new opportunities for future growth in a number of ways including, but not limited to, internal discovery and development of new products, out licensing and in-licensing of products and technologies, and/or acquisition of companies with products and/or technologies. Any of these activities may require substantial research and development efforts and expenditure of significant amounts of capital. The following summarizes our current product candidate programs with relevant out-licensing deals that the Company has completed.

Alzheimer's disease

SP-233

Caprospinol (SP-233) is a novel Alzheimer's drug candidate that Samaritan believes has the potential to clear beta-amyloid plaque from the brain; a problem that most researchers today believe is the cause of Alzheimer's. Samaritan filed an IND application for Caprospinol on October 30, 2006 and was subsequently granted an IND number by the FDA. The Company believes that Caprospinol could be a significant breakthrough in the treatment of Alzheimer's, and plans to provide the information requested by the FDA in order to continue moving our Caprospinol development program forward. Additionally, the Company has submitted annual reports to the FDA to keep the IND active.

Cardiovascular

SP-1000

SP-1000 is a fast-acting peptide that can be used to clean the blood of excessive cholesterol in acute high cholesterol conditions. SP-1000 plays a role in transformation and binding of LDL cholesterol and raising HDL, the good cholesterol, with immediate results.

To this end, Samaritan's collaborating scientists developed SP-1000 to be a potential hypocholesterolemic agent that acts through a new and novel mechanism of action that is quite distinct to the mechanism of action mediating the effects of statins.

The effectiveness of SP-1000 peptide treatment has been demonstrated in two validated hypercholesterolemia animal models, a genetically engineered mouse model mimicking familial hypercholesterolemia, and in diet-induced hypercholesterolemia guinea pigs.

Based on the study results, Samaritan collaborative scientists believe that the SP-1000 peptide could have the following pharmacological activities:

o SP-1000 peptide will not interfere with cholesterol metabolism and disposition;

o SP-1000 peptide will increase HDL while decreasing serum free cholesterol and total bile cholesterol;

o SP-1000 peptide will be effective in removing atheromas and preventing plaque formation;

o SP-1000 peptide will protect against high cholesterol-induced neurological, cardiac and muscular suffering, and gross liver morphology.

Taken together, these data on classic animal models of familial and dietary hypercholesterolemia show that SP-1000 is an interesting new and novel lipid lowering drug with a strong patent position that represents a competitive advantage over currently available therapeutic options.

The Company is seeking a partnership to further develop SP-1000.

Infectious Diseases

SP-01A

SP-01A is an HIV oral entry inhibitor drug. In order for viruses to reproduce, they must infect or hi-jack a cell, and use it to make new viruses. Just as your body is constantly making new skin cells, or new blood cells, each cell often makes new proteins in order to stay alive and to reproduce itself. Viruses hide their own DNA in the DNA of the cell, and then, when the cell tries to make new proteins, it accidentally makes new viruses as well. HIV mostly infects cells in the immune system.

Clinical studies to date suggest that SP-01A prevents HIV from entering cells by inhibiting HIV-1 viral replication through a novel mechanism that is unique to any antiviral drug SP-01A reduces intracellular cholesterol and corticosteroid biosynthesis, which causes the inability of lipid rafts in the cellular membrane to organize, ultimately preventing fusion of an HIV receptor and both the CCR5 and CXCR4 cellular receptors.

On May 20, 2008, Samaritan announced that it was awarded US patent No: US 7,354,906 B2, entitled "Composition of Anti-HIV drugs and Anti-Cortisol compounds and Methods for Decreasing the Side Effects of Anti-HIV drugs in Humans" by the Director of the United States Patent and Trademark Office. Additionally, Samaritan has licensed SP-01A to Pharmaplaz.

SP-30

SP-30 has demonstrated promise in preclinical studies as an antiviral therapeutic in the treatment of Hepatitis C (HCV) as well as a therapeutic adjuvant in the treatment of HIV. SP-30 offers several distinctive competitive advantages as a potential oral adjuvant therapeutic in the treatment of HCV infected individuals. SP-30 is uniquely different from other inhibitors of viral replication in that it appears to condition the cell. This unique multiple target mechanism of action provides several advantages.

1. In HCV infected individuals, SP-30 uses its unique mechanism to build a fence around the cell and prevent viral entry. Consequently, HCV is unable to replicate or mutate and is eventually eradicated by the immune system.

2. Because SP-30's targets belong to the host cell and not to the virus itself, SP-30 may not be susceptible to the development of resistance.

3. SP-30 does not appear to be contraindicated with any other currently approved ARV or HCV treatments.

Therefore, based on its favorable in-vitro inhibition data, Samaritan is developing a Phase I clinical study protocol for SP-30 as a potential oral adjuvant therapeutic in the treatment of HCV infected individuals. Additionally, the Company is seeking a partnership to further develop SP-30.

Endocrinology

SP-6300

SP-6300 is a new and novel approach for the treatment of Cushing's syndrome, also known as exogenous hypercortisolism. Cushing's syndrome affects adults 20 to 50 with an estimated 10 to 15 of every million people affected each year. Hypercortisolism occurs when the body's tissues are exposed to excessive levels of cortisol for long periods of time.

Many people suffer the symptoms of exogenous hypercortisolism because they take glucocorticoid hormones such as prednisone, dexamethasone (Decadron) and methylprednisolone (Medrol), for asthma, rheumatoid arthritis, lupus and other inflammatory diseases or for immunosuppression after transplantation. People can also develop exogenous hypercortisolism from injectable corticosteroids – for example, repeated injections for joint pain, bursitis and back pain.

The Company has an active IND to test SP-6300 in humans. Additionally, the Company is seeking a partnership to further develop SP-6300.

SP-6310

In analyzing the data from clinical study SII-101 and preclinical studies, Samaritan Pharmaceuticals learned that SP-6310 (procaine hydrochloride), given orally, may be a potential therapy for the normalization of both low and high urinary cortisol levels in HIV-infected patients.

Samaritan Pharmaceuticals has an active IND (Investigational New Drug) application for SP-6310 in the treatment of HIV-infected patients with abnormal cortisol levels.

Non Drug Products

Alzheimer's Diagnostic Blood Test

Our Alzheimer's diagnostic is a simple blood test which can be used as an alternative or supplement to spinal taps or expensive MRIs currently used by competitors.

Breast Cancer Diagnostic

Our non-invasive blood test could be the first diagnostic tool to predict if a breast tumor is cancerous, with the added possibility to detect one single aggressive cancer cell out of a million blood cells. This tool could also be used as a monitoring tool to measure the success of chemotherapy, radiation and other drug treatments for aggressive cancer and ultimately allow patients to avoid the high costs and negative effects of unnecessary chemotherapy.

Collaborations, Alliances, and Investments

The Research Institute of McGill University Health Centre and Samaritan Therapeutics

On July 1, 2007, Samaritan executed research collaboration (the "Research Collaboration") with the Research Institute of McGill University Health Centre and Samaritan Therapeutics over a ten-year period through 2017 to discover and develop new compounds. The budget is for $1,000,000 paid over four (4) quarterly payments of $250,000, is unallocated, and covers the general research and development effort. Under the Research Collaboration, the Company receives worldwide exclusive rights, excluding Canada, to any novel therapeutic agents or diagnostic technologies that may result from the Research Collaboration. Samaritan Therapeutics receives exclusive rights to the Canadian market to any novel therapeutic agents or diagnostic technologies that may result from the Research Collaboration. Samaritan Pharmaceuticals and Samaritan Therapeutics’ payment to McGill University is in arrears, which may permit our collaborator to terminate the research and development agreement. The termination of the research and development agreement could force the Company to curtail new discoveries to be added to its current pipeline of innovative drugs.

Under the Research Collaboration, Samaritan receives worldwide exclusive rights to any novel therapeutic agents or diagnostic technologies that may result from the Research Collaboration. Dr. Vassilios Papadopoulos, Dr. Janet Greeson and Dr. Wolfgang Renz lead our team of eight (8) research professionals (including five (5) Ph.D. level research scientists) who have expertise in the fields of endocrinology, pharmacology, cell biology, organic and steroid chemistry, and computer modeling. We are not obligated to pay the Research Collaboration any milestone payments. Our collaborators are entitled to receive royalties based on our revenue from product sales and sublicenses, if any. Samaritan Pharmaceuticals and Samaritan Therapeutics have both assumed responsibility, at their own individual expense, for the process of seeking any regulatory approvals for and conducting clinical trials with respect to any licensed product or application of the licensed technology. Samaritan controls and has the financial responsibility for the prosecution and maintenance in respect to any patent rights related to the licensed technology.

Pharmaplaz, LTD

Samaritan and Pharmaplaz, a private Irish Healthcare company and a shareholder of Samaritan, have an agreement (the "Pharmaplaz Agreement") to commercialize SP-01A. Under the terms of the agreement, Pharmaplaz is required to pay Samaritan $10 million upfront. To date, under the Pharmaplaz Agreement, Samaritan has received $2.15 million, with a balance of $7.85 million remaining.

During the year 2008, the Company reserved a $3,451,742 note receivable to doubt about collection of the note. As a result of Pharmaplaz's failure to timely pay the remaining balance, Pharmaplaz is not in compliance with the terms of the Pharmaplaz Agreement. Samaritan recognizes Pharmaplaz’s intention is to pay the remaining balance and its failure is due to an economic slowdown in Ireland. Samaritan will continue to work with Pharmaplaz to collect the past due remaining balance.

Pharmaplaz will be responsible for clinical development, clinical trial costs and manufacturing. Upon successful commercialization, Samaritan and Pharmaplaz will co-market SP-01A and will share 50-50, in its revenue royalty stream. Samaritan is responsible for all patent expenses, including filing, prosecution, and enforcement expenses.

Pharmaplaz is a fully integrated pharmaceutical company located in Athlone, Ireland. Pharmaplaz develops patented pharmaceutical technologies and products, and has expertise in initial research, process development, clinical trials, regulatory submissions and product manufacturing. Pharmaplaz, in addition, offers facilities for the development of products and processes in life sciences, and can also provide additional support with government grant aid and regulatory affairs.

Taconic Farms, Inc.

Taconic Farms, Inc. (“Taconic”) was founded in 1952 as a family-owned business in New York's Hudson River Valley. Since then, the company has become one of the largest laboratory rodent providers in the world with a reputation for consistently producing high quality, well-defined rats and mice. Taconic's expertise in the custom design and generation of genetically modified mice, mouse and rat breeding, barrier systems, genetics and animal health supports researchers focused on drug development using in vivo models. Taconic has six breeding facilities and three service laboratories in the USA and Europe, a staff of over 1,000, and a commitment to technological innovation.

On October 1, 2008, Samaritan Pharmaceuticals announced that it has signed a worldwide exclusive agreement with Taconic Farms, Hudson, New York, to commercialize "The Samaritan Alzheimer's Rat Model." The "forgetful" rat model is a research tool used by scientists to study the effectiveness of their new drugs to treat Alzheimer's disease.

Three Rivers Pharmaceuticals(R)

On December 12, 2005, Samaritan signed a ten-year (with five-year automatic renewals) exclusive licensing agreement with Three Rivers Pharmaceuticals, Inc. for the marketing of Amphocil, a prescription drug in Greece; authorization is pending for Cyprus and Ireland.

Established in 2000, Three Rivers Pharmaceuticals(R) devotes its efforts and resources to developing, manufacturing, and marketing pharmaceutical therapies which are indicated for diseases/medical conditions requiring specialized treatment. Three Rivers Pharmaceuticals markets prescription drugs in both the U.S. and internationally, in the therapeutic categories of antiviral and antifungal agents.

Three Rivers has continued to expand its product line into the branded market with the acquisition of AMPHOTEC/AMPHOCIL(R) in May of 2005. This product is currently being marketed in over 40 countries worldwide.

Molteni Farmaceutici

On January 1, 2007, Samaritan executed a four-year (with two-year automatic renewals) exclusive licensing agreement with Molteni Farmaceutici for the marketing of Mepivamol, Methadone, Morphine Sulphate, Naloxone, Naltrexone, and Oramorph in Greece and Cyprus.

Molteni is rich in history with over a century of experience beginning with the opening of its manufacturing facility at the Molteni Pharmacy Laboratory located in the historic center of Florence, Italy. The strategic therapeutic areas on which Molteni makes an effort for trading new alliances are concentrated on Analgesia, Anesthesia and Drug Addition Therapy.

Siraeo, Ltd.

On December 28, 2006, Samaritan signed a ten-year (with three-year automatic renewals) exclusive licensing agreement with Siraeo, Ltd for the marketing of Infasurf in Turkey, Serbia, Bosnia, Macedonia, Albania, Egypt and Syria. Infasurf is an approved FDA prescription product owned by Ony, Inc. and marketed by Forest Laboratories in the US.

As of April 6, 2009, Siraeo has sent a termination letter stating that unless Samaritan Ireland brings the alleged amount in arrears current, then the agreement is terminated. Samaritan Ireland and Siraeo remain in dispute over the termination and the process of this Agreement, as Samaritan Ireland maintains it has certain rights under the agreement. No accrual for any alleged monies has been made as of December 31, 2008, as it is managements' position that there are no monies due to Siraeo under the Agreement.

EUSA Pharma

On August 3, 2007, Samaritan signed a five-year (with annual renewals) exclusive agreement with EUSA for the marketing and distribution of the product RAPYDAN(R) in Greece and Cyprus. Rapydan(R) is an approved FDA prescription product under the name SYNERA(R) and is owned by ZARS Pharmaceuticals, Inc. and marketed by Endo Pharmaceuticals, Inc. in the US.

On March 10, 2008, Samaritan signed an amendment to the above agreement with EUSA for the marketing and distribution of the products ERWINASE(R) and KIDROLASE(R) in Greece and Cyprus. Erwinase(R) and Kidrolase(R) are approved FDA prescription products and are owned by EUSA Pharma and marketed by EUSA Pharma in the U.S.

On June 1, 2008, Samaritan signed an amendment to the above agreement with EUSA for the marketing and distribution of the product COLLATAMP(R) in Greece and Cyprus. Collatamp(R) is an approved FDA prescription product owned by EUSA Pharma and marketed by EUSA Pharma in the U.S.

Samaritan has acquired the exclusive rights from EUSA for CAPHOSOL(R) and is negotiating an addendum to the original distribution agreement to include Caphosol(R) for marketing and distribution in Greece and Cyprus. Caphosol(R) is an approved FDA prescription product and is owned by EUSA Pharma and marketed by EUSA Pharma in the U.S.

EUSA Pharma is a specialty pharma company with a strong and growing portfolio of specialty hospital medicines which has been built through the acquisition of Talisker Pharmaceuticals in July 2006 and OPI in March 2007. Its primary marketed products are Erwinase(R), Kidrolase(R), Fomepizole(R), and Xenazine(R). In addition, it has an active development pipeline including candidates in rheumatoid arthritis and Alzheimer’s disease, schizophrenia and Lambert Eaton Syndrome.

Abiogen Pharma

On March 14, 2008, Samaritan signed a five-year (with two-year automatic renewals) exclusive agreement with Abiogen for the marketing and distribution of the product ABIOKLAD (R) in Greece, Cyprus and Turkey.

Abiogen Pharma is a private Italian pharmaceutical company, founded in Pisa in 1997, involved in R&D, manufacturing and marketing. Abiogen has a prestigious R&D pipeline, has demonstrated significant skills in innovative compound development and is now broadening into the biotechnological field. Abiogen’s research on the osteo-articular metabolism led to the marketing of four bisphosphonates and established Abiogen Pharma as a unique world-wide company.

Plan and Results of Operations

We have used the proceeds from private placements of our Common Stock, primarily to expand our preclinical and clinical efforts, as well as for general working capital. At this time, we are beginning to commit additional resources to the development of SP-233, as well as for the development of our other drugs.

On July 5, 2007, the Company's Board of Directors affected a one-for-six reverse stock split of its common stock. The financial statements presented herein have been restated to reflect the reverse stock split as if it had occurred at the beginning of each period presented. All share and per share information included in these consolidated financial statements has been adjusted to reflect this reverse stock split.

At December 31, 2008, we had an accumulated deficit since exiting development stage at December 31, 2007 of $6,267,169 and an accumulated development stage deficit of $44,335,140. We expect losses to continue for the near future, and such losses will likely increase as human clinical trials are undertaken in the United States. Future profitability will be dependent upon our ability to complete the development of our pharmaceutical products, obtain necessary regulatory approvals and effectively market such products. In addition, future profitability will require the Company to establish agreements with other parties for clinical testing, manufacturing, commercialization, and sale of our products.

Liquidity and Capital Resources

The following table sets forth our consolidated net cash provided by (used in) operating, investing and financing activities for each of the years in the two-year period ending December 31:

	2008	2007
Cash provided by (used in):		
Operating activities	$ (204,557)	$ (1,347,122)
Investing activities	$ (203,373)	$ (456,130)
Financing activities	$ 226,000	$ 1,348,748

As of December 31, 2008, the Company's cash position was $105,641. We are continuing efforts to raise additional capital and to execute our research and development plans. Even if we are successful in raising sufficient money to carry out these plans, additional clinical development is necessary to bring our products to market, which will require a significant amount of additional capital.

On March 28, 2007, Samaritan and Pharmaplaz, a private Irish Healthcare company and a shareholder of Samaritan, signed an agreement (the "Pharmaplaz Agreement") to commercialize SP-01A. Under the terms of the agreement, Pharmaplaz is required to pay Samaritan $10 million upfront. To date, under the Pharmaplaz Agreement, the amount of funds received from Pharmaplaz is $2.15 million; $1.4 million and $750,000 were received during the first and

fourth quarter of 2007 respectively. On May 15, 2007, the CEO of Pharmaplaz, Michael Macken, signed a personal guarantee and on May 21, 2007 a stock pledge agreement for 943,291 (split-adjusted) shares of Samaritan Pharmaceuticals to guarantee the balance of the $7.85 million. On May 15, 2007, the amount of shares pledged was worth $1,300,742. On December 31, 2008, the last reported market sale price of our Common Stock was $0.07 and the value of the stock pledge was $66,030. As a result of Pharmaplaz's failure to timely pay the remaining balance of 7.85 million, Pharmaplaz is not in compliance with the terms of the Pharmaplaz Agreement. No funds were received in 2008.

Pharmaplaz, a shareholder, will pay for and be responsible for future research and development to bring the technology to market. Samaritan has no remaining obligations or performance for future research and development. The $10,000,000 payment is non-refundable. Upon request, Samaritan might occasionally advise Pharmaplaz regarding SP-01A, in relationship to Principal Investigators with applications for NIH grants, or other grant applications to advance SP-01A, at Pharmaplaz's cost. Samaritan and Pharmaplaz will split 50/50 of all revenues stemming from SP-01A.

Cash used in operating activities during the twelve month (12) period ending December 31, 2008 was $(204,557), as compared to $(1,347,122) for the twelve (12) month period ending December 31, 2007. This decrease is primarily attributable to the inception of licensing and product revenue as represented by receivables and a reduction in research activity.

Cash used in investing activities was $(203,373) for the twelve (12) month period ending December 31, 2008, as compared to $(456,130) for the twelve (12) month period ending December 31, 2007. Cash used for both years is primarily attributable to investments and patent registration costs. Activity from 2006 reflects proceeds from the liquidation of certificates of deposit offset by investing activity such as the purchase of equipment and patent registration costs. Activity from 2007 reflects the continuing investment in patent registration costs. There were no CDs liquidated during 2007.

Cash provided by financing activities was $226,000 for the twelve (12) month period ending December 31, 2008, as compared to was $1,348,748 for the twelve (12) month period ending December 31, 2007, a decrease of $1,122,748, or eighty-three percent (83%). During 2008, the Company did not draw from its equity financing source, as compared to 2007, when the Company drew $480,000. Additionally, cash raised from private placements declined from approximately $570,000 during 2007 to $20,000 in private placements during 2008.

Current assets as of December 31, 2008 were $3,229,827 as compared to $2,232,040 as of December 31, 2007. This increase of $997,787, or forty-five percent (45%), is primarily attributable to recording receivables from the overseas product sales. Current liabilities as of December 31, 2008 were $8,818,586 as compared to $2,526,211 as of December 31, 2007, an increase of $6,292,375 or two hundred forty-five percent (249%). Such increase is the result of product costs relating to the overseas product sales, officer compensation, and loans from shareholders and officers. As of December 31, 2008, the Company had a working capital deficiency of $5,588,759.

We will continue to have significant general and administrative expenses, including expenses related to clinical studies, our research collaboration with universities and patent registration costs. We will require substantial additional funds to sustain our operations and to grow our business. The amount will depend, among other things, on (a) the rate of progress and cost of our research and product development programs and clinical trial activities; (b) the cost of preparing, filing, prosecuting, maintaining and enforcing patent claims and other intellectual property rights; and (c) the cost of developing manufacturing and marketing capabilities, if we decide to undertake those activities. The clinical development of a therapeutic product is a very expensive and lengthy process which may be expected to utilize $5 to $20 million over a three (3) to six (6) year development cycle. We will also need to obtain additional funds to develop our therapeutic products and our future access to capital is uncertain. The allocation of limited resources is an ongoing issue for us as we move from research activities into the more costly clinical investigations required to bring therapeutic products to market. We also expect to generate revenues from our marketed products in the near future, and our business model has changed from a development model to a licensing and development model. For more information on the change in business model, please see "Commercialization Business Model" section.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has generated minimal revenues and experienced an accumulated deficit of $50,602,309 through December 31, 2008. For the year ended December 31, 2008 and 2007, the Company incurred net losses of $6,267,169 and $3,025,998, respectively and had a net cash used in operating activities of $(204,557) and $(1,347,122), respectively. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in note 2. The accompanying financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

Our current resources are insufficient to fund all of our planned development and commercialization efforts. As of December 31, 2008, we have a working capital deficiency of 5,588,759 and we had cash and cash equivalents of approximately $105,641. We have out-licensed our SP-01A and in-licensed the rights to sell Amphocil from Three Rivers Pharmaceuticals, Infasurf from Ony, Inc, Mepivamol, Methadone, Morphine Sulphate, Naloxone, Naltrexone, Oramorph, and Pethidine from Molteni Pharmaceuticals, Caphosol, Collatamp, Erwinase, Kidrolase, and Rapydan from EUSA Pharma and Abioklad from Abiogen Pharma to meet our cash needs. We intend to continue to explore avenues to obtain additional capital through private placements, if we are unable to obtain additional financing, we might be required to delay, scale back or eliminate selected research and product development programs or clinical trials, or be required to license third parties to commercialize products or technologies that we would otherwise undertake ourselves, or cease certain operations all together. Any of these options might have a material adverse effect upon the Company. If we raise additional funds by issuing equity securities, dilution to stockholders may result, and new investors could have rights superior to existing holders of shares. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, the consequences would have a material adverse effect on our business, operating results, financial condition and prospects.

As of the year ended December 31, 2008, the Company had borrowed an aggregate of $506,000 on a short-term basis pursuant to the terms of promissory notes from the Company and in favor of a related party lender (the "Notes"). Proceeds from each of the loans funded the Company's continuing operating expenses, ongoing expenses, legal and accounting fees, as well as for working capital and other contingencies. Under the terms of the Notes issued by the Company to the lender, the Company is required to: (i) pay interest at a rate of 16% per annum and ii) 100% warrant coverage. The principal and interest due on the Notes are due on demand. The Notes will be repaid from proceeds of any subsequent financing arrangement to which the Company becomes a party or from the cash flow from the Company's operations. The prior notes of $300,000 that the Company borrowed in 2007 were renegotiated to match the terms of notes issued during the first quarter of 2008. The Notes will be repaid from proceeds of any subsequent financing arrangement to which the Company becomes a party or from the cash flow from the Company's operations.

Results of Operations For The Twelve (12) Months Ending December 31, 2008 As Compared To The Twelve (12) Months Ending December 31, 2007

During the years ending December 31, 2008 and 2007, we had sales revenue of $4,187,469 and $4,687,945 respectively. During the year December 31, 2007, we incurred research expenditures pursuant to grants we received from the U.S. Department of Health and Human Services. We recognized grant revenue of $205,000, the extent of such qualifying expenditures for 2007.

We incurred research and development expenses of $1,634,304 for the year ended December 31, 2008, as compared to of $1,983,194 for the year ended December 31, 2007. This decrease of $348,890, or eighteen percent (18%), was primarily attributable to (a) entering into the latter stage of our Phase IIb HIV clinical trial, (b) decreased expenses incurred to development of SP-01A, and (c) less work during this time period to complete the chemistry, manufacturing and controls (CMC) section of New Drug Application for the FDA. Subject to available funding, we expect that research and development expenditures relating to drug discovery and development will increase in 2009

and into subsequent years due to FDA clinical trials which include the continuation and expansion of clinical trials (i) our Alzheimer's drug program, (ii) the initiation of trials for other potential indications and (iii) additional study expenditures for potential pharmaceutical candidates. Research and development expenses may fluctuate from period to period depending upon the stage of certain projects and the level of preclinical testing and clinical trial-related activities.

General and administrative expenses decreased to $3,784,615 for the year ended December 31, 2008, as compared to $4,285,872 for the year ended December 31, 2007. This decrease of $501,257 or fourteen percent (12%) was primarily attributable to curtailment of activity in the United States as a result of our lack of liquidity.

Depreciation and amortization amounted to $162,819 for the year ended December 31, 2008, as compared to $184,967 for the year ended December 31, 2007. This decrease of $22,148 or twelve percent (12%) was primarily attributable to expiration of depreciation on laboratory equipment.

Net interest (income) expense amounted to $96,125 and $(13,897) for the years ending December 31, 2008 and 2007, respectively. The credit balance in the interest expense account is due to offsetting interest earned from holding our cash in notes receivable and certificates of deposits. During 2008 and 2007, the Company received loans in order to continue to operate. Interest expense reflects both interest accruals related to such loans and factoring interest on the European accounts receivable.

Comprehensive income is due to the payment in foreign currency of operations that occur in Ireland and Greece. The amount of the gain or loss is a function of the relative strength of the American dollar to the Euro. At December 31, 2008, the balance of the foreign currency translation loss was $103,356.

We had a net loss of $6,267,169 for the year ended December 31, 2008, as compared to $3,025,998 for the year ended December 31, 2007. The loss per share for the yearly periods was $0.20 and $0.11 per share, respectively, for 2008 and 2007 per share. The increased loss of $3,241,171 reflects the stages of the Company’s maturing technology rights as the Company markets both licensing and product and because , the Company reserved the note receivable from Pharmaplaz and reserved a portion of the Company’s account receivable resulting from our sales in Greece.

Results of Operations For The Twelve (12) Months Ending December 31, 2007 As Compared To The Twelve (12) Months Ending December 31, 2006

During the years ending December 31, 2007 and 2006, we incurred research expenditures pursuant to grants we received from the U.S. Department of Health and Human Services. We recognized grant revenue of $205,000 and $32,379, the extent of such qualifying expenditures for 2007 and 2006, respectively.

We incurred research and development expenses of $1,983,194 for the year ended December 31, 2007, as compared to of $4,667,053 for the year ended December 31, 2006. This decrease of $2,683,859, or fifty-eight percent (58%), was primarily attributable to (a) entering into the latter stage of our Phase IIb HIV clinical trial, (b) decreased expenses incurred to development of SP-01A, and (c) less work during this time period to complete the chemistry, manufacturing and controls (CMC) section of New Drug Application for the FDA. Research and development expenses may fluctuate from period to period depending upon the stage of certain projects and the level of preclinical testing and clinical trial-related activities.

General and administrative expenses increased to $4,285,872 for the year ended December 31, 2007, as compared to $2,812,934 for the year ended December 31, 2006. This increase of $1,472,938 or fifty-two percent (52%) was primarily attributable to increases in compensation and hiring of new employees to implement our strategy in Eastern Europe.

Depreciation and amortization amounted to $184,967 for the year ended December 31, 2007, as compared to $156,933 for the year ended December 31, 2006. This increase of $28,034 or eighteen percent (18%) was primarily attributable to increased amortization of patent registration costs and technology rights for the year ended December 31, 2007.

Net interest (income) expense amounted to $(13,897) and $(31,795) for the years ending December 31, 2007 and 2006, respectively. The credit balance in the interest expense account is due to offsetting interest earned from holding our cash in notes receivable and certificates of deposits. During 2007, the Company received a loan of $300,000. Therefore, interest expense accrued pertaining to the loan offset interest earned on the note receivable.

Other comprehensive income (loss) is comprised of two components. The Company invests in marketable securities to earn a return on cash not needed in the short-term. Temporary, unrealized gains and losses are recorded to reflect changes in the market value of the temporary investments as they occur. There were no marketable securities owned during 2007. During 2006, there was a realized loss of $3,160 on the liquidation of the CD. The other component of comprehensive income is due to the payment in foreign currency of operations that occur in Ireland and Greece. The amount of the gain or loss is a function of the relative strength of the American dollar to the Euro. At December 31, 2007, the balance of the foreign currency translation gain was $60,525.

We had a net loss of $3,025,998 for the year ended December 31, 2007, as compared to $7,572,746 for the year ended December 31, 2006. The loss per share for the yearly periods was $0.11 and $0.29 per share, respectively, for 2007 and 2006 per share. The decreased loss of $4,546,748 reflects the stages of the Company’s maturing technology rights as the Company markets both licensing and product.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We do not engage in trading market-risk sensitive instruments and do not purchase hedging instruments or other than trading instruments that are likely to expose us to market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk. As of the year ended December 31, 2008, the Company had borrowed an aggregate of $506,000 on a short-term basis pursuant to the terms of promissory notes from the Company and in favor of each of the individual lenders (the "Notes"). Proceeds from each of the loans funded the Company's continuing operating expenses, ongoing expenses, legal and accounting fees, as well as for working capital and other contingencies. Under the terms of the Notes issued by the Company to each lender, the Company is required to: (i) pay interest to each Lender at a rate of 16% per annum and ii) 100% warrant coverage. The principal and interest due on the Notes are due on demand. The Notes will be repaid from proceeds of any subsequent financing arrangement to which the Company becomes a party or from the cash flow from the Company's operations. The prior notes of $300,000 that the Company borrowed in 2007 were renegotiated to match the terms of notes issued during the first quarter of 2008. Currently, the Company is not in compliance with the terms of the Notes, since the Company is in arrears on its interest payments. We have not entered into any forward or future contracts, and have purchased no options and entered into no swaps. We have no credit lines or other borrowing facilities, and do not view ourselves as subject to interest rate fluctuation risk at the present time.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Samaritan Pharmaceuticals, Inc. financial statements, schedules and supplementary data, appear in a separate section of this report beginning with page F-1.

ITEM 9A(T). CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this Annual Report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2008. Our management has concluded, based on their evaluation, that as of the end of the period covered by this report, our disclosure controls and procedures were effective.

(b) Management's Annual Report on Internal Control Over Financial Reporting

The management of Samaritan Pharmaceuticals is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance, based on an appropriate cost-benefit analysis, regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. Our management has concluded that, as of December 31, 2008, our internal control over financial reporting is effective based on these criteria. This report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

(c) Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fourth quarter of 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and position of our executive officers, directors, key employees and key consultants as of the date hereof:

Name	Age	Served Since	Position(s) with Company
Dr. Janet R. Greeson (3)	66	10/19/1997	CEO, President and Chairman of the Board
Mr. Eugene J. Boyle (4)	43	05/20/2000	CFO, COO and Director
Dr. Thomas Lang	57	06/20/2004	Chief Drug Development Officer
Mr. Yannis Kalantzakis	44	11/01/2008	Managing Director, Samaritan Europe
Ms. Kristi C. Eads	39	11/20/2000	VP Business Development, Corporate Sec.
Mr. George Weaver	44	07/20/2003	Regulatory Affairs Officer
Ms. Dianne Thompson	46	10/01/2006	Comptroller
Mr. Barrie Fuller	60	07/05/2005	VP Business Development
Mr. Jacinto L. Ayala (1)(3)(6)(7)	56	12/05/2007	Director
Mr. Robert W. Crane (1)(2)(4)(7)	65	12/05/2007	Director
Mr. Julio L. Garcia (5)	51	08/14/2007	Director
Mr. Welter "Budd" Holden (1)(3)	77	10/19/1997	Director

Dr. Laurent Lecanu (5)	40	06/10/2005	Director
Ms. Cynthia C. Thompson (2)(4)(6)(7)	49	03/19/1999	Director
Mr. H. Thomas Winn (2)(5)(6)	69	03/19/1999	Director
Dr. Vassilios Papadopoulos	48	03/20/2001	Chief Scientist and Key Consultant

(1) Member of the Nominating Committee.

(2) Member of the Internal Control Committee.

(3) Class I Director, term expires 2010.

(4) Class II Director, new term expires 2009.

(5) Class III Director, term expires 2011.

(6) Member of the Audit and Finance Committee.

(7) Member of the Compensation and Governance Committee.

Dr. Janet R. Greeson. Dr. Greeson has served as the Company's CEO, President and Chairman of the Board since October 30, 2000 and has led the bold initiative that transformed Samaritan from a "one drug" Company to an innovative "Drug Development Pipeline" Biopharmaceutical Company. Dr. Greeson is a successful healthcare professional with over two (2) decades of corporate experience focused on emerging growth situations, leadership development, and mergers and acquisitions. Dr. Greeson has worked with Samaritan for ten (10) years, and has served as CEO for the past five (5) years. Dr. Greeson is a co-inventor of eighteen (18) patent applications, and presently has nine "peer reviewed" journal publications. She also currently fulfills her altruistic energies with the Samaritan Innovative Science Foundation. Dr. Greeson holds a BA, from Florida Technological University in 1978; an MA from Rollins College in 1979; and a Ph.D. from Columbia Pacific University in 1987.

Mr. Eugene J. Boyle. Eugene Boyle has served as Chief Financial Officer, Chief Operations Officer, and a Director of Samaritan Pharmaceuticals since June 16, 2000. Mr. Boyle received a BSE in Computer Engineering and Applied Mathematics from Tulane University, served in the US Navy as a Lt. during the Gulf War and then went on to get his MBA from Babson College and JD from Concord University. Mr. Boyle is a registered patent agent and admitted to practice before the United States Patent and Trademark Office (USPTO) in all matters relating to patents. He also served on Nevada Gold & Casino's (AMEX:UWN) Advisory Board from 1999 to 2003.

Dr. Thomas Lang. Dr. Lang has served as the Chief Drug Development Officer for Samaritan since 2004. From the years 2003 to 2004, Dr. Lang was an FDA consultant to various companies. He was also the former Vice Chairman and President of Serono Inc., the U.S. Company of Serono, S.A. Dr. Lang holds technical degrees in Chemistry and Pharmacy, an MBA degree, a Ph.D. degree and is a registered pharmacist in the State of New Jersey.

Dr. Christos Dakas, D.Pharm., Ph.D. Dr. Christos Dakas, joined Samaritan in June 2005 to oversee European operations, including Samaritan Pharmaceuticals Ireland. Dr. Dakas served as an executive with Arriani Pharmaceuticals for the two years prior to joining Samaritan and had a successful career in various other executive positions with Gerolymatos, and Genesis Pharma. A pharmaceutical chemist by training with a number of published papers, he holds degrees from the University of Toronto, Kings College of University of London, and the University of Wales in Cardiff. In December 2008, Dr. Dakas resigned his position with Samaritan for personal reasons.

Mr. Yannis Kalantzakis. Yannis Kalantzakis joined Samaritan in June 2008 and in December 2008 became Managing Director of Samaritan Europe, succeeding Dr. Dakas. Prior to joining Samaritan, Mr. Kalantzakis had a successful career in various executive positions with Abbott Diagnostics in Greece from December 1989-September 1992; Armour Pharmaceuticals from October 1992-July 1995, Brahms Diagnostika GmbH from August 1995-December 1997, and Fresenius Kabi AG in Germany from January 1998-July 2004 before heading the operations of Fresenius Kabi Hellas S.A. in Greece as Managing Director. Mr. Kalantzakis was then employed by the Minister of Health from August 2004 to May 2006 to manage and direct the Health Care Region of Crete, including 9 public hospitals, 14 health care centers, 9 welfare institutions and 121 GP offices. From May 2006 to June 2008, Mr. Kalantzakis held various consulting positions where he established two small companies for home care nursing services and consulting services for health care management and has a number of published papers, political interviews and scientific congress' presentations. Mr. Kalantzakis holds a degree in Biology from the University of Athens, School of Science in 1989.

Ms. Kristi C. Eads. Kristi Eads, J.D., Vice President of Business Development, joined Samaritan Pharmaceuticals in 2000, and has functioned as Vice President of Samaritan since January of 2004. Ms. Eads works with Samaritan's business development team to optimize Samaritan's licensing and partnering opportunities by executing business development initiatives and assisting with strategic planning. Ms. Eads obtained her juris doctorate from Concord University and has a bachelor of arts from the University of Oregon.

Mr. George Weaver. Mr. Weaver has served as the Regulatory Affairs Officer for Samaritan since 2003. Mr. Weaver majored in chemistry and minored in business economics at UCLA. After working as an environmental toxicology

consultant for two (2) years, Mr. Weaver earned a Bachelor's of Science in Environmental Engineering and assumed an appointed position as Chair of Industry Waste Classification and Toxicology Focus Group under the California Department of Toxic Substances Control Regulatory Structure Update.

Ms. Dianne Thompson. Ms. Thompson is the Comptroller of Samaritan Pharmaceuticals and the Senior V.P. of Public Affairs & Development for the Samaritan Innovative Science Foundation (SISF). For the two years prior to joining SISF in June 2005, Ms. Thompson was a financial consultant to various companies. Ms. Thompson received her BS in Business Administration and Economics from Notre Dame de Namur University, Belmont, California, and her MBA from Pepperdine University, Malibu, California. Ms. Thompson founded her own business management consulting company in 1998 and has had a vast array of clients in both the for-profit and nonprofit sectors.

Mr. Barrie Fuller. Vice President of Business Development, joined Samaritan Pharmaceuticals in 2005, and has functioned as Vice President of Samaritan since March of 2008. Mr. Fuller works as part of Samaritan's business development team to increase the Company’s opportunities for licensing and partnering deals and as a direct liaison with the Company’s shareholders. Prior to joining Samaritan, Mr. Fuller worked for MGM Grand properties as an engineer within the Bellagio Hotel & Casino property for seven years.

Mr. Jacinto L. Ayala. Mr. Ayala has served as a director since December 2007. He is the Chairman of the Nomination Committee and serves on the Audit Committee and the Compensation Committee. Mr. Ayala has more than thirty years of health care experience as an accomplished executive of managed care companies and hospitals with clinical trial experience. He has held the position of Executive Vice President and Chief Administrative Officer of Palm Springs General Hospital since 2005 and served as Senior Vice President and COO of the Saint Agnes Medical Center. Mr. Ayala received a BA in Sociology and his MBA from Fordham University. He completed his Public Health Administration Residency at Misericordia Hospital Medical Center in Bronx, NY.

Mr. Robert W. Crane. Mr. Crane has served as a director since December 2007 and is a member of the Compensation Committee, Internal Control Committee and the Nomination Committee. Mr. Crane is the founder of Retirement Planning Consultants, Inc., a strategic planning advisory services company to help people and companies protect their financial assets. Mr. Crane has held executive positions in the insurance industry since 1973 and has attained several prestigious designations in the area including Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Chartered Advisor for Senior Living (CASL).

Dr. Julio L. Garcia. Dr. Garcia has served as a director since October 2007. He is a member of the Science and Technology Committee. Dr. Garcia is Board Certified in Plastic Surgery by the American Board of Plastic Surgeons and the American Board of Facial Plastic and Reconstructive Surgery. He is a Fellow of the American College of Surgeons and also a member of the American Society of Plastic Surgeons, American Academy of Cosmetic Surgery, the American Society of Aesthetic Surgery and the American Society for Laser Medicine and Surgery. For over 19 years, Dr. Garcia has provided aesthetic surgical support to Las Vegas valley residents. He received his Doctor of Medicine from the University of Illinois at Chicago, College of Medicine in 1983 and a Bachelor of Arts, Biology/Art History from the University of Evanston in Illinois in 1979.

Mr. Welter "Budd" Holden. Mr. Holden is a co-founder, has served as a director since 1997, is a member of the Nominating and Corporate Governance Committee. Mr. Holden has assisted the Company in recruiting and networking patients for clinical trials. He is a well-known designer who has consulted with the rich and famous throughout his whole life. He is a renowned networker and has presented Samaritan to many of his past clients and venture capital groups, including principals of pharmaceutical companies. Mr. Holden is the Chairman of our Business Advisory Board and acts as liaison to the "Samaritan Innovative Science Foundation". He received his B.A. in architectural and interior design from the Pratt Institute in New York, New York.

Dr. Laurent Lecanu. Dr. Lecanu has served as a director since June 10, 2005. He serves on the Nominating and Corporate Governance and Science and Technology committees of Samaritan. Dr. Lecanu received his D.Pharm. in pharmaceutical chemistry and his Ph.D. in neuropharmacology from the School of Pharmaceutical and Biological Sciences at University of Paris (V), Paris, France. Dr. Lecanu is also a former Intern of Paris Hospitals, France, where he demonstrated excellence in the management and performance of clinical trials for new medications.

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Ms. Cynthia C. Thompson. Cynthia C. Thompson has been a director since March 31, 1999. She is the Chairman of the Compensation Committee and the Internal Control Committee, and serves on the Audit Committee. Ms. Thompson founded Quest Entertainment, Inc., a gaming technology company, in August of 2003 and serves as the Chairman of the Board and is the President/Chief Executive Officer. Since 1998, she has served as President/CEO of Intuitive Solutions International, Inc., a consulting firm offering corporate support services, including financing and financial structures, strategic planning and partnering, marketing and investor relations.

Mr. H. Thomas Winn. Mr. Winn has served as a Director since 1999 and is the Chairman of the Audit Committee and serves on the Internal Control Committee. Mr. Winn is founder and former Chairman of Nevada Gold & Casinos, Inc. (AMEX:UWN). Since 1983, he has served as President of Aaminex Capital Corporation, a financial consulting and venture capital firm. Mr. Winn has formed numerous investment limited partnerships and capital formation ventures ranging from mining projects, renewable energy, commercial real estate and motion pictures.

Dr. Vassilios Papadopoulos, D.Pharm., Ph.D. Dr. Papadopoulos served as a director from 2001 through June 2005 and currently serves as the Principal Investigator for the collaboration with McGill University and Samaritan Therapeutics. For the five (5) years prior to joining McGill University, Dr. Papadopoulos was a professor at Georgetown University and served as Principal Investigator for the collaboration with Georgetown University. Dr. Papadopoulos has over twenty (20) years of experience and over one hundred forty (140) peer review article publications in the Biopharmaceutical field and numerous patents in the field of steroid biosynthesis, Alzheimer's disease and cancer. Dr. Papadopoulos has been appointed as the new Director of the Research Institute of the McGill University Health Centre in Montreal, Canada. Dr. Papadopoulos will assume his new role officially on July 1, 2007.

Relationships Among Directors or Executive Officers

Dr. Greeson and Mr. Boyle are mother and son. Mr. Fuller is the son-in-law of Dr. Greeson.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of a registered class of equity securities, to file reports with the Securities and Exchange Commission reflecting their initial position of ownership on Form 3 and changes in ownership on Form 4 or Form 5. Based solely on a review of the copies of such Forms received by us, we believe that, during the fiscal year ended December 31, 2008, all of our officers, directors and ten percent stockholders complied with all applicable Section 16(a) filing requirements on a timely basis.

Standards of Business Conduct and Ethics

The Board has adopted Standards of Business Conduct and Ethics that are applicable to all employees and directors, including our Chief Executive Officer, Chief Financial Officer, other executive officers and senior financial personnel. A copy of our Standards of Business Conduct and Ethics is available on our website at www.samaritanpharma.com. Information on our website is not incorporated by reference. We intend to post any waiver of, or material changes to, these Standards, if any, to our website within four business days of such event.

The Board of Directors and Committees

The Board held in person meetings, conference calls or unanimous consents thirty-four (34) times during the fiscal year ended December 31, 2008, of which thirty-three (33) were unanimous actions adopted by the Board. Every director attended more than seventy eight (78%) percent of the total number of meetings of the Board. The Company has formed, by determination of the Board, an Audit Committee, with Mr. H. Thomas Winn as Chairman, who is an independent director and a financial expert as used in Item 7(d)(3)(iv) of Schedule 14A (240.14a -101 of this chapter)

under the Exchange Act. The Audit Committee held four (4) meetings during the fiscal year ended December 31, 2008. The Compensation Committee, with Independent Director Ms. Cynthia C. Thompson as Chairman, held four (4) meetings during the fiscal year ended December 31, 2008. The Nomination Committee, with Independent Director Jacinto L. Ayala as Chairman, held one (1) meeting during the fiscal year ended December 31, 2008.

Class I directors shall serve until the 2010 annual meeting, Class II directors shall serve until the 2009 annual meeting and Class III directors shall serve until the 2011 annual meeting. Each director elected shall serve until his successor is elected and duly qualified.

Committees of the Board of Directors

The Board of Directors has established four committees: an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, and Internal Control Committee. Each of these committees has two or more members who serve at the discretion of the Board of Directors. The Audit Committee has a written charter approved by the Board of Directors and can be found under the "Investor Relations" section of our website at www.samaritanpharma.com. The members of the committees are identified in the paragraphs that follow.

Audit Committee. Thomas Winn (Chairman), Cynthia Thompson and Jacinto L. Ayala currently serve on the Audit Committee. The Company has a standing Audit Committee established in accordance with rules under the Exchange Act. Consistent with SEC rules regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation, and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. Mr. H. Thomas Winn as Chairman is an independent director and a financial expert as used in Item 7(d)(3)(iv) of Schedule 14 A (240.14a -101 of this chapter) under the Exchange Act.

Compensation Committee. Cynthia Thompson (Chairman), Jacinto L. Ayala, and Robert Crane currently serve on the Compensation Committee. The Compensation Committee administers our executive compensation program. Each member of the Committee is a non-employee and an independent director. The Compensation Committee is responsible for establishing salaries and administering the incentive programs for our Chief Executive Officer and other executive officers. The Compensation Committee has designed the Company's compensation program based on the philosophy that all of our executives are important to our success, with our executive officers setting the direction of our business and having overall responsibility for our results. As with other pharmaceutical companies, we operate in a highly competitive and difficult economic environment. Accordingly, the Compensation Committee has structured the Company's compensation to accomplish several goals: (a) to attract and retain very talented individuals, (b) to reward creativity in maximizing business opportunities and (c) to enhance stockholder value by achieving our short-term and long-term business objectives.

Nominating and Corporate Governance Committee. Jacinto L. Ayala (Chairman), Welter “Budd” Holden, and Robert Crane currently serve on the Nominating Committee. The nominating committee is responsible for overseeing corporate governance matters, reviewing possible candidates for Board membership and recommending nominees for election. The Committee is also responsible for evaluating the function and performance of the Board and overseeing the process for performance evaluation of the Committees of the Board. Additionally, the Committee reviews the Company's management succession plans and executive resources. The Nominating Committee believes members of the Board must possess certain basic personal and professional qualities in order to properly discharge their fiduciary duties to stockholders, provide effective oversight of the management of the Company and monitor the Company's adherence to principles of sound corporate governance. Board nominations must be selected by the Nomination Committee, which is comprised solely of independent directors. Although there are formal procedures for you to nominate persons to serve as directors, the Board will consider recommendations from you, which should be addressed to Samaritan Pharmaceuticals, Inc., 101 Convention Center Drive, Suite 310, Las Vegas, Nevada 89109. Our officers are elected by our Board and serve until the earlier of their resignation or removal, or until their successors have been duly elected and qualified.

Internal Control Committee. Cynthia Thompson (Chairman), Thomas Winn, and Robert Crane currently serve on the Internal Control Committee. The Internal Control Committee assists the Board of Directors with 1) periodic review of the internal control system; 2) assessment the internal control system effective functioning; 3) ensuring that the Company’s risks are adequately identified and managed; and 4) evaluating whether the accounting policies applied are adequate and consistent for the purposes of the consolidated financial statements.

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ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview. The Compensation Committee administers our executive compensation program. Each member of the Compensation Committee is a non-employee and an independent director. The Compensation Committee is responsible for establishing salaries, administering the incentive programs, and determining the total compensation for our Chief Executive Officer and other executive officers. The Compensation Committee seeks to achieve the following goals with the Company's executive compensation programs: to attract, motivate and retain key executives and to reward executives for value creation. The Compensation Committee seeks to foster a performance-oriented environment by tying a significant portion of each executive's cash and equity compensation to the achievement of performance targets that are important to the Company and its stockholders. The Company's executive compensation program has three principal elements: base salary, cash bonuses and equity incentives under the Amended Samaritan Pharmaceuticals, Inc. 2001 Stock Incentive Plan and Samaritan Pharmaceuticals, Inc. 2005 Stock Incentive Plan.

We conducted an annual benchmark review of the aggregate level of our executive compensation, as well as the mix of elements used to compensate our executive officers. This review is based on a survey of executive compensation, "BioWorld Executive Compensation Report", conducted by an independent third party, Thomson BioWorld.

Compensation Philosophy. The Compensation Committee has designed the Company's compensation program based on the philosophy that all of our executives are important to our success, with our executive officers setting the direction of our business and having overall responsibility for our results. As with other pharmaceutical companies, we operate in a highly competitive and difficult economic environment. Accordingly, the Compensation Committee has structured the Company's compensation to accomplish several goals: (a) to attract and retain very talented individuals, (b) to reward creativity in maximizing business opportunities and (c) to enhance stockholder value by achieving our short-term and long-term business objectives.

Elements of Compensation

Executive compensation consists of the following elements:

Base Salary. The Compensation Committee considers peer data as well as individual performance when approving base salaries for executive officers. The Compensation Committee evaluates individual performance based on the achievement of corporate or divisional operating goals and subjective criteria, as well as the Chief Executive Officer's evaluation of the other executive officers. No specific weight is assigned to any particular factor. The Company is currently negotiating new agreements with the Dr. Janet Greeson, Mr. Eugene Boyle and Dr. Thomas Lang. Each executive has agreed to work under the prior terms of the agreement until new employment agreements are negotiated at arm's length with the Compensation Committee. The prior employment agreements provide for a minimum annual base salary. In setting base salaries, the Board has considered (a) the contributions made by each executive to our Company, (b) compensation paid by peer companies to their executive officers and (c) outside compensation reports. In 2008, all executive officers received salary increases of approximately five percent (5%) reflecting competitive trends, general economic conditions as well as a number of factors relating to the particular individual, including the performance of the individual executive, and level of experience, ability and knowledge of the job.

Bonuses. The Compensation Committee has the authority to award discretionary bonuses to our executive officers. The incentive bonuses are intended to compensate officers for achieving financial and operational goals and for achieving individual annual performance objectives. These objectives vary depending on the individual executive, but relate generally to strategic factors such as a) initial signing of an employment agreement; b) upon acceptance of filing of a new drug application by the FDA; c) the FDA approval to move from one phase to the next phase in the FDA application process; d) pharmaceutical sales goals achieved e) completion of an in-licensing contract; f) completion of

an out-licensing contract; and g) increases in market capitalization. The Compensation Committee did not make any cash bonuses to the executive officers in 2008.

Long-Term Incentive Program. We believe that long-term performance is achieved through an ownership culture that encourages such performance by our executive officers through the use of stock and stock-based awards. Our stock compensation plans have been established to provide certain of our employees, including our executive officers, with incentives to help align those employees' interests with the interests of stockholders. The compensation committee believes that the use of stock and stock-based awards offers the best approach to achieving our compensation goals. We have not adopted stock ownership guidelines and our stock compensation plans have provided the principal method for our executive officers to acquire equity or equity-linked interests in our Company. We believe that the annual aggregate value of these awards should be set near competitive median levels for comparable companies. However, due to the early stage of our business, we expect to provide a greater portion of total compensation to our executives through our stock compensation plans than through cash-based compensation. The Compensation Committee makes stock awards to executive officers and this type of award may occur in future years, based on the Compensation Committee's assessment of the Company's needs and objectives, which are as follows.

Stock Options. Our Compensation Committee is the administrator of the stock option plan. Stock option grants are made at the commencement of employment and, occasionally, following a significant change in job responsibilities or to meet other special retention or performance objectives. The Plans are designed to (a) reward executives for achieving long-term financial performance goals over a three (3) year to ten (10) year period, (b) provide retention incentives for executives and (c) tie a significant portion of an executive's total compensation to our long-term performance. Periodic stock option grants are made at the discretion of the Compensation Committee to eligible employee and, in appropriate circumstances, the Compensation Committee considers the recommendations of members of management, such as Dr. Janet Greeson, our Chief Executive Officer, and Eugene Boyle, Chief Financial Officer. In 2006, certain named executive officers were awarded stock options in the amounts indicated in the sections entitled "Summary Compensation Table" and "Grants of Plan Based Awards". The short and long-term compensation program includes stock options granted under the Amended Samaritan Pharmaceuticals, Inc. 2001 Stock Incentive Plan and the Samaritan Pharmaceuticals, Inc. 2005 Stock Incentive Plan (together, the "Plans") as well as non-qualified stock options. Stock options for our executive officers, key employees and key consultants are part of our incentive program and link the enhancement of shareholder value directly to their total compensation. The Compensation Committee determines the number of stock options granted based upon several factors: (a) level of responsibility, (b) expected contribution towards our performance and (c) total compensation strategy for mix of base salary, short-term incentives and long-term incentives.

Our Plans authorize us to grant options to purchase shares of common stock to our employees, directors and consultants. Stock options granted by us typically have an exercise price equal to the fair market value of our Common Stock on the day of grant, and typically vest twenty-five percent (25%) over a particular period, and generally expire between three and ten years after the date of grant. Incentive stock options also include certain other terms necessary to assure compliance with the Internal Revenue Code of 1986, as amended.

Stock Appreciation Rights. Our Amended Samaritan Pharmaceuticals, Inc. 2001 Stock Incentive Plan and the Samaritan Pharmaceuticals, Inc. 2005 Stock Incentive Plan authorizes us to grant stock appreciation rights, or SARs. A SAR represents a right to receive the appreciation in value, if any, of our Common Stock over the base value of the SAR. The base value of each SAR equals the value of our Common Stock on the date the SAR is granted. Upon surrender of each SAR, unless we elect to deliver common stock, we will pay an amount in cash equal to the value of our Common Stock on the date of delivery over the base price of the SAR. SARs typically vest based upon continued employment on a pro-rata basis over a four-year period, and generally expire ten years after the date of grant. Our Compensation Committee is the administrator of our stock appreciation rights plan. To date, no SARs have been awarded to any of our executive officers.

Restricted Stock Grants. Our Compensation Committee has and may in the future elect to make grants of restricted stock to our executive officers.

Other Compensation. The amounts shown in the Summary Compensation Table under the heading "Other Compensation" represent the value of Company matching contributions to the executive officers' 401(k) accounts and the taxable value of certain life insurance benefits. Executive officers did not receive any other perquisites or other personal benefits or property.

Chief Executive Officer Compensation. The Compensation Committee uses the same factors in determining the compensation of the Chief Executive Officer as it does for the executive officers. The Chief Executive Officer's base salary for Fiscal 2008 was $531,884, and as of December 31, 2008, the Chief Executive Officer has accrued compensation of $1,234,455 which could be converted into restricted shares, at the executive's option. The Chief Executive Officer received other compensation as indicated in the Summary Compensation Table.

The Compensation Committee is mindful of the potential impact upon the Company of Section 162(m) of the Code, which provides that compensation in excess of $1,000,000 paid to the President and CEO or to any of the other four most highly compensated executive officers of a public company will not be deductible for federal income tax purposes unless such compensation satisfies one of the enumerated exceptions set forth in Section 162(m) of the Code. The Compensation Committee has reviewed our compensation plans and programs with regard to the deduction limitation set forth in Section 162(m) of the Code. Based on this review, the Compensation Committee anticipates that the annual bonus, long term incentive plan bonus and gain, if any, recognized by our President and CEO and named executive officers upon the exercise of stock options or SARS meet the requirements for deductibility under Section 162(m) of the Code.

Compensation Committee Report

The Compensation Committee of the Board is composed of three (3) independent directors. The Compensation Committee does not have a written charter. The Compensation Committee is responsible for overseeing the Company's compensation process on behalf of the Board. The members of the Compensation Committee consist of independent directors Ms. Cynthia C. Thompson, Chairman, Mr. Jacinto L. Ayala, and Mr. Robert Crane.

The Compensation Committee has reviewed and discussed this Compensation Discussion & Analysis (CD&A) with management. Based on the review and discussions, the Compensation Committee recommended to the Board that the CD&A be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the SEC and as applicable, the Company's proxy or information statement.

The foregoing report is provided by the following directors, who constitute the Compensation Committee:

The Compensation Committee:

Ms. Cynthia C. Thompson (Chairman)
Mr. Jacinto L. Ayala
Mr. Robert Cran

Summary Compensation Table

Name And Principal Position	Year	Salary $	Bonus $	Stock Awards $ (6)	Option Awards $	Non-Equity Incentive Plan Compen-sation	Change In Pension Value and Non qualified Deferred Compen-sation Earnings $	All Other Compen sation $(8), (9)	Total $

Dr. Janet R. Greeson	2008	531,884	-0-	-0-	-0-	-0-	-0-	14,387	546,271
CEO, President and	2007	506,556	-0-	-0-	93,025	-0-	-0-	16,773	616,354
Chairman of the Board (1), (2),(5)	2006	482,434	-0-	-0-	-0-	-0-	-0-	10,799	493,233
Mr. Eugene J. Boyle	2008	354,589	-0-	-0-	-0-	-0-	-0-	14,317	368,906
CFO and COO (1), (3),(5)	2007	337,704	-0-	-0-	69,769	-0-	-0-	16,633	424,106
	2006	321,622	-0-	-0-	-0-	-0-	-0-	9,213	330,835
Dr. Thomas Lang	2008	357,417	-0-	-0-	-0-	-0-	-0-	17,367	374,784
Chief Drug Development	2007	340,397	-0-	-0-	-0-	-0-	-0-	22,733	363,130
Officer (4)	2006	324,188	-0-	-0-	-0-	-0-	-0-	15,190	339,378
Dr. Christos Dakas (11)	2008	207,754	-0-	-0-	-0-	-0-	-0-	18,201	225,955
Managing Director - Samaritan	2007	197,861	-0-	-0-	62,213	-0-	-0-	18,201	278,275
	2006	136,075	-0-	-0-	-0-	-0-	-0-	16,611	152,686
Mr. George Weaver(1)	2008	142,967	-0-	-0-	-0-	-0-	-0-	9,791	152,758
Regulatory Affairs	2007	136,159	-0-	-0-	27,908	-0-	-0-	16,882	180,949
	2006	129,675	-0-	-0-	10,428	-0-	-0-	8,386	148,489

1) The following executives have accrued compensation as of December 31, 2008, Dr. Janet Greeson, $1,234,455, Eugene Boyle, $735,352, George Weaver, $172,665 and Dr. Thomas Lang, $291,058. Each executive has the option to convert their respective accrued compensation into restricted shares. In 2006, George Weaver exercised his option and the Board of Directors approved the conversion of $90,000 into restricted shares.

2) The Company and Dr. Greeson have entered into an employment agreement, a copy of which is attached as Exhibit 10.9 to the Company's Quarterly Report on Form 10-QSB as filed with the SEC on August 14, 2002. The agreement filed on August 14, 2002 expired as of December 31, 2005.

3) The Company and Mr. Boyle have entered into an employment agreement, a copy of which is attached as Exhibit 10.8 to the Company's Quarterly Report on Form 10-QSB as filed with the SEC on August 14, 2002. The agreement filed on August 14, 2002 expired as of December 31, 2005.

4) On June 1, 2004, the Company entered into an employment agreement with Dr. Thomas Lang pursuant to which Dr. Lang shall serve as the Company's Chief Drug Development Officer for a term of four (4) years. Dr. Lang is entitled to a base salary of $300,000 per year which may be paid in stock pursuant to a formula as set forth in the agreement. Dr. Lang is entitled to receive bonus payments of $50,000 for each Investigational New Drug Applications "granted" by the FDA. Dr. Lang received a one-time signing bonus of 100,000 options to purchase our Common Stock at $1.00 per share, such options to expire after three (3) years. Dr. Lang is entitled to moving expenses up to $30,000. Dr. Lang shall receive a grant of 1,200,000 options, one-quarter (1/4) of which shall vest each year. The price of the options shall be $1.08 with a term of ten (10) years. Upon termination of the employment agreement, such 1,200,000 options (vested and non-vested) shall expire within thirty (30) days thereafter. Dr. Lang shall have the opportunity to participate in all of the Company's qualified defined benefit and defined contribution retirement plans (subject to eligibility requirements in such plans), three (3) weeks paid vacation and paid holidays observed by the Company. The agreement between the Company and Dr. Thomas Lang has expired.

5) During calendar year 2008, Dr. Janet Greeson and Eugene Boyle withdrew restricted shares for an aggregate value of $70,599 and $55,583 respectively from the Samaritan Deferred Compensation Plan which was contributed to the Plan prior to the year 2005. During calendar year 2007, Dr. Janet Greeson and Eugene Boyle withdrew restricted shares for an aggregate value of $280,000 and $70,000 respectively from the Samaritan Deferred Compensation Plan which was contributed to the Plan prior to the year 2005.

6) On December 14, 2007, the Company issued the following restricted shares into the Samaritan Pharmaceuticals Benefit Plan for the following executives: Dr. Janet Greeson, 1,424,694; Eugene Boyle, 474,895; Christos Dakas, 78,456; and George Weaver, 74,765.

7) The amounts shown in this column cover amounts for the payment of medical and dental insurance, short and long term disability insurance, Medicare/Social Security taxes, car allowances, life insurance premiums, life annuity premiums and accidental death and dismemberment insurance for the benefit of the particular employee, and the employers matching contribution to the particular employees 401(k).

8) We adopted a tax-qualified employee savings and retirement plan, or 401(k) plan, covering our full-time employees located in the United States. The 401(k) plan is intended to qualify under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), so that contributions to the 401(k) plan by employees, and the investment earnings thereon, are not taxable to employees until withdrawn from the 401(k) plan. Under the 401(k) plan, employees may elect to reduce their current compensation up to the statutorily prescribed annual limit and have the amount of such contribution contributed to the 401(k) plan. The 401(k) plan does permit additional matching contributions to the 401(k) plan by us on behalf of participants in the 401(k).

9) If an officer or director made a loan to the Company and received options and interest, the amounts resulting from that loan were excluded from the above calculations. Please see Note 3S - Summary Of Significant Accounting Policies regarding the compensation for loans made to the Company.

10) Dr. Christos Dakas left the company in the fourth quarter of 2008.

Grants of Plan-Based Awards

There were no options granted to purchase shares of our Common Stock under the Option Plan to the executive officers in exchange for services in their capacity as an executive or director. The following table shows the number of options granted and the exercise price per share.

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option ($/Share)	Grant Date Fair Value Of Stock & Option Awards ($)
Dr. Janet R. Greeson (1)	-	-0-	-0-	-0-

(1) If an officer or director made a loan to the Company and received options and interest, the amounts resulting from that loan were excluded from the above calculations. Please see Note 3S - Summary of Significant Accounting Policies regarding the compensation for loans made to the Company.

The Compensation Committee determines the number of stock options granted based upon several factors: (a) level of responsibility, (b) expected contribution towards our performance and (c) total compensation strategy for mix of base salary, short-term incentives and long-term incentives.

Narrative Disclosure to Summary Compensation Table

In order to conserve cash, the Named Executive Officers and certain other key employees may convert their salaries into restricted shares of the Company.

Material Terms of Employment Contracts of Named Executive Officers

We do not have employment agreements with Dr. Janet Greeson, Mr. Eugene Boyle, Dr. Thomas Lang and Mr. George Weaver, however, each executive has agreed to work under the prior employment agreement until a new employment agreement can be negotiated with the Compensation Committee. Under the prior employment agreements, each executive works for a base salary, with a minimum five (5%) annual increase for subsequent years. Each executive also received our standard employee life, disability, long-term care (after five years of service), health insurance benefits, and car allowances. Each executive may also be entitled to receive additional compensation for achieving the following events:

(i) upon consummation of a transaction with a pharmaceutical company expected to result in equity investment, a royalty revenue, or other substantial benefit as our Board may determine;

(ii) upon approval by the Food and Drug Administration of each new investigational new drug application filed by us for commencement of human trials;

(iii) upon approval by the FDA of each new drug application filed by us for any drug,; and

(iv) upon achievement of goals specified by our Board as determined in the third quarter of each fiscal year, based on performance relative to their individual work as an executive manager and/or scientist and based on reference to objective criteria such as the market price of our stock or meeting budgets approved by the Board.

If an executive's employment terminates other than "for cause" or within twelve months after a change of control of Samaritan Pharmaceuticals, he or she is entitled to, among other things, severance payments of four (4) months for every year of service based on his or her salary as of termination, and any payment calculated by reference to prior bonus payments, continuation of or comparable health plan benefits for themselves for four months for every year of service, and immediate vesting of any unvested stock options.

Each executive has also signed an agreement that requires the executive to assign inventions and other intellectual property to Samaritan Pharmaceuticals which they conceive or reduce to practice during employment and for such period as the Company pays severance, contains protective provisions concerning confidential information, non-competition and non-solicitation of employees, and provides for indemnification of each executive.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information with respect to the unexercised options to purchase shares of our Common Stock granted under the Option Plan to the executive officers named in the Summary Compensation Table and held by them at December 31, 2008.

Name	Number of Securities Underlying Unexercised Options # Exercisable	Number of Securities Underlying Unexercised Options # Unexercisable	Number of Securities Underlying Unexercised Option Exercise Price	Option Expiration Date
Janet Greeson(1)	255,369	-0-	3.48	12/31/2011
	255,369	-0-	3.48	01/02/2012
	296,614	-0-	3.48	04/25/2012
	430,373	-0-	3.48	01/15/2013
	467,892	-0-	2.04	01/02/2014
	241,035	-0-	3.48	01/02/2014
	250,000	-0-	.49	12/14/2017
Eugene Boyle	127,685	-0-	3.48	12/31/2011
	127,684	-0-	3.48	01/02/2012
	74,154	-0-	3.48	04/25/2012
	215,187	-0-	3.48	01/15/2013
	265,015	-0-	2.04	01/02/2014
	89,450	-0-	3.48	01/02/2014
	440,182	-0-	5.58	01/05/2015
	187,500	-0-	.49	12/14/2017
Thomas Lang	200,000	-0-	6.48	06/01/2014
Christos Dakas	75,000	-0-	.49	12/14/2017
	75,000	-0-	.50	12/19/2017
George Weaver	8,334	-0-	2.04	01/02/2014
	10,000	-0-	1.50	12/15/2011
	75,000	-0-	.49	12/14/2017

(1) If an officer or director made a loan to the Company and received options and interest, the amounts resulting from that loan were excluded from the above calculations. Please see Note 3S - Summary of Significant Accounting Policies regarding the compensation for loans made to the Company.

Option Exercises and Stock Vested

The following table sets forth information with respect to the option exercises and stock vested as of December 31, 2008:

	Option Awards		Stock Awards	
	Number of Shares Acquired On Exercise #	Value Realized On Exercise $	Number of Shares Acquired On Vesting #	Value Realized On Vesting
Janet Greeson	-0-	-0-	-0-	-0-
Eugene Boyle	-0-	-0-	-0-	-0-
Thomas Lang	-0-	-0-	-0-	-0-
Christos Dakas	-0-	-0-	-0-	-0-
George Weaver	-0-	-0-	-0-	-0-

Pension Benefits

None of our named executives participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us. The Compensation Committee, which is solely comprised of "outside directors" as defined for purposes of Section 162(m) of the Code, may elect to adopt qualified or non-qualified defined benefit plans if the Compensation Committee determines that doing so is in our best interests.

Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans

The Company has established "Rabbi Trust" agreements for the benefit of select management and highly-compensated employees and has appointed a trustee that is a non-director and officer providing for the payment out of the assets of the Rabbi Trust agreements accrued under the Company's various employment agreements and other employment arrangements as the Company may specify from time to time. The Rabbi Trust agreements would become irrevocable upon a change of control of Samaritan. The Company may make contributions to the Rabbi Trust agreements from time to time, and additional funding may be required upon a change of control. To the extent funded, the Rabbi Trust agreements are to be used, subject to their terms and to the claims of the Company's general creditors in specified circumstances, to make payments under the terms of the benefit plans, employment agreements and other employment arrangements as the Company may specify from time to time. To date, only restricted shares have been deferred into the nonqualified deferred compensation plan, thus the plan will be settled in restricted shares.

Name	Executive Contributions in Last FY $	Registrant Contributions in Last FY $	Aggregate Earnings in Last FY $	Aggregate Withdrawals/ Distributions (2) $	Aggregate Balance at Last FYE (2) (3) $
Janet Greeson (1)	-0-	-0-	-0-	164,731	115,104
Eugene Boyle (1)	-0-	-0-	-0-	129,693	84,153
Thomas Lang (1)	-0-	-0-	-0-	-0-	-0-
Christos Dakas (1)	-0-	-0-	-0-	-0-	3,922
George Weaver (1)	-0-	-0-	-0-	-0-	11,239

1) As of December 31, 2008, the Company has issued 5,288,476 shares into the Rabbi Trust with the following credit allocation: Dr. Janet Greeson 2,302,070; Mr. Eugene J. Boyle 1,683,065; Mr. Christos Dakas 78,456; Mr. George Weaver 224,785; Ms. Kristi Eads 50,625; Ms. Dianne Thompson 21,376; Mr. Barrie Fuller 11,250; Mr.

Jacinto L. Ayala 67,500; Mr. Robert W. Crane 52,500; Dr. Julio Garcia 37,500; Mr. Welter “Budd” Holden 126,373; Dr. Erasto R. C. Saldi 40,834; Ms. Cynthia C. Thompson 191,667; Mr. H. Thomas Winn 150,834 and Dr. Vassilios Papadopoulos 249,641.

2) If applicable, the calculations take into account a thirty percent discount to the market price if there is a restriction to the stock.

3) The $0.07 price per share of the Company's securities is the closing market price as of December 31, 2008.

Change of Control Plan

On May 30, 2006 the Board approved and adopted the Change in Control Severance Plan for Certain Covered Executives and Employees of Samaritan Pharmaceuticals (the "Change in Control Plan"), effective May 30, 2006. The Change in Control Plan is intended to help avoid the loss and distraction of certain key employees of the Company in the event of a change in control. The Plan has an initial term of three (3) years with automatic three-year extensions, unless terminated by the Board at least six (6) months prior to the end of the then current term.

The Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Senior Vice Presidents, Vice Presidents, and Directors are eligible to participate in the Change in Control Plan, and the Board may designate other employees of the Company as Plan participants. The Company shall pay or cause to be paid to the participant a cash severance calculated based on a multiplier of four (4) months of base salary for every year of service up to maximum in of either twenty four (24) months or thirty six (36) months depending on the participants job title or job category. The severance amount equals the applicable multiplier times the sum of (A) the participant's highest annual rate of base salary as reported on the participant's W-2 for employee or on the participant's 1099 for directors within the thirty six (36) month period immediately preceding the Effective Date of the change in control and (B) the participant's maximum annual target bonus in effect upon the date of the change in control under the Company's bonus plan or the Participant's actual earned commission incentive for the last two quarters, which will be annualized, prior to the change in control, not to exceed the target at 100% of achievement as defined in the Company's Sales Incentive Plan in effect upon the date of the change in control.

The Change in Control Plan provides that, if, within three years following a "change in control" (as defined in the Change in Control Plan), a participant's employment is terminated by the Company without "cause" (as defined in the Plan) or by the participant for "good reason" (as defined in the Change in Control Plan), the participant is eligible for severance benefits equal to a multiple of the sum of the participant's base salary and the higher of the participant's target bonus opportunity during the year in which the change in control occurs or his or her target bonus opportunity following the change in control. Each participant will also receive his or her salary through the date of termination, a pro rata target bonus payment for the year in which the termination occurs, a pro rata long-term incentive payment to the extent provided in the Company's Long Term Incentive Plan, and any earned but unpaid long-term incentive payments or annual bonuses. In the event that a participant becomes subject to an excise tax under section 280G of the Internal Revenue Code of 1986, as amended, the participant will generally be entitled to receive an additional amount such that the participant is placed in the same after-tax position as if no excise tax had been imposed. The Change in Control Plan may be amended by the Board at any time, except that no amendment that adversely affects the rights or potential rights of a participant will be effective in the event that a change in control occurs within three (3) year of such amendment.

In the event the named executive officers were terminated without "cause" or they terminated their employment for "good reason" following a change of control, the named executive officers would receive the following severance payments (based on current salary rates, the average bonuses of the named executive officers for the last three fiscal years as the highest bonus and additional retirement benefits). Assuming the employment of our executive officers were to be terminated without cause (whether through constructive termination or otherwise) on December 31, 2008, the following individuals would be entitled to payments in the amounts set forth: Dr. Janet Greeson, $1,595,652; Eugene Boyle, $709,178; Dr. Thomas Lang, $478,939; and George Weaver, $260,200. The foregoing does not include any amounts that would be payable under the "gross-up" provisions of the change of control employment agreements, or any amounts attributable to the accelerated vesting of equity awards upon a change of control.

Director Compensation Table

The following director compensation table sets forth the total annual compensation paid or accrued by the Company to or for the account of each member of the Board of the Company except the Chief Executive Officer, Dr. Janet Greeson, and Chief Financial Officer, Mr. Eugene Boyle, who receive no additional compensation in their individual capacity as Board members:

Name (1)	Fees Earned or Paid in Cash $	Stock Awards $	Option Awards $	Non-Equity Incentive Plan Compensation $	Change In Pension Value And Nonqualified Deferred Compensation Earnings	All Other Compensation $	Total $
Jacinto L. Ayala	-0-	5,400	-0-	-0-	-0-	-0-	5,400
Robert Crane	-0-	4,200	-0-	-0-	-0-	-0-	4,200
Julio Garcia	-0-	3,000	-0-	-0-	-0-	-0-	3,000
Welter "Budd" Holden	-0-	3,200	-0-	-0-	-0-	-0-	3,200
Laurent Lecanu	7,500	-0-	-0-	-0-	-0-	-0-	7,500
Cynthia Thompson	-0-	14,000	-0-	-0-	-0-	-0-	14,000
Thomas Winn	-0-	11,000	-0-	-0-	-0-	-0-	11,000

(1) Excludes Dr. Janet Greeson and Mr. Eugene Boyle, who are employees of the Company.

Discussion of Director Compensation

Directors who are employees of the Company do not receive additional compensation for serving as directors. Each director who is not an employee of the Company receives a grant of shares of our Common Stock, annually as compensation for his or her services as a member of the Board of Directors. Non-employee directors receive no additional fee for meetings of the Board of Directors attended in person by such director or for each telephone meeting in which such director participates. Non-employee directors who serve on a committee of the Board receive a grant of shares of our Common Stock, annually as compensation for his or her services as a member of such committee. Chairmen of the committees receive a grant of shares of our Common Stock annually as compensation for his or her services as a chairman of such committee. All directors of the Company are reimbursed for out-of-pocket expenses incurred in attending meetings of the Board or committees thereof, and for other expenses incurred in their capacities as directors of the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS.

Equity Compensation Plan Information

Name Of Plan	Number Of Securities To Be Issued Upon Exercise Of Outstanding Options, Warrants And Rights	Weighted Average Exercise Price Of Outstanding Options, Warrants And Rights	Number Of Securities Remaining For Future Issuance
Equity compensation plans approved by security holders (1) (2)	7,070,853	$ 2.38	1,976,713
Equity compensation plans not approved by security holders (3)	5,288,476	$ .07	N/A
Total	12,359,329		1,976,713

1) The Amended Samaritan Pharmaceuticals, Inc. 2001 Stock Incentive Plan was filed as Exhibit 4.2 to the Company's Quarterly Report on Form 10-QSB, as filed with the SEC on August 16, 2004.

2) The Samaritan Pharmaceuticals, Inc. 2005 Stock Incentive Plan was filed with the SEC on Schedule 14A as filed with the SEC on April 29, 2005.

3) Samaritan has entered into "Rabbi Trust" agreements to fund deferred compensation benefits, with an institutional trustee providing for the payment out of the assets of the trusts of benefits accrued under our various benefit plans, employment agreements and other employment arrangements as the Company specifies from time to time. To the extent not already irrevocable, the trusts would become irrevocable upon a change of control of Samaritan. The Company may contribute to the trusts from time to time, and additional funding could be required upon a change of control. The Rabbi Trust agreements are subject to their terms and to the claims of our general creditors in specified circumstances, to make payments under the terms of the benefit plans, employment agreements and other employment arrangements from time to times specified by the Company.

Beneficial ownership is determined in accordance with the rules of the SEC. Except as indicated by footnote, to our knowledge, the persons named in the table below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them. Options to purchase shares of the our Common Stock that are exercisable within sixty (60) days of April 14, 2009 are deemed to be beneficially owned by the person holding such options for the purpose of computing ownership of such person, but are not treated as outstanding for the purpose of computing the ownership of any other person. Applicable percentage of beneficial ownership is based on 36,390,265 shares of common stock outstanding as of May 26, 2009.

The following table sets forth information we know with respect to the beneficial ownership of our Common Stock as of April 14, 2009, for each person or group of affiliated persons, whom we know to beneficially own more than 5% of

our Common Stock. The table also sets forth such information for our directors and executive officers, individually and as a group. The address for each listed stockholder is: c/o Samaritan Pharmaceuticals, Inc., 2877 Paradise Road, Suite 801, Las Vegas, Nevada 89109.

Beneficial Owner	Number of Shares Beneficially Owned	Number of Options Beneficially Owned	Total Number of Options and Shares Beneficially Owned (1)	Percentage of Total Number of Shares and Options Beneficially Owned
Dr. Janet R. Greeson	3,562,630	3,511,819	7,074,449	19.4%
Mr. Eugene J. Boyle	2,032,727	1,646,857	3,679,584	10.1%
Dr. Thomas Lang	413,097	200,000	613,097	*
Ms. Kristi C. Eads	175,360	174,394	349,754	*
Mr. George Weaver	251,465	93,334	344,799	*
Dr. Laurent Lecanu	8,334	13,334	21,668	*
Mr. Welter “Budd” Holden	479,192	13,334	492,526	*
Mr. H. Thomas Winn	154,167	13,334	167,501	*
Ms. Cynthia C. Thompson	298,926	20,000	318,926	*
All Executive officers and directors as a group (eleven persons)	7,375,898	5,686,406	13,062,304	35.9%
Dr. Vassilios Papadopoulos (2)	266,667	333,336	600,003	*

*Less than one percent (1%)

1) If an officer or director had previously elected to exercise options or deferred compensation through a program that involves the crediting of deferred shares of our Common Stock held pursuant to the Trust under Samaritan Pharmaceuticals, Inc. Executive Benefit Plan (the "Rabbi Trust") for distribution to the executive after termination of employment, the shares were excluded from the above calculation. As of December 31, 2008, the Company has issued 5,288,476 shares into the Rabbi Trust with the following credit allocation: Dr. Janet Greeson 2,302,070; Mr. Eugene J. Boyle 1,683,065; Mr. Christos Dakas 78,456; Mr. George Weaver 224,785; Ms. Kristi Eads 50,625; Ms. Dianne Thompson 21,376; Mr. Barrie Fuller 11,250; Mr. Jacinto L. Ayala 67,500; Mr. Robert W. Crane 52,500; Dr. Julio Garcia 37,500; Mr. Welter “Budd” Holden 126,373; Dr. Erasto R. C. Saldi 40,834; Ms. Cynthia C. Thompson 191,667; Mr. H. Thomas Winn 150,834 and Dr. Vassilios Papadopoulos 249,641.

2) Dr. Vassilios Papadopoulos is a key consultant for the Company and a former officer and director.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We have entered into indemnity agreements with all directors, and officers and certain employees, which provide, among other things, that we will indemnify such officer or director, under the circumstances and to the extent provided for in the agreements, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party to by reason of his or her position as a director, officer or other agent of the Company, and otherwise to the full extent permitted under Nevada law and our bylaws. The Company filed a form of the agreement as Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q as filed with the SEC on August 14, 2006.

Policies and Procedures for Approval of Related Person Transactions

Our policy and procedures with respect to any related person transaction between the Company and any related person requiring disclosure under Item 404(a) of Regulation S-K under the Securities Exchange Act of 1934, is that such transaction is consummated only if the Audit Committee approves or ratifies such transaction; the disinterested members of the Board of Directors approves or ratifies such transaction; or the transaction involves compensation approved or ratified by the Compensation Committee.

Director Independence

The Company's Board of Directors contains the following members: Dr. Janet Greeson, Mr. Eugene Boyle, Mr. Thomas H. Winn, Ms. Cynthia Thompson, Mr. Welter "Budd" Holden, Dr. Julio Garcia, Mr. Jacinto L. Ayala, Mr. Robert Crane and Dr. Lecanu Laurent. The OTC Pink Sheets does not have rules regarding director independence. The following directors are considered "independent" as defined under the rules of the NASDAQ Stock Market: Mr. Thomas H. Winn, Ms. Cynthia Thompson, Mr. Welter "Budd" Holden, Dr. Julio Garcia, Mr. Jacinto L. Ayala, Mr. Robert Crane and Dr. Lecanu Laurent.

Please see Note 12 – Related Party Transactions regarding the certain relationships and related party transactions during 2008.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit and Non-Audit Fees

The following table presents fees for professional audit services rendered by SHERB & CO., LLP for the audit of the Company's annual financial statements for the fiscal years ended December 31, 2008 and December 31, 2007, and fees billed for other services rendered by SHERB & CO LLP during those periods:

	2008	2007
Audit fee:	$ 52,500	$ 45,000
Audit-related fees:	$ 19,500	$ 15,000
Tax fees:	$ -	$ -
Other:	$ 9,000	$ 8,610
Total:	$ 81,000	$ 68,610

Audit fees consisted principally of audit work performed on the consolidated financial statements and internal control over financial reporting, as well as work generally only the independent registered public accounting firm can reasonably be expected to provide, such as statutory audits. The Company generally does not engage SHERB & CO LLP, for other services, other than Edgar services.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

Consistent with SEC rules regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm.

Prior to engagement of the independent registered public accounting firm for the next year's audit, management will submit a list of services and related fees expected to be rendered during that year within each of categories of services to the Audit Committee for approval.

Audit services include audit work performed on the financial statements and internal control over financial reporting, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide, including comfort letters, statutory audits and discussions surrounding the proper application of financial accounting and/or reporting standards.

Audit-Related services are for assurance and related services that are traditionally performed by the independent registered public accounting firm, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

Tax services include all services, except those services specifically related to the audit of the financial statements, performed by the independent registered public accounting firm's tax personnel, including tax analysis; assisting with coordination of execution of tax-related activities, primarily in the area of corporate development; supporting other tax-related regulatory requirements; and tax compliance and reporting.

All other services are those services not captured in the audit, audit-related or tax categories.

The Company generally does not request such services from the independent registered public accounting firm. Prior to engagement, the Audit Committee pre-approves independent public accounting firm services within each category and the fees for each category are budgeted. The Audit Committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval categories. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm.

The Audit Committee may delegate pre-approval authority to one (1) or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

Audit Committee Report

The Audit Committee of the Board is composed of three (3) independent directors. The Audit Committee operates under a written charter adopted by the Board and attached as Exhibit A to the proxy statement filed with the SEC on April 3, 2001.

The Audit Committee is responsible for overseeing the Company's financial reporting process on behalf of the Board. The members of the Audit Committee consist of independent directors Mr. H. Thomas Winn, Ms. Cynthia C. Thompson and Mr. Jacinto L. Ayala. Each year, the Audit Committee recommends to the Board, subject to stockholder ratification, the selection of the Company's independent auditors.

Management is responsible for the Company's financial statements and the financial reporting process, including internal controls. The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In this context, the Audit Committee has met and held discussions with management and SHERB & CO., LLP. Management represented to the Committee that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Audit Committee discussed with SHERB & CO., LLP the matters required to be discussed by Statement on Auditing Standards No. 61(Communication with Audit Committees). These matters included a discussion of SHERB & CO., LLP's judgments about the quality (not just the acceptability) of the Company's accounting principles as applied to financial reporting.

SHERB & CO., LLP also provided the Audit Committee with the written disclosures and letter required by Independence Standards Board Standard No. 1(Independence Discussions with Audit Committees), and the Audit Committee discussed with SHERB & CO., LLP that firm's independence. The Audit Committee further considered whether the provision by SHERB & CO., LLP of the non-audit services described elsewhere in this proxy statement is compatible with maintaining the auditors' independence.

Based upon the Audit Committee's discussion with management and the independent auditors and the Audit Committee's review of the representation of management and the disclosures by the independent auditors to the Audit Committee, the Audit Committee recommended to the Board that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the SEC. The Audit Committee and the Board have also recommended the selection of SHERB & CO.,

LLP as the Company's independent auditors for 2009, subject to stockholder ratification.

The Audit Committee Report does not constitute soliciting material, and shall not be deemed to be filed or incorporated by reference into any other Company filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates the Audit Committee Report by reference therein.

The Audit Committee:

Mr. H. Thomas Winn (Chairman)
Ms. Cynthia C. Thompson
Mr. Jacinto L. Ayala

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

Listed below are all exhibits filed as part of this Annual Report on Form 10-K. Some exhibits are filed by the Company with the SEC pursuant to Rule 12b-32 under the Securities Exchange Act of 1934, as amended.

EXHIBIT NO.	DESCRIPTION	LOCATION
3.1	Articles of Incorporation, restated as last amended November 1, 2007	Incorporated by reference to Exhibit 3.1 to the Company's Current Quarterly Report on Form 10-QSB as filed with the U.S. Securities and Exchange Commission on November 11, 2007.
3.2	Bylaws, restated as last amended March 20, 2008	Incorporated by reference to Exhibit 3.2 to the Company's Form 10-K as filed with the U.S Securities and Exchange Commission on April 14, 2008
4.1	Form of Common Stock Certificate	Incorporated by reference to Exhibit 4.1 to the Company's Current Report Form 10-SB12G as filed with the U.S. Securities and Exchange Commission on July 21, 1999
4.2	Amended Samaritan Pharmaceuticals, Inc. 2001 Stock Option Plan	Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-QSB as filed

		with the U.S. Securities and Exchange Commission on August 16, 2004
4.3	Samaritan Pharmaceuticals, Inc. 2005 Stock Option Plan	Incorporated by reference to Schedule 14-A Information Statement as filed with the U.S. Securities and Exchange Commission on April 29, 2005 and approved by the shareholders on June 10, 2005
10.1	Research, Development and Commercialization Collaboration Agreement for SP-01A dated March 28, 2007 by and between Pharmaplaz and the Company.	Incorporated by reference to Exhibit 10.1 to the Company's Form 10-K as filed with the U.S. Securities and Exchange Commission on April 13, 2007.
10.2	Common Stock Purchase Agreement (Purchase Agreement I), dated April 22, 2003, by and between the Company and Fusion Capital Fund II, LLC	Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on April 25, 2003
10.3	Registration Rights Agreement, dated April 22, 2003, by and between the Company and Fusion Capital Fund II, LLC	Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K as filed with the U.S. Securities and Exchange Commission on April 25, 2003

10.4	Employment Agreement, dated as of January 1, 2001, by and between Samaritan Pharmaceuticals, Inc. and Mr. Thomas Lang.	Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-QSB as filed with the U.S. Securities and Exchange Commission on August 16, 2004
10.5	Form of Trust Under Samaritan Pharmaceuticals, Inc. Deferred Compensation Plan	Incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-QSB as filed with the U.S. Securities and Exchange Commission on August 14, 2002
10.6	Master Clinical Trial and Full Scale Manufacturing Agreement, dated October 5, 2004, by and between the Company and Pharmaplaz, LTD	Incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-QSB as filed with the U.S. Securities and Exchange Commission on November 15, 2004
10.7	Common Stock Purchase Agreement (Purchase Agreement II), dated May 12, 2005, by and between the Company and Fusion Capital Fund II, LLC	Incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-QSB as filed with the U.S. Securities and Exchange Commission on May 13, 2005
10.8	Amendment to Common Stock Purchase Agreement, dated December 19, 2005, by and between the Company and Fusion Capital Fund II, LLC	Incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form SB-2 as filed with the U.S. Securities and Exchange Commission on December 15, 2005
10.9	Registration Rights Agreement, dated May 12, 2005, by and between the Company and Fusion Capital Fund II, LLC	Incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-QSB as filed with the U.S. Securities and Exchange Commission on May 13, 2005
10.10	Norbrook Supply Agreement	Incorporated by reference to Exhibit 1 to the

Company's Current Report on Form 8-K as filed with
the U.S. Securities and Exchange Commission on