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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Quarterly Period Ended September 30, 2014
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 No. 0-23047

SIGA Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-3864870**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification. No.)
660 Madison Avenue, Suite 1700 New York, NY	**10065**
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: (212) 672-9100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
common stock, $.0001 par value	Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act:

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 ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐.

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

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

As of October 27, 2014 the registrant had outstanding 53,504,296 shares of common stock.

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SIGA TECHNOLOGIES, INC.
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PART I - FINANCIAL INFORMATION

Item 1 - Condensed Consolidated Financial Statements

SIGA TECHNOLOGIES, INC.
(DEBTOR-IN-POSSESSION)
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 104,682,642	$ 91,309,754
Accounts receivable	569,061	982,023
Inventory	18,126,911	20,515,349
Prepaid expenses and other current assets	724,174	750,808
Deferred tax assets	—	10,383,908
Total current assets	124,102,788	123,941,842
Restricted cash	4,000,000	—
Property, plant and equipment, net	913,309	1,382,073
Deferred costs	32,809,441	22,583,202
Goodwill	898,334	898,334
Other assets	1,991,512	2,078,159
Deferred tax assets, net	—	42,940,624
Total assets	$ 164,715,384	$ 193,824,234
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	$ 680,930	$ 5,064,380
Accrued expenses and other current liabilities	1,925,696	4,842,393
Common stock warrants	—	313,425
Current portion of long term debt	1,984,550	1,968,826
Total current liabilities	4,591,176	12,189,024
Deferred revenue	—	162,222,189
Long term debt	499,536	1,989,948
Deferred income tax liability	240,973	—
Other liabilities	415,895	447,605
Liabilities subject to compromise	386,944,313	—
Total liabilities	392,691,893	176,848,766
Commitments and contingencies (Note 14)		
Stockholders' equity (deficit)		
Common stock ($.0001 par value, 100,000,000 shares authorized, 53,504,296 and 53,108,844 issued and outstanding at September 30, 2014, and December 31, 2013, respectively)	5,351	5,310
Additional paid-in capital	174,952,893	173,498,028
Accumulated deficit	(402,934,753)	(156,527,870)
Total stockholders' equity (deficit)	(227,976,509)	16,975,468
Total liabilities and stockholders' equity (deficit)	$ 164,715,384	$ 193,824,234

The accompanying notes are an integral part of these financial statements.

SIGA TECHNOLOGIES, INC.
(DEBTOR-IN-POSSESSION)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/LOSS (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues				
Research and development	$ 1,099,429	$ 2,292,143	$ 2,299,456	$ 4,585,174
Operating expenses				
Selling, general and administrative	4,313,540	3,215,197	10,101,130	9,316,565
Research and development	2,742,329	4,260,970	7,927,655	11,037,140
Patent preparation fees	306,009	329,054	817,944	1,087,791
Litigation accrual	175,465,718	50,538	175,565,839	146,668
Total operating expenses	182,827,596	7,855,759	194,412,568	21,588,164
Operating loss	(181,728,167)	(5,563,616)	(192,113,112)	(17,002,990)
Decrease (increase) in fair value of common stock warrants	11,532	(734,955)	313,425	(728,865)
Interest expense	(105,149)	(293,438)	(369,587)	(1,043,316)
Other income, net	5	5	1,061	1,489
Reorganization items	(301,937)	—	(301,937)	—
Loss before income taxes	(182,123,716)	(6,592,004)	(192,470,150)	(18,773,682)
Benefit from (provision for) income taxes	(57,953,045)	1,690,028	(53,936,733)	5,934,806
Net and comprehensive income (loss)	$ (240,076,761)	$ (4,901,976)	$ (246,406,883)	$ (12,838,876)
Earnings (loss) per share: basic and diluted	$ (4.49)	$ (0.09)	$ (4.62)	$ (0.25)
Weighted average shares outstanding: basic and diluted	53,504,296	52,548,997	53,391,173	52,162,380

The accompanying notes are an integral part of these financial statements.

SIGA TECHNOLOGIES, INC.
(DEBTOR-IN-POSSESSION)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended September 30,	
	2014	**2013**
Cash flows from operating activities:		
Net income (loss)	$ (246,406,883)	$ (12,838,876)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and other amortization	268,037	319,377
Increase (decrease) in fair value of warrants	(313,425)	728,865
Stock-based compensation	1,836,993	1,759,074
Gain on sale of assets	(345,658)	—
Non-cash interest expense	25,312	37,824
Reorganization items	(211,372)	—
Changes in assets and liabilities:		
Accounts receivable	412,962	3,548,404
Inventory	2,388,438	653,903
Deferred costs	(10,226,239)	(19,046,118)
Prepaid expenses and other current assets	29,306	(122,200)
Other assets	18,465	122,438
Deferred income taxes, net	53,565,505	(7,252,373)
Accounts payable, accrued expenses and other current liabilities	(7,120,486)	(127,579)
Liabilities subject to compromise	386,944,313	—
Deferred revenue	(162,222,189)	105,005,510
Net cash provided by operating activities	18,643,079	72,788,249
Cash flows from investing activities:		
Capital expenditures	(25,894)	(567,881)
Proceeds from sale of assets	569,607	—
Restricted cash	(4,000,000)	—
Net cash provided by (used in) investing activities	(3,456,287)	(567,881)
Cash flows from financing activities:		
Net proceeds from exercise of warrants and options	102,035	1,630,890
Payment of common stock tendered for employee tax obligations	(415,938)	(178,093)
Proceeds from the issuance of long-term debt	—	7,000,000
Repayment of long-term debt	(1,500,001)	(7,500,000)
Net cash provided by (used in) financing activities	(1,813,904)	952,797
Net increase in cash and cash equivalents	13,372,888	73,173,165
Cash and cash equivalents at beginning of period	91,309,754	32,017,490
Cash and cash equivalents at end of period	$ 104,682,642	$ 105,190,655
Supplemental disclosure of non-cash financing activities:		
Reclass of common stock warrant liability to additional paid-in capital upon warrant exercise	$ —	$ 492,191

The accompanying notes are an integral part of these financial statements

1. Condensed Consolidated Financial Statements

The financial statements are presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission (the "SEC") for quarterly reports on Form 10-Q and should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2013, included in the 2013 Annual Report on Form 10-K. All terms used but not defined elsewhere herein have the meaning ascribed to them in the Company's 2013 Annual Report on Form 10-K filed on March 10, 2014. In the opinion of management, all adjustments (consisting of normal and recurring adjustments) considered necessary for a fair statement of the results of the interim periods presented have been included. The 2013 year-end balance sheet data was derived from the audited financial statements but does not include all disclosures required by U.S. GAAP. The results of operations for the three and nine months ended September 30, 2014 are not necessarily indicative of the results expected for the full year.

Certain prior period amounts have been reclassified to the current period presentation, primarily related to the legal and expert fees accrual in connection with PharmAthene litigation.

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. The Company's ability to continue as a going concern is expected to be impacted by the outcome of the Company's intended appeal of the Remand Opinion (as defined in Note 14), as well as the implementation of any plan of reorganization under the auspices of the Bankruptcy Court (see Note 2). The possibility of a potential substantial loss from the PharmAthene litigation, combined with the costs of the bankruptcy reorganization, may have a significant impact to the Company. These factors raise substantial doubt about the Company's ability to continue as a going concern. As a result of the Bankruptcy filing and the pending Court of Chancery remand opinion, the realization of assets and the satisfaction of liabilities are subject to uncertainties. Any reorganization plan could materially change the amounts and classifications of assets and liabilities reported in the condensed consolidated financial statements. The accompanying financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as going concern or as a consequence of the pending Court of Chancery judgment or the Bankruptcy filing.

2. Chapter 11 Filing

On September 16, 2014 (the "Petition Date"), the Company filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") Case Number 14-12623. The Company is continuing to operate its business as a "debtor-in-possession" in accordance with the applicable provisions of the Bankruptcy Code.

The Company commenced the chapter 11 case to preserve and to assure its ability to satisfy its commitments under the BARDA Contract (as defined in Note 3) and to preserve its operations, which would have likely been jeopardized by the enforcement of a judgment stemming from the pending litigation with PharmAthene, Inc. (see Note 14). The chapter 11 filing will allow the Company to continue to perform under the BARDA Contract, and to pursue what it believes is a meritorious appeal of the pending Delaware Chancery Court proceeding, without the necessity of posting a bond.

On August 8, 2014, the Delaware Court of Chancery issued its Remand Opinion and related order in the litigation initiated against the Company in 2006 by PharmAthene, Inc. In the Remand Opinion, the Court of Chancery determined, among other things, that PharmAthene is entitled to a lump sum damages award in an as yet unspecified amount, with interest and fees, based on United States government purchases of the Company's smallpox drug allegedly anticipated as of December 2006. The amount of the total judgment to be decreed by the Court of Chancery is expected to be substantial (see Note 14), and enforcement of that judgment by PharmAthene would have jeopardized the Company's viability and ability to produce and deliver Tecovirimat and to continue research and development activities for Tecovirimat. The chapter 11 case prevents PharmAthene from taking any enforcement action at this time and also will permit the Company's intended appeal of the Remand Opinion to go forward without the need to post a bond.

On September 17, 2014, the Company received Bankruptcy Court approval of certain "first-day" motions which preserve the Company's ability to continue operations without interruption in chapter 11. As part of the "first-day" motions, the Company received approval to pay or otherwise honor certain pre-petition obligations generally designed to support the Company's operations. Additionally, the Bankruptcy Court confirmed the Company's authority to pay for goods and services received post-petition in the ordinary course of business.

As part of the chapter 11 case, the Company has retained, pursuant to Bankruptcy Court approval, legal and financial professionals to advise the Company in connection with the administration of its chapter 11 case and its litigation with PharmAthene, and certain other professionals to provide services and advice in the ordinary course of business. From time to time, the Company may seek Bankruptcy Court approval to retain additional professionals.

In October, the U.S. Trustee for the Southern District of New York (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "UCC"). The UCC has a right to be heard on all matters affecting the Company that come before the Bankruptcy Court. There can be no assurance that the UCC will support the Company's positions on matters to be presented to the Bankruptcy Court in the future or on any plan of reorganization, once proposed.

Plan of Reorganization

The Company has not yet prepared or filed a plan of reorganization with the Bankruptcy Court. The Company has the exclusive right to file a plan of reorganization through and including January 14, 2015, and to solicit votes on such a plan if filed by such date through and including March 16, 2015, subject to the ability of parties in interest to file motions seeking to terminate the Company's exclusive periods, as well as the Company's right to seek further extensions of such periods. The Company has the right to seek further extensions of such exclusive periods, subject to the statutory limit of 18 months from the Petition Date in the case of filing a plan and 20 months in the case of soliciting and obtaining acceptances of such a plan. Implementation of a plan of reorganization is subject to confirmation of the plan by the Bankruptcy Court in accordance with the provisions of the Bankruptcy Code, and the occurrence of the effective date under the plan. At this time, there is no certainty as to when or if a plan will be filed, the provisions of a plan, or whether a plan will be confirmed and consummated.

Financial Reporting in Reorganization

The Company applied Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 852, Reorganizations effective on September 16, 2014, which is applicable to companies under bankruptcy protection, and requires amendments to the presentation of key financial statement line items. It requires that the financial statements for periods subsequent to the chapter 11 filing distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Revenues, expenses, realized gains and losses, and provisions for losses that can be directly associated with the reorganization and restructuring of the business must be reported separately as reorganization items in the consolidated statements of operations beginning in the quarter ended September 30, 2014. The balance sheet must distinguish pre-petition liabilities subject to compromise from both those pre-petition liabilities that are not subject to compromise and from post-petition liabilities. Liabilities that may be subject to a plan of reorganization must be reported at the amounts expected to be allowed in the Company's chapter 11 case, even if they may be settled for lesser amounts as a result of the plan of reorganization or negotiations with creditors. In addition, cash used by reorganization items are disclosed separately in the consolidated statements of cash flow.

On September 17, 2014, the Bankruptcy Court approved on an interim basis a Stipulation and Order between the Company and General Electric Capital Corporation ("GE"), in its capacity as Agent for the lenders under the loan agreement dated December 31, 2012 (the "Loan Agreement"), in connection with the chapter 11 case. The Loan Agreement, consisting of a term loan and revolving line of credit, is a fully secured loan facility. As of the Petition Date, $2.5 million of the term loan was outstanding and no amount was borrowed or outstanding against the revolving line of credit. Pursuant to the Stipulation and Order:

- The Company can continue to use cash as to which the Agent has a lien;
- The Company will continue to make its regularly scheduled interest (at the non-default rate) and amortization payments on the term loan under the Loan Agreement;
- The revolving loan commitment under the Loan Agreement, as to which no borrowings are outstanding, was terminated;
- The Company paid $70,000 to GE in full satisfaction of all amounts payable under the Loan Agreement in connection with the termination of the revolving loan commitment;
- The Company will maintain a minimum balance of $4 million in a specified account as collateral for the obligations under the Loan Agreement; and
- The Company and GE reserve their respective rights as whether interest at the default rate is payable, and if it is determined that it is payable, such amount, less the $70,000 referred to above, shall be added to the amount of the obligations under the Loan Agreement.

The Stipulation and Order was approved by the Bankruptcy Court on a final basis on October 28, 2014. The Company has set aside, in a separate account, $4 million as collateral for obligations under the Loan Agreement and classified this amount as restricted cash on its balance sheet. As long as the Stipulation and Order is in effect, GE has agreed to not seek to take any action to accelerate payment under the Loan Agreement or exercise any remedies. The GE loan is considered fully secured and is not reported as liabilities subject to compromise.

Liabilities Subject to Compromise:

As a result of the chapter 11 filing, the payment of pre-petition liabilities is generally subject to compromise pursuant to a plan of reorganization. Generally, under the Bankruptcy Code, actions to enforce or otherwise effect payment of pre-bankruptcy filing liabilities are stayed. Although payment of pre-petition claims generally is not permitted, the Bankruptcy Court granted the Company authority to pay certain pre-petition claims in designated categories and subject to certain terms and conditions. Among other things, the Bankruptcy Court has authorized the Company to pay certain pre-petition claims relating to employees, critical vendors and services for which the Company receives reimbursement from the government.

With regard to pre-petition claims, the Company will notify all known claimants subject to a bar date to be set by the Bankruptcy Court of their need to file a proof of claim with the Bankruptcy Court. A bar date is the date by which certain claims against the Company must be filed if the claims are not listed in liquidated, non-contingent and undisputed amounts in the Company's schedules of assets and liabilities (the "Schedules"), or if the claimant disagrees with the amount, characterization or classification of its claim as reflected in the Schedules. A bar date has not been set yet by the Bankruptcy Court.

Pre-petition liabilities that are subject to compromise are required to be reported at the amounts expected to be allowed in the Company's chapter 11 case, even if they may be settled for lesser amounts. The amounts classified as Liabilities Subject to Compromise as of September 30, 2014 may be subject to future adjustments depending on Bankruptcy Court actions, further developments with respect to disputed claims, determinations of the secured status of certain claims, the value of any collateral securing such claims, or other events. The Company cannot reasonably estimate the value of the claims that will ultimately be allowed by the Bankruptcy Court until its evaluation, investigation and reconciliation of all filed claims has been completed. Any resulting changes in classification will be reflected in subsequent financial statements.

As of September 30, 2014, Liabilities Subject to Compromise consist of the following:

		September 30, 2014	
Deferred revenue	$	203,526,317	
Accounts payable - pre-petition		3,816,684	(2)
Expectation damages accrual- PharmAthene Litigation		174,934,726	
Legal and expert fees accrual - PharmAthene Litigation		3,226,055	(1)
Other accrued expenses - pre-petition		1,440,531	(2)
Total	$	386,944,313	

(1) $3.2 million is the total accrual for reimbursement of PharmAthene attorney's fees and expert fees, against which there is a$2.7 million surety bond that has cash collaterization of $1.3 million.

(2) Includes liabilities incurred in the performance of the BARDA Contract, for which the Company is eligible to be reimbursed by BARDA. Subsequent to September 30, 2014, the Bankruptcy Court authorized, but did not require, the Company to pay pre-petition liabilities that are eligible to be reimbursed by BARDA. "Accounts payable - pre-petition" includes approximately$557,000 of such liabilities, and "other accrued expenses - pre-petition" includes approximately $121,000 of such liabilities.

Reorganization Items, net:

		September 30, 2014
Legal fees	$	223,422
Professional fees		6,890
Trustee fees		1,625
Other		70,000
Total	$	301,937

Cash paid for reorganization items was $90,565 for the quarter ended September 30, 2014.

Other Related Matters

On September 16, 2014, the Company received a letter from the NASDAQ Stock Market LLC asserting that, based on the Company's chapter 11 filing, the Company no longer met the continuing listing requirements necessary to maintain its listing on the NASDAQ Stock Market. The Company appealed such assertion. On October 16, 2014, representatives of the Company appeared before the NASDAQ Stock Market LLC's hearings panel to present the Company's appeal, asking the panel to exercise its discretion to allow the Company to maintain its listing for up to five additional months (the limit of the panel's discretion at this time). On October 29, 2014, the Company received the decision of the NASDAQ hearings panel. The NASDAQ hearings panel decided that the Company's Common Stock would remain listed, subject to: (a) the Company providing the NASDAQ hearings panel with confidential updates regarding the status of the PharmAthene litigation, public disclosures relating to such litigation and to any possible judgment, and (b) the Company, on or before March 16, 2015, emerging from chapter 11 and evidencing compliance with all requirements for initial listing on the NASDAQ Stock Market. The NASDAQ hearings panel also stated that it reserves the right to reconsider its determination based upon any event, condition or circumstance that exists or develops that would, in the opinion of the panel, make continued listing of the Company's securities on the NASDAQ Stock Market inadvisable or unwarranted. There can be no assurance that the Company will meet the conditions required by the NASDAQ hearings panel and maintain the listing of its Common Stock on NASDAQ.

Refer to Note 14, "Legal Proceedings" for description of the PharmAthene lawsuit against the Company.

3. Procurement Contract and Research Agreements

Procurement Contract

On May 13, 2011, the Company signed a contract with the Biomedical Advanced Research and Development Authority ("BARDA") (the "BARDA Contract") pursuant to which SIGA agreed to deliver two million courses of Tecovirimat, also known as ST-246 ®, to the U.S. Strategic National Stockpile (the "Strategic Stockpile"). The base contract, worth approximately $463 million, includes $54 million related to development and supportive activities and contains various options to be exercised at BARDA's discretion. The period of performance for development and supportive activities runs until 2020. As originally issued, the BARDA Contract included an option for the purchase of up to 12 million additional courses of Tecovirimat; however, following a protest by a competitor of the Company, BARDA issued a contract modification on June 24, 2011 pursuant to which it deleted the option to purchase the additional courses. Under the BARDA Contract as modified, BARDA has agreed to buy from SIGA 1.7 million courses of Tecovirimat. Additionally, SIGA will contribute to BARDA 300,000 courses manufactured primarily using federal funds provided by the U.S. Department of Health and Human Services ("HHS") under prior development contracts. The BARDA Contract as modified also contains options that will permit SIGA to continue its work on pediatric and geriatric versions of the drug as well as use of Tecovirimat for smallpox prophylaxis. As described in Note 14, the amount of profits SIGA will retain pursuant to the BARDA Contract may be adversely affected by the outcome of PharmAthene's action against SIGA.

The BARDA Contract is a multiple deliverable arrangement comprising delivery of courses and covered research and development activities. The BARDA Contract provides certain product replacement rights with respect to delivered courses. For this reason, recognition of revenue that might otherwise occur upon delivery of courses is expected to be deferred until the Company's obligations related to potential replacement of delivered courses are satisfied. The Company assessed the selling price for each of the aforementioned deliverables - research and development activities and drug product. The selling price of certain reimbursed research and development services was determined by reference to existing and past research and development grants and contracts between the Company and various government agencies. The selling price of drug product was determined by reference to other Companies' sales of drug products such as antiviral therapeutics, orphan drugs and drugs with potential life-saving impact similar to Tecovirimat, including products delivered to the Strategic Stockpile.

The Company has recognized revenue for reimbursement of certain BARDA Contract research and development services. Cash inflows related to delivery of courses will continue to be recorded as deferred revenue. In addition, direct costs incurred by the Company to fulfill the delivery of courses under the BARDA Contract are being deferred and will be recognized as an expense over the same period that the related deferred revenue is recognized as revenue.

As of September 30, 2014 and December 31, 2013, deferred direct costs under the BARDA Contract of approximately $32.8 million and $22.6 million, respectively, are included in deferred costs on the consolidated balance sheets. As of September 30, 2014, the Company recorded $203.5 million of deferred revenue for the delivery and acceptance of Tecovirimat into the Strategic Stockpile and for certain research and development services provided as part of the BARDA Contract. For the three and nine

months ended September 30, 2014, revenue from reimbursed research and development was $1.1 million and $1.7 million, respectively.

As of September 30, 2014, an aggregate of approximately 1.3 million courses of Tecovirimat have been accepted by the Strategic Stockpile; this includes the cumulative delivery of 259,000 courses at no cost to BARDA in accordance with the BARDA Contract.

Research Agreements

The Company obtains funding from the contracts and grants it obtains from various agencies of the U.S. Government to support its research and development activities. Currently, the Company has one contract and one grant with varying expiration dates through February 2018 that provide for potential future aggregate research and development funding for specific projects of approximately $9.5 million. Because of the Optimization Program (refer to Note 12), we do not expect to utilize all available funds under the grant covering pre-clinical drug candidates.

The funded amount includes, among other things, options that may or may not be exercised at the U.S. government's discretion. Moreover, the contract and contract grant contain customary terms and conditions including the U.S. Government's right to terminate or restructure a grant for convenience at any time.

In connection with the Optimization Program, in July 2014, the Company entered into an asset purchase agreement to sell and transfer its pre-clinical Arenavirus assets and research and development grant relating to Lassa fever to Kineta Four, LLC (the "Purchaser"), an unrelated party. In exchange for the transfer of certain assets and intellectual property rights, the Company received profit interest units ("Units") in Kineta Four, LLC, and the Company is eligible for approximately $5.1 million of later-stage milestone payments and royalties of up to 4% on sales of drugs that use the transferred intellectual property rights. The Units, which have no voting rights, could provide the Company with a participation of approximately 5 - 10% of any cash distribution, if any, by Kineta Four, LLC, depending on future fundraising by Kineta Four, LLC. The assets transferred as part of the asset purchase agreement are the sole operating assets of Kineta Four, LLC. The asset purchase agreement had no impact on the Company's results of operations as the assets and intellectual property transferred to the Purchaser had no book value.

4. Equity and Financial Instruments

On September 30, 2014, the Company's authorized share capital consisted of 110,000,000 shares, of which 100,000,000 are designated common shares and 10,000,000 are designated preferred shares. The Company's Board of Directors is authorized to issue preferred shares in series with rights, privileges and qualifications of each series determined by the Board.

At September 30, 2014 there were no liability classified warrants. At December 31, 2013, the fair market value of outstanding liability classified warrants was $313,425. The Company applied the Black-Scholes model to calculate the fair values of the respective derivative instruments using the contractual term of the warrants. Management estimated the expected volatility using a combination of the Company's historical volatility and the volatility of a group of comparable companies.

For the three months ended September 30, 2014 and 2013, the Company recorded a gain and a (loss) of $11,532 and $(734,955), respectively. For the nine months ended September 30, 2014 and 2013, the Company recorded a gain and a (loss) of $313,425 and $(728,865), respectively. The gain and (loss) are a result of net decrease and (increase), respectively in fair value of Commitment Warrants (as discussed below) during respective periods.

On June 19, 2008, SIGA entered into a letter agreement, as subsequently amended (the "Letter Agreement") that expired on June 19, 2010, with M&F, a related party, for M&F's commitment to invest, at SIGA's discretion or at M&F's option, up to $8 million in exchange for (i) SIGA common stock and (ii) warrants to purchase 40% of the number of SIGA shares acquired by M&F. In consideration for the commitment of M&F reflected in the Letter Agreement, on June 19, 2008, M&F received warrants to purchase 238,000 shares of SIGA common stock, initially exercisable at $3.06 (the "Commitment Warrants"). The Commitment Warrants were exercisable until June 19, 2012. On June 19, 2012, the Commitment Warrants were amended to extend expiration to June 19, 2014. Due to certain anti-dilution provisions, the Commitment Warrants are recorded as a liability, and consequently the "mark-to-market" adjustment to the fair value from the extended term was accounted immediately upon modification. On June 19, 2014, the Commitment Warrants expired and the Company recognized a gain of $80,924.

On June 18, 2010, M&F notified SIGA of its intention to exercise its right to invest $5.5 million, the remaining amount available under the Letter Agreement following earlier investments and entered into a Deferred Closing and Registration Rights Agreement dated as of June 18, 2010 with the Company. On July 26, 2010, upon satisfaction of certain customary closing conditions, including the expiration of the applicable waiting period pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, M&F funded the $5.5 million purchase price to SIGA in exchange for the issuance of (i) 1,797,386 shares of common stock and

(ii) warrants to purchase 718,954 shares of SIGA common stock at an exercise price of $3.519 per share; the warrants are exercisable for a term of four years from the issuance date. On July 26, 2014, the warrants expired and the Company recognized a gain of $11,532.

On April 30, 2013, SIGA entered into a Services Agreement with MacAndrews & Forbes LLC ("M&F"), a related party, for certain professional and administrative services. The Services Agreement has a term of three years. As consideration for the Services Agreement, SIGA issued warrants to M&F to acquire 250,000 shares of common stock at an exercise price of $3.29 per share. The warrants are fully vested, immediately exercisable and remain exercisable for two years from the issuance date. The grant-date fair value, determined using the Black-Scholes model as previously described, is recorded as an asset with a corresponding increase to equity. The asset is expensed over the contractual term of the warrants. For the three months ended September 30, 2014 and 2013, the Company recorded an expense of $34,091.

The number of shares issuable pursuant to the warrants granted under the Letter Agreement, as well as the exercise price of those warrants, may be subject to adjustment as a result of the effect of future equity issuances on certain anti-dilution provisions in the related warrant agreements.

The Company accounted for the warrants in accordance with the authoritative guidance which requires that free-standing derivative financial instruments that require net cash settlement be classified as assets or liabilities at the time of the transaction, and recorded at their fair value. Any changes in the fair value of the derivative instruments are reported in earnings or loss as long as the derivative contracts are classified as assets or liabilities.

5. Per Share Data

The objective of basic earnings per share ("EPS") is to measure the performance of an entity over the reporting period by dividing income (loss) by the weighted average shares outstanding. The objective of diluted EPS is consistent with that of basic EPS, except that it also gives effect to all potentially dilutive common shares outstanding during the period.

The following is a reconciliation of the basic and diluted net income (loss) per share computation:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss)	(240,076,761)	$ (4,901,976)	(246,406,883)	$ (12,838,876)
Weighted-average shares: basic and diluted	53,504,296	52,548,997	53,391,173	52,162,380
Earnings (loss) per share: basic and diluted	$ (4.49)	$ (0.09)	$ (4.62)	$ (0.25)

The Company incurred losses for the three and nine months ended September 30, 2014 and 2013 and as a result, certain equity instruments are excluded from the calculation of diluted earnings (loss) per share as the effect of such shares is anti-dilutive. The weighted average number of equity instruments excluded consist of:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Stock Options	2,165,307	2,621,790	2,192,397	2,794,489
Stock-Settled Stock Appreciation Rights	383,890	446,279	393,551	448,694
Restricted Stock Units	1,155,638	988,150	1,221,653	986,692
Warrants	453,183	1,874,670	949,120	1,980,623

The appreciation of each stock-settled stock appreciation right was capped at a determined maximum value. As a result, the weighted average number shown in the table above for stock-settled stock appreciation rights reflects the weighted average maximum number of shares that could be issued.

6. Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts payable and accrued expenses approximates fair value due to the relatively short maturity of these instruments. Common stock warrants which are classified as liabilities are recorded at their fair market value as of each reporting period.

The measurement of fair value requires the use of techniques based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations where inputs are observable or where significant value drivers are observable.
- Level 3 – Instruments where significant value drivers are unobservable to third parties.

The Company uses model-derived valuations where inputs are observable in active markets to determine the fair value of certain common stock warrants on a recurring basis and classify such warrants in Level 2. The Company utilizes the Black-Scholes model consisting of the following variables: (i) the closing price of SIGA's common stock; (ii) the expected remaining life of the warrant; (iii) the expected volatility using a weighted-average of historical volatilities from a combination of SIGA and comparable companies; and (iv) the risk-free market rate. At September 30, 2014 and December 31, 2013, the fair value of liability classified warrants was $0 and $313,425, respectively.

As of September 30, 2014 and December 31, 2013, the Company had $2.5 million and $4.0 million of term loan outstanding, respectively, from a loan entered into on December 31, 2012. The fair value of the loan, which is measured using Level 2 inputs, approximates book value at September 30, 2014 and December 31, 2013. For the three and nine months ended September 30, 2014 and 2013, the Company did not hold level 3 securities.

7. Related Party Transactions

In October 2012, the Company funded a letter of credit and deposit to take advantage of a lease for office space secured by an affiliate of M&F from a third party landlord on behalf of the Company. Pursuant to such letter of credit, in January 2013 the Company entered into a sublease in which the Company will pay all costs associated with the lease, including rent. All payments made by the Company pursuant to the sublease will either be directly or indirectly made to the third-party landlord and not retained by M&F or any affiliate. The sublease allowed for a free rent period of five months beginning April 1, 2013; subsequent to the free rent period, monthly rent payments are $60,000 until August 1, 2019 and $63,000 for the next two years. Upon expiration on September 1, 2020, the sublease and lease provides for two consecutive five year renewal options.

The Company has a Services Agreement with M&F and a warrant agreement with M&F (refer to Note 3).

A member of the Company's Board of Directors is a member of the Company's outside counsel. During the three months ended September 30, 2014 and 2013, the Company incurred costs of $148,360 and $240,167, respectively, related to services provided by the outside counsel. During the nine months ended September 30, 2014 and 2013, the Company incurred costs of $545,651 and $1.0 million , respectively. On September 30, 2014, the Company had no outstanding payables to the outside counsel.

8. Inventory

During the nine months ended September 30, 2014, approximately 504,000 courses were accepted into the Strategic Stockpile; due to the deferral of revenue under the BARDA Contract, amounts that would be otherwise recorded as cost of goods sold for delivered and accepted courses are recorded as deferred costs in the balance sheet.

The value of inventory represents the costs incurred to manufacture Tecovirimat under the BARDA Contract. Manufacturing costs incurred to complete production of courses of Tecovirimat will be recorded as inventory and reclassified to deferred costs upon delivery and acceptance to the extent related revenue is deferred.

Inventory consisted of the following at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Work in-process	$ 18,126,911	$ 14,363,151
Finished goods	—	6,152,198
Inventory	$ 18,126,911	$ 20,515,349

The Company has revised the disclosure of the previously reported components of inventory at December 31, 2013.

For the three months ended September 30, 2014, there was no inventory write-down. For the nine months ended September 30, 2014, research and development expense included inventory write-down of $0.9 million.

9. Property, Plant and Equipment

Property, plant and equipment consisted of the following at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Laboratory equipment	$ —	$ 2,473,428
Leasehold improvements	3,170,597	3,166,622
Computer equipment	669,782	655,364
Furniture and fixtures	486,656	488,168
	4,327,035	6,783,582
Less - accumulated depreciation	(3,413,726)	(5,401,509)
Property, plant and equipment, net	$ 913,309	$ 1,382,073

Depreciation and amortization expense on property, plant, and equipment was $87,233 and $116,618 for the three months ended September 30, 2014 and 2013, respectively, and was $268,037 and $319,377 for the nine months ended September 30, 2014 and 2013, respectively.

As a result of the Optimization Plan described in Note 12, in March 2014 the Company engaged a third-party to manage the disposition of certain laboratory equipment. In the second quarter of 2014, certain laboratory equipment with a net book value of $212,720 was sold for gross proceeds of $534,607, which resulted in a gain of $321,887. In the third quarter of 2014, certain laboratory equipment with a net book value of $11,228 was sold for gross proceeds of $35,000, which resulted in a gain of $23,771.

10. Accrued Expenses

Accrued expenses and other current liabilities not subject to compromise consisted of the following at September 30, 2014 and December 31, 2013:

	September 30, 2014	December 31, 2013
Legal and expert fees accrual - PharmAthene Litigation	$ —	$ 2,635,270
Professional fees	544,537	794,275
Vacation	256,956	252,410
Other	1,124,203	1,160,438
Accrued expenses and other current liabilities	$ 1,925,696	$ 4,842,393

The accrued expenses at September 30, 2014 are not subject to compromise as they are generally incurred subsequent to the Petition Date. Certain pre-petition claims relating to employee wages, benefits, and taxes are included in accrued expenses not subject to compromise as the Bankruptcy Court granted the Company authority to pay these expenses in the normal course of business.

11. Income Tax

Accounting Standards Codification (“ASC”) 740, Income Taxes requires that a valuation allowance be established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. A review of all available positive and negative evidence needs to be considered, including company's performance, the market environment in which the company operates, the utilization of past tax credits, length of carryback and carryforward periods, existing contracts, and unsettled circumstances that, if unfavorably resolved, would adversely affect future operations and profit levels in the future years.

During the quarter ended September 30, 2014, the Company recorded a loss accrual for expectation damages of $175 million related to the PharmAthene litigation (see Note 14) and filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Bankruptcy Code (see Note 2). Additionally, the PharmAthene litigation and recent chapter 11 filing raise substantial doubt about the Company's ability to continue as a going concern. As such, the Company has concluded that it could no longer realize its deferred tax assets on a more likely than not basis and recorded a non-cash charge of $54 million to establish a valuation allowance against all of its deferred tax assets. The amount of deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are increased or reduced or if objective negative evidence is no longer present.

12. Operational Restructuring

In the fourth quarter of 2013, the Company began an optimization program to increase efficiencies within its operations (the “Optimization Program”). This program, which included a reduction in employee headcount, is intended to align the Company’s resources, staff and efforts with the most promising growth opportunities. The Optimization Program targeted a $6 million reduction in annual operating expenses, of which a substantial portion of the reduction was implemented at December 31, 2013. For the year ended December 31, 2013, the Company recorded a restructuring charge of $512,944 which included a non-cash asset impairment for the write-off of certain prepaid assets. At September 30, 2014, the remaining severance accrual of $4,050 is classified as not subject to compromise. The following table summarizes the activity for the nine months ended September 30, 2014:

	Accrued as of December 31, 2013	Charges	Payments	Accrued as of September 30, 2014
Severance Charges	$ 118,230	$ —	$ (114,180)	$ 4,050

13. Recently Issued Accounting Standards

In August 2014, the FASB issued Accounting Standard Update ("ASU") No. 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. This ASU requires management to assess whether there is substantial doubt about the entity’s ability to continue as a going concern and, if so, disclose that fact. Management will also be required to evaluate and disclose whether its plans alleviate that doubt. This ASU states that, when making this assessment, management should consider relevant conditions or events that are known or reasonably knowable on the date the financial statements are issued or available to be issued. This ASU is effective for annual periods ending after December 15, 2016 and interim periods thereafter, and early adoption is permitted. The Company is currently evaluating the impact of adoption on its consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific revenue recognition guidance throughout the Industry Topics of the Accounting Standards Codification. Additionally, this update supersedes some cost guidance included in Subtopic 605-35, *Revenue Recognition-Construction-Type and Production-Type Contracts*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It is effective for the first interim period within annual reporting periods beginning after December 15, 2016, and early adoption is not permitted. We are currently reviewing this standard to assess the impact on our future condensed consolidated financial statements.

In April 2014, FASB issued ASU No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of Entity,* which changes the criteria for reporting discontinued operations while enhancing disclosure requirements. This ASU addresses sources of confusion and inconsistent application related to financial reporting of discontinued operations guidance in U.S. GAAP. Under this guidance, a discontinued operation is defined as a disposal of a component or group of components that is disposed of or is classified as held for sale and represents a strategic shift that has a major effect on an entity’s operations and financial results. This

ASU is effective prospectively for fiscal years and interim periods within those years beginning after December 15, 2014. This ASU is effective for us prospectively on January 1, 2015. We do not anticipate that the adoption of this standard will have a material impact on our financial statements.

In July 2013, the Financial Accounting Standards Board issued new guidance on the financial statement presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The Company's adoption of this guidance on January 1, 2014 did not have a material effect on our financial statements.

14. Legal Proceedings

In December 2006, PharmAthene, Inc. ("PharmAthene") filed an action against SIGA in the Delaware Court of Chancery (the "Court" or "Court of Chancery") captioned PharmAthene, Inc. v. SIGA Technologies, Inc., C.A. No. 2627-N. In its amended complaint, PharmAthene asked the Court to order the Company to enter into a license agreement with PharmAthene with respect to Tecovirimat, also known as ST-246, to declare that the Company is obliged to execute such a license agreement, and to award damages resulting from the Company's supposed breach of that obligation. PharmAthene also alleged that the Company breached an obligation to negotiate such a license agreement in good faith, and sought damages for promissory estoppel and unjust enrichment based on supposed information, capital, and assistance that PharmAthene allegedly provided to the Company during the negotiation process. The Court tried the case in January 2011.

In September 2011, the Court issued its post-trial opinion. The Court denied PharmAthene's requests for specific performance and expectation damages measured by the present value of estimated future profits. Nevertheless, the Court held that the Company breached its duty to negotiate in good faith and was liable under the doctrine of promissory estoppel. The Court consequently awarded to PharmAthene what the Court described as an equitable payment stream or equitable lien consisting of fifty percent of the net profits that the Company achieves from sales of Tecovirimat after the Company secures $40 million in net profits, for ten years following the first commercial sale. In addition, the Court awarded PharmAthene one-third of its reasonable attorneys' fees and expert witness expenses.

In May 2012, the Court entered its final order and judgment in this matter, implementing its post-trial opinion. Among other things, the final order and judgment provided that (a) net profits would be calculated in accordance with generally accepted accounting principles applied consistently with how they are applied in the preparation of the Company's financial statements, (b) the net profits calculation would take into account expenses relating to Tecovirimat commencing with the Company's acquisition of Tecovirimat in August 2004, and (c) PharmAthene could recover $2.4 million of attorneys' fees and expenses. .

In June 2012, the Company appealed to the Supreme Court of the State of Delaware the final order and judgment and certain earlier rulings of the Court of Chancery. Shortly thereafter, PharmAthene filed its cross-appeal. The Company obtained a stay of enforcement of the fee and expense portion of the judgment by filing a surety bond for the amount of the judgment plus post-judgment interest. The Company posted $1.3 million of cash as 50% collateral for a $2.7 million surety bond. The $1.3 million of cash collateral is recorded in other assets as of September 30, 2014.

On January 10, 2013, the parties briefed the issues, and argued before the Delaware Supreme Court, en banc.

On May 24, 2013, the Supreme Court of Delaware issued its decision, affirming the Delaware Court of Chancery's judgment in part, reversing it in part, and remanding to Vice Chancellor Parsons. The Supreme Court affirmed the Chancery Court determination that the Company had breached its contractual obligation to negotiate in good faith; reversed the promissory estoppel holding; and, reversed the Vice Chancellor's equitable damages award. The Supreme Court held that the trial judge may award expectation damages for breach of the contractual duty to negotiate in good faith if such damages are proven with reasonable certainty, and remanded to the Chancery Court for consideration of damages consistent with that holding. The Supreme Court also reversed the Chancery Court's award of attorney fees and expert witness fees because they were predicated in part on a now-reversed finding of liability on PharmAthene's promissory estoppel claim. The Supreme Court held that the Chancery Court could reevaluate on remand an alternative award, if any, of attorneys' fees and expert testimony expenses consistent with the Supreme Court's opinion. Finally, the Supreme Court declined to consider all claims raised in PharmAthene's cross-appeal because it affirmed the Chancery Court's finding that the Company was liable for breaching its contractual obligation to negotiate in good faith. On June 11, 2013, the Supreme Court issued its mandate to the Court of Chancery with the decision described above.

On June 26, 2013, the parties appeared before Vice Chancellor Parsons to discuss the remand, at which time PharmAthene declared its desire to supplement the record with further evidence. Following briefing and argument on August 15, 2013, the Chancery Court granted PharmAthene's motion to supplement the record and also allowed the Company to submit responsive evidence. On December 18-19, 2013, the Court held an evidentiary hearing with respect to that evidence. On January 15, 2014, after briefing

on relevant issues, the parties appeared for oral argument regarding what if any remedy the Chancery Court should impose in light of the remand by the Supreme Court of Delaware.
On August 8, 2014, the Court of Chancery issued its memorandum opinion and order (the "Remand Opinion"). In its Remand Opinion, the Court of Chancery reversed its earlier conclusions and held that PharmAthene had carried its burden of demonstrating its entitlement to lump sum expectation damages for its lost profits related to Tecovirimat by a preponderance of the evidence. It also stated that in order to calculate PharmAthene's lost profits, several modifications to the valuation model presented at trial (which the Court of Chancery had rejected as too speculative, among other things, in its post-trial opinion) were required, which modifications the Court of Chancery set forth in the Remand Opinion. The Court of Chancery ruled that PharmAthene is entitled to the value of the revised calculations plus pre and post-judgment interest at the legal rate, compounded quarterly, with prejudgment interest to accrue from December 20, 2006. The Court of Chancery also denied and dismissed with prejudice PharmAthene's claims that it is entitled to specific performance or an equitable payment stream, on the grounds that PharmAthene is limited to a contractual remedy and has an adequate remedy at law. Finally, the Court of Chancery ruled that PharmAthene was entitled to (i) forty percent of the reasonable attorneys' fees and expenses it incurred through post-trial argument, (ii) one-third of the reasonable attorneys' fees and expenses it incurred in the remand proceedings, (iii) sixty percent of expert witness fees it incurred in the pretrial and trial phases, and (iv) and one-tenth of the expert witness fees it incurred in the remand proceedings.

The Remand Opinion provided that the parties must perform damages calculations using the court's newly modified but previously rejected model. PharmAthene would provide SIGA with a lump sum damages calculation within 10 business days and that SIGA would respond within 10 business days with its own calculation, or agreement with PharmAthene. Additionally, the Remand Opinion specified that the competing calculations would be submitted to the Court of Chancery within 30 days from the date on which PharmAthene provided its lump sum damages calculation to SIGA, if there is continuing disagreement on the narrow issue of performing the court's required calculations.

On September 16, 2014, as a consequence of SIGA's chapter 11 filing, the legal proceedings with PharmAthene were stayed (see Note 2). On October 8, 2014, the Bankruptcy Court approved a Stipulation between the Company and PharmAthene partially lifting the stay to permit the litigation before the Delaware Court of Chancery to proceed, including all appeals. The Stipulation, however, provides that the stay shall remain in effect with respect to the enforcement of any judgment that may be entered.

On October 17, the Company and PharmAthene separately submitted lump sum damages calculations to the Court of Chancery. PharmAthene's submission noted a damages calculation, inclusive of pre-judgment interest, of approximately$233 million as of September 30, 2014. The Company's submission noted a damages calculation, inclusive of pre-judgment interest, of approximately $173 million as of August 8, 2014 (the date of the Remand Opinion). The separate calculations submitted by PharmAthene and the Company are based on each parties' interpretation of the adjusted valuation methodology the Court of Chancery directed the parties to utilize in the Remand Opinion. The ultimate loss to be incurred from this litigation is highly uncertain and may be significantly different from the range of calculations. In its submission, the Company stated that SIGA intends to argue on appeal that PharmAthene has no entitlement to any award of expectation damages, but, rather, should be limited to a recovery of its reliance interest of approximately $200,000. Accordingly, the ultimate loss to be incurred from this litigation is highly uncertain and may be significantly different from the range of calculations set forth in the October 17 submissions to the Court of Chancery.

As part of the October 17 submissions to the Court of Chancery, PharmAthene calculated SIGA's liability for reimbursement of attorney's fees, expert witness costs and other costs as $3.2 million.

As of the filing of this Form 10-Q, the Court of Chancery has not responded to the parties' submissions and has not issued a final judgment specifying the dollar amount of lump sum damages, or the dollar amount for reimbursement of attorney's fees, expert witness costs and other costs.

The ultimate loss to be incurred in the future from the PharmAthene litigation is uncertain. However, SIGA believes that an ultimate loss of some amount is probable. Because the future outcome of SIGA's intended appeal to the Supreme Court of Delaware is highly uncertain, the Company has based its loss accrual on the October 17, 2014 Court of Chancery submissions by PharmAthene and the Company described above. Based on these submissions to the Court of Chancery, SIGA has recorded a loss accrual for expectation damages of $175 million as of September 30, 2014. This amount includes pre-judgment interest accrued through September 30, 2014, and it reflects the minimum amount within the range of calculations submitted to the Court of Chancery dictated by the narrow constraints of the Remand Opinion and related order. Notwithstanding the Company's view that the range of calculations is inappropriate and will be appealed, the minimum of the range was selected because no amount in the range is a better estimate than any other amount.

The ultimate outcome of SIGA's appeal of the Remand Opinion and related order of the Court of Chancery is unpredictable, and the ultimate amount of the loss may be significantly different than the amount accrued. As noted above, SIGA intends to argue on appeal that PharmAthene has no entitlement to any award of expectation damages, but, rather, should be limited to a recovery

of its reliance interest of approximately $200,000. In addition to the damages loss accrual, SIGA has separately accrued $3.2 million for PharmAthene's attorneys' fees and expert expenses related to the case.

From time to time, the Company is involved in disputes or legal proceedings arising in the ordinary course of business. The Company believes that there is no dispute or litigation pending, except as discussed above, that could have, individually or in the aggregate, a material adverse effect on its financial position, results of operations or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our condensed consolidated financial statements and notes to those statements and other financial information appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, the following discussion and other parts of this Quarterly Report contain forward-looking information that involves risks and uncertainties.

Overview

We are a company specializing in the development and commercialization of solutions for serious unmet medical needs and biothreats. Our lead product is Tecovirimat, also known as ST-246 ®, an orally administered antiviral drug that targets orthopoxviruses. While Tecovirimat is not yet licensed as safe or effective by the U.S. Food & Drug Administration ("FDA"), it is a novel small-molecule drug that is being delivered to the Strategic National Stockpile under Project Bioshield.

Chapter 11 Filing

On September 16, 2014, the Company filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") Case Number 14-12623. The Company is continuing to operate its business as a "debtor-in-possession" in accordance with the applicable provisions of the Bankruptcy Code.

The Company commenced the chapter 11 case to preserve and to assure its ability to satisfy its commitments under the BARDA Contract and to preserve its operations, which would have likely been jeopardized by the enforcement of a judgment stemming from the pending litigation with PharmAthene, Inc. (see Part II, Item 1, "Legal Proceedings"). The chapter 11 filing will allow the Company to continue to perform under the BARDA Contract, and to pursue what it believes is a meritorious appeal of the pending Delaware Chancery Court proceeding, without the necessity of posting a bond.

The chapter 11 filing prevents PharmAthene from taking any enforcement action at this time and also will permit the Company's intended appeal of the Remand Opinion to go forward.

On September 17, 2014, the Company received Bankruptcy Court approval of certain "first-day" motions which preserve the Company's ability to continue operations without interruption in chapter 11. As part of the "first-day" motions, the Company received approval to pay or otherwise honor certain pre-petition obligations generally designed to support the Company's operations. Additionally, the Bankruptcy Court confirmed the Company's authority to pay for goods and services received post -petition in the ordinary course of business.

As part of the chapter 11 case, the Company has retained, pursuant to Bankruptcy Court approval, legal and financial professionals to advise the Company in connection with the administration of its chapter 11 case and its litigation with PharmAthene, and certain other professionals to provide services and advice in the ordinary course of business. From time to time, the Company may seek Bankruptcy Court approval to retain additional professionals.

In October, the U.S. Trustee for the Southern District of New York (the "U.S. Trustee") appointed an official committee of unsecured creditors (the "UCC"). The UCC has a right to be heard on all matters affecting the Company that come before the Bankruptcy Court. There can be no assurance that the UCC will support the Company's positions on matters to be presented to the Bankruptcy Court in the future or on any plan of reorganization, once proposed.

On September 16, 2014, the Company received a letter from the NASDAQ Stock Market LLC asserting that, based on the Company's chapter 11 filing, the Company no longer met the continuing listing requirements necessary to maintain its listing on the NASDAQ Stock Market. The Company appealed such assertion. On October 16, 2014, representatives of the Company appeared before the NASDAQ Stock Market LLC's hearings panel to present the Company's appeal, asking the panel to exercise its discretion to allow the Company to maintain its listing for up to five additional months (the limit of the panel's discretion at this time). On October 29, 2014, the Company received the decision of the NASDAQ hearings panel. The NASDAQ hearings

panel decided that the Company's Common Stock would remain listed, subject to: (a) the Company providing the NASDAQ hearings panel with confidential updates regarding the status of the PharmAthene litigation, public disclosures relating to such litigation and to any possible judgment, and (b) the Company, on or before March 16, 2015, emerging from chapter 11 and evidencing compliance with all requirements for initial listing on the NASDAQ Stock Market. The NASDAQ hearings panel also stated that it reserves the right to reconsider its determination based upon any event, condition or circumstance that exists or develops that would, in the opinion of the panel, make continued listing of the Company's securities on the NASDAQ Stock Market inadvisable or unwarranted. There can be no assurance that the Company will meet the conditions required by the NASDAQ hearings panel and maintain the listing of its Common Stock on NASDAQ.

Lead Product - Tecovirimat

On May 13, 2011, we signed the BARDA Contract pursuant to which we agreed to deliver two million courses of Tecovirimat to the Strategic Stockpile. The base contract, worth approximately $463 million, includes $54 million related to development and supportive activities and contains various options to be exercised at BARDA's discretion. The period of performance for development and supportive activities runs until 2020. As originally issued, the BARDA Contract included an option for the purchase of up to 12 million additional courses of Tecovirimat; however, following a protest by a competitor of the Company, BARDA issued a contract modification on June 24, 2011 pursuant to which it deleted the option to purchase the additional courses. Under the BARDA Contract as modified, BARDA has agreed to buy from SIGA 1.7 million courses of Tecovirimat. Additionally, SIGA will contribute to BARDA 300,000 courses manufactured primarily using federal funds provided by HHS under prior development contracts. The BARDA Contract as modified also contains options that will permit SIGA to continue its work on pediatric and geriatric formulations of the drug as well as use of Tecovirimat for smallpox prophylaxis.

We believe Tecovirimat is among the first new small-molecule drugs delivered to the Strategic Stockpile under Project BioShield. Tecovirimat is an investigational product that is not currently approved by FDA as a treatment of smallpox or any other indication. FDA has designated Tecovirimat for "fast-track" status, creating a path for expedited FDA review and eventual regulatory approval.

Critical Accounting Estimates

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on the results we report in our consolidated financial statements, which we discuss under the heading "Results of Operations" following this section of our Management's Discussion and Analysis. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Our most critical accounting estimates include the valuation of stock-based awards including options and warrants, revenue recognition, impairment of assets, litigation accrual, and income taxes. Information regarding our critical accounting policies and estimates appear in Item 7, Management's Discussion of Analysis and Financial Condition and Results of Operation, of our Annual Report on Form 10-K for the year ended December 31, 2013, as filed on March 10, 2014. During the nine months ended September 30, 2014, there were no significant changes to any critical accounting policies or to the related estimates and judgments involved in applying these policies.

Results of Operations

Three and nine months ended September 30, 2014 and 2013

Revenues from research and development contracts and grants for the three months ended September 30, 2014 and 2013, were $1.1 million and $2.3 million, respectively. The decrease in revenue of $1.2 million, or 52%, primarily reflects a decrease of $0.7 million in revenues from our grants supporting research related to Lassa fever and dengue fever. For the three months ended September 30, 2014, there was no revenue from the Lassa fever grant due to the sale and transfer of our Lassa fever research and development grant, in July 2014, to Kineta Four, LLC. The decrease in revenue also reflects a $0.5 million decrease in revenues from our federal contracts supporting the development of Tecovirimat.

Revenues from research and development contracts and grants for the nine months ended September 30, 2014 and 2013, were $2.3 million and $4.6 million, respectively. The decrease in revenue of $2.3 million, or 50%, is due to a $1.6 million decrease in grant revenues related to Lassa fever and dengue fever and a $0.7 million decrease in revenues from our federal contracts supporting the development of Tecovirimat.

Selling, general and administrative expenses ("SG&A") for the three months ended September 30, 2014 and 2013 were $4.3 million and $3.2 million, respectively, reflecting an increase of approximately $1.1 million, or 34%. The increase in SG&A

is primarily attributable to an increase of $0.8 million in professional service fees in connection with business development and strategic initiatives.

SG&A for the nine months ended September 30, 2014 and 2013 were $10.1 million and $9.3 million, respectively, reflecting an increase of approximately $0.8 million, or 8%. The increase in SG&A is primarily attributable to an increase of $0.8 million in professional service fees in connection with business development and strategic initiatives, partially offset by a decrease of $0.2 million in office expenses.

Research and development expenses ("R&D") were $2.7 million for the three months ended September 30, 2014, a decrease of approximately $1.5 million or 36% from the $4.3 million incurred during the three months ended September 30, 2013. The overall decrease is primarily attributable to a decrease of approximately $0.8 million in employee compensation, due to the Optimization Program and a $0.5 million decrease in direct vendor-related expenses supporting the development of Tecovirimat and the dengue and Lassa fever programs.

R&D expenses were $7.9 million for the nine months ended September 30, 2014, a decrease of approximately $3.1 million or 28% from the $11.0 million incurred during the nine months ended September 30, 2013. The decrease is primarily attributable to a decrease of approximately $2.4 million in employee compensation, due to the Optimization Program and a $1.1 million decrease in direct vendor-related expenses supporting the development of Tecovirimat and the dengue and Lassa fever programs, partially offset by a net inventory write-off of $0.6 million.

During the nine months ended September 30, 2014 and 2013, we incurred direct costs of $2.9 million and $3.5 million, respectively, on the development of Tecovirimat. During the nine months ended September 30, 2014, we spent $315,000 on internal human resources dedicated to the drug's development and $2.6 million mainly on manufacturing and clinical testing. During the nine months ended September 30, 2013, we spent $484,000 on internal human resources dedicated to the drug's development and $3.0 million mainly on manufacturing and clinical testing. From inception of the Tecovirimat development program to-date, we invested a total of $59.6 million in the program, of which $10.6 million supported internal human resources, and $49.0 million were used mainly for manufacturing, clinical and pre-clinical work. These resources reflect research and development expenses directly related to the program. They exclude additional expenditures such as patent costs, allocation of indirect expenses, and other services provided by NIH and DoD.

Patent preparation expenses for the three and nine months ended September 30, 2014 were $306,000 and $818,000, respectively. These expenses reflect our ongoing efforts to protect our intellectual property in various geographic territories.

Changes in the fair value of liability classified warrants to acquire common stock are recorded as gains or losses. For the three and nine months ended September 30, 2014, we recorded a gain of $12,000 and $313,000, respectively, reflecting changes in fair market value of liability classified warrants outstanding during the respective periods. For the three and nine months ended September 30, 2013, we recorded losses of $735,000 and $729,000, respectively. The warrants and rights to purchase our common stock were recorded at fair market value and classified as liabilities. At September 30, 2014, there were no liability classified warrants outstanding.

Interest expense for the three and nine months ended September 30, 2014 was $105,000 and $370,000 consisting of interest on outstanding debt. Interest expense for the three and nine months ended September 30, 2013 was $293,000 and $1.0 million, reflecting interest on outstanding long-term debt and certain vendor payable arrangements.

For the three months ended September 30, 2014, the Company recorded approximately $175 million of loss accrual in connection with the PharmAthene litigation. Refer to Part II, Item 1, "Legal Proceedings") for additional information.

For the three months ended September 30, 2014, the Company incurred approximately $302,000 in reorganization expenses in connection with the chapter 11 filing. Refer to Note 2 to the financial statements for additional information.

The recognition of a valuation allowance for deferred taxes requires management to make estimates and judgments about the Company's future profitability which are inherently uncertain. This includes assessing available positive and negative evidence to determine if sufficient future tax income will be generated to utilize existing deferred tax assets.

During the quarter ended September 30, 2014, the Company recorded a loss accrual for expectation damages of $175 million related to the PharmAthene litigation (see Note 14) and filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Bankruptcy Code (see Note 2). Additionally, the Pharmathene litigation and recent chapter 11 filing raise substantial doubt about the Company's ability to continue as a going concern. As such, the Company has concluded that it could

no longer realize its deferred tax assets on a more likely than not basis and recorded a non-cash charge to establish a valuation allowance against all of its deferred tax assets.

For the three and nine months ended September 30, 2014, the Company incurred net losses but recorded an income tax provision of $58million and $54 million, respectively, as the Company could no longer conclude its deferred tax assets were realizable. The amount of deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are increased or reduced or if objective negative evidence is no longer present. Future changes in the estimated amount of deferred taxes expected to be realized will be reflected in the Company's financial statements in the period the estimate is changed with a corresponding adjustment to operating results. Changes in estimates may occur often and can have a significant favorable or unfavorable impact on the Company's operating results from period to period.

Liquidity and Capital Resources

On August 8, 2014, the Delaware Court of Chancery issued its Remand Opinion in the litigation initiated against the Company in 2006 by PharmAthene, Inc. (see Part II, Item 1, "Legal Proceedings"). In the Remand Opinion, the Court of Chancery determined, among other things, that PharmAthene is entitled to a lump sum damages award in an as yet unspecified amount, with interest and fees, based on United States government purchases of the Company's smallpox drug allegedly anticipated as of December 2006. The amount of the total judgment to be decreed by the Court of Chancery is expected to be substantial. However, the chapter 11 filing will prevent PharmAthene from taking any enforcement actions at this time and also will allow the Company to pursue what it believes is a meritorious appeal of the Remand Opinion and related order (see Part II, Item 1, "Legal Proceedings).

As of September 30, 2014, we have delivered an aggregate of approximately 1.3 million courses of Tecovirimat to the Strategic Stockpile, of which 259,000 courses were delivered at no cost to BARDA in accordance with the BARDA Contract. With the delivery and acceptance of 1.3 million courses of Tecovirimat, we have received payment of approximately $136.8 million; additionally, we have received $61.5 million for up-front payments and achieved milestones related to the BARDA Contract. We believe that the funds received from the BARDA Contract (see Note 3 to the financial statements) together with our existing capital resources and continuing government contracts and grants will be sufficient to support our operations beyond the next twelve months; however, the total amount of the judgment to be decreed by the Court of Chancery is likely to be substantial. There can be no assurance that cash on hand, cash generated through operations by future delivery of courses to BARDA, cash generated from asset sales, and other available funds will be sufficient to satisfy the ultimate resolution of the PharmAthene litigation. The possibility of potential substantial loss from the PharmAthene litigation, combined with the costs attendant to the administration of the Company's chapter 11 case, raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustment relating to the recoverability of the carrying amount of recorded assets and liabilities that might result from the outcome of these uncertainties.

On September 30, 2014, we had $104.7 million in cash and cash equivalents compared with $91.3 million at December 31, 2013. The Company had $4 million in restricted cash as collateral for obligations under the General Electric Corporation term loan.

Operating activities

Net cash provided by operations for the nine months ended September 30, 2014 and 2013 was $18.6 million and $72.8 million, respectively. During the nine months ended September 30, 2014, the Company received approximately $40.8 million from BARDA for the delivery of product, partially offset by $7.1 million of cash payments to CMOs for the manufacture, development and other supportive activities for Tecovirimat. In 2013, the cash provided in operating activities primarily related to cash received in connection with the delivery of product to BARDA.

Investing activities

Net cash used by investing activities for the nine months ended September 30, 2014 was $3.5 million. During the third quarter of 2014, the Company has set aside, in a separate account, $4 million as collateral for obligations under the General Electric Corporation term loan and classified this amount as restricted cash on its balance sheet, offset by a $0.6 million gross proceeds from the sale of certain laboratory equipment during the second quarter of 2014. Net cash used by investing activities for the nine months ended September 30, 2013 was $0.6 million. For the nine months ended September 30, 2013, cash usage was due to capital expenditures, including certain furniture and equipment for new office space in New York.

Financing activities

Cash used in financing activities was $1.8 million during the nine months ended September 30, 2014. We repaid $1.5 million of our term loan in accordance with the loan repayment schedule and repurchased $415,938 of common stock to meet minimum statutory tax withholding requirements. The cash outlay was offset by proceeds of $102,035 from exercises of options and warrants to purchase common stock.

Cash provided by financing activities was $1.0 million during the nine months ended September 30, 2013. In the nine months ended September 30, 2013, we received $1.6 million from exercises of options and warrants to purchase common stock which was partially offset by a $500,000 repayment of our term loan in accordance with the loan repayment schedule.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Recently Issued Accounting Standards

For discussion regarding the impact of accounting standards that were recently issued but not yet effective, on the Company's condensed consolidated financial statements, see Notes to Condensed Consolidated Financial Statements, Note 13 - *Recently Issued Accounting Standards.*

Safe Harbor Statement

Certain statements in this Quarterly Report on Form 10-Q, including certain statements contained in “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including statements relating to the progress of SIGA’s development programs and time lines for bringing products to market, the enforceability of the BARDA Contract, the final resolution of our ongoing litigation with PharmAthene, Inc., the anticipated damages amount to be awarded to PharmAthene, Inc. in connection with the recent Delaware Chancery Court opinion, and the administration of SIGA’s chapter 11 case. Such forward-looking statements are subject to various known and unknown risks and uncertainties and SIGA cautions you that any forward-looking information provided by or on behalf of SIGA is not a guarantee of future performance. SIGA’s actual results could differ materially from those anticipated by such forward-looking statements due to a number of factors, some of which are beyond SIGA’s control, including, but not limited to, (i) the risk that potential products that appear promising to SIGA or its collaborators cannot be shown to be efficacious or safe in subsequent pre-clinical or clinical trials, (ii) the risk that SIGA or its collaborators will not obtain appropriate or necessary governmental approvals to market these or other potential products, (iii) the risk that SIGA may not be able to obtain anticipated funding for its development projects or other needed funding, including from anticipated governmental contracts and grants, (iv) the risk that SIGA may not complete performance under the BARDA Contract on schedule or in accordance with contractual terms, (v) the risk that SIGA may not be able to secure or enforce sufficient legal rights in its products, including intellectual property protection, (vi) the risk that any challenge to SIGA’s patent and other property rights, if adversely determined, could affect SIGA’s business and, even if determined favorably, could be costly, (vii) the risk that regulatory requirements applicable to SIGA’s products may result in the need for further or additional testing or documentation that will delay or prevent seeking or obtaining needed approvals to market these products, (viii) the risk that one or more protests could be filed and upheld in whole or in part or other governmental action taken, in either case leading to a delay of performance under the BARDA Contract or other governmental contracts, (ix) the risk that the BARDA Contract is modified or canceled at the request or requirement of the U.S. government, (x) the risk that the volatile and competitive nature of the biotechnology industry may hamper SIGA’s efforts to develop or market its products, (xi) the risk that the changes in domestic and foreign economic and market conditions may affect SIGA’s ability to advance its research or may affect its products adversely, (xii) the effect of federal, state, and foreign regulation, including drug regulation and international trade regulation, on SIGA’s businesses, (xiii) the risk that our outstanding indebtedness or chapter 11 case may make it more difficult to obtain additional financing, (xiv) the risk that our internal controls will not be effective in detecting or preventing a misstatement in our financial statements, (xv) the risk that some amounts received and recorded as deferred revenue may someday be determined to have been more properly characterized as revenue when received, (xvi) the risk that some amounts received and recorded as deferred revenue ultimately may not be recognized as revenue, (xvii) the risk that any appeal of the post-remand opinion may not be successful and that such post-remand opinion will be upheld in whole or in part, or that an appeal, if any, by SIGA may result in a different, less favorable ruling that could materially and adversely affect the Company, (xviii) the risk that any appeal may result in extended and expensive litigation, (xix) the risk that continued litigation with PharmAthene, Inc. may impede SIGA’s efforts to continue to grow, (xx) the risk that SIGA may not be able to establish its intended positions or otherwise may not prevail in any further court proceedings with respect to the litigation with PharmAthene, and (xxi) the costs and expenses and other inherent uncertainty attendant to a chapter 11 case.

More detailed information about SIGA and risk factors that may affect the realization of forward-looking statements, including the forward-looking statements in this presentation, is set forth in SIGA's filings with the Securities and Exchange Commission, including this Quarterly Report on Form 10-Q and SIGA's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, and in other documents that SIGA has filed with the SEC. SIGA urges investors and security holders to read those documents free of charge at the SEC's Web site at http://www.sec.gov. Forward-looking statements are current only as of the date on which such statements were made, and except for our ongoing obligations under the United States of America federal securities laws, we undertake no obligation to update publicly any forward-looking statements whether as a result of new information, future events, or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our investment portfolio may include cash, cash equivalents and short-term investments. Our main investment objectives are the preservation of investment capital and the maximization of after-tax returns on our investment portfolio. We believe that our investment policy is conservative, both in the duration of our investments and the credit quality of the investments we hold. We do not utilize derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions to manage exposure to interest rate changes. Accordingly, we believe that, while the securities we hold are subject to changes in the financial standing of the issuer of such securities and our interest income is sensitive to changes in the general level of U.S. interest rates, we are not subject to any material risks arising from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices or other market changes that affect market risk sensitive instruments.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2014. The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934. Management recognizes that any disclosure controls and procedures no matter how well designed and operated, can only provide reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on that evaluation, our Chief Executive Office and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2014 at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended September 30, 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In December 2006, PharmAthene, Inc. ("PharmAthene") filed an action against SIGA in the Delaware Court of Chancery (the "Court" or the "Court of Chancery") captioned PharmAthene, Inc. v. SIGA Technologies, Inc., C.A. No. 2627-N. In its amended complaint, PharmAthene asked the Court to order the Company to enter into a license agreement with PharmAthene with respect to Tecovirimat, also known as ST-246, to declare that the Company is obliged to execute such a license agreement, and to award damages resulting from the Company's supposed breach of that obligation. PharmAthene also alleged that the Company breached an obligation to negotiate such a license agreement in good faith, and sought damages for promissory estoppel and unjust enrichment based on supposed information, capital, and assistance that PharmAthene allegedly provided to the Company during the negotiation process. The Court tried the case in January 2011.

In September 2011, the Court issued its post-trial opinion. The Court denied PharmAthene's requests for specific performance and expectation damages measured by the present value of estimated future profits. Nevertheless, the Court held that the Company breached its duty to negotiate in good faith and was liable under the doctrine of promissory estoppel. The Court consequently awarded to PharmAthene what the Court described as an equitable payment stream or equitable lien consisting of fifty percent of the net profits that the Company achieves from sales of Tecovirimat after the Company secures $40 million in net profits, for ten years following the first commercial sale. In addition, the Court awarded PharmAthene one-third of its reasonable attorneys' fees and expert witness expenses.

In May 2012, the Court entered its final order and judgment in this matter, implementing its post-trial opinion. Among other things, the final order and judgment provided that (a) net profits would be calculated in accordance with generally accepted accounting principles applied consistently with how they are applied in the preparation of the Company's financial statements, (b) the net profits calculation would take into account expenses relating to Tecovirimat commencing with the Company's acquisition of Tecovirimat in August 2004, and (c) PharmAthene could recover $2.4 million of attorneys' fees and expenses. .

In June 2012, the Company appealed to the Supreme Court of the State of Delaware the final order and judgment and certain earlier rulings of the Court of Chancery. Shortly thereafter, PharmAthene filed its cross-appeal. The Company obtained a stay of enforcement of the fee and expense portion of the judgment by filing a surety bond for the amount of the judgment plus post-judgment interest. The Company posted $1.3 million of cash as 50% collateral for a $2.7 million surety bond. The $1.3 million of cash collateral is recorded in other assets as of September 30, 2014.

On January 10, 2013, the parties briefed the issues, and argued before the Delaware Supreme Court, en banc.

On May 24, 2013, the Supreme Court of Delaware issued its decision, affirming the Delaware Court of Chancery's judgment in part, reversing it in part, and remanding to Vice Chancellor Parsons. The Supreme Court affirmed the Chancery Court determination that the Company had breached its contractual obligation to negotiate in good faith; reversed the promissory estoppel holding; and, reversed the Vice Chancellor's equitable damages award. The Supreme Court held that the trial judge may award expectation damages for breach of the contractual duty to negotiate in good faith if such damages are proven with reasonable certainty, and remanded to the Chancery Court for consideration of damages consistent with that holding. The Supreme Court also reversed the Chancery Court's award of attorney fees and expert witness fees because they were predicated in part on a now-reversed finding of liability on PharmAthene's promissory estoppel claim. The Supreme Court held that the Chancery Court could reevaluate on remand an alternative award, if any, of attorneys' fees and expert testimony expenses consistent with the Supreme Court's opinion. Finally, the Supreme Court declined to consider all claims raised in PharmAthene's cross-appeal because it affirmed the Chancery Court's finding that the Company was liable for breaching its contractual obligation to negotiate in good faith. On June 11, 2013, the Supreme Court issued its mandate to the Court of Chancery with the decision described above.

On June 26, 2013, the parties appeared before Vice Chancellor Parsons to discuss the remand, at which time PharmAthene declared its desire to supplement the record with further evidence. Following briefing and argument on August 15, 2013, the Chancery Court granted PharmAthene's motion to supplement the record and also allowed the Company to submit responsive evidence. On December 18-19, 2013, the Court held an evidentiary hearing with respect to that evidence. On January 15, 2014, after briefing on relevant issues, the parties appeared for oral argument regarding what if any remedy the Chancery Court should impose in light of the remand by the Supreme Court of Delaware.

On August 8, 2014, the Court of Chancery issued its memorandum opinion and order (the "Remand Opinion"). In its Remand Opinion, the Court of Chancery reversed its earlier conclusions and held that PharmAthene had carried its burden of demonstrating its entitlement to lump sum expectation damages for its lost profits related to Tecovirimat by a preponderance of the evidence. It also stated that in order to calculate PharmAthene's lost profits, several modifications to the valuation model

presented at trial (which the Court of Chancery had rejected as too speculative, among other things, in its post-trial opinion) were required, which modifications the Court of Chancery set forth in the Remand Opinion. The Court of Chancery ruled that PharmAthene is entitled to the value of the revised calculations plus pre and post-judgment interest at the legal rate, compounded quarterly, with prejudgment interest to accrue from December 20, 2006. The Court of Chancery also denied and dismissed with prejudice PharmAthene's claims that it is entitled to specific performance or an equitable payment stream, on the grounds that PharmAthene is limited to a contractual remedy and has an adequate remedy at law. Finally, the Court of Chancery ruled that PharmAthene was entitled to (i) forty percent of the reasonable attorneys' fees and expenses it incurred through post-trial argument, (ii) one-third of the reasonable attorneys' fees and expenses it incurred in the remand proceedings, (iii) sixty percent of expert witness fees it incurred in the pretrial and trial phases, and (iv) and one-tenth of the expert witness fees it incurred in the remand proceedings.

The Remand Opinion provided that the parties must perform damages calculations using the court's newly modified but previously rejected model. PharmAthene would provide SIGA with a lump sum damages calculation within 10 business days and that SIGA would respond within 10 business days with its own calculation, or agreement with PharmAthene. Additionally, the Remand Opinion specified that the competing calculations would be submitted to the Court of Chancery within 30 days from the date on which PharmAthene provided its lump sum damages calculation to SIGA, if there is continuing disagreement on the narrow issue of performing the court's required calculations.

On September 16, 2014, as a consequence of SIGA's chapter 11 filing, the legal proceedings with PharmAthene were stayed (see Note 2). On October 8, 2014, the Bankruptcy Court approved a Stipulation between the Company and PharmAthene partially lifting the stay to permit the litigation before the Delaware Chancery Court to proceed, including all appeals. The Stipulation, however, provides that the stay shall remain in effect with respect to the enforcement of any judgment that may be entered.

On October 17, the Company and PharmAthene separately submitted lump sum damages calculations to the Court of Chancery. PharmAthene's submission noted a damages calculation, inclusive of pre-judgment interest, of approximately $233 million as of September 30, 2014. The Company's submission noted a damages calculation, inclusive of pre-judgment interest, of approximately $173 million as of August 8, 2014 (the date of the Remand Opinion). The separate calculations submitted by PharmAthene and the Company are based on each parties' interpretation of the adjusted valuation methodology the Court of Chancery directed the parties to utilize in the Remand Opinion. The ultimate loss to be incurred from this litigation is highly uncertain and may be significantly different from the range of calculations. In its submission, the Company stated that SIGA intends to argue on appeal that PharmAthene has no entitlement to any award of expectation damages, but, rather, should be limited to a recovery of its reliance interest of approximately $200,000. Accordingly, the ultimate loss to be incurred from this litigation is highly uncertain and may be significantly different from the range of calculations set forth in the October 17 submissions to the Court of Chancery.

As part of the October 17 submissions, PharmAthene calculated SIGA's liability for reimbursement of attorney's fees, expert witness costs and other costs as $3.2 million.

As of the filing of this Form 10-Q, the Court of Chancery has not responded to the parties' submissions and has not issued a final judgment specifying the dollar amount of lump sum damages, or the dollar amount for reimbursement of attorney's fees, expert witness costs and other costs.

The ultimate loss to be incurred in the future from the PharmAthene litigation is uncertain. However, SIGA believes that an ultimate loss of some amount is probable. Because the future outcome of SIGA's intended appeal to the Supreme Court of Delaware is highly uncertain, the Company has based its loss accrual on the October 17, 2014 Court of Chancery submissions by PharmAthene and the Company described above. Based on these submissions to the Court of Chancery, SIGA has recorded a loss accrual for expectation damages of $175 million as of September 30, 2014. This amount includes pre-judgment interest accrued through September 30, 2014, and it reflects the minimum amount within the range of calculations submitted to the Court of Chancery dictated by the narrow constraints of the Remand Opinion and related order. Notwithstanding the Company's view that the range of calculations is inappropriate and will be appealed, the minimum of the range was selected because no amount in the range is a better estimate than any other amount.

The ultimate outcome of SIGA's appeal of the Remand Opinion and related order of the Court of Chancery is unpredictable, and the ultimate amount of the loss may be significantly different than the amount accrued. As noted above, SIGA intends to argue on appeal that PharmAthene has no entitlement to any award of expectation damages, but, rather, should be limited to a recovery of its reliance interest of approximately $200,000.

In addition to the damages loss accrual, SIGA has separately accrued $3.2 million for PharmAthene's attorneys' fees and expert expenses, related to the case.

From time to time, the Company is involved in disputes or legal proceedings arising in the ordinary course of business. The Company believes that there is no dispute or litigation pending, except as discussed above, that could have, individually or in the aggregate, a material adverse effect on its financial position, results of operations or cash flows.

Item 1A. Risk Factors

Our results of operations and financial condition are subject to numerous risks and uncertainties described in our originally filed 2013 Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

Risks and uncertainties associated with our chapter 11 filing may lead to potential adverse effects on our liquidity, results of operations or business prospects.

We are subject to a number of risks and uncertainties associated with the filing of voluntary petitions for relief under chapter 11, which may lead to potential adverse effects on our liquidity, results of operations or business prospects. We cannot assure you of the outcome of our chapter 11 case. Risks associated with the chapter 11 filing include the following:

- our ability to continue as a going concern;
- our ability to obtain Bankruptcy Court approval with respect to motions in the chapter 11 case and the outcomes of Bankruptcy Court rulings in the case in general;
- the length of time we will operate in chapter 11 and our ability to successfully emerge;
- our ability to consummate a plan of reorganization in our chapter 11 case;
- risks associated with third party motions and other pleadings in the chapter 11 case, which may interfere with the administration of the chapter 11 case;
- the ability to maintain sufficient liquidity throughout the chapter 11 case;
- increased costs related to the bankruptcy filing and other litigation;
- our ability to manage contracts that are critical to our operation, and to obtain and maintain appropriate terms with customers, suppliers and service providers;
- whether our foreign subsidiaries continue to operate their business in the normal course;
- the resolution of all pre-petition claims against us; and
- our ability to maintain existing customers, vendor relationships and expand sales to new customers.

Our common stock could be delisted by NASDAQ, and if such delisting occurs it could limit the liquidity of our common stock, increase its volatility and hinder our ability to raise capital.

On September 16, 2014, the Company received a letter from the NASDAQ Stock Market LLC asserting that, based on the Company's chapter 11 filing, the Company no longer met the continuing listing requirements necessary to maintain its listing on the NASDAQ Stock Market. The Company appealed such assertion. On October 16, 2014, representatives of the Company appeared before the NASDAQ Stock Market LLC's hearings panel to present the Company's appeal, asking the panel to exercise its discretion to allow the Company to maintain its listing for up to five additional months (the limit of the panel's discretion at this time). On October 29, 2014, the Company received the decision of the NASDAQ hearings panel. The NASDAQ hearings panel decided that the Company's Common Stock would remain listed, subject to: (a) the Company providing the NASDAQ hearings panel with confidential updates regarding the status of the PharmAthene litigation, public disclosures relating to such litigation and to any possible judgment, and (b) the Company, on or before March 16, 2015, emerging from chapter 11 and evidencing compliance with all requirements for initial listing on the NASDAQ Stock Market. The NASDAQ hearings panel also stated that it reserves the right to reconsider its determination based upon any event, condition or circumstance that exists or develops that would, in the opinion of the panel, make continued listing of the Company's securities on the NASDAQ Stock Market inadvisable or unwarranted. There can be no assurance that the Company will meet the conditions required by the NASDAQ hearings panel and maintain the listing of its Common Stock on NASDAQ.

If our common stock is delisted by NASDAQ, our common stock may be eligible for quotation on an over-the-counter quotation system or on the pink sheets. Upon any such delisting, our common stock would become subject to the regulations of the SEC relating to the market for penny stocks. A penny stock is any equity security not traded on a national securities exchange that has a market price of less than $5.00 per share. The regulations applicable to penny stocks may severely affect the market liquidity for our common stock and could limit the ability of shareholders to sell securities in the secondary market. In such a case, an investor may find it more difficult to dispose of or obtain accurate quotations as to the market value of our common stock, and there can be no assurance that our common stock will be eligible for trading or quotation on any alternative exchanges or markets.

Delisting from NASDAQ would significantly affect the ability of investors to trade our securities and would negatively affect the value and liquidity of our common stock. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

No disclosure is required pursuant to this item.

Item 5. Other Information

None.

Item 6. Exhibits

10.1	Commercial Manufacturing Agreement, dated August 25, 2011, by and between Albemarle Corporation and SIGA (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment).
10.2	Addendum #1 to Commercial Manufacturing Agreement, dated December 21, 2012, to Commercial Manufacturing Agreement, dated August 25, 2011, by and between Albemarle Corporation and SIGA (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment).
10.3	Addendum #2 to Commercial Manufacturing Agreement, dated July 1, 2013, to Commercial Manufacturing Agreement, dated August 25, 2011, by and between Albemarle Corporation and SIGA (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment).
10.4	Addendum #3 to Commercial Manufacturing Agreement, dated July 2, 2014, to Commercial Manufacturing Agreement, dated August 25, 2011, by and between Albemarle Corporation and SIGA (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment).
10.5	Stipulation and Interim Order Regarding Use of Cash Collateral and Adequate Protection, dated September 17, 2014, by and between SIGA and General Electric Capital Corporation (incorporated by reference to the Current Report on Form 8-K of the Company filed on September 18, 2014).
10.6	Commercial Sublease New York City, dated January 9, 2013, by and between MacAndrews & Forbes Group, LLC and SIGA Technologies, Inc.
10.7	Commercial Lease, dated December 23, 1997, by and between Research Way Investments and SIGA Technologies, Inc.. Second Addendum, dated January 22, 2002 by and between Research Way Investments and SIGA Technologies, Inc.; Third Addendum, dated July 16, 2004 by and between Research Way Investments and SIGA Technologies, Inc.; Fourth Addendum, dated October 1, 2004 by and between Research Way Investments and SIGA Technologies, Inc.; Fifth Addendum, dated January 1, 2007 by and between Research Way Investments and SIGA Technologies, Inc.; Sixth Addendum, dated January 1, 2008 by and between Research Way Investments and SIGA Technologies, Inc.; Seventh Addendum, dated March 1, 2010 by and between Research Way Investments and SIGA Technologies, Inc.; Eight Addendum, dated June 1, 2011 by and between Research Way Investments and SIGA Technologies, Inc.; and Ninth Addendum, dated November 2, 2012 by and between Research Way Investments and SIGA Technologies, Inc..
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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SIGNATURES

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

SIGA TECHNOLOGIES, INC.
(Registrant)

Date: November 4, 2014

By: */s/ Daniel J. Luckshire*

Daniel J. Luckshire
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

COMMERCIAL MANUFACTURING AGREEMENT

This COMMERCIAL MANUFACTURING AGREEMENT (this "Agreement") is entered into effective as of _____, 2011 (the "Effective Date"), by and between SIGA Technologies, Inc., a Delaware corporation ("Customer"), having a place of business at 35 E. 62nd Street, New York, NY, 10065, and Albemarle Corporation, a Virginia corporation ("Albemarle"), having a place of business at 451 Florida Street, Baton Rouge, Louisiana 70801. Each of Customer and Albemarle is sometimes referred to herein as a "Party" and collectively as the "Parties".

RECITALS

A. Customer is in the business of developing and commercializing pharmaceutical products.

B. Albemarle is in the business of performing contract manufacturing and supply of pharmaceutical products.

C. Customer is developing its proprietary drug candidate, ST-246®, as a smallpox treatment and is actively engaged in various efforts to commercialize ST-246®, including but not limited to seeking a contract from the United States Government (the "USG") under the Project BioShield Act of 2004 (the "Act") pursuant to RFP-BARDA-11-100-SOL-00007 (the "RFP") to supply, among other things, 1.7 million courses of FDP (as defined below) to the Strategic National Stockpile. Customer entered into such a contract with BARDA effective May 13, 2011 (the "BARDA Contract").

D. Customer and Albemarle entered into a Mutual Confidential Disclosure Agreement dated January 23, 2006, as amended December 28, 2006, December 8, 2008 and January 12, 2010 (the "CDA").

E. Customer and Albemarle entered into an agreement dated January 23, 2006 pursuant to which Albemarle has manufactured, tested and supplied the API (as defined below) for FDP, for use in the manufacture of registration batches and pursuant to which Albemarle continues to conduct stability studies with respect to such batches (the "Prior Manufacturing Agreement").

F. Customer and Albemarle entered in an agreement dated August 24, 2009 to manufacture, test, and supply ST-246® Monohydrate (Form-I) to Customer for use as the API for FDP in quantities that are scaled up for the Customer's validation batches ("Validation Supply Agreement").

G. Customer and Albemarle entered in a memorandum of understanding dated August 24, 2009 regarding the proposed terms and conditions of this Agreement ("MOU").

H. Customer desires to contract with Albemarle to manufacture, test and supply the Product (as defined below) to Customer as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and covenants set forth below, the Parties hereby agree as follows:

1. DEFINITIONS

For purposes of this Agreement, the terms defined in this Section 1 shall have the respective meanings set forth below:

"API" shall mean active pharmaceutical ingredient.

"Applicable Law" means all laws, ordinances, rules and regulations of the United States or any other jurisdiction applicable to any aspect of the obligations of Albemarle or Customer, as the context requires, under this Agreement, as amended from time to time, including (A) all applicable federal, state and local laws and regulations of the United States, (B) the U.S. Federal Food, Drug and Cosmetic Act, as amended (the "FFDCA"), and (C) cGMP, or their respective equivalents in any other relevant jurisdiction where Product is being manufactured.

"BARDA" means the U.S. Biomedical Advanced Research and Development Authority.

"Base Contract Amount" shall mean the 1.7 million courses requested in CLIN 001 of the RFP, or any subsequent adjustment to the number of courses requested in CLIN 001 of the RFP.

"Batch Documentation" shall mean complete and accurate copies of all of the following, as applicable: Albemarle audited production batch records, deviation reports, investigation reports, a COA, Product release chromatographs and corresponding calculations for all batches, management of Change (MOCs), cGMP certificate of compliance, and stability data, when available (including one chromatograph utilizing one condition for each pull interval from one batch). For the sake of clarity, originals of the Batch Documentation will be retained by Albemarle and made available for inspection for all batches produced, including aborted batches, and a complete copy of Batch Documentation shall be furnished to Customer in accordance with Section 3.2.

"cGMP" shall mean Good Manufacturing Practices as prescribed from time to time by the FDA, including within the meaning of 21 C.F.R. Parts 210 and 211, as amended, and the ICH Q7 guidelines.

"CMC" means Chemistry, Manufacturing and Controls.

"COA" shall mean a certificate of analysis prepared in accordance with the Quality Agreement that shall include the results of the tests set forth in the Specifications in Exhibit C, as may be amended in accordance with this Agreement.

"Facility" shall mean the Albemarle cGMP FDA-approved manufacturing facility at which the manufacturing and testing services will be performed. This facility is located at 1421 Kalamazoo Street, South Haven, Michigan 49090.

"FDP" shall mean the final drug product utilizing the Product as its API.

"FDA" shall mean the United States Food and Drug Administration or the successor thereto.

"Government Contract" shall mean any contract currently existing or hereafter entered into by a Government Entity and Customer for the supply of the FDP, including any BARDA Contract.

"Government Entity" shall mean any government entity of any country of the world, including the USG.

"include(ing)" shall mean "include(ing) without limitation".

"Lead Time" shall mean (a) with respect to the First Order (as defined below) of Product, six (6) months, and (b) with respect to each Firm Order (as defined below) of Product, twelve (12) weeks.

"Product" shall mean the unmicronized form of the active pharmaceutical ingredient known as, or containing, ST-246® (Form-I, also known as Form B), the structure of which is attached as Exhibit A hereto, which meets the Specifications set forth in Exhibit C.

"Regulatory Authority" shall mean, with respect to a country, any governmental authority (whether federal, state, provincial, municipal or others) regulating the exportation, importation, use, manufacture, distribution, marketing and/or sale of pharmaceuticals, which, in the United States, shall include the FDA.

"Specifications" shall mean the specifications for the manufacture of the Product set forth in Exhibit C, as may be amended in accordance with this Agreement.

2. MANUFACTURE OF PRODUCT

2.1 Manufacturing Services. Albemarle shall manufacture, sell and deliver to Customer or its designee all Product ordered by Customer in conformance with terms and conditions of this Agreement. In addition, Albemarle shall perform an analysis of samples of the micronized form of the Product as set forth in Section 2.12 and Exhibit B, and shall perform the stability studies as set forth in Section 2.11 and Exhibit D. Albemarle will dedicate sufficient manufacturing capacity to fill Customer's orders within the applicable Lead Time. Unless otherwise agreed between Albemarle and Customer, all Product will be manufactured under cGMP conditions at the Facility. Subject to the provisions of this Agreement related to subcontracting, Albemarle shall not transfer or perform any of the work required by this Agreement outside of the United States without specific written consent by Customer, which shall be subject to the restrictions on foreign manufacturing contained in Customer's Government Contracts, the contents of which, to the extent necessary, shall be made known to Albemarle by Customer.

2.2 First Order. Albemarle and Customer shall cooperate fully and negotiate in good faith in estimating and scheduling the first order of commercial quantities of Product ("First Order") to be placed by Customer, with the mutual goal of the Parties that the First Order be scheduled for completion and delivery to Customer or its designee not later than six (6) months after the date the First Order is placed by Customer.

2.3 Forecasts and Firm Orders.

2.3.1 Starting after the placement of the First Order, on or before the first day of each calendar month, Customer shall give Albemarle Customer's good faith written estimate of Customer's projected requirements of the Product for delivery during the upcoming twelve (12) months. Such forecasts constitute non-binding, good faith estimates provided solely to assist Albemarle in raw material procurement, production planning and manufacturing of the Product. Albemarle shall use these forecasts to procure long leadtime raw materials.

2.3.2 Customer acknowledges that, since Product is a product made exclusively for Customer, and in order to accommodate Albemarle's planning, manufacturing, analytical testing and release of the Product, Customer agrees to place a binding non-cancelable written purchase order for the delivery of any Product required in the first three (3) month period of the initial or any updated forecast (a "Firm Order"). Customer further agrees to place Firm Orders in one-batch increments, each batch to consist of approximately 1,350 kg. Albemarle shall, upon receipt of any Firm Order after the First Order, deliver ordered batches of Product within the Lead Time applicable to such Firm Order, which period shall be shortened, as much as possible, taking into account the availability of raw materials.

2.3.3 In the event that Customer does not place binding orders for Product consistent with the forecasted quantities, then in order to compensate Albemarle for the actual and full costs of procuring long lead time raw materials, Customer shall pay Albemarle the documented direct costs associated with any unused quantity of such raw materials purchased by

Albemarle specifically for the manufacture of the Product, provided that Albemarle has made good faith efforts to return such raw materials to their manufacturers for credit. Any such raw materials, for which Customer pays Albemarle the documented direct costs, shall be deemed to be the property of Customer, and Albemarle shall promptly assign all right, title and interest in and to such raw materials to Customer. Albemarle shall store such unused raw materials at the Customer's request at no charge for up to one (1) year, and thereafter shall, at Albemarle's option, continue to store such raw materials at the Customer's expense and Albemarle shall, upon notice to Customer, deliver them to Customer or its designee. Albemarle shall otherwise, at Customer's expense, properly dispose of any unused raw materials, any rejected Product and any waste in accordance with Applicable Law.

2.4 Purchase Orders. Customer shall issue written purchase orders to Albemarle for the First Order and each Firm Order. Purchase orders shall be placed at least the applicable Lead Time before the desired delivery date and shall be deemed accepted if in accordance with the terms and conditions of this Agreement. Purchase orders shall specify the quantity of the Product ordered, the requested delivery date, and the means of shipment (provided, however, that the means of shipment complies with all Applicable Law and any requirement of any applicable Government Contract). Purchase orders issued by Customer and accepted (or deemed accepted) by Albemarle shall constitute the binding obligation of Albemarle to manufacture, sell and deliver to Customer the specified quantity of the Product by the specified delivery date (and perform the post-micronization testing services set forth in Section 2.12 and Exhibit B for such Product and the stability studies set forth in Section 2.11 and Exhibit D for such Product) and the binding obligation of Customer to purchase the specified quantity of the Product therein delivered in conformance with this Agreement. Purchase orders issued by Customer shall be effective solely with respect to specifying the quantity, requested delivery date and means of shipment of the Product being ordered. All other terms and conditions printed or included on such purchase orders which contradict or would serve to alter the provisions of this Agreement shall be of no effect or force.

2.5 Purchase Commitments.

2.5.1 Subject to Section 2.5.2, Customer agrees to order from Albemarle at least seventy-five percent (75%) of Customer's internal and external requirements of the Product or any product substantially similar to the Product which Customer requires during the Term. For clarity, there is no minimum order requirement imposed on Customer.

2.5.2 Customer's purchase commitments under Section 2.5.1 of this Agreement are subject to the following:

(a) In the event that a contract entered into by Customer for the sale of FDP requires that the Product used as the API for such FDP be manufactured outside the United States and Albemarle is unwilling or unable to subcontract such manufacture to a party or parties that meet the terms of this Agreement and any relevant contract entered into by Customer for the sale of FDP, the amounts of Product contemplated by such Customer contract shall not be counted or considered when calculating Customer's internal and external requirements or the amount to be ordered by Customer or the amount to be delivered by Albemarle.

(b) In the event that a proposed contract to be entered into by Customer for the sale of FDP in an intravenous formulation requires that the Product used as the API for such FDP be manufactured to specifications other than the Specifications, and the Parties are not able to reach agreement on the necessary changes to the Specifications for such intravenous formulation or to pricing therefor, the amounts of Product contemplated by such proposed Customer contract shall not be counted or considered when calculating Customer's internal and external requirements or the amount to be ordered by Customer or the amount to be delivered by Albemarle.

(c) If either (i) the shipment of any Customer order of Product or any portion thereof, or the provision of any analytical data for released Product to be provided to Customer hereunder is late by more than 20 days on more than one occasion, (ii) Product produced and released by Albemarle is defective or does not conform to the Specifications or Applicable Law on more than one occasion, or (iii) Albemarle otherwise fails to perform any of its obligations under this Agreement and does not cure such failure within thirty (30) days of written notice from Customer (said notice specifying the nature of the failure), Customer shall have, in addition to any other rights under this Agreement or in law, the right to reduce its purchase commitment obligation under Section 2.5.1 hereof.

2.6 Subcontractors.

2.6.1 Subject to approval by the applicable Government Entity if required by a Government Contract, (a) Customer consents that Albemarle may engage, for the duration of the Term, Solid State Chemical Information, Inc., 3065 Kent Avenue, West Lafayette, Indiana, as subcontractor to provide PSD and XRD analytical services required for testing of micronized and unmicronized Product in accordance with the Specifications, and (b) Customer also consents that Albemarle may engage, for the duration of the Term, SGS Northview Laboratories, 1880 Holste Road, Northbrook, IL 60062, as subcontractor to provide microbiological and bacterial endotoxin testing analytical services required for analysis of Product in accordance with the Specifications, as long as both such subcontractors may perform their respective subcontracts in accordance with all applicable legal requirements and the requirements of this Agreement. Albemarle may not engage any other subcontractors to perform Albemarle's obligations under this Agreement, except upon express prior written consent by Customer, which consent shall not be unreasonably withheld but which will be subject to the approval of the applicable Government Entity as necessary.

2.6.2 The Parties agree and acknowledge that, if, in order to meet Customer's requirements, it is necessary

that a portion of Customer's Product requirements be manufactured outside the United States, Albemarle shall be afforded a reasonable opportunity to subcontract such portion of the manufacture and testing of the Product to a third party that fulfills the requirements of Customer, provided that (i) Customer shall have the right to prior approval of the proposed subcontractor, and the non-commercial terms of such subcontract, which approval will not be withheld without cause; (ii) any such subcontract will grant Customer the right to oversee and monitor the performance of any such subcontractor in the manner to be agreed by the Parties in good faith, but in no event with less oversight than Customer would have had if the Product had been manufactured by Albemarle under this Agreement; (iii) any such subcontract will contain all of the terms and conditions to which Albemarle is obligated under this Agreement, including any "flow-down" requirements under any Government Contract for which such Product will be used, and (iv) any such subcontract will be subject to the approval of the applicable Government Entity as necessary.

2.6.3 Any such permitted appointment of subcontractors pursuant to Sections 2.6.1 and 2.6.2 hereof shall not affect or diminish Albemarle's responsibilities and obligations set forth herein and Albemarle shall remain responsible to Customer for the performance of its subcontractors. Albemarle will cause its subcontractors to grant Customer the right to perform annual and "for cause" audits of Albemarle's subcontractors to evaluate their quality systems and for compliance with cGMP, Applicable Law, Specifications and applicable product and establishment standards. Albemarle represents and warrants that the approved subcontractors are aware of and have agreed to any requirements imposed by Applicable Law on Customer and its contractors and subcontractors, and such subcontractors shall also comply with all relevant obligations imposed on Albemarle under this Agreement, including Customer's right to place, at Customer's option, a person in subcontractor's facility to observe the activities of the subcontractor.

2.7 Albemarle's Responsibilities; Quality Agreement.

2.7.1 Albemarle shall manufacture the Product and perform the other activities in accordance with this Agreement, the Specifications and Applicable Law. Albemarle shall bear the full cost of manufacturing the Product and shall be responsible to manufacture and/or supply, without limitation, all raw materials, starting materials, source materials, intermediates, labor, facilities, utilities, and the equipment necessary for the manufacture of the Product, setting up of the manufacturing process, and assembling and packaging of the Product, all in accordance with the Specifications. Any materials, including raw materials, purchased by Albemarle in excess of the volume required for manufacture of Product under this Agreement shall remain the property of Albemarle, subject to Section 2.3.3. In addition, Albemarle shall perform the analysis of the micronized form of the Product as set forth in Section 2.12 and Exhibit B, and shall perform the stability studies as set forth in Section 2.11 and Exhibit D.

2.7.2 Albemarle shall abide by the terms and conditions of the Quality Agreement attached hereto as Exhibit E ("Quality Agreement"), the provisions of which are integral to its performance of its obligations under this Agreement. In the event of an inconsistency between the terms of the Quality Agreement and the terms of the body of this Agreement, the terms of this Agreement shall control. The Quality Agreement may only be amended upon written agreement of the Parties, provided that, the Quality Agreement shall be deemed to be amended to the extent necessary to conform with the provisions of any Government Contract, or a quality agreement with any Government Entity required to be entered into pursuant to any such Government Contract. Customer shall provide Albemarle a written notice of any such amendment, and to the extent any such amendment would require Albemarle to incur more expense or commercial effort for adherence to the revised Quality Agreement, the Parties agree to negotiate in good faith revised pricing for the sale of the Product hereunder.

2.8 Specifications and Vendors.

2.8.1 The Specifications for Product may only be revised upon written agreement of both Parties, except that Albemarle shall provide its prompt written agreement if the FDA or any other Government Entity requires Customer to revise the Specifications, whether pursuant to Customer's Government Contracts, cGMP requirements, or otherwise (a "Mandated Specification Change"). If any such Mandated Specification Change or a mutually agreed upon change to the Specifications requires any material change to the manufacturing process or raw materials, the Parties shall negotiate in good faith a reasonable adjustment to the Unit Price to be paid by Customer hereunder and the applicable Lead Time. Albemarle and Customer agree that a Mandated Specification Change or mutual agreement to change the Specifications shall not change, effect, modify or alter any other provision of this Agreement with the exception of the Unit Price and the Lead Time. Both Parties understand and agree that material changes in Specifications may affect Unit Price and Lead Time and agree to negotiate in good faith in such cases to arrive at a revised Unit Price and Lead Time mutually agreed in writing by both Parties for all subsequent work affected by such changes in Specifications, provided however, that any Mandated Specification Change that imposes a more stringent Specification, but which Specification is within the demonstrated process capability for the manufacture of the Product, based on relevant available data from all commercial size batches of Product manufactured prior to the date of such change, shall not be considered a material change in the Specifications.

2.8.2 Albemarle has qualified the raw material vendors set forth in Exhibit I. In the event that Albemarle wants to add an alternate raw material vendor, or wants to supply any raw material itself, it must qualify such vendor (including Albemarle) in the manner provided in its standard operating procedures, and provide the results of such qualifying tests to Customer for its approval, which approval will not be withheld without cause.

2.9 Compliance. Albemarle shall maintain the Facility, and shall manufacture the Product, in compliance with the Specifications and all Applicable Law. Albemarle shall allow Customer, at Customer's option, to place a person in the Facility to observe the commercial manufacturing process.

2.10 Recalls. In the event of a Product or FDP defect or recall caused by Albemarle's failure to manufacture the Product in accordance with the Specifications and Applicable Law, or its failure to analyze appropriately the micronized form of the Product, Albemarle shall reimburse Customer for the costs related to curing the defect and accomplishing the recall, to the extent such costs result from Albemarle's failure, provided, that in no event will Albemarle's liability pursuant to this Section 2.10 exceed the liability limitation set forth in Section 7.2 hereof, except as provided in Section 6.1.2 with regard to any claim by a third party. In all other instances, the costs related to a recall shall be borne by Customer.

2.11 Stability Studies. Albemarle will conduct sixty (60) month stability studies in accordance with Exhibit D.

2.12 Micronized Product Analysis. Albemarle will accept delivery of test samples of micronized form of the Product from the micronizer and perform the analytical testing on each batch in accordance with Exhibit B. Albemarle will use best efforts to provide Customer with an analytical report containing the results of such testing within thirty-five (35) days from the receipt of test samples from the micronizer.

2.13 BARDA Contract Security Corrective Actions Prior to the date of this Agreement the Parties have participated in a pre-award security audit of the Facility conducted by BARDA representatives. Such security audit resulted in BARDA imposing a requirement that certain security corrective actions be implemented by Albemarle as a condition to commencement of Product manufacturing for the BARDA Contract, if it is awarded to the Customer. The Parties agree that, in the event the Customer is awarded the BARDA Contract, at the written request of the Customer Albemarle will perform the security corrective actions described in Exhibit G. Albemarle will commence all physical and information technology security corrective actions described in Exhibit G.2.I within 30 days of receiving technical direction from Customer, and will take all reasonably necessary actions to complete all such corrective actions at least 60 days prior to the start of manufacturing of Product to fill the Base Contract Orders. Albemarle will be reimbursed for the security corrective actions the amounts set forth on Exhibit G.2. In addition, Albemarle will implement the corrective action set forth in Exhibit G.2.II during all manufacturing of Product for the BARDA Contract and will separately invoice Customer for the actual costs incurred by Albemarle for such corrective action. In the event that security corrective actions other than those set forth on Exhibit G are requested by BARDA after the date of this Agreement, Albemarle agrees to perform such additional security corrective actions to the extent reasonably practicable. The Parties agree that in the event such additional security corrective actions are necessary, they will negotiate in good faith to reach agreement on a reimbursement amount for each such additional security corrective action.

3. SUPPLY OF PRODUCT

3.1 Shipment. Albemarle shall ship the released Product FCA Facility, Freight Collect, (per Incoterms 2000) to such location as designated in writing by Customer. The purchase order shall set forth the transport means and company selected by Customer for shipping the Product, provided that in the event a designated carrier is unable to ship Product on schedule, Albemarle will obtain an alternate carrier designation from Customer. Title and risk of loss and damages to the Product ordered by Customer hereunder shall pass to Customer upon delivery of the Product to the transporting carrier.

3.2 Product Release. Subject to the provisions of Sections 3.2.1 and 3.2.2, batch review and release of Product for shipment to Customer's shipping point will be the responsibility of Albemarle's Quality Assurance department, who will act in accordance with Albemarle's standard operating procedures. For each batch of Product released by Albemarle for shipment, Albemarle will deliver to Customer, at the same time it ships such batch, (i) a certificate of compliance that will include a statement that the batch has been manufactured in accordance with cGMP and the Specifications, and (ii) a copy of the Batch Documentation and COA.

3.2.4 For the first four (4) batches of Product ordered by the Customer only, the following additional batch release procedure shall be followed. Upon completion of each such batch and the review of all Batch Documentation by Albemarle's Quality Assurance department, Albemarle shall forward to Customer, electronically or by overnight mail, completed Batch Documentation. Customer shall use reasonable efforts to complete its review of the Batch Documentation within seven (7) working days of receiving it from Albemarle (the "Customer Review Period"). Subject to the results of its review, Customer will approve the Product for release and upon receipt of Customer's approval Albemarle shall deliver to Customer the final COA, and release and ship the Product to the Customer's designated shipping point by the shipping method designated by the Customer.

3.2.5 Any problem discovered by either Party during its quality assurance reviews will be communicated to the other Party directly along with any supporting documentation of the problem. The communication shall occur within three (3) business days after the discovery of the problem. The Product will be immediately placed in quarantine until Albemarle and the Customer have met and determined the final disposition of the Product. The resolution of any such problem shall be accomplished in accordance with the Quality Agreement.

3.3 Packaging and Labeling. Albemarle shall package the Product in accordance with the Specifications, and in compliance with the applicable labeling requirements of FDA and all other Applicable Law regarding the labeling, materials and containers applicable to the Product. Albemarle shall label the Product with such labels, trade names, and trademarks as directed by Customer.

3.4 Freight and Insurance. Customer shall pay all freight, insurance charges, taxes, import and export duties, inspection fees and other charges applicable to the transport and delivery of the Product.

3.5 Rejection and Cure. Customer shall notify Albemarle within one hundred twenty (120) days of Albemarle's shipment of any batch of Product if it believes that the batch was damaged, defective or did not conform to the Specifications or Applicable Law. In addition to any remedy available to Customer under Sections 2.5.2(c), 2.10 or 6.1.2, Customer's remedy under this Section 3.5 against Albemarle for any failure to supply a batch of conforming Product is expressly limited to one of the following (as may be elected by Customer at its sole option):

(i) Albemarle will provide a replacement batch of conforming Product to Customer at no additional cost and on a schedule acceptable to Customer and reimburse Customer for the shipping and micronization costs, if any, incurred by Customer for the non-conforming batch, or

(ii) refund within 10 business days to the Customer the full aggregate Price for such non-conforming batch of Product, plus shipping and micronization costs, if any, incurred by the Customer with respect to such non-conforming batch of Product.

This limitation shall apply to all claims with respect to non-conforming Product under this Section 3.5, whether stated in contract, warranty, tort, strict liability, infringement of third party rights or any other legal or equitable claim whatsoever. If Albemarle disputes the above referenced notice of rejection with respect to non-conforming Product, the Parties will each retest the rejected Product within thirty (30) days of Albemarle's notice of dispute. If the Parties, after retesting the rejected Product continue to have conflicting test results, the matter shall be referred to a laboratory selected by Customer from the list included on Exhibit H (or other mutually agreed upon laboratory) to perform tests on representative samples from the rejected portion of the shipment. The results of such tests will be binding upon Customer and Albemarle. If the laboratory determines that the Product was non-conforming, Albemarle will pay for all laboratory charges; if the laboratory determines that Customer rejected the Product in error, then Customer will pay for all laboratory charges. Rejected Product will be returned to Albemarle or disposed of at Albemarle's expense in accordance with Albemarle's instructions, in which case Customer will deliver to Albemarle an appropriate certificate of destruction. If Albemarle requests, Customer will make its personnel available on a reasonable basis to work with Albemarle in order to assist Albemarle in determining the reason for the non-conformity and in developing remedial measures.

3.6 Force Majeure. Neither Party shall be liable to the other for any delay or failure of performance resulting from any circumstance (other than the payment of money owed) beyond the reasonable control of such Party (a "Force Majeure Event"), which may include: fire, storm, flood, act of God, war, earthquake, explosion, sabotage, epidemic, quarantine restrictions, embargo, expropriation, strikes or other labor trouble, failure of the usual means of production or of transportation, or shortage of labor, raw materials, or shortage of utilities, fuel and/or energy. Subject to Section 3.7, Albemarle shall not be obligated to make up any deficiencies in delivery due to any such shortage except by written mutual agreement. In the event Albemarle experiences a Force Majeure Event that continues for more than one-hundred thirty-five (135) days, Customer may, in addition to any other rights or remedies it may have under this Agreement or in law, terminate this Agreement without cost or penalty, except to pay Albemarle for all work performed and reimburse for all costs incurred up to the termination date, not to exceed the applicable Price.

3.7 Apportionment. In the case of a shortage or anticipated shortage of labor, raw materials, utilities, fuel or energy, Albemarle will allocate equitably the available labor, raw materials, utilities, fuel and energy to use in the Product, to Albemarle's own internal use, to the use of its affiliates and to the use in other products.

4. PAYMENT TERMS

4.1 Unit Price; Adjustments. The price to be charged by Albemarle for Product manufactured and delivered under this Agreement shall be [redacted] per kilogram of Product actually delivered in each batch ("Unit Price").

4.2 Unit Price Adjustments. For all Product ordered subsequent to the eighteenth (18^{th}) month following the Effective Date of this Agreement, the Unit Price set forth in Section 4.1 shall be adjusted in accordance with Sections 4.2.2 and 4.2.3 below.

4.2.1 "Base Raw Material Cost" means the average invoiced cost of raw materials used to produce all orders of Product placed by the Customer prior to the eighteen month anniversary of the Effective Date.

4.2.2 Albemarle may raise or lower the Unit Price set forth in Section 4.1 due to increases or decreases in raw material costs over the Base Raw Material Cost on the eighteen month anniversary of the Effective Date, and upon each subsequent twelve month anniversary date thereafter, upon written notice to Customer provided no less than thirty (30) days prior to the applicable anniversary date (a "Raw Material Price Adjustment Notice"). Such revised Unit Price shall be applicable for all batches of Product ordered after the eighteen-month anniversary of the Effective Date hereof, or any subsequent anniversary date set forth above. At the request of the Customer Albemarle shall furnish Customer with documentation demonstrating the raw material cost changes from the Base Raw Material Cost. If, after receipt of such documentation, Customer is not in agreement with such adjustment, then Customer shall notify Albemarle in writing, and the Parties shall agree to an independent, qualified, third party audit company whose services shall be retained to determine whether or not such Unit Price increases or decreases meet the terms of this Agreement. In the event the proposed Unit Price adjustment shall be deemed to have been warranted by the third party auditor, Customer shall pay for all costs related to such audit services. In the event the proposed price adjustment shall be deemed to not have been warranted by the third party auditor, Albemarle shall pay for all costs related to such audit.

4.2.3 Upon no less than thirty (30) days' notice prior to the eighteen month anniversary of the Effective Date, and each twelve month anniversary date thereafter, Albemarle shall also be entitled, but not obligated, to raise the Unit Price set forth herein to reflect increases in non raw material costs incurred in the manufacture of Product. This increase will be limited to the percentage increase, if any in the final U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index for Commodities, Drugs and Pharmaceuticals (ID: WPU 063) (Base Period 1982=100) as published by the Bureau of Labor Statistics, U.S. Department of Labor in the *PPI Detailed Report* for the month of July of the year in which the calculation is being made, over such index for the preceding July. All increases in Unit Price shall be applicable for all batches of Product ordered hereunder after the eighteenth-month anniversary of the effective date hereof and each twelve month anniversary thereafter, as applicable.

4.3 Stability Study Fee. Albemarle shall charge a fee of [redacted] for each 5-year stability study described in Section 2.11 that is requested by the Customer. Such fee will be invoiced by Albemarle quarterly in arrears during the first year of such study.

4.4 Invoicing. Albemarle shall provide to Customer an invoice with each delivery of the Product. Each invoice shall reference the purchase order to which the invoice relates and the quantity of the Product actually shipped. Payments shall be sent to the "Remit to" address set forth on the invoice. Should Customer dispute any portion of an invoice, it shall so notify Albemarle in writing and the Parties shall attempt in good faith to resolve said dispute. Any terms on any invoice or other purchase documentation issued by Albemarle which are inconsistent with this Agreement shall be of no effect or force.

4.5 Payment. Customer shall pay all amounts due in U.S. dollars, payable within forty-five (45) days of the date of the corresponding invoice. If Customer fails to make payment within forty-five (45) days of the invoice date, Albemarle shall be entitled to collect from the Customer interest on past due payments at a rate of interest of one percent (1.0%) per month or the highest rate permitted by law, whichever is less, as well as any costs incurred by Albemarle in collecting such past due payments, including but not limited to, reasonable attorneys' fees, court costs and the reasonable value of Albemarle's time and expenses spent in connection with such collection action, computed at Albemarle's prevailing fee schedule and expense policies.

4.6 Taxes. Except as expressly provided elsewhere in the Agreement, Customer will pay any tax (other than on income), duty or other governmental charge now or hereafter imposed on any Product or imposed on Albemarle by reason of the manufacture, sale, use or transportation of such products or raw material.

5. CONFIDENTIALITY

5.1 Confidential Information. The Parties agree and acknowledge that all disclosures of information between the Parties, whether under this Agreement, the Validation Supply Agreement, the MOU or the Prior Manufacturing Agreement, shall be treated as "Proprietary Information" under the CDA and shall be subject to the terms of the CDA. The Parties hereby amend the CDA as necessary to protect the relevant disclosures under this Agreement, including by extending the term of disclosure protected under the CDA through the Term, and the Parties shall sign a written document memorializing such amendment.

5.1 Confidential Agreement. Neither Party shall disclose any of the terms and conditions of this Agreement to any person or entity outside such Party whatsoever (other than to such Party's affiliates and actual or potential investors, lenders and acquirers (provided, that such recipients are bound to maintain the confidentiality of this Agreement to the same extent as if they were parties hereto) and to any Government Entity that is a purchaser or potential purchaser of FDP and such Party's legal counsel without the prior written consent of the other Party, except as such disclosure may be required for accounting or tax reporting purposes, for purpose of complying with the rules of any stock exchange on which the shares of a Party trades, or as otherwise may be required by law.

5.2 Ownership of Confidential and Proprietary Information. Except as otherwise agreed upon in writing or required pursuant to Section 11 (Flow down provisions) below, each Party shall remain the sole owner of the patent rights (and any other intellectual property rights) which have been or are being developed by said Party before entering into this Agreement or during this Agreement but independent of any activities to be carried out under this Agreement. Notwithstanding the foregoing and for the avoidance of doubt, Customer is the sole owner of any improvements (including process improvements), derivations, innovations, developments, works of authorship, know-how or processes related to the Product developed during the performance of activities under this Agreement or under the Validation Supply Agreement or the Prior Manufacturing Agreement and all intellectual property rights therein, (collectively the "Process Improvements"), and Albemarle hereby assigns to Customer all right, title and interest in and to all such Process Improvements. Albemarle shall promptly disclose to Customer all Process Improvements upon their creation, and shall provide Customer with such other information about Process Improvements as Customer may reasonably request. Albemarle shall cooperate with Customer, at Customer's sole expense, by furnishing supporting data and signing documents needed for the prosecution and maintenance of patent applications and patents covering the Process Improvements. Albemarle shall not use any technology or intellectual property proprietary to Albemarle to manufacture the Product unless Albemarle first notifies Customer of such intended use and grants to Customer a license reasonably acceptable to Customer thereunder.

6. INDEMNITY; INSURANCE

6.1 Indemnity.

6.1.1 By Customer. Customer shall defend, indemnify and hold Albemarle harmless from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) ("Losses") resulting from all claims, demands, actions and other proceedings by any third party to the extent arising from (a) the breach of any representation, warranty or covenant of Customer under this Agreement, (b) any bodily injury to person (including death) or damage to real or tangible personal property caused by the Product or the use thereof (subject to Section 6.1.2(a) or 6.1.2(b)), or (c) the gross negligence or willful misconduct of Customer in the performance of its obligations under this Agreement. Notwithstanding the foregoing, in no event will Customer be liable to Albemarle for its special, consequential, punitive or exemplary damages or other indirect damages, including, loss of profit or loss of business goodwill, arising from or relating to damages suffered by Albemarle as a result of a third party claim for which indemnification is owed. Customer's obligation under this Section 6.1.1 is strictly limited to indemnification for amounts due a third party.

6.1.2 By Albemarle. Albemarle shall defend, indemnify and hold Customer and its affiliates, and its and their officers, directors, employees and agents, harmless from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) resulting from all claims, demands, actions and other proceedings by any third party (including any subcontractor of Albemarle) to the extent arising from (a) the breach of any representation, warranty or covenant of Albemarle under this Agreement, including any such breach arising as a result of the action or omission of any Albemarle subcontractor, or (b) the gross negligence or willful misconduct of Albemarle or any subcontractor in the performance of Albemarle's obligations under this Agreement. Notwithstanding the foregoing, in no event will Albemarle be liable to Customer for its special, consequential, punitive or exemplary damages or other indirect damages, including, loss of profit or loss of business goodwill, arising from or relating to damages suffered by Customer as a result of a third party claim for which indemnification is owed. Albemarle's obligation under this Section 6.1.2 is strictly limited to indemnification for amounts due a third party.

6.1.3 Patents. Except as provided in Section 6.1.2, Customer will hold Albemarle harmless against expense, judgment or loss, including reasonable attorneys' fees, (a) if the manufacture or sale of the Product as a staple article or commodity of commerce infringes a valid patent in the country of manufacture, or (b) for infringement of any patents or trademarks or other third party property rights which result from Customer's particular use of the Product or from Albemarle's compliance with Customer's designs, specifications or instructions. Albemarle's instructions and recommendations are not intended to suggest operations which would infringe any patents, and Albemarle assumes no responsibility for any such infringement. If Albemarle receives a written notice from a third party claiming that the manufacture, sale or use of the Product infringes such third party's patent then (a) Albemarle shall notify Customer thereof and provide a copy of such notice to Customer, and (b) Albemarle may, without liability to Customer, decline to continue deliveries of any Product following Albemarle's receipt of such notice, unless, within fifteen (15) business days after Albemarle provides a copy of such notice to Customer, Customer notifies Albemarle in writing that Customer will defend Albemarle, at Customer's cost and expense, and, in accordance with Sections 6.1.3 and 6.1.4, will indemnify and hold harmless the Albemarle Indemnitees from and against any and all Losses (as defined in Section 6.1.1) arising from such claim provided that Customer provides reasonable assurances to Albemarle of its financial ability to meet the financial obligations related to any such indemnity.

6.1.4 Indemnity Procedure. A Party (the "Indemnitee") that intends to claim indemnification under this Section 6 shall promptly notify the other Party (the "Indemnitor") of any claim, demand, action or other proceeding for which the Indemnitee intends to claim such indemnification. The Indemnitor shall have the right to assume and control the defense thereof with counsel selected by the Indemnitor; provided, however, that the Indemnitee shall have the right to retain its own counsel to participate in the defense at Indemnitee's own expense, subject to Indemnitor's right to control the defense. The indemnity obligations under this Section 6 shall not apply to amounts paid in settlement of any claim, demand, action or other proceeding if such settlement is effected without the prior express written consent of the Indemnitor, which consent shall not be unreasonably withheld or delayed. The failure to deliver notice to the Indemnitor within a reasonable time after notice of any such claim or demand, or the commencement of any such action or other proceeding shall not relieve such Indemnitor of all liability to the Indemnitee under this Section 6 with respect thereto, but if such failure is prejudicial to the Indemnitor's ability to defend such claim, demand, action or other proceeding, and if such prejudice results in liabilities that may have been avoided or reduced if timely notice had been given, then the Indemnitor shall be relieved of said part of the liabilities. The Indemnitor may not settle or otherwise consent to an adverse judgment in any such claim, demand, action or other proceeding, that diminishes the rights or interests of the Indemnitee without the prior express written consent of the Indemnitee, which consent shall not be unreasonably withheld or delayed. The Indemnitee, its employees and agents, shall reasonably cooperate with the Indemnitor and its legal representatives in the investigation of any claim, demand, action or other proceeding covered by this Section 6.

6.2 Insurance. Each Party shall maintain, at all times during the Term, adequate and appropriate insurance coverage from one or more reputable insurance companies, each rated A- or better by AM Best and licensed to do business in the United States. Such insurance shall include products/completed operations coverage with limits of liability of no less than [redacted] per occurrence/claim and in the aggregate. Each Party shall, at the other Party's request, furnish to the other Party a certificate of insurance.

6.3 Attorneys' Fees. If suit is filed to enforce any right granted in this Agreement, the substantially prevailing Party shall be entitled to recover its costs, disbursements and reasonable attorneys' fees from the other Party. The Party who is awarded a net recovery against the other shall be deemed the substantially prevailing Party unless such other Party has previously made a bona fide offer of payment in settlement and the amount of recovery is the same or less than the amount offered in settlement. Reasonable attorneys' fees may be recovered regardless of the forum in which the dispute is heard, including an appeal.

6. LIABILITY AND LIMITATIONS

7.1 Actual Damages. EXCEPT WITH RESPECT TO A BREACH OF SECTION 5, IN NO EVENT OR INSTANCE SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR SPECIAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OR OTHER INDIRECT DAMAGES, INCLUDING, LOSS OF PROFIT OR LOSS OF BUSINESS GOODWILL, ARISING FROM OR RELATING TO THIS AGREEMENT, WHETHER BASED UPON WARRANTY, CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, REGARDLESS OF ANY NOTICE OF SUCH DAMAGES. NOTHING IN THIS SECTION 7.1 IS INTENDED TO LIMIT OR RESTRICT THE OBLIGATION TO PAY INDEMNIFICATION CLAIMS OF EITHER PARTY UNDER THIS AGREEMENT RELATED TO AMOUNTS DUE THIRD PARTIES; HOWEVER, EACH PARTY ACKNOWLEDGES AND UNDERSTANDS THAT NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR SPECIAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OR OTHER INDIRECT DAMAGES, INCLUDING, LOSS OF PROFIT OR LOSS OF BUSINESS GOODWILL, ARISING FROM OR RELATING TO DAMAGES SUFFERED BY A PARTY AS A RESULT OF A THIRD PARTY CLAIM FOR WHICH INDEMNIFICATION IS OWED~~:~~ .

7.2 Limitations. IN RECOGNITION OF THE RELATIVE RISKS AND BENEFITS ASSOCIATED WITH THE SERVICES TO BE PROVIDED HEREUNDER, THE RISKS HAVE BEEN ALLOCATED BETWEEN THE PARTIES SUCH THAT CUSTOMER AGREES, TO THE FULLEST EXTENT PERMITTED BY LAW, TO LIMIT THE LIABILITY OF ALBEMARLE TO CUSTOMER FOR ANY AND ALL CLAIMS, LOSSES, COSTS, OR DAMAGES OF ANY NATURE WHATSOEVER, ARISING FROM ANY CAUSE OR CAUSES WHATSOEVER, OTHER THAN ALBEMARLE'S BREACH OF SECTION 5 AND ALBEMARLE'S INDEMNIFICATION OBLIGATIONS UNDER SECTION 6 TO PAY THIRD PARTY CLAIMS, SO THAT THE TOTAL AGGREGATE LIABILITY OF ALBEMARLE HEREUNDER SHALL NOT EXCEED THE PRICE PAID TO ALBEMARLE FOR THE SPECIFIC SUBJECT BATCH OR BATCHES BASED ON THE PER KILOGRAM PRICE AND VOLUME OF THE SUBJECT BATCH OR BATCHES OF PRODUCT. SUCH CLAIMS AND CAUSES INCLUDE NEGLIGENCE, PROFESSIONAL ERRORS OR OMISSIONS, STRICT LIABILITY, BREACH OF CONTRACT OR WARRANTY.

8. **TERM AND TERMINATION**

8.1 Term. Subject to earlier termination as provided herein, the term of this Agreement ("Term") shall commence on the Effective Date and continue for an initial term that is the longer of the period ending on (i) the third anniversary of the Effective Date or (ii) the date Customer has fulfilled its delivery obligations under the BARDA Contract for the Base Contract Amount, if the BARDA Contract is awarded to the Customer prior to the third anniversary of the Effective Date. Thereafter this Agreement shall renew for successive one (1) year renewal terms until either Party provides the other Party with advance written notice of non-renewal at least ninety (90) days prior to the expiration of the then-current term.

8.2 Applicability of FAR Clauses. Notwithstanding any other terms of this Agreement, for orders placed under this Agreement that relate to a Government Contract, the following clauses of the Federal Acquisition Regulation ("FAR"), as modified to identify the Parties to this Agreement and carry out the purpose of those clauses, shall govern the rights and obligations of the Parties: 52.242-15 Stop-Work Order, 52.249-2 Termination for Convenience of the Government (Fixed-Price), 52.249-8 Default (Fixed-Price Supply and Service).

8.3 Termination for Default. Subject to the provisions of Section 8.2, a Party may terminate this Agreement by written notice to the other Party after the breach of any provision of this Agreement by the other Party, if the other Party has not cured such breach within sixty (60) days after written notice thereof from the non-breaching Party; *provided that*, if Customer receives a notice of default from a Government Entity pursuant to a Government Contract, and such default was caused by Albemarle or its subcontractors, Customer may terminate this Agreement if Albemarle does not cure the default within the period required by the Government Contract. Customer shall provide satisfactory evidence to Albemarle of any such notice of default (promptly when received by Customer), all information evidencing that any such default was caused by Albemarle or its subcontractor, and satisfactory evidence of any applicable time periods within which a cure must be completed.

8.4 Termination for Insolvency. This Agreement may be terminated by a Party upon written notice to the other Party if (a) the other Party shall make an assignment for the benefit of its creditors, file a petition in bankruptcy, petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it or a substantial part of its assets, or shall commence any proceeding under any bankruptcy, reorganization, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (b) if there shall have been filed against the other Party any such bona fide petition or application, or any such proceeding shall have been commenced against it, in which an order for relief is entered or that remains undismissed or unstayed for a period of ninety (90) days or more; or (c) if the other Party consents to, approves of or acquiescences in any such petition, application or proceeding or order for relief or the appointment of a custodian, receiver or trustee for it or any substantial part of its assets, or shall suffer any such custodianship, receivership or trusteeship to continue

undischarged or unstayed for a period of ninety (90) days or more; or (d) anything analogous to any of the foregoing occurs in any applicable jurisdiction. Termination shall be effective upon the date specified in such notice.

8.5 BARDA Approval of Subcontracts; Suspension or Termination by Action of Government Entity . Under the BARDA Contract, BARDA has the right to approve any subcontract entered into by Customer for goods or services to be supplied for the BARDA Contract, including this Agreement. Customer shall supply a copy of this Agreement to BARDA and endeavor to obtain BARDA's approval of this Agreement as a subcontract to the BARDA Contract. In the event that BARDA does not approve this Agreement, Customer shall so notify Albemarle in writing, specifying the reasons for BARDA's rejection of this Agreement. Albemarle shall then have ninety (90) days from the receipt of said notice to remedy the section(s) of this Agreement that were the subject of BARDA's disapproval. In such an event, Customer agrees to use good faith efforts to modify and/or amend this Agreement with Albemarle for the purpose of meeting BARDA's approval. In the event Albemarle fails to remedy the section(s) of this Agreement that were the subject of BARDA's disapproval within said ninety (90) days of its receipt of written notification from Customer, Customer shall have the right to terminate this Agreement. In addition, subject to the provisions of Section 8.2, if any applicable Government Entity issues a stop work order or otherwise suspends, modifies or terminates Customer's Government Contract, and such action affects the scope of work under this Agreement, Customer may require Albemarle to immediately stop all, or any part, of the work called for by this Agreement as required by the Government Entity's stop work order, modification, suspension or termination, written evidence of which shall be provided to Albemarle promptly upon receipt of same by Customer. Albemarle shall immediately comply with the terms of such order as specified by Customer and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order or termination. Where work has been suspended, but not terminated, Albemarle shall not resume work unless specifically directed to do so by Customer. Albemarle shall be paid for work and reimbursed for all reasonable costs incurred by Albemarle up to the termination of the Agreement, not to exceed the aggregate Price for the most recent order of Product not yet delivered. Where the Government Entity orders a termination for convenience, that work may be terminated for convenience by Customer upon submission to Albemarle of written evidence of any such termination for convenience. If any suspension hereunder continues for one hundred eighty (180) days, Albemarle shall have the right to terminate this Agreement and to be paid for all work performed and reimbursed for all costs incurred up to the termination date. In the event of a termination pursuant to this Section 8.5, Customer will reimburse Albemarle for all costs reasonably related to decommissioning of the Facility, or its subcontractor's facility, together with all costs for waste disposal, cleaning and mothballing incurred by Albemarle or its subcontractor as a result of said termination.

8.6 Effect of Termination . All rights and obligations under this Agreement shall terminate immediately upon any termination or expiration of this Agreement, except however, the rights and obligations set forth in the following Sections shall survive any termination of this Agreement: 2.3.3, 2.13 (if the Agreement is terminated pursuant to Section 3.6), 3.5 (with respect to Product shipped during the Term), 5 ("Confidentiality"), 6 ("Indemnity; Insurance"), 7 ("Liability and Limitations"), 8.2 ("Applicability of FAR Clauses"), 8.5 ("Suspension or Termination by Action of Government Entity"), 8.6 ("Effect of Termination"), 9 ("Warranty"), 10 ("Regulatory"), 11 ("Flow Down Provisions") (to the extent required by Applicable Law) and 12 ("General Provisions"). In addition, upon termination, Albemarle will immediately deliver to Customer copies of all records, equipment, and other items or information in its possession that are the property of Customer, as well as, upon providing Albemarle with written evidence of the applicable Government Entity's requirement, all necessary documentation relating to Albemarle's work that Customer may require to perform its Government Contract. Similarly, upon termination, Customer will immediately deliver to Albemarle copies of all records, equipment, and other items or information in its possession that are property of Albemarle.

9. WARRANTY

Albemarle represents and warrants that (a) the Product sold hereunder shall at the time of completion of the manufacture of the Product, as well as immediately prior to shipping to Customer's micronizing subcontractor**,** conform to the Specifications and be manufactured in accordance with Applicable Law and shall not be adulterated, misbranded or mislabeled within the meaning of Applicable Law; (b**)** any other services performed by Albemarle hereunder shall be performed in accordance with Applicable Law and in a professional and workmanlike manner in accordance with industry standards; (c) neither Albemarle nor any of its subcontractors has been debarred, is subject to debarment, suspension, proposed for debarment, or voluntarily excluded from participation in transactions by the Federal government nor will use in any capacity, in connection with the performance of its obligations or the exercise of its rights under this Agreement, any individual or entity who has been debarred, suspended or proposed for debarment by the Federal government or pursuant to Section 306 of the FFDCA or who is the subject of a conviction described in such section; (d) Customer shall receive good title to the Product, free and clear of liens or other encumbrances; and (e) Albemarle shall manufacture Product exclusively for Customer. However, except as provided in this Section 9 and Section 2.6, Albemarle makes no other warranty of any kind, whether express or implied, including no warranty of merchantability or fitness for any particular purpose. Further, to the extent that the Product conforms to its applicable Specifications, Customer assumes all risk and liability for results obtained by the use of the Product covered by this Agreement, whether used singly or in combination with other products, except as provided in Section 6.1.2 with respect to third party claims.

10. REGULATORY

10.1 Upon a request by any properly authorized officer or employee of the FDA or any equivalent state regulatory

body or any Regulatory Authority, Albemarle shall permit such officer or employee, at reasonable times, to have access to, copy and verify any records and reports in Albemarle's possession or under Albemarle's custody or control relating to the Product, and shall submit such records or reports (or copies thereof) upon FDA or any other regulatory request, to the FDA or such Regulatory Authority. Albemarle shall provide the Customer with prompt notice of any such request. Albemarle shall maintain all records related to its activities under this Agreement in accordance with Applicable Law or any record keeping obligation as set forth in a Government Contract of which Customer informs Albemarle in writing.

10.2 Each Party shall promptly advise the other of any safety or toxicity problem of which either Party becomes aware regarding the Product. Customer shall have the sole right to initiate a recall or take any other action with respect to Product once delivered by Albemarle to Customer or its designee.

10.3 Albemarle shall not file, support or maintain a DMF for the Product except with Customer's prior written consent.

10.4 Albemarle shall, upon Customer's reasonable request, assist Customer with any regulatory matters related to the Product or this Agreement, which may include responding to Customer's reasonable requests, providing all CMC information, assisting Customer by providing any information reasonably available to Albemarle, and granting Customer a right of reference or use to relevant data.

6. FLOW DOWN PROVISIONS

With regard to any Firm Order under this Agreement that relates to a Government Contract, Customer and Albemarle agree that the FAR clauses and other provisions contained in Exhibit F, as well as any other clauses required by law or regulation, shall be binding on Albemarle and shall be enforceable against Albemarle by Customer, either directly or acting on behalf of the applicable Government Entity. Clauses incorporated by reference shall have the same force and effect as if they were given in full text. The provisions of this Section 11 and such flowdown clauses shall take precedence over any conflicting provision of this Agreement. In addition, Albemarle agrees that it will use reasonable effort to supply Customer with information or support from Albemarle required in order for Customer to comply with its obligations under the relevant Government Contract. Together with any such request for information submitted to Albemarle, Customer will provide Albemarle with a copy of the documentation pursuant to which it believes it requires Albemarle's assistance in meeting its obligations under the relevant Government Contract.

7. GENERAL PROVISIONS

7.3 Notices. Any consent, notice or report required or permitted to be given or made under this Agreement by one of the Parties to the other shall be in writing and addressed to such other Party at its address indicated below, or to such other address as the addressee shall have last furnished in writing to the addressor, and shall be effective upon receipt by the addressee.

If to SIGA: If to Albemarle:

SIGA Technologies, Inc. Albemarle Corporation
35 E. 62nd Street 451 Florida Street
New York, New York 10065 Baton Rouge, Louisiana 70801
Attention: Chief Executive Officer Attention: VP Fine Chemicals

With a copy to: With a copy to:
SIGA Technologies, Inc. Albemarle Corporation
4575 SW Research Way, Suite 230 451 Florida Street
Corvallis, Oregon 97333 Baton Rouge, Louisiana 70801
Attention: Dennis E. Hruby, Ph.D. Attention: General Counsel

7.4 Assignment. Neither Party may assign or otherwise transfer this Agreement or any right or obligation hereunder (whether voluntarily, by operation of law or otherwise), without the prior express written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Any instance of a Party selling all or substantially all of its assets (including, without limitation, Customer selling all or substantially all of its rights to the marketing or production of the Product or the FDP), or all or substantially all of the assets of all divisions and departments providing or receiving Product or services (as applicable) hereunder, shall not be construed as an assignment of this Agreement. Additionally, the sale by a Party's shareholders of a controlling interest in the outstanding stock of such Party shall similarly not be considered an assignment of this Agreement, and in either instance, this Agreement shall remain in full force and effect and shall be binding upon, and inure to the benefit of, the successor or assignee of such Party, provided that, any permitted successor or assignee shall assume all obligations of its assignor under this Agreement and prior to any such sale of assets or of ownership interest, such proposed successor or assignee confirms in writing to the non-assigning Party that it can meet the obligations of the assigning Party under this Agreement). Any purported assignment or transfer

in violation of this Section 12.2 shall be void.

7.5 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflicts of law principles thereof.

7.6 Construction. This Agreement will be fairly interpreted in accordance with its terms and without any strict construction in favor of or against any Party.

7.7 Severability. Whenever possible, each provision of this Agreement~~,~~ shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

7.8 Counterparts; Facsimile. This Agreement may be executed in counterparts, all of which together shall constitute one and the same instrument. Signing and delivery of this Agreement may be evidenced by a facsimile/telecopy/PDF transmission of the signed signature page to the other Party.

7.9 Headings. The captions to the sections hereof are not a part of this Agreement, but are merely guides or labels to assist in locating and reading the sections hereof.

7.10 Independent Contractors. Each Party hereby acknowledges that the Parties shall be independent contractors and that the relationship between the Parties shall not constitute a partnership, joint venture or agency. Neither Party shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior consent of the other Party to do so.

7.11 Waiver. The waiver by a Party of any right hereunder, or of any failure to perform or breach by the other Party hereunder, shall not be deemed a waiver of any other right hereunder or of any other breach or failure by the other Party hereunder whether of a similar nature or otherwise.

7.12 Entire Agreement. This Agreement (which includes its Exhibits and the Quality Agreement) contain the entire understanding of the Parties with respect to the subject matter hereof. All other express or implied representations, understandings and agreements with respect to the subject matter hereof, either oral or written, heretofore made, including without limitation the MOU, are expressly superseded by this Agreement; provided, however, that the CDA (amended as provided herein), the Validation Supply Agreement and the Prior Manufacturing Agreement shall expressly survive. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by both Parties.

7.13 Dispute Resolution. In the event there is a dispute between the Parties with respect to this Agreement, the Parties, prior to instituting any court action, shall, if requested by either Party in writing, mediate their dispute before one mutually agreed upon impartial mediator in New Orleans, Louisiana, within thirty (30) days after such request. Mediation fees, if any, shall be divided equally between the Parties. If the dispute is not resolved within thirty (30) days of initiation of mediation, either Party may bring suit in any court of competent jurisdiction.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

SIGA TECHNOLOGIES, INC.

By: _____

Name: _____

Title: _____

Date _____

ALBEMARLE CORPORATION

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

PRODUCT CHEMICAL STRUCTURE

[redacted]

EXHIBIT B

Micronized Product Testing

Albemarle will provide post-micronization analytical services of the micronized Product per the specifications contained below. Samples of micronized Product provided to Albemarle will be analyzed and data will be provided to Customer in the form of a COA. The samples of micronized Product for analysis to be provided by Customer through its micronization service provider.

Table 2: Micronized Product Specification

[redacted]

EXHIBIT C

Specifications

ST-246 Drug Substance Specification for Commercial Production

PRODUCT SPECIFICATIONS

[redacted]

EXHIBIT D

Stability Study

[redacted]

EXHIBIT E

QUALITY AGREEMENT

[redacted]

EXHIBIT F

Flow-down Provisions

[redacted]

EXHIBIT G

BARDA Security Corrective Actions

The Parties have participated in a pre-award security audit conducted by BARDA in 2009 that included the Facility (the "Security Audit"). The Security Audit resulted in several security deficiency findings by the BARDA auditors related to the Facility (the "Findings"). Following the Security Audit Customer, in consultation with Albemarle, submitted to BARDA the SIGA Security Revision Plan, Version Number 1.0 dated November 20, 2009 (the "SIGA Security Plan"). The SIGA Security Plan has proposed several Corrective Actions to be taken if an award is made to Customer under the RFP, some of which are to be implemented by Albemarle at the Facility. Attached as Exhibit G.1 is an excerpt from the SIGA Security Plan containing those Findings and the Corrective Action for each such Finding. Attached as Exhibit G.2 is a schedule reflecting the amounts Albemarle will be reimbursed for implementing the Corrective Actions set forth on Exhibit G.1.

EXHIBIT G.1

BARDA Security Corrective Actions

SIGA Security Plan Excerpt

[redacted]

Exhibit G.2

BARDA Security Corrective Actions Reimbursement

[redacted]

EXHIBIT H

List of Approved Laboratories per Section 3.5

[redacted]

EXHIBIT I

List of Qualified Raw Material Vendors per Section 2.8

[redacted]

Addendum to Commercial Manufacturing Agreement

This Addendum to Commercial Manufacturing Agreement, (this "Addendum") is entered into and effective this ____ day of _____, 2012, by and between Albemarle Corporation, (hereinafter "Albemarle"); and SIGA Technologies, Inc. (hereinafter "Customer"), to addend, amend and/or supplement that certain Commercial Manufacturing Agreement between Albemarle and Customer dated August 25, 2011 (the "Commercial Manufacturing Agreement"). All capitalized terms used herein and not defined shall have the meaning set forth in the Commercial Manufacturing Agreement.

WHEREAS, Albemarle, pursuant to the Commercial Manufacturing Agreement, has manufactured, sold and delivered to Customer the Product (as defined in the Commercial Manufacturing Agreement);

WHEREAS, for services performed and Product delivered, the amount of [redacted] (the "Amount Due") is due Albemarle from Customer; and

WHEREAS, in order in improve testing results for the Product and to comply with cGMP, the parties wish to amend Exhibits B and C to the Commercial Manufacturing Agreement; and

WHEREAS, Albemarle and Customer have agreed to a payment plan for the Amount Due and to modify the termination date of the Commercial Manufacturing Agreement in accordance with the terms of this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, Albemarle and Buyer wish to addend, amend and/or supplement the Commercial Manufacturing Agreement as follows:

1. Term: The initial term of the Commercial Manufacturing Agreement shall be extended to the later of (i) the last calendar day of the year in which Customer completes delivery of 1.7 Million courses of FDP under the to BARDA Contract, or (ii) December 31, 2014. The Commercial Manufacturing Agreement shall renew for subsequent periods in accordance with the terms of this Addendum.

2. Payment: Payment of the Amount Due shall be made by Customer to Albemarle in accordance with the following:

a) Commencing on December 31, 2012, and on the last day of each subsequent month through July, 2013, Customer shall, by electronic funds transfer, make eight (8) monthly payments in the amount of $[redacted] per month; and
b) On August 31, 2013, Customer shall make, by electronic funds transfer, a payment in the amount of $[redacted]; and
c) On August 31, 2013, in addition to the above referenced payment of $[redacted], Customer shall also make, via electronic funds transfer, an accrued interest payment in an amount calculated by applying a [redacted] percent (redacted) annual interest rate on the average outstanding monthly balance of the Amount Due from October 15, 2012 to August 31, 2013.

3 . Renegotiation Period and Subsequent Periods: Commencing ninety (90) days prior to the termination date or anticipated termination date of the initial term of the Commercial Manufacturing Agreement, the parties will negotiate in good faith in an effort to agree upon revised Product pricing to be applicable during a renewal term of the Commercial Manufacturing Agreement. If the parties are able to agree on revised pricing, the Commercial Manufacturing Agreement shall, at the conclusion of the initial term, renew for a subsequent three (3) year term at the agreed upon revised pricing. A similar ninety (90) day negotiation period shall apply prior to the conclusion of the subsequent term. In the event the parties are unable to agree to revised pricing during any ninety (90) day negotiation period, whether at the end of the initial or any subsequent term, then the Commercial Manufacturing Agreement shall renew for only a one (1) year period utilizing pricing then in effect at the conclusion of the initial or the subsequent term, as applicable. The Commercial Manufacturing Agreement shall terminate at the end of any such one (1) year renewal period that results from the parties being unable to agree to revised pricing.

4. Recrystallization: At Customer's request, the parties have agreed to amend the Product specification contained in the Commercial Manufacturing Agreement (the "Original Specification"). As such, the parties, as set forth in the amended Exhibits B and C, as attached hereto and incorporated herewith, hereby amend the testing procedures and the specification ("Amended Specification") for the Product.

In the event that any produced batch meets the Original Specification, but under the amended XRD analysis, fails to meet the Amended Specification, Albemarle will perform a recrystallization of the subject batch. Any subsequent recrystallizations for such batch shall be upon Customer's request. For each such recrystallization (including multiple recrystallizations for the same batch) Customer will pay Albemarle [redacted]. Invoicing and payment terms for each recrystallization will be in accordance with the provisions of the Commercial Manufacturing Agreement.

5 . Effect on Commercial Manufacturing Agreement: All terms and provisions of the Commercial Manufacturing Agreement not inconsistent with the terms and provisions of this Addendum shall remain in full force and effect. In the event that any provision of this Addendum and the Commercial Manufacturing Agreement conflict, the subject provisions of this Addendum shall be controlling.

6. This Addendum is considered a written instrument, in full accordance with the manner of amending the Commercial Manufacturing Agreement, including Exhibits B and C as recited in Section 12.10 thereof. All other terms and conditions of the Commercial Manufacturing Agreement shall remain the same and in full force and effect.

SIGA Technologies, Inc. **Albemarle Corporation**

By: _____ By:_____

Print Name: _____ Print Name: _____

Title: _____ Title: _____

Amendment 1 to Exhibit B
to the COMMERCIAL MANUFACTURING AGREEMENT dated August 25, 2011 between SIGA Technologies, Inc. and Albemarle Corporation

Micronized Product Testing

Albemarle will provide post-micronization analytical services of the micronized Product per the specifications contained below.

[specifications redacted]

Amendment 1 to Exhibit C
to the COMMERCIAL MANUFACTURING AGREEMENT dated August 25, 2011 between SIGA Technologies, Inc. and Albemarle Corporation

Specifications

ST-246 Drug Substance Specification for Commercial Production

PRODUCT SPECIFICATIONS

[redacted]

ADDENDUM 2 TO COMMERCAIL MANUFACTURING AGREEMENT

This Addendum 2 to Commercial Manufacturing Agreement, (this "Addendum") is entered into and effective the 1st day of July, 2013 by and between Albemarle Corporation, (hereinafter "Albemarle"); and SIGA Technologies, Inc. (hereinafter "Customer"), to addend, amend and/or supplement that certain Commercial Manufacturing Agreement between Albemarle and customer dated August 25, 2011, as amended December 21, 2012 (collectively the "Commercial Manufacturing Agreement"). All capitalized terms used herein and not defined shall have the meaning set forth in the Commercial Manufacturing Agreement.

WHEREAS, Albemarle, pursuant to the commercial Manufacturing Agreement, has manufactured, sold and delivered to Customer the Product (as defined in the Commercial Manufacturing Agreement); and

WHEREAS, in order to reflect the revised stability study testing schedule, conditions, and cost which shall apply to stability studies requested after the date of this Addendum, the parties wish to amend Section 4.3 and Exhibit D to the Commercial Manufacturing Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, Albemarle and Customer wish to addend, amend and/or supplement the Commercial Manufacturing Agreement as follows:

1. Section 4.3 Stability Study Fee of the Agreement is hereby amended in its entirety to read:

   4.3 Stability Study Fee. Albemarle shall charge a fee of [redacted] for each five (5) year stability study described in Section 2.11 that is requested by the Customer. Such fee will be invoiced by Albemarle quarterly in arrears during the first year of such study.

2. Exhibit D is hereby amended to read in its entirety as set forth on the attachment to this Addendum, and as amended shall apply to any stability studies requested after the date of this Addendum but shall not affect the conduct of stability studies ongoing at the date of this Addendum.

This Addendum (including the attached Exhibit D) is considered a written instrument prepared and executed in full accordance with the manner of amending the Commercial Manufacturing Agreement, as recited in Section 12.10 thereof. All other terms and conditions of the Commercial Manufacturing Agreement shall remain the same and in full force and effect.

SIGA TECHNOLOGIES, INC. **ALBEMARLE CORPORATION**

By: _____ By: _____

Daniel J. Luckshire Name:

EVP & CFO Title:

Date: _____ Date: _____

Amendment 1 to Exhibit D
to the COMMERCIAL MANUFACTURING AGREEMENT
dated August 25, 2011 between
SIGA Technologies, Inc. and Albemarle Corporation

Stability Study

[redacted]

Addendum #3 to Commercial Manufacturing Agreement

This Addendum to Commercial Manufacturing Agreement, (this "Addendum") is entered into and effective the 2nd day of July, 2014 by and between Albemarle Corporation, (hereinafter "Albemarle"); and SIGA Technologies, Inc. (hereinafter "Customer"), to addend, amend and/or supplement that certain Commercial Manufacturing Agreement between Albemarle and customer dated August 25, 2011, as amended December 21, 2012 and July 1, 2013 (the "Commercial Manufacturing Agreement"). All capitalized terms used herein and not defined shall have the meaning set forth in the Commercial Manufacturing Agreement.

WHEREAS, Albemarle, pursuant to the commercial Manufacturing Agreement, has manufactured, sold and delivered to Customer the Product (as defined in the Commercial Manufacturing Agreement); and

WHEREAS, in order to add an additional particle size testing site and an approved particle size testing method, the parties wish to amend Exhibits B, C and H to the Commercial Manufacturing Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, Albemarle and Customer hereby addend, amend and/or supplement the Commercial Manufacturing Agreement as follows:

1. Exhibit B is hereby amended to read in its entirety as set forth in the attachment to this Addendum.

2. Exhibit C is hereby amended to read in its entirety as set forth in the attachment to this Addendum.

3. Exhibit H is hereby amended to read in its entirety as set forth in the attachment to this Addendum.

This Addendum is considered a written instrument, in full accordance with the manner of amending the Commercial Manufacturing Agreement, including Exhibits B, C and H as recited in Section 12.10 thereof. All other terms and conditions of the Commercial Manufacturing Agreement shall remain the same and in full force and effect.

SIGA TECHNOLOGIES, INC. **ALBEMARLE CORPORATION**

By: _____ By: _____

Daniel J. Luckshire Name:

EVP & CFO Title:

Date: _____ Date: _____

Amendment 2 to Exhibit B
to the COMMERCIAL MANUFACTURING AGREEMENT dated August 25, 2011 between SIGA Technologies, Inc. and Albemarle Corporation

MICRONIZED PRODUCT TESTING

[redacted]

Amendment 2 to Exhibit C
to the COMMERCIAL MANUFACTURING AGREEMENT dated August 25, 2011 between SIGA Technologies, Inc. and Albemarle Corporation

Specifications

ST-246 Drug Substance Specification for Commercial Production

PRODUCT SPECIFICATIONS

[redacted]

Amendment 1 to Exhibit H
to the COMMERCIAL MANUFACTURING AGREEMENT dated August 25, 2011 between SIGA Technologies, Inc.

and Albemarle Corporation

List of Approved Laboratories per Section 3.5

[redacted]

MACANDREWS & FORBES GROUP, LLC

Sublandlord and

SIGA TECHNOLOGIES, INC.

Subtenant

SUBLEASE

Sublease Premises: Portion of the 17th Floor
660 Madison Avenue New York, NY I 0065

Dated as of: January , 2013

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SUBLEASE

AGREEMENT OF SUBLEASE ("Sublease") dated as of the day of January, 2013, by and between MACANDREWS & FORBES, GROUP, LLC, a Delaware limited liability company, having an office at 35 East 62 Street, New York, New York 10065 ("Sublandlord"), and SIGA TECHNOLOGIES, INC., a Delaware corporation, having an office at 35 East 62 Street, New York, New York 10065 ("Subtenant").

WHEREAS:

I. By lease elated October 29, 2012 (the "Overlease") between Etoile 660 Mad ison LLC ("Overland lord"), as land lord, and Sublandlord, as tenant (the "Overlease"), Sublandlord leased from Overland lord a portion of the seventeenth (17th) floor of the building (the "Building") located at 660 Madison Avenue, New York, New York (as the same are shown on the floor plan annexed to the Overlease as Schedule B); and

I. Subtenant desires to sublet from Sublandlord all of the premises leased by Sublandlord pursuant to the Overlease (for purposes of this Sublease, the "Sublease Premises"), upon the terms and subject to the provisions and conditions hereinafter set forth;

NOW, THEREFORE, the parties hereto, i n consideration of the mutual covenants, conditions and agreements hereinafter contained, do hereby agree as follows:

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1. Term. Sublandlord hereby sublets the Sublease Premises to Subtenant, and Subtenant hereby hires the Sublease Premises from Sublandlord , for a term (the "Term") commencing on the date (the "Commencement Date") upon which all of the following shall have occurred : (i) a fully executed duplicate original of this Sublease shall have been delivered to Subtenant; and (ii) the Commencement Date of the Overlease, and which shall encl on the clay immediately preceding the expiration date of the Overlease (the "Expiration Date"), unless sooner terminated in accordance with the provisions of this Sublease.

1. Rent and Additional Rent.

A. Subject to the provisions of Subparagraph 2C below, Subtenant covenants and agrees that Subtenant shall pay to Sublandlord fixed rental ("Fixed Rent") at the same rates then payable by Sublandlord pursuant to the Overlease . Subtenant agrees to pay all Fixed Rent to Sublandlord, in lawful money of the United States, in equal monthly installments in advance, on the first (1st) clay of each calendar month during the Term, without any deduction, offset, abatement, defense and/or counterclaim whatsoever; it being agreed, however, that Subtenant shall not be required to pay Fixed Rent and/or additional rent pursuant to this Sublease, during any period that Fixed Rent or additional rent, as applicable, shall not be payable under the Overlease. Without limiting the foregoing, Subtenant's obligation to pay Fixed Rent shall not commence until the end of the Free Fixed Rental Period (as the same may be extended) under the Overlease. Subtenant has heretofore paid the first (1st) monthly installment of Fixed Rent. The monthly installment of Fixed Rent payable on account of any partial calendar month during the Term, if any, shall be prorated.

B. In addition to the Fixed Rent payable hereunder, Subtenant covenants to pay as additional rent, all amounts that are required to be paid to Overlandlord as additional rent pursuant to the Overlease, including, without limitation, all amounts payable under Article 5 and Article 6 of the Overlease, and which are payable with respect to the Sublease Premises for periods occurring wholly or in part within the Term of this Sublease, as calculated and in the manner provided in the Overlease.

A. Except to the extent that the parties hereto agree that such payments may be made to Subland lord by wire transfer, all payments of Fixed Rent and additional rent (Fixed Rent and additional rent are collectively referred to herein as "rent") shall (as the parties may agree), be made by good and sufficient check (subject to collection) currently elated, issued directly from Subtenant, without endorsements, to the order of MacAnclrews & Forbes Group, LLC, or to Overlandlord. Furthermore, in any instance where the Overlease provides for payment to Overlandlord, Subtenant's sole obligation shall be (as applicable) to make such payment directly to Overland lord or reimburse Sublandlorcl for the actual amount
paid by Sublandlord to Overlandlord (without any markup to Sublandlord), and with the express agreement that there shall be no duplicate payments by Subtenant of any amounts.

B. In the event that rent is clue under the Overlease with respect to any period which follows the Expiration Date, Subtenant's obligations hereunder on account of such rent shall be appropriately prorated.

C. Notwithstanding anything to the contrary contained in this Sublease, all sums of money, other than Fixed Rent, as shall become due and payable by Subtenant to Sublandlord under this Sublease shall be deemed to be additional rent, and Sublandlord shall have the same rights and remedies in the event of non-payment of additional rent as are available to Sublandlord for the non-payment of Fixed Rent.

1. Use of the Sublease Premises. Subtenant shall use and occupy the Sublease Premises for executive and general business office purposes only, in accordance with the terms and conditions of the Overlease (the "Permitted Use"), as well as such ancillary uses as are permitted under the Overlease, and for no other purpose , and further covenants not to do any act which will result in a violation of the Overlease.

1. Incorporation of Overlease Terms.

A. All capitalized and other terms not otherwise defined herein shall have the meanings ascribed to them in the Overlease, unless the context clearly requires otherwise.

B. Except as herein otherwise expressly provided, all of the terms, provisions, covenants and conditions contained in the Overlease are hereby made a part hereof. The rights and obligations contained in the Overlease are, during the term of this subletting, hereby imposed upon the respective parties hereto, Sublandlord as being substituted for Overland lord , and Subtenant being substituted for Sublandlord with respect to the Overlease; provided, however , that Sublandlord shall not be liable to Subtenant for any failure in performance resulting from the failure in performance by Overlandlord under the Overlease of the corresponding covenant of the Overlease, and Sublandlord's obligations hereunder are accordingly conditional where such obligations require such parallel performance by Overlandlord. It is expressly agreed that Sublandlord shall not be obligated to perform any obligation which is the obligation of Overland lord under the Overlease. Sublandlord shall have no liability to Subtenant by reason of the default of Overland lord under the Overlease.
Notwithstanding anything to the contrary contained in or omitted from Paragraph 8 below, Subtenant recognizes that Sublandlord is not in a position and shall not be required to render any of the services or utilities, to make repairs, replacements, restorations, alterations or improvements or to perform any of the obligations required of Overland lord by the terms of the Overlease and agrees that Sublandlord shall not be bound by any of Overlandlord's representations concerning the Building (including the Sublease Premises). Sublandlord agrees, however, to use reasonable efforts to enforce its rights against Overlandlord under the Overlease for the benefit of Subtenant upon Subtenant's written request therefor (and to forward to Overlandlord any notices or requests for consent as Subtenant may reasonably request). Subtenant shall promptly reimburse Sublandlord for any and all costs which Sublandlord shall incur in expending such efforts. Furthermore, and without limiting any of the other provisions of this Sublease, Subtenant does hereby indemnify and agree to hold Sublandlord harmless from and against any and all claims, liabilities, damages, costs and expenses (including, without limitation, reasonable attorney's fees and disbursements) incurred by Sublandlord in expending such efforts. Nothing contained in this Subparagraph 4B shall require Sublandlord to institute any suit or action to enforce any such rights; provided,

however, that at the request of Subtenant, Sublandlord shall permit Subtenant to institute an action or proceeding against Overlandlord (an "Overlease Enforcement Proceeding") in the name of Sublandlord (or, without Sublandlord making any kind of representation or warranty that Subtenant shall have the privity or standing to do so, Sublandlord shall permit Subtenant to institute an action or proceeding against Overland lord in Subtenant's own name) to enforce Sublandlord's rights under the Overlease which are applicable to Subtenant, provided that: (i) Subtenant shall not then be in default under any of the terms, covenants or conditions of this Sublease following notice and the expiration of any applicable cure periods; and (ii) such action shall be prosecuted at the sole cost and expense of Subtenant, and Subtenant shall agree to indemnify and hold Sublandlord harmless from and against any and all claims, liabilities, damages, costs and expenses (including, without limitation, reasonable attorney's fees and disbursements) incurred or suffered by Sublandlord in connection with such action or proceeding. Subtenant acknowledges that the failure of Overland lord to provide any services or comply with any obligations under the Overlease shall not entitle Subtenant to any abatement or reduction in rent except to the extent that Sublandlord receives a corresponding abatement or reduction in rent pursuant to the Overlease. Sublandlord hereby agrees that Subtenant may send requests for additional services, or notices with respect to service related issues, directly to Overland. At Sublandlord's request, Subtenant shall provide Sublandlord with copies of any notices that Subtenant sends to Overland lord.

A. Wherever the Overlease refers to the "Demised Premises" such references for the purposes hereof shall be deemed to refer to the Sublease Premises.

B. Wherever the Overlease refers to the "Expiration Date" such references for the purposes hereof shall be deemed to refer to the Expiration Date of this Sublease.

C. Sublandlord represents that, to the knowledge of Sublandlord, as of the date hereof, the Overlease annexed hereto as Exhibit "A" and made a part hereof is a true and complete copy of the Overlease.

1. Sublease Subject to Overlease.

A. This Sublease is subject and subordinate to the Overlease and to the matters to which the Overlease is or shall be subordinate. In the event that the Overlease shall be cancelled or terminated prior to the expiration date of this Sublease, whether by
voluntary or involuntary means or by operation of law or for any reason whatsoever, then this Sublease shall also terminate. Subtenant hereby covenants that, throughout the Term, Subtenant shall observe and perform all of the provisions of the Overlease which are to be observed and performed by the tenant thereunder other than the covenant to pay rent to the Overlandlord.
Subtenant covenants that Subtenant shall not do any act, matter or thi ng which will be, result in, or constih1te a violation or breach of or a default under the Overlease; it being expressly agreed to by Subtenant that any such violation, breach or default shall constitute a material breach by Subtenant of a substantial obligation under this Sublease. Subtenant hereby agrees that Subtenant shall indemnify and hold Sublandlord harmless from and against all claims, liabilities, penalties and expenses, including, without limitation, reasonable attorneys' fees and disbursements, arising from or i n connection with any default by Subtenant in Subtenant's performance of those terms, covenants and conditions of the Overlease which are or shall be applicable to Subtenant, as above provided, and all amounts payable by Subtenant to
Sublandlord on account of such indemnity shall be deemed to be additional rent hereunder and shall be payable within ten (10) days following demand. Notwithstanding anything to the contrary contained in or omitted from Paragraph 8 below, in any case where the consent or approval of Overlandlord shall be required pursuant to the Overlease, Subtenant shall not be required to obtain a corresponding consent or approval from Sublandlord. Sublandlord agrees that Subtenant may request any required consents or approvals directly from Overlandlord.
Notwithstanding the foregoing, if Overlandlord shall require that Sublandlord (rather than Subtenant) deliver such consent or approval requests, or that Sublandlord join in any such requests with Subtenant, then Sublandlord shall, as applicable, and at no cost to Subtenant, join in such requests or directly issue such requests. Furthermore, in any instance where the Overlease permits the Overlandlord to assess a charge, Subtenant's sole obligation shall be (as applicable) to pay such charge directly to Overlandlord or reimburse

Sublandlord for the actual amount charged to Overlandlord (without any markup to Sublandlord) and with the express agreement that there shall be no duplicate payments by Subtenant of the amounts in question.

B. Subtenant agrees to be bound, for all purposes of this Sublease, by any modifications or amendments to the Overlease. Sublandlord shall not, without Subtenant's consent agree to amend or modify the Overlease in any way that would increase Subtenant's obligations hereunder, or decrease Subtenant's rights with respect to the Permitted Use of the Sublease Premises, or which would otherwise materially adversely affect Subtenant's rights or obligations hereunder or seek to terminate the Overlease.

1. Alterations. Subtenant shall not perform or make any Alterations without complying with the provisions of Article 8 of the Overlease, including, but not limited to, obtaining the prior consent of Overland lord (as required). Subtenant shall not be required to
obtain Sublandlord's consent for any Alterations or Decorative Changes that have been consented to by Overlandlord or that do not require Overlancllord's consent. At Sublandlord's request, Subtenant shall reimburse Sublandlord within twenty (20) clays following demand for all amounts charged by Overlandlord in com1ection with any of Subtenant's Alterations; with it being agreed, however, that no charges shall be separately assessed by Sublandlord .

1. Occupancy Tax. If any commercial rent or occupancy tax shall be levied with regard to the Sublease Premises during the Term, Subtenant shall pay the same either to the taxing authority, or, if appropriate, to Sublandlord, as additional rent, not less than twenty (20) clays before the clue elate of each and every such tax payment. In the event that any such tax payment shall be made by Subtenant to Sublandlord, Sublandlord shall remit the amount of such payment to the taxing authority on Subtenant's behalf.

1. Non-Applicability of Certain Provisions of the Overlease. The following provisions of the Overlease shall not be incorporated into this Sublease by reference: Article 6, to the extent that the incorporation by reference thereof would be construed as requiring
Sublandlord to assume any of Overlandlord's obligations thereunder or permitting Sublancllord to cause the provision of any services to be discontinued; Article 7 to the extent that the
incorporation by reference thereof would be construed as requiring Sublandlord to assume any of Overlandlord's obligations thereunder; Section 11.14; Section 15.04; Section 17.04; Article 23; Article 31; Article 35; Section 39.01 (except for the last sentence thereof); Section 39.02; Schedule C; Schedule J; Schedule K; and Schedule L.

1. Assignment and Subletting.

A. Subtenant, on its own behalf and on behalf of its heirs, distributees, executives, administrators, legal representatives, successors and assigns, covenants and agrees that Subtenant shall not, by operation of law or otherwise : (i) assign, whether by merger, consolidation or otherwise, mortgage or encumber its interest in this Sublease, in whole or in
part, or (ii) sublet, or permit the subletting of, the Sublease Premises or any part thereof, or
(iii) permit the Sublease Premises or any part thereof to be occupied or used for desk space, mailing privileges or otherwise by any person or entity other than Subtenant, without, in each such instance, complying with the applicable provisions of Article 14 of the Overlease and obtaining the consent of Overlandlord (as required). Subtenant shall not be required to obtain Sublandlord 's consent for those transactions that may be entered into without Overlandlord's
consent pursuant to Article 14 of the Overlease or for which Overlandlord' s consent shall have been obtained. Sublandlord shall cooperate with Subtenant efforts to obtain any required Overlandlord consents under Article 14 of the Overlease.

A. At Sublandlord's request, Subtenant shall reimburse Sublandlord within twenty (20) days following demand for all amounts charged by Overland lord in
connection with an assignment or subletting request by Subtenant; with it being agreed, however , that no charges

shall be separately assessed by Sublandlord .

B. No consent by Sublandlord or Overlandlord to any assignment, subletting or other occupancy agreement shall in any manner be considered to relieve Subtenant from complying with the provisions of this Paragraph 9 in connection with any further

assignment or subletti ng. The provisions of this Paragraph 9 shall apply to each and every sublease or assignment Subtenant proposes to enter into during the Term.

1. Insurance.

A. Subtenant shall, at its own cost and expense, obtain, maintain and keep i n force during the Term for the benefit of Sublandlord, Subtenant, Overlandlord and such other parties as are designated in the Overlease all insurance that Sublandlord is required to maintain pursuant to Articles 11 of the Overlease with respect to the Sublease Premises. During any period that Subtenant shall be a Designated Permitted Party, the parties can agree that, although Subtenant may elect to do so, Subtenant shall not be required to maintain separate insurance to the extent that Subtenant is then covered under Sublandlord's insurance.

B. Subtenant shall pay all premiums and charges for all of Subtenant's policies, and, if Subtenant shall fail to make any payment when due or carry any such policy, Sublandlord may, but shall not be obligated to, make such payment or carry such
policy, and the amount paid by Sublandlord, with interest thereon at the Lease Rate (as such term is defined in the Overlease), from the date of such payment , shall be repaid to Sublandlord by Subtenant promptly following demand, and all such amounts so repayable, together with such interest , shall be deemed to constitute additional rent hereunder. Payment by Sublandlord of any such premium, or the carrying by Sublandlord of any such policy, shall not be deemed to waive or release the default of Subtenant with respect thereto.

C. Notwithstanding the limits of insurance specified in Article 11 of the Overlease, Subtenant agrees to defend, indemnify and hold harmless Sublandlord, and the agents, partners , shareholders, directors, officers and employees of Sublandlord, from and against all damage, loss, liability, cost and expense (including, without limitation, engineers', architects ' and attorneys' fees and disbursements) resulting from any of the risks referred to in Article 11 of the Overlease (as incorporated herein by reference). Such indemnification shall operate whether or not Subtenant has placed and maintained the insurance specified in this Paragraph 10, and whether or not proceeds from such insurance actually are collectible from one or more of Subtenant's i11surance companies.

11. Brokerage. Subtenant warrants and represents to Sublandlord that it has not dealt with any broker in connection with this Sublease. Subtenant shall indemnify and hold Sublandlord harmless from and against any claims arising by reason of a breach foregoing representation and warranty. Sublandlord warrants and represents to Subtenant that it has not dealt with any broker in c01mection with this Sublease. Sublandlord shall indemnify and hold Subtenant harmless from and against any claims arising by reason of a breach foregoing representation and warranty.

1. Assignment of the Overlease. The term "Sublandlord " as used in this Sublease means only the tenant under the Overlease, at the time in question, so that if Sublandlord's interest i n the Overlease is assigned f n accordance with the applicable provisions of the Overlease (including obtaining any required consents), Sublandlord shall be thereupon released and discharged from all covenants, conditions and agreements of Sublandlord hereunder accruing with respect to the Overlease from and after the date of such assignment, but such

covenants, conditions and agreements of the Overlease shall remain binding on the assignee until thereafter assigned .

1. Notices and Cure Periods; Default and Remedies.

A. All not ices hereunder to Sublandlord or Subtenant shall be given in writing and delivered by hand, national overnight courier or mailed by certified or registered mail, return receipt requested, to the addresses set forth below:

If to Sublandlord :

MacAndrews & Forbes Group, LLC 35 East 62 Street
New York, New York 10065 Attention: Steven Fasman , Esq.

If to Subtenant:
Prior to the Commencement Date: SIGA Technologies, Inc.
35 East 62 Street
New York, New York 10065
Attention: Executive Vice President and General Counsel

Subsequent to the Commencement Date: SIGA Technologies, Inc.
660 Madison Avenue
New York, New York 10065
Attention: Executive Vice President and General Counsel

A. By notice given in the aforesaid manner, either party hereto may notify the other as to any change as to where and to whom such party's notices are thereafter to be addressed.

B. The effective date of any notice shall be the date such notice is delivered or refused (if by hand or by national overnight courier) or the third (3rd) business day following the date of mailing thereof.

1. Binding Effect. The covenants, conditions and agreements contained in this Sublease shall bind and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns (to the extent permitted hereunder).

1. Condition of the Sublease Premises. It is understood and agreed that all understandings and agreements heretofore had between the parties are merged in this Sublease, which alone fully and completely expresses their agreements, and that the same are entered into after full investigation, neither party relying upon any statement or representation made by the other and not embodied in this Sublease. Notwithstanding anything to the contrary contained in the Overlease and/or this Sublease (but with the understanding that Overlandlord shall complete the work specified in the Overlease), Subtenant agrees to accept possession of the Sublease Premises in "as is" and "where is" condition on the Commencement Date, and Sublandlord shall not be required to perform work of any kind, nature or description to prepare the Sublease Premises for Subtenant's occupancy or make any contribution for work to be performed by Subtenant.

1. At End of Term.

A. Upon the expiration or sooner termination of the Term, Subtenant shall vacate and surrender the Sublease Premises in the manner required pursuant to the Overlease.

B. The parties recognize and agree that the damage to Sublandlord resulting from any failure by Subtenant to timely surrender possession of the Sublease Premises as aforesaid will be substantial and will exceed the amount of the monthly installments of the rent payable hereunder. Subtenant therefore agrees that, if possession of the Sublease Premises is not surrendered to Sublandlord on the Expiration Date or sooner termination of the Term, then, in addition to any other right or remedy Sublandlord may have hereunder or at law or in equity, Subtenant shall indemnify and hold Sublandlord harmless from and against any and all claims and causes of action which may arise by reason thereof and reimburse Sublandlord for all damages, use and occupancy payments and other amounts that Sublandlord is required to pay Overlandlord pursuant to the Overlease by reason thereof. Nothing herein contained shall be deemed to permit Subtenant to retain possession of the Sublease Premises after the Expiration Date or sooner termination of this Sublease, and no acceptance by Sublandlord of payments from Subtenant after the Expiration Date or sooner termination of the Term shall be deemed to be other than on account of the amount to be paid by Subtenant in accordance with the provisions of this Section 16B, which provisions shall survive the Expiration Date or sooner termination of this Sublease .

1. Security.

A. Subtenant has heretofore deposited with Sublandlord the sum of $360,504 .00 (the "Security Deposit Amount"), as security for the faithful performance and observance by Subtenant of all of the covenants, agreements, terms, provisions and conditions of this Sublease. Subtenant agrees that, if Subtenant shall default (following notice and the explanation of an applicable cure period) with respect to any of the covenants, agreements, terms, provisions and conditions that shall be the obligation of Subtenant to observe, perform or

keep under the terms of this Sublease, including the payment of the Fixed Rent and additional rent, Sublandlord may use, apply or retain the whole or any part of the security being held by Sublandlord (the "Security") to the extent required for the payment of any Fixed Rent and additional rent, or any other payments as to which Subtenant shall be in default (following notice and the explanation of an applicable cure period) or for any monies which Sublandlord may expend or may be required to expend by reason of Subtenant's default in respect of any of the covenants, agreements, terms, provisions and conditions of this Sublease, including any damages or deficiency in the reletting of the Sublease Premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Sublandlord. Sublandlord shall not be required to so use, apply or retain the whole or any part of the Security so deposited, but if the whole or any part thereof shall be so used, applied or retained, then Subtenant shall, upon demand, deposit with Sublandlord an amount in cash equal to the amount so used , applied or retained, so that Sublandlord shall have the entire Security Deposit Amount on hand at all times during the Term. In the event that Subtenant shall fully and faithfully comply with all of the terms, provisions, covenants, agreements and conditions of this Sublease, the Security shall be returned to Subtenant after the Expiration Date and delivery of exclusive possession of the entire Sublease Premises to Sublandlord. In the event of an assignment of Sublandlord's interest in, under or to this Sublease: (i) Sublandlord shall transfer the Security to the assignee or lessee or transferee, (ii) Sublandlord shall thereupon be released by Subtenant from all liability for the return of such Security, and (iii) Subtenant agrees to look solely to Sublandlord's successor for the ret urn of said Security; it being agreed that the provisions hereof shall apply to every transfer or assignment made of the Security to a new Sublandlord. Subtenant further covenants that Subtenant will not assign or encumber or attempt to assign or encumber the monies deposited herein as Security, and that neither Sublandlord nor Sublandlord's successors or assigns shall

be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

B. In the event that the amount of the security deposit required under the Overlease shall be increased or decreased, then the Security Deposit Amount shall be increased or decreased by a corresponding amount.

1. Miscellaneous.

A. This Sublease is made in the State of New York and shall be governed by and construed under the laws thereof. This Sublease supersedes any and all other or prior understandings, agreements, covenants, promises, representations or warranties of or between the parties (which are fully merged herein). The headings in this Sublease are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. Whenever necessary or appropriate, the neuter gender as used herein shall be deemed to include the masculine and feminine; the masculine to include the feminine and neuter; the feminine to include the masculine and neuter; the singular to include the plural; and the plural to include the singular. This Sublease shall not be binding upon Sublandlord for any purpose whatsoever unless and until Sublandlord has delivered to Subtenant a fully executed duplicate original hereof.

1. Valid Authority. A. Subtenant hereby represents and warrants to Sublandlord that:

(i) Subtenant: (a) is duly organized, validly existing and in good standing in the State of Subtenant's incorporation; and (b) has the full right and authority to. enter into this Sublease; and

(ii) The execution, delivery and performance of this Sublease by Subtenant: (a) does not conflict with any provisions of any instrument to which Subtenant is a party or by which Subtenant is bound; and (b) constitutes a valid, legal and binding obligation of Subtenant.

A. Sublandlord hereby represents and warrants to Subtenant that:

(i) Sublandlord: (a) is duly organized, validly existing and in good standing in the State of Sublandlord's formation; and (b) has the full right and authority to enter into this Sublease; and

(ii) The execution, delivery and performance of this Sublease by Sublandlord: (a) does not conflict with any provisions of any instrument to which Sublandlord is a party or by which Subtenant is bound, and (b) constitutes a valid, legal and binding obligation of Sublandlord.

1. Failure to Give Possession. Sublandlord shall not be subject to any liability for any failure to give possession of the Sublease Premises by any particular date, and the validity of this Sublease shall not be impaired under such circumstances, nor shall the same be construed to extend the term of this Sublease. Notwithstanding the foregoing, if Overlandlord shall not deliver the Sublease Premises in the required delivery condition by the Scheduled Completion Deadline, then at Subtenant's written request, Sublandlord shall exercise
Sublandlord's right to terminate the Overlease, and upon such termination of the Overlease, this Sublease shall also be deemed to have been terminated and of no further force and effect. The provisions of this Paragraph 20 are intended to constitute "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law.

1. Overlandlord Termination Right Modifying (to the extent of any inconsistency between such provisions and this Paragraph 21) the provisions of Article 38 of the Overlease) as the same are incorporated into this Sublease by reference, in the event that Overlandlord shall exercise Overlandlord's termination right pursuant to Article 43 of the Overlease, then Subtenant shall surrender possession of the Sublease Premises in the required condition by the clay immediately preceding the Early Termination Date. If this Sublease shall have been in full force and effect as of the clay immediately preceding the Early Termination Date, then Sublandlord shall, within ten (I 0) days following Sublandlord's receipt thereof, pay to Subtenant, an

amount equal to the Termination Payment that Overlandlord shall have paid to Sublandlord. It is hereby agreed that the provisions of Article 43 of the Overlease, as the same are incorporated into this Sublease by reference, shall not be construed in a manner that would grant Sublandlord the right to terminate this Sublease independently of a corresponding termination of the Overlease by Overlandlord.

1. Right of First Offer. Modifying (to the extent of any inconsistency between such provisions and this Paragraph 22) the provisions of Article 43 of the Overlease) as the same are incorporated into this Sublease by reference, provided that this Sublease shall be in full force and effect, Sublandlord shall (i) deliver to Subtenant copies of any notices received by Sublandlord pursuant to Article 43 of the Overlease, and (ii) upon Subtenant's written request , delivered to Sublandlord at least two (2) days prior to the latest date by which Sublandlord may exercise the same, Sublandlord shall exercise Sublandlord's right of first offer to lease the Expansion Space upon the Offered Terms, or if applicable, More Favorable Terms. Sublandlord and Subtenant shall thereupon, promptly and in good faith enter into an amendment of this Sublease reasonably acceptable to Sublandlord and Subtenant to provide for (a) the inclusion of the Expansion Space in the Sublease Premises, (b) payment of Fixed Rent for the expansion space i n the same amount that shall be payable pursuant to the Overlease, (c) and any other terms that are applicable to Sublandlord's leasing of the Expansion Space from Overlandlord. In the event that Overlandlord shall fail to deliver the Expansion Space by the Outside Expansion Space Termination Date, then at Subtenant 's written request, which must be delivered to Sublandlord at least two (2) days prior to the latest date by which Sublandlord may give such notice, Sublandlord shall provide Overlandlord with written notice of Sublandlord's cancellation of Sublandlord's Notice of Exercise.

1. Extension Option. Modifying (to the extent of any inconsistency between such provisions and this Paragraph 23), the provisions of Article 44 of the Overlease) as the same are incorporated into this Sublease by reference, provided that this Sublease shall be in full force and effect, then at Subtenant 's written request, which must be delivered to Sublandlord (in each instance): (i) no more than twenty (20) days prior to the earliest date upon which Sublandlord may exercise the same, and (ii) no less than twenty (20) days prior to the latest date upon which Sublandlorcl may exercise the same (a) Sublandlord shall exercise the Extension Option for the First Extension Term, and (b) (if the Extension Option for the First Extension Tenn shall have been exercised) Sublandlord shall exercise the Extension Option for the Second Extension Tenn. If Subtenant shall have requested Sublandlord to exercise the Extension Option for the First Extension Term, then upon Sublandlord's exercise of the First Extension Option, the Tenn of this Sublease shall thereafter be extended for the First Extension Term upon the same terms and conditions pursuant to which the Overlease shall have been extended, except that the Term of this Sublease shall end on the day immediately preceding the expiration elate of the First Extension Term. If Subtenant shall have requested Sublandlord to exercise the Extension Option for the Second Extension Term, then upon Sublandlord's exercise of the Second Ex tension Option, the Term of this Sublease shall thereafter be extended for the Second Extension Term upon all of the terms and conditions pursuant to which the Overlease shall have been extended, except that the term of this Sublease shall end on the day the immediately preceding the expiration date of the Second Extension Tenn. Furthermore (y) if Subtenant shall exercise the Extension Option for the First Extension Term, then Sublandlord shall permit Subtenant to remain in the Sublease Premises, at no additional cost, on the clay that immed iately precedes the commencement elate for the First Extension Term, and (b) if Subtenant shall exercise the Extension Option for the Second Extension Term, then Sublandlord shall permit Subtenant to remain in the Sublease Premises, at no additional cost, on the day that immediately precedes the commencement date for the Second Extension Term. Sublandlord hereby assigns to Subtenant, Sublandlord's right to designate an Independent Broker in connection with any arbitration to determine the fair market rental value of the Sublease Premises for the Second Ex tension Term .

IN WITNESS WHEREOF, Sublandlord and Subtenant have duly executed this Sublease as of the day and year first written above .

SUBLANDLORD:

MACANDREWS & FORBES GROUP, LLC

By: _____
Name :
Title:

SUBTENANT:

SIGA TECHNOLOGIES, INC ..
By:_____
Name :
Title:

EXHIBIT A

Overlease

JACOBSMA & ASSOCIATES

Investment/Exchanges

February 2,1998
P.O. Box 1833 Paso Robles, CA 93447 (805) 239-3090

Dr. Walter Flamenbaum SIGA Pharmaceuticals
Sent Via Fed Ex
666 Third Avenue 30th Floor
New York, NY 10017

Dear Walter ,

RE: FINAL VERSION OF SIGNED LEASE

I received your response via telefax today acknowledging the changes I made on the first page of the Summary of Lease Terms .

I am enclosing your copy of the final signed lease, including these changes, for your files.

Please forward the security deposit check in· the amount of $23,418.34 to Karex Property Management, P.O. Box 1321, Paso Robles, CA 93447 at your earliest convenience.
If you have any questions, please feel free to call me.
Sincerely,
Rex Jacobsma
RJ:md
Enclosure

T:\rc\property\orcgon\lease\flamenbaum final lease transmittal letter

1508 Olive St. Paso Robles, CA 93446 FAX (805)239-9088 jacobsma @fix.net

COMMERCIAL LEASE

Research Way Investments
LANDLORD

SIGA Pharmaceuticals TENANT

COMMERCIAL LEASE SUMMARY OF LEASE TERMS

A. EXECUTION DATE : January 1, 1998

B. LANDLORD: RESEARCH WAY INVESTMENTS

C. TENANT: SIGA PHARMACEUTICALS

A. PREMISES (Section l, Exhibit A):

Approximately 9,677± square feet of Net Rentable Area located on the second floor in that certain building located and addressed at 4575 S. W. Research Way (the "Building"), situated on the rea l property described on Exhibit C ("Property"). The Net Rentable Area o f the Building is 91,248 square feet.

B. TERM (Section 2.1):

Commencement Date: Expiration Date:
Length of Term: Options:
Length of Options:

January 1, 1998
December 31, 2005
7 years
1
7 years

C. FIXED RENT (Section 3. I): $90,576.72/sq. ft/annum NNN
$7,548.06/sq. ft/month NNN
$.78/sq. ft./month NNN

D. ADJUSTMENTS TO RENT: 3%/annum

E. SECURITY DEPOSIT (Section 4):

An amount equal to 2 full months of rent and estimated CAM charges.
$7,548.06 + $4,161.11 = $1 1, 709.17 X 2 months = $23,418.34

I. OPERATING COSTS AND TAXES (Section 5.2):

Tenant's Percentage Share of Operating Costs and Taxes (a.k.a. CAM Charges):

Estimate for First Lease Year: $49,933.32
$4,161.1 1/month
$.43/sq ft/month

J. OPERATING COSTS AND TAXES (Section 5.2): General and Executive officers including, but not limited to, Pharmaceutical Research and Development

K. TENANT'S INSURANCE REQUIREMENTS (Section 13.1):
(i) Liability: $ 5,000,000
(ii) All Risk Replacement Cost: Cost of Replacement

L. LANDLORD'S INSURANCE REQUIREMENTS (Section 13.2):

(i)Liability:$5,000,000
Casualty:Cost of Replacement
Difference in Conditions:Actual loss of rents

M. ADDRESS FOR NOTICES (Section 20.15):
To Landlord:With Copies To:
c/o Rex Jacobsma
Research Way Investments
P.O. Box 1833 I 1508 Olive Street
Paso Robles, CA 93447 I 93446
(85) 239-3090 - (805) 239-9088 FAX
To Tenant:With Copies To:
Dr. Walter FlamenbaumScott Segal
SIGA PharmaceuticalsAttorney at Law
666 Third Ave.10 East 40th Street
30th Floor45th Floor
New York, NY 10017New York, NY 10016
Tel: (212) 681-4970Tel: (212) 447-6660
FAX: (212) 681-2953FAX: (212) 447-0124
N. BROKERCS) (Section 20.20):
Broker(s):Jacobsma & Associates
Address:P.O. Box 1833, Paso Robles, CA 93447

Landlord

O. LIST OF EXHIBITS:

Exhibit A - Floor Plan
Exhibit A1 - Reserve Area
Exhibit A2 - First Refusal Area
Exhibit B - Rules and Regulations Exhibit C - Real Property Description Exhibit D - List of Trade Fixtures
Exhibit F - Stautory Quitclaim Deed

P. LIST OF ADDENDA:

see Addendum to Commercial Lease

The provisions of the lease identified above in parentheses are those provisions making reference to above-described Lease Terms. Each such reference in the Lease shall incorporate the applicable Lease Terms. In the event of any conflict between the Summary of Lease Terms and the Lease, the latter shall control.

LANDLORD	TENANT
Research Way Investments	SIGA Pharmaceuticals
By: _____	By: _____
Its: _____	Its: _____

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LEASE

For and in consideration of the Rent and other sums to be paid by Tenant to Landlord under this Lease, and of the covenants and agreements hereinafter set forth to be kept and performed by Tenant, Landlord hereby leases to Tenant, and Tenant hereby leases from Land lord, the Premises for the term, at the rental and subject to and upon all of the terms, covenants, conditions and agreements hereinafter set forth:

1. PREMISES:

1.1 Description. The Premises comprise the area described in Paragraph D of the Summary of Lease Terms, and as shown as crosshatched on Exhibit A attached hereto and made a part hereof.

1.2 Net Rentable Area Defined. The term "Net Rentable Area" is hereby defined for the purposes of this Lease to mean the area of space leased by Tenant (or, in the case of the entire Building, leasable) computed by measuring to the inside finish of permanent outer building walls, to the Premises side of public corridors and/or other permanent partitions and to the center of partitions which separate the adjoining rentable areas, with no deductions for columns and projections in the Building. On multi-tenant floors, common corridors and toilets, air conditioning rooms, fan rooms, janitorial closets, electrical and telephone closets and any other areas serving that floor are considered com mon area and for purposes of this Section shall be al located pro rata to the tenants. Tenant acknowledges that Tenant has measured or has waived measurement of the Net Rentable Area of the Premises and Building, and Tenant agrees that the square footage stated in Paragraph D of the Summary of Lease Terms is the Net Rentable Area for the Premises and Building calculated on the basis of the foregoing definition, and Tenant further agrees to waive any right to contest the amount of such square footage.

2. TERM:

2.1 Tenn. The term of this Lease shall be for a period commencing as of the Commencement Date (as defined in Paragraph E of the Summary of Lease Terms) and continuing to and including the Expiration Date (as defined in Paragraph E of the Summary of Lease Terms) unless sooner terminated pursuant to this Lease.
SEE ADDENDUM

3. RENT:

Commencing on the date set forth in the Addendum,

3.1 Fixed Rent Tenant agrees to pay to Land lord the Fixed Rent (as set forth in Paragraph F of the Summary of Lease Terms) in equal monthly installments in advance by the fifth of each calendar month of the term of this Lease without deduction, offset, prior notice or demand, in lawful money of the United States, at the office of Land lord at Land lord's address for notice as specified in Paragraph M of the Summary of Lease Terms or at such other place as designated by Land lord (the "Fixed Rent"). It is the responsibility of Tenant to ensure that the Rent arrives at the above-mentioned place on or before the due date. If the due date is a weekend or holiday, then Tenant must arrange for earlier delivery. Payments made by mail will be considered late if they do not arrive at the place designated by Landlord on the designated due date.

All amounts of Rent including, without limitation, Fixed Rent, and other sums due under this Lease if not paid when due shall (i) bear interest from the due date until paid at a per annum rate equal to the lesser of (x) the maximum rate allowed by law, or (y) fifteen percent (15%) (The "Default Rate") until fully paid, and (ii) incur a late charge of five percent (5%) of such unpaid amount. Landlord and Tenant agree that the amount of such interest and late charge is fair and reasonable compensation for costs and expenses incurred by Landlord due to the failure by Tenant to timely make any payment of Rent or other sums due under this Lase as such costs and expenses are extremely difficult to estimate and ascertain.

SEE ADDENDUM

3.4 Rent Definition. Fixed Rent, as adjusted in accordance with the terms hereof, and any other sums due to Land lord from Tenant pursuant to this Lease shall be deemed to be "Rent" hereunder.

4. SECURITY DEPOSIT:

Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Land lord the Security Deposit (as set forth in Paragraph H of the Summary of Lease Terms). The Security Deposit shall be held by Land lord as security for the faithful performance by Tenant of all of the terms, covenants, conditions and provisions of this Lease to be kept and performed or observed by Tenant. If Tenant defaults with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of Rent or any other monetary sums due herewith, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or other monetary sums due herewith and/or for the payment of any other amount which Landlord may spend or become obligated by reason of Tenant's default, or to compensate Landlord for any other loss or damage which Landlord may suffer thereby. If any portion of the Security Deposit is so used or applied, Tenant shall, with ten (I 0) days after demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the full amount thereof, and Tenant's failure to do so shall be a material breach of this Lease. Land lord shall not be required to keep the Security Deposit separate from its general accounts and/or funds. If Tenant shall fully and faithfully perform all of its obligations hereunder, the Security Deposit, or any balance thereof that has not theretofore been applied by Landlord, shall be returned to Tenant, without payment of interest or other increment for its use (or, at Land lord's option, to the last assignee of Tenant's interest hereunder), with in ten (10) days after the expiration of the Lease term and after Tenant has vacated the Premises. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer the Security Deposit to Landlord's successor in interest whereupon Land lord shall be released from any and all liability for the return thereof or the accounting therefor. No trust relationship is created herein between Landlord and Tenant with respect to the Security Deposit.

5. OPERATING COSTS AND REAL PROPERTY TAXES:

5.1 Definitions. For purposes of this Section and Lease, the following terms are herein defined:

(a) Operating Costs. All costs and expenses of management, ownership, operation and maintenance of the Building and Property, including by way of illustration but not limited to, utilities; waste disposal; materials and supplies; Insurance Premiums (unless otherwise paid for by Tenant pursuant to the provisions of Section 13.1 below); cost of services of independent contractors and employees (including, without limitation, wages, salaries, employment taxes and fringe benefits of such persons but excluding persons performing services not uniformly available to all Building tenants), day-to-day operation, maintenance and repair of the Premises, Building, its equipment, and the common areas, parking areas, walkways, access ways, and landscaped areas, including, without limitation janitorial, gardening, security, elevator servicing, painting, plumbing, electrical, carpentry, heating, ventilation, air conditioning, window washing, signing and advertising; rental expense or depreciation of personal property used in the maintenance, operation, and repair of the Building; the cost of capital improvements to the Building (amortized in accordance with generally accepted accounting principles together with interest at the prevailing annual rate on the unamortized portion of such cost made after the date of this Lease which reduce other items of Operating Costs or are required under any governmental law or regulation; reserves for future maintenance, repair or replacement of components of the improvements on the Property such as, by way of illustration, roof of the Building, surfaces of parking areas, and, repainting or resurfacing of Building walls, reasonably based on the anticipated cost and estimated useful life of such items . Operating Costs shall not include Real Property Taxes (as defined in Section 5.l(b) below) or the taxes referred to in Section 5.3 below; debt service, if any, on the Building; depreciation on the Building other than depreciation on exterior window draperies provided by Land lord and carpeting in public corridors; costs of Tenant's and other tenant improvements; real estate brokers' commissions; capital improvements other than the reserves and capital improvements included in Operating Costs above; and the cost of repairs, utilities, or extra services furnished to, billed to and payable separately by, Tenant or any other lessee of the Building. **Tenant shall not be responsible f or any portion of the amortized amounts attributable to periods after the Lease

(b) Real Property Taxes. Includes without limitation, all taxes, has expired. service payments levied or assessed wholly or partly in lieu of taxes, annual or periodic license, permit, inspection or use fees, excises, transit charges, housing fund assessments, assessments, levies, fees or charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind which are assessed, levied, charged, confined, or imposed by any recorded declaration affecting the Property or by any public authority upon the Property, the Building, its operation, personal property contained therein, or the Rent payable hereunder, (but excluding taxes referred to in Section 5.3 below and state and federal, personal or corporate income taxes measured by the net income of Land lord from all sources), and the cost of contesting by appropriate proceedings the amount or validity of any of the aforementioned taxes.

5.2 Tenant's Percentage Share of Operating Costs and Taxes.

(a) In addition to the Fixed Rent payable during each calendar year or any portion thereof, during the term of this Lease Tenant shaft pay Tenant's proportionate share of the amount of Operating Costs and Real Property Taxes paid or incurred by Land lord in

such year or any portion thereof ("Tenant's Percentage Share of Operating Costs and Taxes") (as shown i n Paragraph I of the Summary of Lease Terms). Tenant's Percentage Share of Operating Costs and Taxes has been computed by dividing the amount of Tenant's Net Rentable Area by the amount of Net Rentable Area for the entire Building. In the event that either Tenant's Net Rentable Area or the Building's Net Rentable Area is changed, Tenant's Percentage Share of Operating Costs and Taxes shall be appropriately adjusted by Landlord, such adjustment to be conclusive and binding on Tenant. If such change occurs during any calendar year, Tenant's Percentage Share of Operating Costs and Taxes shall be determined for that calendar year on the basis of the number of days during such calendar year each such percentage is applicable.

(b) Landlord's estimate of Tenant's Percentage Share of Operating Costs and Taxes for the first Lease Year is set forth in Paragraph I of the Summary of Lease Terms. On December of each calendar year or as soon thereafter as practicable, Landlord shall give Tenant notice of its adjusted estimate of Tenant's Percentage Share of Operating Costs and Taxes for the succeeding calendar year. On or before the first day of each month during the succeeding calendar year (or i n the case of the first year of the Lease, on or before the first day of each month during such first year), Tenant shall pay to Land lord one-twelfth (1/12) of such estimate or adjusted estimate. If Landlord fails to deliver such notice to Tenant in December, Tenant shall continue to pay Tenant's Percentage Share of Operating Costs and Taxes on the basis of the prior year 's estimate until the first day of the next calendar month after such notice is given, provided that on such date Tenant shall pay to Land lord the amount of such estimated adjustment payable to Landlord as of January I of the year in question, less any portion thereof previously paid by Tenant.

(c) Within ninety (90) days after the close of each calendar year or as soon after such ninety (90) day period as practicable, Landlord shall deliver to Tenant a statement of Tenant's Percentage Share of Operating Costs and Taxes for such calendar year. If, on the basis of such statement, Tenant owes an amount that is more than the estimated payments for such calendar year previously made by Tenant, Tenant shall pay the deficiency to Landlord within fifteen (15) days after delivery of the statement. If on the basis of such statement Tenant has paid to Land lord an amount in excess of the actual adjustment to be made for the preceding calendar year and Tenant is not in default in the performance of any of its covenants under this Lease, then Land lord, at its option, shall either promptly refund such excess to Tenant or cred it the amount thereof to the Rent next becoming due from Tenant until such cred it has been exhausted.

(d) In the event of any dispute as to any amount due by Tenant for Tenant's Percentage Share of Operating Costs and Taxes, Tenant shall have the right upon reasonable advance written notice to inspect Land lord's accounting records relative to Operating Costs and Real Estate Property Taxes at the address at which Land lord maintains its records during normal business hours at any time within forty-five (45) days following the furnishing by Landlord to Tenant of such statement. If Tenant makes such timely written demand, a certification as to the proper amount of Tenant's Percentage Share of Operating Costs and Taxes shall be made by an independent public accountant designated by Landlord, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original determination of Tenant's Percentage Share of Operating Costs and Taxes was in error by more than ten percent (10%) over Tenant's actual obligation,. ***

***in which case Landlord shall pay the cost of such certification.

** (an independent public accountant shall be one who has not previously performed services for Landlord)

(e) If this Lease expires on a day other than the last day of a calendar year, the amount of Tenant's Percentage Share of Operating Costs and Truces payable by Tenant applicable to the calendar year in which such termination occurs, shall be prorated on the basis which the number of days from the commencement of such calendar year, to and ncluding such termination date, bears to 360; or (ii) commences on a day other than the first day of a calendar year, the amount of Tenant's Percentage Share of Operating Costs and Taxes payable by Tenant applicable to the calendar year in which such commencement occurs, shall be prorated on the basis which the number of days from the Commencement Date, to and including the last day of the calendar year in which the Commencement Date occurs, bears to 360.

Tenant's obligations to pay Tenant's Percentage Share of Operating Costs and Truces for either year end adjustments or partial lease years as contemplated by subparagraphs (c) and (e) above shall survive the termination or expiration of this Lease.

5.3 Other Taxes Payable By Tenant. Tenant shall reimburse Land lord upon demand for, or upon Landlord's request shall pay directly to the appropriate party or entity the amount of, any and all taxes payable by Land lord (other than net income taxes) whether or not now customary or within the contemplation of the parties hereto: estate or franchise

(a) imposed upon, measured by or reasonably attributable to cost or value of Tenant's equipment, furniture, fixtures and other personal property located on the Premises or by the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, other than building standard improvements made by Landlord, if any, regardless of whether title to such improvements shall be in Tenant or Landlord;

(b) imposed upon or measured by the Rent payable hereunder, including, without limitation, any gross income true or excise tax levied by the City and County in which the Premises are located, the Federal Government or any other governmental body with respect to the receipt of such rental;

(c) imposed upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, ·use or occupancy by Tenant of the Premises or any portion thereof, and

(d) imposed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

In the event that it shall not be lawful for Tenant to so reimburse Land lord, the Rent payable to Land lord under this Lease shall be revised to net Landlord the same income after imposition of any such tax upon Land lord as would have been received by Landlord hereunder prior to the imposition of any such tax.

6. USE:

6.1 Use. The Premises shall be used and occupied by Tenant for the purposes stated on Paragraph J of the Summary of Lease Terms and f6r no other purpose without the prior written consent of Land lord.

6.2 Suitability. Tenant acknowledges that neither Landlord nor any officer, director, shareholder, employee or agent of Landlord has made any representation or warranty with respect to the condition of the Premises or the Building or with respect to the suitability of either for the conduct of Tenant's business, nor has Land lord agreed to undertake any modification, alteration or improvement to the Premises except as provided in th is Lease. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in a satisfactory condition.

6.3 Uses Prohibited.

(a) Tenant shall not do or permit anything to be done in or about the Premises or the Building, or bring or keep or permit to be brought or kept anything in or about the Premises or Building, which is prohibited by any Law (as defined in Section 6.3(b) below),or which is prohibited by, or will in any way increase the existing rate of, cause a cancellation of, or otherwise affect any fire or other insurance on the Building, or any part thereof, or any of its contents.

(b) Tenant shall at its sole cost and expense promptly comply with all applicable covenants, conditions and restrictions now or hereafter affecting the Premises, or the Building, or the Property, with all laws, rules, ordinances, regulations, directives and requirements of all federal, state, county and municipal authorities having jurisdiction over the Premises, or the Building, or the Property ("Laws"), including without limitation those relating to health, safety, noise, environmental protection, waste disposal , water and air quality, and other environmental matters, and the use, storage and disposal of Hazardous Materials, as such term is defined in Section 6.4(a) below, and with the certificate of occupancy for the Premises or the Building and shall not permit anything to be done on the Premises in violation thereof. Upon written demand, Tenant shall discontinue any use of the Premises in violation of any covenants, conditions and restrictions, or of any Law or of the certificate of occupancy.

(c) Tenant shall not do or permit anything to be done in, or about the Premises, or the Building, or the Property which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on, or about the Premises or the Building, or the Property nor use or permit to be used any loudspeaker, or other device, system or apparatus which can be heard outside the Premises without the prior written consent of Land lord. Tenant shall not commit or suffer to be committed any waste in or upon the Premises, the Building, or the Property.

6.4 Tenant's Obligations Regarding Environmental Matters.

(a) Tenant shall at all times and in all respects com ply with all federal, state and local laws, ordinances and regulations (collectively, "Hazardous Materials Laws") relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal, or transportation of any oil, gasoline and related products, flammable substance or explosives, asbestos, radioactive materials or waste, or other hazardous. toxic, contaminated or polluting materials, substances, chemicals, wastes or related injurious materials, whether injurious by themselves or in combination with other materials including, without limitation, any "hazardous substances," "hazardous wastes, "hazardous materials," or

"toxic substances" under any such Laws, any toxic or hazardous substance, material or waste listed in the United States Department of Transportation Table (49 CFR 172.l 0 l) or by the Environmental Protection Agency as a hazardous substance (40 CFR, Part 302) and amendments thereto, or such substances, materials and wastes which are or become regulated or listed as toxic under any applicable local, state or federal law (collectively, "Hazardous Materials").

(a) Tenant shall at its own expense procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Tenant's use of the Premises, including, without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises. Except as discharged into the sanitary sewer in compliance with all applicable Hazardous Materials Laws, Tenant shall cause any and all Hazardous Materials removed from the Premises to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes as required by applicable governmental agencies having responsibility for any such removal. Tenant shall in all respects handle, treat, deal with and manage any and all Hazardous Materials in, on, under or about the Premises in compliance with all applicable Hazardous Materials Laws and prudent industry practices regarding management of such Hazardous Materials. Upon expiration or earlier termination of the term of this Lease, Tenant shall cause all Hazardous Materials in excess of levels permitted by govern mental authorities to be removed from the Premises and transported for use, storage or disposal in accordance and compliance with all applicable Hazardous Materials Laws. Tenant shall not take any remedial action in response to the presence of any Hazardous Materials in or about the Premises or the Building, nor enter into any settlement agreement, consent decree or other com promise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises or the Building, without first noticing Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Land lord's interest with respect thereto.

(b) Tenant shall immediately notify Land lord in writing of: (i) any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Hazardous Materials Laws; (ii) any claim made or threatened by any person against Tenant, the Premises , the Building, or the Property relating to damage, contribution, cost recovery compensation , loss or injury resulting from or claimed to result from any Hazardous Materials; and (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in, on, under, about or removed from the Premises, the Building, or the Property including any complaints, notices, warnings or asserted violations in connection therewith. Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Property, the Building, or the Premises, or Tenant's use thereof. Tenant shall promptly deliver to Land lord copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises.

(c) Tenant shall indemnify, defend (by counsel reasonably acceptable to Land lord), protect, and hold Landlord, and each of Landlord's partners, employees, agents, attorneys, lenders, successors and assigns, and the Premises, the building, and Property free and harmless from and against any and all loss of rents and/or damages, claims, liabilities, penalties, liens, judgments, forfeitures, costs, losses or expenses (including permits, and

consultants' and attorneys' fees) or death of or injury to any person or damage to any property or the environment whatsoever, arising from or caused in whole or in part, directly or indirectly, by (a) the presence in, on, under or about the Premises, the Building or the Property or discharge in or from the Premises, the Building, or the Property of any Hazardous Materials caused or contributed to by Tenant, or Tenant's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Premises, the Building, or the Property or (b) Tenant's failure to com ply with any Hazardous Materials Laws or (c) any storage tank brought onto the Premises, the Building, or the Property by or for Tenant. Tenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary investigation (including consultants' and attorneys' fees and testing), repair, cleanup or detoxification or decontamination of the Premises, the Building, or the Property, and the preparation and implementation of any restoration, abatement, closure, remedial action or other required plans in connection therewith, and shall survive the expiration or earlier termination of the term of this Lease. For purposes of the release and indemnity provisions hereof, any acts or omissions of Tenant, or by employees, agents, assignees, contractors or subcontractors of Tenant or others acting for or on behalf of Tenant (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant. No termination, cancellation or release agreement entered into by Land lord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Materials or storage tanks, unless specifically so agreed in writing at the time of such agreement.

7. SERVICES AND UTILITIES:

SEE ADDENDUM

7.1 Landlord's Obli1rntions. Provided that Tenant is not in default in the performance or observation of any of the terms, covenants, conditions or provisions of this Lease to be kept and performed or observed by it, Landlord, subject to the rules and regulations of the Building hereinafter referred to, agrees to (i) furnish to the Premises during reasonable hours of generally recognized business days (as determined by Landlord) water, gas, electricity, heating and air conditioning suitable for the intended use of the Premises; (ii) maintain and keep lighted the common stairs, entries and bathrooms in the Building and outside lighting on the Property;

(i) make all repairs other than those specified to be Tenant's obligation under this Lease; and

(ii) maintain and repair, other than as specified to be Tenant's obligation under this Lease, the elevators, if any, and maintain all portions of the Property and Building used in common by Tenant and Landlord's other tenants; provided that such repair shall be at Tenant's cost and expense if damage thereto is caused by the negligence of Tenant, or Tenant's employees, agents, contractors or invitees. Tenant agrees that at all times it will cooperate fully with Landlord and abide by all regulations and requirements that Land lord may prescribe for the proper functioning and protection of any of the Building's heating, ventilation and air conditioning systems. Whenever heat generating machines or equipment are used in the Premises by Tenant which affect the temperature otherwise maintained by the air conditioning system, if any, Land lord shall have the right to install supplementary air conditioning units in the Premises, and the cost thereof, including the cost of installation, operation and maintenance thereof, shall be paid by Tenant to Landlord upon demand by Land lord with interest at the Default Rate accruing from the date Landlord incurs such costs until the time payment for same is actually received by Landlord, and Landlord shall have (in addition to any other right or remedy of Land lord) the same rights and remedies in the event of non-payment thereof by Tenant as in the case of failure by Tenant to pay Rent hereunder. To the extent that the cost and expense incurred by Landlord

7.2 Non-Liability. Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or reduction of Rent by reason of Land lord's failure to furnish any of the items Land lord is obligated to furnish pursuant to Section 7.1 above when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or disputes of any character; by the limitation, curtailment, rationing or restrictions on use of electricity, gas or any other form of energy; or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord; and Landlord shall not be liable under any circumstances for injury to or death of any person or damage to or destruction of any property , however occurring, through or in connection with or incidental to failure to furnish any of the foregoing.

7.3 Tenant Obligations. Tenant agrees it will not, without the written consent of Land lord, use any apparatus or device in the Premises (including, without limitation, electronic data processing machines, computers or machines using current in excess of 110 volts) which will in any way increase the amount of electricity, water or air conditioning usually furnished or supplied to the Premises for general office use or connect with electric current (except through existing electrical outlets in the Premises) or with water pipes any apparatus or device for the purposes of using electric current or water. If Tenant shall require water or electrical current in excess of that usually furnished or supplied to the Premises as used for general office use, Tenant shall first obtain the written consent of Landlord. Land lord shall not unreasonably withhold consent so long as Tenant agrees, i n writing, to pay a ll costs and charges as set forth below. Land lord may cause an electric current or water meter to be installed in the Premises in order to measure the amount of electric current or water consumed for any such excess use. The cost of any such meter and of the installation , maintenance and repair thereof; all charges for such excess water and electric current consumed (as shown by such meters and at the rates then charged by the furnishing public utility); and any additional expense incurred by Landlord in keeping account of electric current or water so consumed shall be paid by Tenant, and Tenant agrees to pay Landlord therefor promptly upon demand by Landlord, and Land lord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of non-payment thereof by Tenant as in the case of failure by Tenant to pay Rent hereunder .

7.4 Additional Services. Landlord agrees to make reasonable effort to provide utilities and services to the Premises during hours and on days not otherwise provided in this Lease upon written request by Tenant. Tenant shall give reasonable notice in making such request. Tenant agrees to pay promptly on demand any and all costs incurred by Land lord in connection with providing such additional services, and Landlord shall have (in addition to any other right or remedy of Land lord) the same rights and remedies in the event of non-payment thereof by Tenant as in the case of failure by Tenant to pay Rent hereunder.

8. REPAIR AND MAINTENANCE:

8.1 Tenant's Obligations. By its execution hereof, Tenant accepts the Premises as being in the condition in which Landlord is obligated to deliver the Premises. Tenant, at Tenant's sole cost and expense, shall at all times maintain and keep the Premises in good and sanitary order, condition and repair, including, but not limited to, the interior surfaces of the ceilings, walls and floors, all doors, interior surface of windows (and replacement of all

cracked or broken glass), all plumbing and all electrical fixtures and special items in excess of building standard improvements, and all equipment (including heating, cooling, or air conditioning units) installed by or at the request of Tenant. Tenant expressly waives the benefits of any statute now or hereafter in effect permitting Tenant to repair the Premises and deduct the cost thereof from Rent otherwise due.

8.2 Surrender of Premises. Upon the Expiration Date, Tenant shall surrender the Premises and all Alterations (as defined in Section 9 below) thereto (unless designated by Landlord to be removed in accordance with Section 9) to Land lord in the samecondition as received, ordinary wear and tear (except to the extent Tenant is obligated to keep the Premises in good condition and repair) and damage thereto by fire, earthquake, acts of God or the elements alone excepted, and shall promptly remove or cause to be removed at Tenant's . expense from the Premises and the Building any signs, notices and displays placed by Tenant, as well as any furniture or fixtures placed therein by Tenant. Tenant shall indemnify the Landlord against any loss, cost, liability and/or expense (including, without limitation, attorney's and paralegals' fees and costs and court costs) resulting from delay by Tenant in so surrendering the Premises and Alterations thereto, including, without limitation, any claims made by any succeeding tenant founded on such delay.

8.3 Removal of Fixtures. Tenant agrees to repair any damage to the Premises or the Building caused by or in connection with the removal of any articles of persona l property, business or trade fixtures, movable equipment, and cabinetwork, belonging to Tenant including without l imitation thereto, repairing the floor, and patching and painting the walls where required by Land lord to Landlord's reasonable satisfaction, all at Tenant's sole cost and expense.

9. ALTERATIONS AND ADDITIONS:

SEE ADDENDUM

Tenant agrees not to make or suffer to be made any alteration, addition or improvement to or of the Premises or any part thereof ("Alterations"), without obtaining the prior written consent of Landlord. If Landlord consents to the making of any Alterations, they shall be made by Tenant at its sole cost and expense. Tenant shall use a contractor designated by Landlord or shall obtain Landlord's prior written approval to any contractor selected by Tenant.** Prior to commencement of any work. Tenant shall deliver to Land lord for its approval plans and specifications for each Alteration to be undertaken by Tenant; and, at the completion of such work, Tenant shall deliver to Land lord a certificate from Tenant's architect or engineer stating that the work has been completed in full compliance with such plans and specifications, such certificate to be in form and substance reasonably satisfactory to Land lord. Land lord shall also have the right to impose as a condition to "its consent such requirements as Landlord may deem necessary in its sole discretion including, without limitation, full reimbursement to Landlord of any and all expenses incurred by Land lord in connection with the granting of its consent, the amounts and types of liability and other insurance covering all risks normally associated with such work and the times and dates during which the Alterations are to be accomplished. If Landlord is required pursuant to applicable law or agree to*supervise such work, Tenant shall pay to Landlord a fee in the amount of fifteen percent (15%) of the total cost of the Alterations for its management and supervision of the progress of the work. Tenant agrees that in no event shall such management or supervision by Landlord impose any obligation or liability upon Landlord to Tenant as to or in connection with such work. All sums due and owing to contractors which have been pa id by Landlord due to Tenant's failure to pay such sums when

due, shall bear interest payable to Land lord at the Default Rate until fully paid. Upon the Expiration Date or earlier termination of this Lease, Tenant, at its sole costs and expense, shall promptly remove any Alterations designated by Landlord to be so removed and repair any damage to the Premises or the Building caused by such removal and restore the Premises to the condition existing prior to the Alteration. Any Alterations not so designated to be removed shall become the property of the Landlord. Unless removed by Tenant prior to or on the Expiration Date or earlier date of termination of this Lease, any equipment, trade fixtures, machinery, cabinetwork, movable furniture, or other personal property remaining on the Premises at the expiration or sooner termination of this Lease shall, in the sole option of Land lord, either (i) become the property of Landlord; or (ii) be removed from the Premises and discarded at Tenant's sole cost and expense. It is agreed that Landlord has no obligation, and has made no promises, to alter, add to, remodel, improve, repair, decorate or paint the Premises or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as may be specifically set forth herein .

10. ENTRY BY LANDLORD:

(a) Landlord reserves, and shall at any and all times have, the right to enter the Premises to (i) inspect them; (ii) supply any service to be provided by Land lord to Tenant hereunder; (iii) present the Premises to prospective purchasers, mortgagees or lessees; (iv) post notices of non-responsibility, "For Sale" and "For Lease" signs; and (v) alter, improve or repair the Premises and any portion of the Building all without abatement of Rent, and may erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, using any reasonable efforts to provide that Tenant's use of the Premises shall not be unreasonably interfered with thereby. As part of the consideration for this Lease, Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by such entry. For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all doors, in, upon and about the Premises, excluding Tenant's vaults and safes, and Landlord shall have the right to use any and
a ll means which Land lord may deem proper to open said doors in an emergency, in order to obtain entry to the Premises, and any entry to the Premises obtained by Land lord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, or an eviction of Tenant from, the Premises or any portion thereof.

(b) Land lord shall also have the right at any time to change the arrangement or location of or eliminate entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets or other public or common areas of the Building, or change the arrangement and location of or eliminate parking areas, access ways, or landscaped areas of the Property, and to change the name, number or designation by which the Building is commonly known, and none of the foregoing shall be deemed an actual or constructive eviction of Tenant, nor shall it entitle Tenant to any reduction of Rent or result in any liability of Landlord to Tenant.

11. LIENS:

Tenant shall keep the Premises, the Building and the land upon which the Building is situated, free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant and shall indemnify, hold harmless and defend Land lord from

any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant. In the event that Tenant does not, within days following the recording of notice of any such lien, cause such lien to be released of record, by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause such lien to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All sums paid by Landlord and all expenses incurred by it in connection therewith, including, without limitation, attorneys' and paralegals' fees and costs and court costs, shall be payable to Land lord by Tenant on demand with interest at the Default Rate, from the date such expenses are incurred by Land lord to the date payment is received by Land lord from Tenant and Landlord shall have (in addition to any other right of remedy of Landlord) the same rights and remedies in the event of non-payment thereof by Tenant as in the case of failure to Tenant to pay Rent hereunder. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Land lord shall deem proper for the protection of Land lord, the Premises, the Building, the Property, or any other party having an interest therein, or to keep same free from mechanics' and materialmen's and similar liens. Tenant shall give Landlord at least ten (10) days prior written notice of the date of commencement of any construction or other work on or to the Premises.

12. INDEMNITY:

Land lord shall not be liable to Tenant and Tenant waives all clai1!1s against Landlord for any injury to or death of any person or for loss of use of, damage to, or destruction of property in or about the Premises, the Building, or the Property by or from any cause whatsoever, including without limitation, earthquake or earth movement, gas, fire, oil, electricity or ·leakage from the roof, walls, basement or other portion of the Premises or the Building, unless caused by the gross negligence or willful misconduct ·of Landlord, its agents or employees, Tenant agrees to hold Landlord harmless from and to indemnify and defend Land lord against all claims, liability, damage or loss and against all costs and expenses, including, without limitation, attorneys' and paralegals' fees and costs and court costs in connection therewith, arising out of any injury or death of any person or damage to or destruction of property (i) occurring in, on or about the Premises, from any cause whatsoever, including without l imitation, Tenant's use of the Premises, unless caused solely by the gross negligence or willful misconduct of Landlord, its agents or employees; or (ii) occurring in, on or about any facilities (including without limitation elevators, stairways, passageways or hallways) the use of which Tenant has in common with

other lessees, or elsewhere in or about the Property or the Building: other than the Premises, when such claim, injury or damage is caused in whole or in part by the Tenant, its agents, employees, contractors, invitees, or subtenants

***gross negligence or willful misconduct

Without in any way limiting the foregoing, Tenant specifically acknowledges that Tenant assumes all risks in the use of any or all of the exercise equipment or facilities in the Building; Tenant acknowledges that neither the Landlord nor the property manager provide instruction for or supervision of the use of the exercise equipment and facilities, and either the Land lord nor the property manager shall be liable for injury, death, or any claim arising directly or indirectly out of use of the exercise equipment and facilities... Tenant agrees to hold Landlord harmless from and to indemnify and defend Landlord against all claims, liability, damage, or

loss and against all costs and expenses, including, without limitation, attorney's and paralegals' fees and costs and court costs in connection therewith, arising out of any injury or death of any person using the exercise equipment or facilities (if any) through said person's association with Tenant. Tenant further acknowledges that said exercise equipment and/or facilities (if any) may only be used by Tenant and its employees in common with other tenants and their employees.
Tenant shall not permit use of the exercise equipment or facilities (if any) by Tenant's vendors, or the family members or friends of Tenant and its employees.

The provisions of this Section 12 shall survive the termination of this Lease with respect to any claims or liability occurring prior to such termination.

13. INSURANCE:

13.1 Tenant's Required Coverage. Tenant shall, at Tenant's sole cost and expense, procure and continue in force the following policies of insurance in the amount set forth in Para2:raph K of the Summary of Lease Terms, unless such amounts are otherwise set forth in this Section 13.1:

(i) Liability insurance on an occurrence basis, with limits in an amount set forth in Paragraph K of the Summary of Lease Terms. for claims or losses arising out of or resulting from personal injury (including bodily injury), death and/or property damage sustained or alleged to have been sustained by any person for any reason on or about the Premises, for liability arising out of or resulting from tenant's covenants contained in Section 12 above to indemnify Landlord, its agents and employees, or for contractual liability;

(ii) All risk replacement cost insurance with an agreed amount endorsement upon property of every description and kind owned by Tenant and located in the Premises and for all improvements located in the Premises except building standard improvements in an amount equal to 100% of the full replacement value thereof;

(iii) Workers' compensation insurance (including employer's liability insurance) in accordance with applicable law;

(iv) Such other insurance as may be reasonably required by Landlord or by any holder of any ground or underlying lease, mortgage or deed of trust.

Not more often than every year and upon not less than sixty (60) days prior written notice, Landlord, in its reasonable discretion, may require Tenant to increase the
insurance limits set forth in subparagraphs (i) and (ii) above.

13.2 Landlord's Required Coverage. Land lord shall procure and continue in force the following policies of insurance in the amounts set forth in Paragraph L of the Summary of Lease Terms, the cost of same to be included in Operating Costs:

(i) Liability insurance on an occurrence basis, with limits in the amount set forth in Paragraph L of the Summary of Lease Terms, for claims or losses arising out of or resulting from personal injury (including bodily injury), death and/or property damage sustained or alleged to have been sustained by any person for any reason on or about the

Premises, for liability arising out of or resulting from Tenant's covenants contained in Section 12 above to indemnify Landlord, its agents and employees, or for contractual liability;

(ii) Casualty insurance insuring the Building against loss by or damage due to risks covered by the broadest form of casualty insurance policy (such coverage shall include, without limitation, coverage against the risk of fire, lightning, extended coverage, vandal ism and malicious mischief). Such policy, shall also include, a rental loss endorsement. Such pol icy, exclusive of the rental loss endorsement, shall be in the face amount of not less than ninety percent (90%) of the full value of the improvements covered thereby. The rental loss endorsement shall cover Landlord's loss of rentals in an amount of not less than one (l) year's aggregate Rent for the Premises;

(iii) Difference in conditions insurance against (l) damage or loss by flood if the Premises are located in an area identified by the Secretary of Housing and Urban Development or any successor thereto or other appropriate authority (governmental or private) as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 or the Flood Disaster Protection Act of 1973, as amended, modified, supplemented or replaced from time to time, on such basis as shall be required by Landlord and with coverage in an amount not less than as set forth in Paragraph L of the Summary of Lease Terms, and (2) against damage or loss by earthquake with a deductible of not more than ten percent (I 0%) and with coverage in an amount not less than as set forth in Paragraph L of the Summary of Lease Terms, so long as same is available at commercially reasonable rates

(iv)Such other insurance as may be reasonably required by Landlord by any holder of any ground or underlying lease, mortgage or deed of trust.

**and which is required by similarly situated landlords, or which may be required

Landlord may increase the insurance limits set forth in subparagraphs (i), (ii), or (iii) above1* * *

Up to a maximum of $7,500,000 during the initial term and up to a maximum of $10,000,000

Insurance Policies. The mini mum limits of insurance policies as set forth in Section 13.l above shall in no event limit the liability of Tenant hereunder. The following provisions shall apply regarding all insurance policies Tenant is required to procure and maintain under Section 13.I above. For any insurance policies Landlord is to procure maintain under Section13.2 above, Landlord may, at its option, have such policies com ply with such provisions. The aforesaid insurance shall name Land lord and its partners, employees, agents, and co-owners of the Building as additional insureds (and, at Land lord's opt ion, the property manager, and the holder of any mortgage or deed of trust on the Building, or any part thereof or interest therein, as an additional insured), and shall be with companies having a rating of not less than AAA in "Best's Insurance Guide" or another comparable rating or publication if Best's Insurance Guide is no longer published or produced. For any insurance policies procured by Tenant, Tenant shall cause the insurance companies to furnish Land lord with certificates of coverage, and shall provide that such insurance pol icy shall not be canceled or subject to reduction or modification of coverage except after thirty (30) days prior written notice to Landlord by the insurer. All such policies shall be written as primal)' policies, not contributing with and not in excess of the coverage which Land lord may carry and shall contain a crossliability endorsement stating that the rights of named insured shall not be prejudiced by one insured making a claim or ·commencing an action against another named insured . For any insurance policies procured by Tenant, Tenant shall, at least thirty (30) days prior to the

expiration of such policies, furnish Landlord with renewals or binders for renewals thereof. Tenant agrees that if Tenant does not procure and maintain the insurance required to be procured and maintained by Tenant pursuant to Section 13.1 above Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge Tenant the premiums charged therefor together with the sum equal to all costs and expenses incurred by Landlord in connection therewith (including, without l imitation, costs allocated to the use of Landlord' s employees in connection therewith, including without limitation, costs of wages for such employees) together with interest thereon at the Default Rate, payable upon demand and upon Tenant's failure to pay such insurance premiums and handling charge, Landlord shall have (in addition to any other right or remedy of Land lord) the same rights and remedies as in the case of failure by Tenant to pay Rent hereunder. Tenant shall have the right to provide the insurance policies required pursuant to Section 13.1 above pursuant to blanket policies obtained by Tenant, provided such blanket policies expressly afford coverage to the Premises and to Landlord as required by this Lease.

13.4 Waiver of Subrogation. Landlord and Tenant each hereby waive any and all rights of recovery against the other or against the officers, employees, agents and representatives of the other, on account of loss or damage occasioned to such waiving party or its property or the property of others under its control to the extent that such loss or damage is insured against under any fi re and extended coverage insurance policy which either may have in force at the time of such loss or damage. Tenant shall, upon obtaining the policies of insurance required under this Lease, give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease and shaft obtain from such Insurance carrier or carriers a waiver of any right of recovery by way of subrogation against Landlord.

14. DAMAGE OR DESTRUCTION:

14.1 Partial Damage - Insured. In the event the Premises or the Building are partially damaged by fire or other casualty which is covered under fire and extended coverage insurance carried pursuant to Section l3.2(i) above, Landlord shall restore such damage provided insurance proceeds are available to Land lord to pay one hundred percent (100%) of the cost of restoration and provided such restoration can be completed within one hundred eighty (180) days after the commencement of the work thereof under the laws and regulations of the state, federal, county and municipal authorities having jurisdiction thereover and if such conditions apply so as to require Land lord to restore such damage, this Lease shall continue in full force and effect. Tenant shall be entitled to a proportionate reduction of Fixed Rent and Tenant's Percentage Share of Operating Costs and Taxes while such restoration takes place, such proportionate reduction to be based upon the extent to which the restoration efforts interfere with Tenant's business in the Premises, provided that
in no event shall the reduction of Fixed Rent and Tenant's Percentage
Share of Operating Costs and Taxes exceed the amounts received by Landlord from rent loss \\

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insurance. Tenant's rights to a reduction in Fixed Rent and Tenant's Percentage Share of {}
Operating Costs and Taxes hereunder shall be Tenant's sole and exclusive remedy in connection with any such damage.

Notwithstanding the foregoing, Landlord may terminate this Lease if such damage or casualty occurs during the last twelve (12) months of the term of this Lease (or the

term of any renewal option, if applicable) by giving Tenant notice thereof at any time within thirty (30) days of the occurrence of such damage or casualty and such notice shall specify the date of such termination which date shall not be less than thirty (30) nor more than sixty (60) days after the giving of such notice. In the event of the giving of such notice of termination, this Lease shall expire and all interest of Tenant in the Premises shall terminate on the date so specified in such notice and the Rent shall be paid to the date of such termination.

14.2 Partial Damage - Uninsured. ln the event the Premises or the Building are partially damaged by a risk not covered by Land lord's fire and extended coverage insurance or the proceeds of available insurance are less than one hundred percent (100%) of the cost of restoration, or if the restoration cannot be completed within one hundred eighty (180) days after the commencement of such restoration under the laws and regulations of the state, federal, county and municipal authorities having jurisdiction thereover in the reasonable opinion of Landlord, or if such damage occurs during the last twelve (12) months of the term of this Lease (or the term of any renewal option, if applicable), Landlord shall have the option either to (i) repair or restore such damage, with the Lease continuing in full force and effect, but the Rent to be proportionately abated as provided in Section 14.1 above; or (ii) give notice to Tenant at any time within thirty (30) days after the occurrence of such damage terminating this Lease as of a date to be specified in such notice which date shall not be less than thirty (30) nor more than sixty (60) days after the giving such notice. In the event of the giving of such notice of termination, this Lease shall expire and all interest of Tenant in the Premises shall terminate on the date so specified in such notice and the Rent, reduced by any proportionate reduction in Fixed Rent and Tenant's Percentage Share of Operating Costs and Taxes as provided for in this section and/or Section 14.1 above, shall be paid to the date of such termination.

14.3 Total Destruction. In the event the Premises are totally destroyed or the Premises cannot be restored as required herein under applicable laws and regulations, notwithstanding the availability of insurance proceeds, Landlord shall have the right to terminate this Lease by giving Tenant notice thereof within thirty (30) days of date of the occurrence of such casualty specifying the date of termination which shall not be less than thirty (30) days nor more than sixty (60) days after the date of the delivery of such notice.

14.4 Landlord's Obligations. Notwithstanding the provisions of this Lease, Landlord shall in no event be required to repair any injury or damage by fire or other cause whatsoever to, or to make any restoration or replacement of any paneling, decorations, partitions, railings, ceilings, floor coverings, office fixtures or any other improvements or property installed in the Premises by Tenant or at the direct or indirect expense of Tenant. Tenant shall be required to restore or replace same in the event of damage at its sole cost and expense and except for abatement of Fixed Rent and Tenant's Percentage Share of Operating Costs and Taxes, if any, Tenant shall have no claim against Landlord for any damage; loss, liability, cost or expense incurred by Tenant by reason of any such injury, damage or destruction to or repair or restoration of such items.

14.5 Tenant's Waiver. The provisions of this Section 14 shall constitute the express agreement of the parties regarding damage to or destruction of the Premises and shall supersede any statute now or hereafter in effect.

13. CONDEMNATION:

(a) If all or part of the Premises shall be taken by any public or quasi-public authority under the power of eminent domain or shall be conveyed in lieu thereof, this Lease shall terminate as to any portion of the Premises so taken or conveyed on the date when title or the right to possession vests in the condemnor.

(b) If (i) a part of the Premises shall be taken by any public or quasi-public authority under the power of eminent domain or shall be conveyed in lieu thereof; and (ii) Tenant is reasonably able to continue the operation of Tenant's business in that portion of the Premises remaining; and (iii) Landlord elects to restore the Premises to an architectural whole then this Lease shall remain in effect as to said portion of the Premises remaining, and the Fixed Rent and Tenant's Percentage Share of Operating Costs and Taxes payable from the date of the taking shall be reduced in the same proportion as the area of the Premises taken bears to the total area of the Premises . If after a partial taking, Tenant is not reasonably able to continue the operation of its business in the Premises or Landlord elects not to restore the Premises as herein above described, this Lease may be terminated by either Landlord or Tenant by giving written notice to the other party with in thirty (30) days of the date of the taking. Such notice shall specify the date of termination which shall not be less than thirty (30) nor more than sixty (60) days after the date of such notice.

(c) If a portion of the Building is taken, whether any portion of the Premises is taken or not, and Land lord determines that it is not economically feasible to continue operating the portion of the Building remaining, then Land lord shall have the option for a period of sixty (60) days after such taking to terminate this Lease. - If Landlord determines that it is economically feasible to continue operating the portion of the Building remaining after such taking, then this Lease shall remain in effect, and Landlord at Land lord's cost shall restore the Building to an architectural whole.

(d) Landlord shall be entitled to any and all payment, income, rent, award, or any interest thereon whatsoever which may be paid or made in connection with such taking or conveyance, and Tenant hereby assigns any rights to same to Landlord and Tenant shall have no claim against Land lord or otherwise for the value of any unexpired term of this Lease.
Notwithstanding the foregoing, to the extent that Landlord's recovery for such taking shall not be diminished, Tenant shall have the right to make a claim for moving expenses and for loss or damage to Tenant's trade fixtures, equipment and movable furniture.

(e) No temporary taking of the Premises and/or of Tenant's rights therein or under this Lease shall terminate this Lease or give Tenant any right to any abatement of Rent hereunder.

14. ASSIGNMENT AND SUBLETTING:
SEE ADDENDUM

(a) Tenant shall not assign, transfer, mortgage, pledge hypothecate or encumber this Lease or any interest therein and shall not sublet the Premises or any part thereof, or allow occupation or use thereof by any other party or entity, without the prior written consent of Landlord. In the event Tenant should desire to assign or transfer this Lease or sublet any part of the Premises, Tenant shall notify Land lord in writing (hereinafter referred to as "Sublet Notice") of the terms of the proposed assignment or transfer or subletting, at least thirty days in advance of the date on which Tenant desires to make such assignment or transfer or

sublease. Landlord shall then have 15 business days following receipt or such notice within which to notify Tenant in writing that Landlord elects to do one of the following:

(i) Terminate this Lease as to the space so affected as of the date so specified by Tenant in the Sublet Notice, in which event Tenant shall be relieved of all further obligations hereunder as to such space from and after such date; or

(ii) Grant consent to Tenant to assign or transfer the Lease or sublet such space to the proposed assignee or transferee or sublessee on the terms set forth in the Sublet Notice; or
such space.

(iii) Deny consent to Tenant to assign or transfer the Lease or sublet

(b) If Tenant proposes to sublease less than a ll of the Premises, an election by Landlord under subparagraph (a) (i) above to terminate this Lease with respect to such space shall not affect the force or validity of the Lease with respect to the remainder of the Premises, provided that the Rent payable hereunder shall be adjusted on a pro rata basis in accordance with the reduction in the rentable area of the Premises. If Landlord should fail to notify Tenant in writing of its election under subparagraph (a) within the fifteen business days, Land lord shall be deemed to have waived the option described in subparagraph (a)(i), but prior written consent by Landlord of the proposed assignee or transferee or sublessee shall still be required . Land lord shall have the right to require complete financial statements and business history information (including without limitation, the name and legal com position of the proposed assignee or transferee or sublessee and the nature of the business proposed to be carried on in the Premises) regarding the proposed assignee or transferee or sublessee before determining whether or not to consent.

Fifty percent of the Fixed Rent and Tenant's Percentage Share of Operating Costs and Tax.es payable hereunder which is realized by Tenant under any sublease or assignment or transfer in accordance with this section shall be paid entirely to Landlord. Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of nonpayment thereof by Tenant as in the case of failure by Tenant to pay rent hereunder.

(a) The consent of Landlord to any assignment, transfer, mortgage, pledge, encumbrance, hypothecation, subletting, occupation or use by any other person or entity shall not release Tenant from any of Tenant's obligations hereunder or discharge any liability of Tenant under this Lease, nor shall said consent be deemed to be a consent to any subsequent similar or dissimilar assignment, transfer, mortgage, pledge, encumbrance, hypothecation, subletting, occupation or use by any other person or entity. Any such assignment, transfer, mortgage, pledge, encumbrance, hypothecation, subletting, occupation or use by any other person or entity without such consent shall be void and shall constitute a breach of the Lease by Tenant and shall, at the option of Landlord, constitute a material event of default hereunder. The acceptance of Rent by Landlord from any other person or entity shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any assignment, subletting or other transfer thereof .

(e) For purposes of this Section 16, sales, transfers or assignments of (i) a controlling interest in the stock of Tenant (if Tenant is a corporation); (ii) the general partnership interest of Tenant sufficient to materially change its general partnership composition and management (if Tenant is a partnership); or (iii) the majority of controlling underlying beneficial interest of Tenant (if Tenant is any other form or business entity) shall constitute an assignment hereunder.

(f) The voluntary or other surrender of this Lease or of the Premises by Tenant or a mutual cancellation of this Lease shall not work a merger, and at the option of Landlord any existing subleases may be terminated or be deemed assigned to Landlord in which event the tenants under such subleases shall become tenants of Landlord.

(g) Tenant shall reimburse Landlord for all costs incurred by Landlord in connection with its review and consideration of any proposed assignment, transfer, mortgage, pledge, encumbrance or hypothecation of the Lease or subletting of the Premises, or any partthereof, including without limitation , reasonable attorneys fee not to exceed $1500.

SEE ADDENDUM

17. MORTGAGEE/GROUND LANDLORD PROTECTION:

17.2 Subordination Amendments. Tenant covenants and agrees to execute and deliver upon demand and without charge, such further instruments evidencing subordination of this Lease to (i) any ground or underlying leases and (ii) to the l ien of any mortgages or deeds of trust, as described in Section 17.I above, as may be requested by Land lord. Tenant hereby appoints Land lord as Tenant's attorney-in-fact, irrevocably, to execute and deliver any such agreements, instruments, releases or other documents.

17.3 Financial Statements. If this Lease is to be subject and subordinate to any ground or underlying Lease, mortgage or deed of trust executed after this date, within ten (I 0) days after Landlord 's request, Tenant shall deliver to Land lord, or to any actual or prospective ground lessor or lender that Landlord designates, such financial statements as are reasonably required by any holder of any underlying or ground lease or mortgage or deed of trust (the "Holder") to verify the net worth of Tenant (or any assignee, subtenant or guarantor of Tenant) to facilitate the financing or refinancing of the Building, or any part thereof, or the creation, extension or renewal of any master or ground lease affecting the Building. Tenant represents and warrants to Landlord and Holder that each financial statement delivered by
Tenant shall be accurate in all material respects as of the date of such statement. All financial statements shall be confidential and used only for the purposes stated herein.

17.4 Landlord's Default. If Landlord is in default of this Lease, Tenant will accept cure of any default by any Holder whose name and address shall have been furnished to

Tenant in writing. Tenant may not terminate this Lease for Landlord's default unless Tenant has given notice thereof to each such Holder and the default is not cured within thirty (30) days thereafter or such greater time as may be reasonably necessary to cure such default. A default which cannot reasonably be cured within said 30-day period shall be deemed cured within said period if work necessary to cure the default is commenced within such time and proceeds diligently thereafter until the default is cured .

17.5 Lease Modifications. If any Holder should require, as a condition of any underlying or ground lease, mortgage, or deed of trust, a modification of the provisions of this Lease, Tenant shall approve and execute any such modification promptly after such request , provided no such modification shall relate to the Rent payable hereunder or the length of the
term hereof or otherwise materially alter the rights or obligations of Tenant hereunder.

17.6 Lease Superior. Notwithstanding anything herein to the contrary, upon request of Land lord, Tenant agrees to execute any appropriate instrument making this Lease and the leasehold estate created herein superior to the lien of any underlying or ground lease, mortgage or deed of trust.

17.7 Quiet Enjoyment. Land lord covenants and agrees with Tenant that upon Tenant paying the Rent and other monetary sums due under this Lease, and performing all of its covenants and conditions under the Lease, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the term, subject, however, to the terms of the Lease and any of the aforesaid underlying or ground leases, mortgages or deeds of trust described in Section 17.1 above.

17.8 Attornment. In the event any proceedings are brought for default under any ground or underlying lease or i n the event of foreclosure or the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, the Tenant shall attorn to the transferee upon any transfer, foreclosure or sale of Landlord's interest in the Premises and shall rec9gnize such transferee as the Landlord under this Lease.

1. INSOLVENCY OR BANKRUPTCY:

18.1 Events of Default. In addition to the occurrences set forth in Section 19 below, the following events shall constitute a default under this Lease: (i) Tenant admits in writing its inability to pay its debts as they mature; (ii) Tenant makes an assignment for the benefit or creditors or takes any other similar action for the protection or benefit of creditors; (iii) Tenant gives notice to any governmental body of insolvency or pending insolvency, or suspension or pend i ng .suspension of operations; (iv) Tenant files a voluntary petition in bankruptcy or shall be adjudicated as bankrupt or insolvent; (v) an involuntary petition in bankruptcy is filed against Tenant and is not dismissed within sixty (60) days from date same is filed; (vi) Tenant files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy statute, regulation or law; (vii) a court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Tenant seeking any relief described in the preceding subparagraph (vi) and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of thirty (30) days from the date of entry thereof; (vi ii) a trustee, receiver, conservator or liquidator of Tenant or of all or any substantial part of its property or its interest in the Premises is employed or appointed and such receivership remains undisolved for

thirty (30) days; or (ix) this Lease or any estate of Tenant hereunder is levied upon under any attachment or execution and such attachment or execution shall remain unvacated and unstayed for thirty (30) days.

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18.2 Bankruptcy Upon the filing of a petition by or against Tenant under the United States Bankruptcy Code, Tenant, as debtor in possession, and any trustee who may be appointed agree to :

(i) Perform each and every obligation of Tenant under this Lease until such time as this Lease is either rejected or assumed by order of the United States Bankruptcy Court;

(ii) Pay monthly in advance on the first day of each month as reasonable compensation for use and occupancy of the Premises the Rent payable hereunder and all other charges due pursuant to this Lease as said charges become due;

(iii))Reject or assume this Lease within sixty (60) days of the filing of such petition under Chapter 7 of the Bankruptcy Code or within one hundred twenty (120) days (or such shorter term as Land lord, in its sole discretion, may deem reasonable so long as notice of such period is given) of the filing of a petition under any other Chapter;

(iv) Give Land lord at least forty-five (45) days prior written notice of any abandonment of the Premises, any such abandonment to be deemed a rejection of this Lease; and

(v) Do all other things of benefit to Landlord otherwise required under the Bankruptcy Code.

Tenant, as debtor in possession, and any such trustee shall be deemed to have rejected this Lease in the event of the failure to com ply with any of the above requirements and to have consented to the entry of an order by an appropriate Bankruptcy Court providing all 9f the above, waiving notice and hearing of the entry of same.

19. DEFAULT AND REMEDIBS:

(a) In the event that (i) any of the events described in Section 18.1 above shall occur; (ii) Tenant abandons or vacates the Premises; (iii) Tenant fails to pay any Rent payable hereunder when and as the same becomes due and payable and such failure shall continue for more than five (5) days; or (iv) Tenant fails to perform any other term, covenant or condition of this Lease and such failure continues for more than thirty (30) days after receiving notice thereof from Land lord, or, if such default cannot reasonably be cured within said thirty(30) day period, fails to commence to cure such default with all due diligence and dispatch within said thirty (30) day period, or having commenced such cure, shall fail to diligently prosecute such cure to completion; then Land lord, in addition to any other rights and remedies of Landlord at law or in equity, shall have the right to terminate Tenant's right to possession of the Premises and either terminate this Lease or have this Lease continue in full force and effect. Should Landlord elect to terminate Tenant's right to possession of the Premises, then Landlord shall have the right of entry and may remove all persons and property from the Premises, subject to applicable law. Such property so removed may be stored in a pu61ic warehouse or elsewhere at the cost and for the account of Tenant. Upon such termination, Landlord, in addition to any other rights and remedies provided by law, shall be entitled to recover from Tenant (i) all delinquent Rent, together with interest and late charges; and (ii) all costs and expenses of recovering possession, in restoring the Premises to good order and condition, or in remodeling ,

renovating, or preparing the Premises for reletting; (iii) all costs of reletting, including broker's commissions; (iv) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term hereof after the time of award exceeds the amount of such Rent loss that the Tenant proves could be reasonably avoided; and {v) all other damages caused by Tenant's default. The worth at the time of award of amount referred to in this subparagraph shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%). As used herein, the term "time of award" shall mean either the date upon which Tenant pays to Land lord the amount recoverable by Landlord as hereinabove set forth or the date of entry of any determination, order or judgment of any court or other legally constituted body, or of any arbitrators determining the amount recoverable, whichever first occurs.

Nothing contained in this Lease shall, however, limit or prejudice the right of Land lord to prove for and obtain in proceedings for bankruptcy or insolvency by reason of the termination of the Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above.

(b) Should Land lord, following any breach or default of this Lease by Tenant, elect to keep this Lease in full force and effect with Tenant retaining the right to possession of the Premises (notwithstanding the fact that Tenant may have abandoned the Premises), then Land lord, in addition to all other rights and remedies Land lord may have at law or in equity, shall have the right to enforce all of Landlord's rights and remedies under this Lease, including, but not limited to, the right to recover the installments of Rent as they become due under this Lease. Notwithstanding any such election to have this Lease remain in full force and effect, Landlord may at any time thereafter elect to terminate Tenant's right to possession of said Premises for any previous breach or default hereunder by Tenant which remains uncured or for any subsequent breach or default.

20. MISCELLANEOUS:

20.1 Transfer of Land lord's Interest. In the event of a sale or conveyance by Land lord of Landlord's interest in the Premises, or the Building, or Property Land lord shall be relieved from any further obligations and liabilities accruing hereunder (whether express or implied) in favor of Tenant on the part of Landlord'.*Tenant agrees to look solely to the successor interest of Landlord in and to the Property or the Building and this Lease. This Lease shall not be affected by any such sale and Tenant agrees to attorn to the Landlord's successor in interest. Landlord will transfer the security deposit (or any unused portion thereof) to Landlord’s transferee.

20.2 Right of Landlord to Perform . All terms and covenants of this Lease to be performed or observed by Tenant sha ll be performed or observed by Tenant at Tenant's expense and without any reduction of Rent. If Tenant fails to pay any Rent hereunder or fails to perform any other term or covenant hereunder on its part to be performed, and such failure shall continue for thirty days after written notice thereof by Land lord, landlord, without waiving or releasing Tenant from any obligation of Tenant hereunder, may (but shall not be obligated to) make any such payment or perform any such other term or covenant on Tenant's part to be performed. All sums so paid by Landlord and all necessary costs of such performance by Landlord, together with interest thereon at the Default Rate from the date of such payment or

performance by Landlord, shall be paid by Tenant to Landlord on demand by Landlord, and Land lord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of non-payment thereof by Tenant as in the case of failure by Tenant in the payment of Rent hereunder.

20.3 Captions; Attachments: Defined Terms.

(a) The captions of the paragraphs of this Lease are for convenience of reference only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any section of this Lease.

(b) Exhibits attached hereto, and addenda and schedules initialed by the parties, are deemed by attachment to constitute part of this Lease and are incorporated herein.

(c) The words "Landlord" and "Tenant," as used herein, shall include the plural as well as the singular. Words used in neuter gender include the masculine and feminine, and words in the masculine or feminine gender include the neuter. If there be more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several; as to a Tenant which consists of husband and wife, the obligations shall extend individually to their sole and separate property as well as com m unity property. The term "Landlord" shall mean only the owner or owners at the time in question of the fee title or a tenant's interest in a ground lease of the land underlying the Building. The obligations contained in this Lease to be performed by Landlord shall be binding on Land lord or Land lord's successors and assigns only during their respective periods of ownership.

20.4 Entire Agreement. This instrument together with any exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the Premises and this Lease and such exhibits and attachments hereto may be modified, amended or revoked only by an instrument in writing signed by the party to be charged thereunder. Land lord and Tenant hereby agree that all prior or contemporaneous agreements (whether oral or otherwise) between and among themselves and their agents or representatives relative to the leasing of the Premises are merged in, superseded by or revoked by this Lease.

20.5 Severability. If any term or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

20.6 Costs of Suit.

(a) If Landlord places this Lease in the hands of an attorney for collection or enforcement of Tenant's obligations as a consequence of Tenant's default hereunder, Tenant agrees to pay reasonable attorney fees and expenses so incurred, even though no suit or action is filed.

(b) If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including, but not limited to, any suit by Landlord for the recovery of Rent or possession of the Premises, the losing party

shall pay the successful party the court costs and reasonable attorneys' fees incurred therefor and such expenses shall be paid whether or not such action is prosecuted to judgment.

(c) Should Landlord, without fault on Landlord's part, be made a party to any litigation instituted by Tenant or by any th ird party against Tenant, or by or against any person holding under or using the Premises by license of Tenant (for the purposes of this section the "Licensee"), or for the foreclosure of any lien for labor or material furnished to or for Tenant or any Licensee or otherwise arising out of or resulting from any act or transaction of Tenant or of any Licensee, Tenant agrees and covenants to save and hold Landlord harmless from any judgment rendered against Landlord or the Premises or Building or any part of either thereof, and to defend and indemnify Landlord as to any and all costs and expenses, including attorneys' fees and court costs, incurred by Landlord in or in connection with such litigation.

20.7 Time; Joint and Several Liability. Time is of the essence as to this lease and each and every provision thereof. All the terms, covenants and conditions contained in the Lease to be performed by either party, if such party shall consist of more than one person or organization, shall be deemed to be joint and several, and all rights and remedies of the parties shall be cumulative and nonexclusive of any other remedy at law or in equity.

20.8 Binding Effect: Choice of Law. The parties hereto agree that all provisions of this Lease are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate paragraph subject to any provisions hereof restricting assignment or subletting by Tenant and subject to the provisions of Section 20.1 above, all of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Lease shall be governed by the laws of the state in which the Premises are located.

20.9 Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver or the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition of this Lease. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due (including, but not limited to, the acceptance of Rent) shall not constitute a waiver by Land lord of the breach or default of any covenant, term or condition of the Lease unless otherwise expressly agreed to by Landlord in writing.

20.10 Surrender of Lease. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Land lord, terminate all or any existing subleases or subtenancies, or may, at the option of Land lord operate as an assignment to it of any or all such subleases or subtenancies.

20.12 Holding Over. Any holding over after the expiration or other termination of the term of this Lease with the written consent of Landlord delivered to Tenant shall be construed to be a tenancy from month-to-month on all the terms, covenants and conditions herein specified so far as applicable, except that the Rent (including the Fixed Rent and the Percentage Rent, if any) shall be an amount equal to one hundred percent (I 00%) of the Rent otherwise payable by Tenant immediately prior to such holding over. Any holding over after the expiration or other termination of the term of this Lease without the written consent of Landlord shall be construed to be a tenancy from month-to-month on all the terms set forth herein, except that the Rent (including the Fixed Rent and the Percentage Rent, if any) shall be an amount equal to two hundred percent (200%) of the Rent otherwise payable by Tenant immediately prior to such holding over. Acceptance by Landlord of Rent after the expiration or termination of this Lease shall not constitute a consent by Landlord to any such tenancy from month-to-month or result in any other tenancy or any renewal of the term hereof. The provisions of this paragraph are in addition to, and do not affect, Landlord's right to re-entry or other right s provided by this Lease or by Jaw.

20.13 Signs.

(a) Tenant shall not place or perm it to be placed in or upon the Premises, or outside the Premises, or any part of the Building (including, but not limited to the exterior or roof) any signs, notices, drapes, shutters, blinds or displays of any type without the prior written consent of Landlord .

(b) Landlord reserves the right in Landlord's sole discretion to place and locate on the roof, exterior of the Building, and in any area of the Building not leased to Tenant such signs, notices, displays, and similar items as Landlord deems appropriate in the proper operation of the Building.

20.14 Rules and Regulations. Tenant and Tenant's agents, servants, employees, visitors and licensees shall observe and comply fully and faithfully with the Ru les and Regulations attached hereto as Exhibit B for the care, protection, cleanliness and operation of the Building and its lessees and any modification or addition thereto adopted by Landlord, provided Land lord shall give notice thereof to Tenant. Landlord shall not be responsible to Tenant for the non-performance by any other lessee or occupant of the Building of any said Rules and Regulations.

20.15 Notices. All notices, demands, requests, advice or designations ("Notices") which may be or are required to be given by either party to the other hereunder shall be in writing. All Notices by Landlord to Tenant shall be sufficiently given, made or delivered if personally served on Tenant by leaving the same at the Premises, or if sent by United States certified or registered mail, postage prepaid, addressed to Tenant at Tenant's address as set forth

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in Paragraph M of the Summary of Lease Terms. All Notices by Tenant to Landlord shall be sufficiently given, made or delivered if personally served on Land lord or sent by United States certified or registered mail, postage prepaid , addressed to (or in the case of personal delivery, delivered to) Landlord at Landlord's address for notices as set forth in Paragraph M of the Summary of Lease Terms. Each Notice shall be deemed received on the date of the personal service or three (3) days after the mailing thereof i n the manner herein provided.

20.16 Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with duly adopted resolution of the Board of Di rectors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms; and at the time of execution of this Lease, Tenant shall deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

20.17 Recording. Tenant shall not record this Lease or any memoranda thereof without Landlord's prior written consent.

20.18 Light. Air and View. Tenant agrees that no diminution or shutting off of light air or view by any structure which may be erected (whether or not by Land lord) on property adjacent to the Building shall in any way affect this Lease, entitle Tenant to any reduction of rent hereunder or result in any liability of Landlord ·to Tenant.

20.19 Name. Tenant agrees that it shall not use the name of the Building for any purpose other than as the address of the business conducted by Tenant in the Premises without first obtaining the written consent of Landlord.

20.20 Brokerage. Tenant covenants and represents that it has negotiated this Lease directly with Land lord and has not acted by implication to authorize, nor has authorized, any real estate broker, finder or salesman to act for it in these negotiations other than the Broker (as defined in Paragraph N of the Summary of Lease Terms). Tenant agrees to hold Landlord harmless from and to defend and indemnify Landlord against any and all claims, cost, liability and/or expense (including attorneys' fees and court costs) incurred by Landlord in connection with any claim by any real estate broker or salesman or finder (other than the Broker) for a commission or finder's fee as a result of Tenant's entering into this Lease. The provisions contained herein shall survive the termination of this Lease.

20.21 Examination of Lease. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and this instrument is not effective as a Lease or otherwise until its execution and delivery by both Landlord and Tenant.

20.22 Estoppel Letter. Tenant shall at any time and from time to time with in ten (10) days following request from Landlord execute, acknowledge and deliver to Landlord a statement in writing and signed by Tenant (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Land lord hereunder, or specifying such defaults

if any are claimed, (iii) certifying the date that Tenant entered into occupancy of the Premises and that Tenant is open for business in the Premises, (iv) certifying the amount of the Fixed Rent and the date to which Rent is paid in advance, if any, (v) evidencing the status of this Lease as may be required either by a lender making a loan affecting, or a purchaser of, the Premises or the Building of any interest of Landlord therein, (vi) certifying the amount of the Security Deposit, if any, (vii) certifying that all building standard improvements to be constructed in the Premises by Land lord, if any, are substantially completed except for punch list items which do not prevent Tenant from using the Premises for its intended use, and (viii) certifying such other matters relating to this Lease and/or the Premises as may be requested by either a lender making a loan to Land lord or a purchaser purchasing the Premises or the Building, or any interest of Landlord therein, from Landlord . Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Building or any interest therein. Tenant shall, within ten (10) days following request of Landlord, deliver such other documents including Tenant's financial statements as are reasonably requested in connection with the sale of, or loan to be secured by, the Premises or Building or any interest therein. Tenant's failure to deliver said statement in the time required shall be conclusive upon Tenant that: (i) the Lease is in full force and effect, without modification except as may be represented by Landlord; (ii) there are no uncured defaults in Land lord's performance and Tenant has no right of offset, counterclaim or deduction against Rent under the Leases; and (iii) no more than one month's Fixed Rent has been pa id in advance.

20.23 No Third Party Beneficiaries. Unless otherwise expressly specified herein, no term, covenant, condition or provision of this Lease shall be construed to be .for .the benefit of any lessee (other than Tenant) or occupant of the Building or any other third party or entity.

20.24 Easements. Landlord reserves the right to grant public utility easements and other rights on, over and under the Premises without any abatement in Rent, provided that such rights do not unreasonably interfere with Tenant's business operations on the Premises.

20.25 Force Majeure. Landlord shall incur no liability to-Tenant, and shall not be responsible for any failure to perform any of Landlord's obligations hereunder, if such failure is caused by reason of strike, other labor trouble, governmental rule, regulations, ordinance, statute or interpretation, or by fire, earthquake, civil commotion, or any and all other causes beyond the reasonable control of Landlord. The amount of time for Landlord to perform any of Land lord's obligations shall be extended for the amount of time Landlord is delayed in performing such obligation by reason of such force majeure occurrence.

20.26 Survival of Obligations. Any obligations of Tenant accruing prior to the expiration of this Lease shall survive termination of this Lease, and Tenant shall promptly perform all such obligations whether or not the Lease term has expired.

20.27 Landlord's Consent. Except where otherwise provided herein, in any instance where the approval or consent of the Land lord is required, the granting or denying of such approval or consent shall be within the sole and unfettered discretion of the Land lord, and the Landlord shall not for any reason or to any extent be required to grant such approval or consent.

20.28 Common Areas and Facilities. Land lord may make available to Tenant or tenants, from time to time, exercise facilities, sport courts, lunch rooms, or similar areas. Tenant acknowledges that such facilities may only be used by Tenant and its employees; Tenant shall not permit the facilities to be used by Tenant's vendors, customers, family members, friends, or other persons. All persons using such facilities shall use the facilities at their own risk, and Landlord shall not be responsible for damage or injury. Landlord reserves the right to modify, move, or eliminate such facilities at any time. Landlord further reserves the right to modify, move or eliminate any other common area at any time if Landlord deems it appropriate for reasons of health or safety or for purposes of expanding or contracting existing or future tenant's premises. I

21. EXCULPATION:

Any liability of Land lord (including without limitation Landlord's partners and their shareholders, affiliates, agents, and employees) to Tenant or any other person shall be limited to the interest of Land lord in the Property. Tenant or any other person claiming through Tenant. agrees to look solely to such interest for the recovery of any judgment against Land lord, it being in tended by the parties that neither Landlord, its partners, and their shareholders, , affiliates, agents and employees, nor any other assets of Land lord or such partners, and their shareholders, affiliates, agents and employees shall be liable for any such judgment.

IN WITNESS W HEREOF, Landlord and Tenant nave executed this Lease the date and year first above written.

THIS IS A LEGAL DOCUMENT. PLEASE READ IT CAREFULLY. IF YOU HAVE ANY QUESTIONS ABOUT IT, YOU SHOULD CONSULT YOUR OWN ATTORNEY. NOTE THAT SOME STATES REQUIRE AN ACKNOWLEDGMENT.

LANDLORD	TENANT
Research Way Investments	SIGA Pharmaceuticals
By: _____	By: _____
Its: _____	Its: _____

ADDENDUM TO COMMERCIAL LEASE

This Addendum is part of the Commercial Lease ("Lease") between RESEARCH WAY I NVESTMENTS, a California limited partnership ("Landlord") and SIGA PHARMACEUTICALS, a Delaware corporation ("Tenant"). To the extent the Addendum contradicts provisions in the Lease, the Addendum shall control.

1. Effective Date; Commencement; Possession. The effective date ("Effective Date") of this Lease is January 1, 1998, which date shall be the Commencement Date of the Lease for all purposes except for commencement of the payment of Fixed Rent and Tenant's Percentage Share of Operating Expenses and Taxes. Tenant shall be entitled to possession of the Premises on January 1, 1998; Tenant shall be entitled to possession of the Premises prior to January 1, 1998, for the limited purpose of preparing plans and permits.

2. Premises; Reserve Space. The Premises consist of 10,220 square feet of Net Rentable Area, including 1, 8 6 O square feet referred to herein as the "Reserve Space". The Reserve Space is indicated on Exhibit Al as a cross-hatched area. In the event that AntiVirals, Inc. or its successor to its lease ("AntiVirals") is required, by applicable governmental agency, to construct and maintain a corridor through the Premises to the stairwell next to the freight elevator, the Premises shall be reduced by the square footage comprising the corridor (and the Fixed Rent and Tenant's Percentage Share of Operating Expenses and Taxes shall be adjusted accordingly). Tenant shall not be responsible for any portion of the cost or expense of constructing such a corridor.

3. Commencement of Fixed Rent and Share of Operating Costs and Taxes. Tenant's obligation to pay Fixed Rent with respect to the Premises, excluding the Reserve Space, shall commence on April 1, 1998; Tenant's obligation to pay Fixed Rent on the Reserve Space shall commence on the earlier of April 1, 1998, or the commencement date of a sublease of the Reserve Space (or any portion thereof) to a third party. Tenant's obligation to pay its percentage share of Operating Costs and Taxes with respect to the Premises, excluding the Reserve Space, shall commence on the date on which Tenant commences any work in the Premises, including any alteration, construction, or demolition of any portion of the Premises, and in any case no later than April 1, 1998. Tenant's obligation to pay its percentage share of Operating Costs and Taxes with respect to the Reserve Space shall commence on the earlier of September 1, 1998, or the commencement date of a sublease of the Reserve Space (or any portion thereof) to a third party. Prior to the commencement date for Tenant's obligation to pay its percentage share of Operating Costs and Taxes on the Reserve Space, Tenant shall not occupy or use the Reserve Space for any purpose other than storage or preparation of the Reserve Space for occupancy by Tenant or a sublessee.

4. Option to Extend Lease. The initial term of the Lease shall be seven (7) years, commencing on January 1, 1998, and expiring on December 31, 2004 ("Initial Term"). So long as Tenant is not in default in this Lease, Tenant may, at its option, extend the Lease for an additional seven (7) years ("Extended Term") by delivering to Landlord irrevocable written

notice of exercise of its option on or before January 1 2004.

5. Annual Increase in Fixed Rent. On January 1, 1999, and on each January 1 thereafter during the Lease, including the Extended Term, if any, the monthly Fixed Rent payable by Tenant shall increase by three percent (3 %) of the Fixed Rent paid during the preceding December.

6. Right of First Refusal on Adjacent Space.

6A. The approximately 7000 square feet of Net Rentable Area indicated as a cross-hatched area on Exhibit A2 (herein referred to as the "First Refusal Area") is part of the premises currently occupied by Health Care Partners ("Health Care Premises"). AntiVirals has a first right of refusal to Lease any portion of the Health Care Premises, except the First Refusal Area. So long as Tenant is not in default in this Lease, Landlord shall not enter into a lease with any third party except Health Care Partners for any portion of the First Refusal Area without delivering to Tenant a written notice ("Landlord's Notice") which gives Tenant the right to lease either the First Refusal Area or the entire portion of the Health Care Premises that would be leased to the third party, on the terms provided herein. The Landlord's Notice shall state the per square foot rate for Fixed Rent which the third party will pay (based on the assumption that the lessee shall also pay its applicable percentage share of Operating Costs and Taxes), the per square foot allowance, if any, for tenant improvements to be provided by Landlord to the third party, the commencement date for the thi rd party lease, the expiration date for the third party Lease, and the approximate amount of square feet in and Location of the portion of the First Refusal Area and the Health Care Premises that the third party desires to lease. Tenant shall have fifteen (15) business days after receipt of Landlord's Notice to deliver written notice to Landlord that: (a) Tenant will exercise its right to lease the First Refusal Area; or (b) Tenant will exercise its right to lease the First Refusal Area but prefers to lease the entire portion of the Health Care Premises desired by the third party. If Tenant fails to timely deliver such written notice to Landlord, Landlord shall have the right to enter into a lease with the third party on the terms stated in Landlord's Notice, and Tenant shall have no further interest in the portion of the First Refusal Area leased to the thi rd party.

6B. If Tenant does timely deliver notice to Landlord of Tenant's exercise of its right to lease the First Refusal Area, then the entire First Refusal Area shall become part of Tenant's Premises as of the commencement date stated in Landlord's notice, and shall be leased by Tenant until the longer of the expiration date stated in Landlord's Notice or the term of this Lease. If the third party desired to lease more than 7000 square feet of the Health Care Premises, then Tenant shall pay Fixed Rent for the First Refusal Area at a rate that is one hundred ten percent (110 %) of the rate stated in Landlord's Notice (in addition to the percentage share of Operating Costs and Taxes applicable to the First Refusal Area); if the third party desired to lease 7000 or less square feet, then Tenant shall pay Fixed Rent for the First Refusal Area at the rate stated in Landlord's Notice (in addition to the percentage share of Operating Expenses and Taxes applicable to the First Refusal Area). Landlord shall make available to Tenant the per square foot tenant improvement allowance, if any, as stated in the Landlord's notice. Except as provided above, the terms and provisions of the Lease shall apply to Tenant's lease of the First Refusal Area.

6C. If Tenant does timely deliver notice to Landlord of Tenant's exercise of its preference to lease the entire portion of the Health Care Premises desired by the third party, then Landlord shall immediately take steps to ascertain whether AntiVirals will exercise or waive its first right of refusal on the portion of the Health Care Premises outside the First Refusal Area. If AntiVirals waives its rights, then the entire portion of the Health Care Premises desired by the third party shall become part of the Premises as of the commencement date stated in Landlord's Notice, and shall be leased by Tenant until the longer of the expiration date stated in Landlord's Notice or the term of this Lease. Tenant shall pay Fixed Rent for the new space at the rate stated in Landlord's Notice (in addition to the percentage share of Operating Expenses and Taxes applicable to the new space). Landlord shall make available to Tenant the per square foot tenant improvement allowance, if any, as stated in Landlord's Notice. Except as provided herein, the terms and provisions of the Lease shall apply to Tenant's lease of the new space. If AntiVirals exercises its first right of refusal on the portion of the Health Care Premises outside the First Refusal Area, then the First Refusal Area shall become part of Tenant's Premises on the terms and conditions described in Subparagraph 6B above.

6D. It is understood that in negotiations with third parties to lease space in the Building (including all or portions of the Health Care Premises), Landlord has the right to lease out the First Refusal Area first, even though other unaffected portions of the Health Care Premises and/or other portions of the Building may be vacant and remain vacant.

6E. Notwithstanding any other provision of this Paragraph 6 of the Addendum, if Tenant fails to exercise its option to extend this Lease as provided in Paragraph 4 of this Addendum, then Tenant shall have no further right, under this Paragraph 6, to enter into a lease of the First Refusal Area (or any other portion of the Health Care Premises) after January 2, 2004. If Tenant exercises its option to extend the Lease but has not exercised its right to lease the First Refusal Area before the commencement of the last year of the Extended Term, Tenant shall have no further right, under this Paragraph 6, to enter into a lease of the First Refusal Area (or any other portion of the Health Care Premises), unless the Lease is further extended by mutual agreement of Tenant and Landlord.

7. (Clarification of Paragraph 7.1 Through 7.3 of Lease). Prior to the Effective Date of this Lease, Landlord shall, as an operating expense, make necessary adjustments, if any, to the Building's heating and air conditioning system in the Premises to cause it to provide adequate heating and air conditioning for normal office use of the office portion of the Premises. Tenant shall, at its cost and expense, make adjustments and installations to the Building's system necessitated by Tenant's construction and demolition activities in the Premises or by the manner in which Tenant partitions the Premises . The electricity used by the heating and air conditioning of the office portion of the Premises shall be paid by all tenants as an operating expense. The thermostat for normal office use shall be within Tenant's control twenty four (24) hours per day. Tenant shall, at its cost and expense, install separate and adequate heating and air conditioning for its laboratory and other non-office use of the Premises and shall install a separate meter or submeter for electricity. The electricity used by the heating and air conditioning for the laboratory and other non-office use shall be paid directly by Tenant when due.

8. (Clarification of Paragraph 9). Tenant need not obtain Landlord's prior consent for non structural changes which will have no effect on the Building 's systems and which will cost less than $50,000. However, prior to commencing any work Tenant shall deliver to Landlord at least ten (10) days prior written notice specifying t11e nature of the changes .that Tenant intends to make and providing a copy of the proposed plans; Tenant shall permit Landlord the opportunity to post "nonresponsibility" signs in the Premises. As soon as the work is completed, Tenant shall deliver to Land lord written notice specifying the completed work and providing copies of t11e "as-built" plans or specifications for any structural changes. All work by Tenant shall be deemed "Alterations" for all other purposes in Paragraph 9 of Lease. Alterations which are Tenant's trade fixtur es and which are listed on Exhibit E attached hereto shall be removed by Tenant prior to expiration or termination of the Lease.

9. (Clarification of Paragraph 16). Tenant shall have the right to sublet all or any part of the Premises for use as executive or administrative offices wit110ut Land lord 's consent; provided that the sublessee shall not be a governmental agency, governmental office, or governmental entity wit110ut the prior written consent of Landlord. Tenant shall also have the right to assign the Lease or sublet all or any part of the Premises to an affiliate of Tenant wit11out Landlord's consent; an affiliate of Tenant shall mean an entity that controls, is controlled by, or is under common control with Tenant. Tenant shall deliver prior written notice of the proposed assignment or sublease to Landlord , together with a copy of the sublease or assignment that will affect the transfer.

10. (Replacement Paragraph 17.1). Landlord represents to Tenant that, as of the Effective Date of this Lease, there are no existing ground leases and that the only existing mortgage or trust deed affecting the Premises, Building, or the land upon which the Building is situated is held by Washington Federal Savings & Loan ("Existing Lender"). Landlord further represents

that, to Landlord's knowledge, its loan from Existing Lender is free from default. This Lease, at the option of Existing Lender, shall at all times be subject and subordinate to the existing loan. Within thirty (30) days of the Effective Date of this Lease, Landlord shall arrange for the mutual execution by Existing Lender and Tenant and shall deliver an instrument, in the form required by Existing Lender, evidencing the continued subordination and containing written confirmation of non-disturbance of Tenant (i.e., that so long as Tenant is not in default under the Lease, the Lease shall not be terminated by any foreclosure or trustee's sale of the existing loan or trust deed, or deed in lieu thereof). 111e instrument evidencing subordination and confirming nondisturbance shall be recorded, at Tenant's expense, in Benton County records within thirty (30) days of execution and delivery.

In the event that future lenders or ground lessees desire to have this Lease be subordinate to any future grounds leases, mortgages, or deeds of trust which affect the Premises, the Building, or the land upon which the Building is situated or on or against the Landlord 's

interest or estate therein, Tenant shall, within ten (10) days of Landlord's written request, execute and deliver an instrument evidencing the subordination, in the form required by such lenders or ground lessees; provided, that such future lenders and/or ground lessees shall provide Tenant, in said instrument, with written confirmation of non-disturbance as a condition to obtaining such subordination. Such instruments shall be recorded, at Tenant's expense, in Benton County records within thirty (30) days of execution and delivery.

Simultaneously with execution of this Lease, Tenant shall execute and deliver to Landlord an original of the statutory quitclaim deed attached to this Lease as Exhibit F. Landlord shall be entitled to record the quitclaim deed upon expiration or earlier termination of this Lease. Tenant shall, at Landlord's request, execute replacement quitclaim deeds naming other grantees, addresses, etc. from time to time.

11. (Clarification of Paragraph 20.20) . Landlord covenants and represents to Tenant that no real estate broker, finder, or salesman claiming through Landlord, other than Broker, has a claim for a commission or finder's fee in connection with this Lease. Landlord agrees to hold Tenant harmless from and to defend and indemnify Tenant against any and all claims, cost, liability and/or expense (including attorneys' fees and court costs) incurred by Tenant in connection with any claim by any real estate broker, finder, or salesman claiming through Landlord in connection with this Lease.

12. Broker's Commission. In the event that Tenant exercises its right to lease additional space (whether the First Refusal Area or other portion of the Health Care Premises) as provided in Paragraph 6 of this Addendum, at the commencement of the lease term of the additional space Landlord shall pay to Jacobsma & Associates ("Broker"), at P.O. Box 1833, Paso Robles CA 93447 or such other address of which Broker notifies Landlord in writing, a commission equal to six percent (6%) of the Total Proceeds (defined below) to be paid by Tenant on the additional space over the entire lease term for the additional space. In the event Tenant exercises its option to extend this Lease, at the commencement of the Extended Term Landlord shall pay to Broker a commission equal to three percent (3%) of the Total Proceeds to be paid by Tenant during the Extended Term. As used in this Paragraph, Total Proceeds means the Fixed Rent plus the estimated payments of Operating Expenses and Taxes. Broker is the intended beneficiary of this Paragraph; this Paragraph cannot be modified or deleted without Broker's written consent; Broker shall have the right to enforce this Paragraph by legal action and, if Broker prevails in such legal action, Landlord shall reimburse Broker for its attorneys' fees and costs incurred in such legal action.

13. Portable, Partitions and Furniture. In the event Tenant desires to rent portable office partitions and/or office furniture owned by Landlord, Landlord and Tenant shall enter into a separate rental agreement specifying the inventory of items to be rented, the term of the rental agreement, the monthly rent, and other provisions mutually acceptable to Landlord and Tenant. It is understood that Tenant shall be responsible for installation and assembly of any portable office partitions rented from Landlord.

14. Health Care Partners Access To and From Freight Elevator. Tenant will allow, with reasonable advance notice during business hours or at other times by special arrangement, Health Care Partners and/or any subsequent tenant to have access through their non-lab space for the purpose of transporting supplies and/or equipment to and from the freight elevator and for emergency evacuation if required by local governing authorities.

UNTIL A CHANGE IS REQUESTED ALL TAX STATEMENTS SHALL BE SENT TO THE FOLLOWING ADDRESS:

Research Way Investments
PO Box 1833
Paso Robles CA 93447

AFTER RECORDING RETURN TO:

Research Way Investments
PO Box 1833
Paso Robles CA 93447

Statutory Quitclaim Deed

SIGA Pharmaceuticals, a Delaware corporation ("Grantor") releases and quitclaims to Research Way Investments, a California limited partnership ("Grantee") all right, title, and interest in and to the following described real property: Lot 1, Block 2, S.R.P. ADDITION, Benton County, State of Oregon.

The true consideration for this conveyance, stated in terms of dollars, is $ -0-; the actual consideration consists of or includes other property or value given or promised, which is the whole consideration.

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THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COU NTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

Dated this 23rd day of December, 1997

State of New York
On this 13th day of December, 1997, before me personally appeared David de Weese, who being duly sworn did state that he is the President of SIGA Pharmaceuticals, a corporation, and acknowledged the foregoing instrument was executed on behalf of the corporation by authority of its board of directors, and the execution of the foregoing instrument is the voluntary act and deed of the corporation.

Notary Public of New York
My Commission expires:

EXHIBIT B

RULES AND REGULATIONS

1. No awnings or other projections shall be attached to the inside or outside walls or windows of the Premises. No curtains, blinds, shades, or screens shall be attached to or hung in, or used in connection with, any window or door of the space demised to any Tenant.

2. No sign, adve1 1isement, object notice, or other lettering shall be exhibited, inscribed, painted or affixed on any pa1 1of the outside or inside of the space demised to any Tenant or of the Premises, without the express written consent of the Landlord.

3. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweeping, ru bbish, rags, or other substances (including, without limitation, coffee grounds) shall be thrown herein.

4. Neither Tenant nor any of Tenant's agents, servants, employees, .contractors, visitors or licensees shall at any time bring or keep upon the Premises any flammable, combustible or explosive fluid, chemical or substance other than those substances in reasonable quantities, customarily used in Tenant's operations and as long as these substances are used in accordance with applicable local, state and Federal regulations.

5. No Tenant shall mark, paint, drill into, or in any way deface, any part of the Premises or the Property. No boring, cutting, or stringing of wires shall be permitted unless previously approved by Landlord.

6. No cooki ng shall be done or permitted in the Premises by any Tenant without prior written consent from Landlord. No Tenant shall cause or permit any unusual or objectionable odors to emanate from the space demised to such Tenant.

7. Neither the whole nor any part of the space demised to any Tenant sha ll be used for the storage of merchandise, or for the sale of merchandise goods, or property of any kind at auction.

8. No additional locks or bolts of any kind shall be placed upon any of the doors or windows in the space demised to any Tenant, nor shall any changes be made in locks or mechanism thereof other than what may be required by applicable local, state and Federal regulations. Each Tenant must, upon the termination of his tenancy, restore to Land lord a l l keys, either furnished to, or otherwise procured, by such Tenant, and in the event of the loss of any such keys, such Tenant shall pay Land lord the reasonable cost of replacement keys.

9. All removals from the Building, or the carrying in or out from the Premises of any safes, freight, furniture, or bulky matter of any description must take place during such hours and in such manner as Landlord or its agents may determine from time to time. Land lord reserves the right to i inspect all freight to be brought into the Premises and to exclude from the Premises all freight which violates any of these rules and regulations of the provisions of such Tenant's Lease.

10. No Tenant shall use or occupy or permit any portion of the Premises to be used or occupied for the storage, manufacture, or sale of liquor, narcotics or drugs. No Tenant shall engage or pay any employees of Land lord or Land lord's agents.

11. No part of the whole of the sidewalks, parking area, entrances, passages, courts, or vestibules of the Premises shall be obstructed or encumbered by any Tenant or used for any other purpose other than ingress and egress to and from the space demised to such Tenant.

12. Landlord shall have the right to prohibit any advertising by any Tenant which, in Landlord's opinion, tends to impair the reputation of the Premises or its desirability, and upon notice from Land lord, such Tenant shall refrain from or discontinue such advertising.

13. Each Tenant, before closing and leaving the space demised to such Tenant at any time, shall see that all entrance doors and Property security gates are locked.

14. Land lord reserves the right to control and operate the public portions of the Property and the pu blic facilities, as well as facilities furnished for the common use of the Tenants, in such manner as it deems best for the benefit of the Tenants generally.

15. No space demised to any Tenant shall be used, or permitted to be used, for lodging, or sleeping or for any immoral or illegal purposes.

16. The requirements of Tenants will be attended to only upon application at the office of the Landlord. Building employees shall not be required to perform, and shall not be requested by any Tenant to perform any work outside of their regular duties, unless under specified instructions from the office of Landlord.

17. Canvassing, soliciting, and peddling on the Premises and the Property are prohibited, and each Tenant shall cooperate in seeking their prevention.

18. There shall not be used in the Building, either by Tenant or by its agents or contractors, in the delivery or receipt of merchandise, freight, or other matter, any hand trucks or other means of conveyance except those equipped with rubber tires, rubber side guards, and other safeguards as Land lord may require.

19. No animals of any kind shall be brought into or kept about the Premises or Property by any Tenant.

20. No Tenant shall place, or permit to be placed, on any part of the floor or floors of the space demised to such Tenant a load exceeding the floor load per square foot which such floor was designed to carry and which is allowed by law.

21. No vending machines shall be permitted to be placed or installed in any part of the Premises by any Tenant without written approval from the Landlord.

22. No radio or television antenna or other device shall be erected on the roof or exterior wall of the Premises without first obtaining in each instance the-Landlord' s consent in writing. Any antenna or device installed without such written consent shall be subject to removal at Tenant's expense without notice at any time.

23. No loud speakers, television, phonographs, radios, tape players, or other devices shall be used in a manner so as to be heard or seen outside of the Premises without the prior written consent of Landlord.

24. The plum bi ng facilities shall not be used for any other purpose than that for which they are constructed; no foreign substance of any kind shall be thrown therein, and the expense of any breakage , stoppage, or damage resulting from a violation of this provision shall be borne by Tenant. If there is no plumbing in Tenant's Premises, but in the Common Area only, then the plumbing will be maintained and repaired by the Land lord, unless otherwise stated.

25. The Common Area hallways, if applicable, shall be kept free and clear from any inventory, merchandise, stored materials, or materials being received.

26. Tenant shall not burn any trash or garbage of any kind in or around the Premises.

27. Tenant shall keep and maintain the Premises (including without l imitation, exterior and interior portions of all windows, doors, and all other glass) in a neat and clean condition.

28. Tenant shall not install, operate or maintain in the Premises any electrical equipment which does not bear underwriter's approval, or which would overload the electrical system or any part thereof beyond its capacity for proper and safe operation as determined by Landlord.

29. Tenant shall not suffer, allow or permit any vibration, noise, light, odor, or other effect to emanate from the Premises, or from any machine or other installation therein, or otherwise suffer, allow or permit the same to constitute a nuisance or otherwise interfere with the safety, comfort and convenience of Land lord or any of the other tenants of the Property.

30. Land lord reserves the right, at any time and from time to time to rescind, alter, or waive, in whole or in part, any of these Rules and Regulations when it is deemed necessary, desirable, or proper, in Landlord's judgment , for its best interests or for the best interests of the Tenants and the Property.

On this day of , 199_, before me personally appeared ----------, who being duly sworn did state that he is the of SIGA Pharmaceuticals, a corporation, and acknowledged the foregoing instrument was executed on behalf of the corporation by authority of its board of directors, and the execution of the foregoing instrument is the voluntary act and deed of the corporation.

Notary Public for Oregon
My Commission expires:

UNTIL A CHANGE IS REQUESTED ALL TAX STATEMENTS SHALL BE SENT TO THE FOLLOWING ADDRESS:

Research Way Investments PO Box 1833
Paso Robles CA 93447

AFTER RECORDING RETURN TO:

Research Way Investments PO Box 1833
Paso Robles CA 93447

Statutory Quitclaim Deed

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The true consideration for this conveyance, stated in terms of dollars, is $ -0-; the actual consideration consists of or includes other property or value given or promised, which is the whole consideration.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS . BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930.

Dated this _ day of , 199_.

SIGA Pharmaceuticals, a Delaware corporation

By:
Title:

Exhibit C

REAL PROPERTY DESCRIPTION

Lot 1, Block 2, S.R.P. ADDITION, Benton County, State of Oregon

EXHIBIT D

LIST OF TRADE FIXTURES

Lease Abstract

1.
    a. Name of Tenant:
    b. D/B/A:
    c. Name of Tenant's Representative:
    d. Present Address of Tenant:
    e. Billing Address if Other than Demised Premises:
    f. Notice Address if Other than at Building or Additional Party and Address to Which is to be Given:
2.
    a. New Lease
    b. Lease Amendment
    c. Lease Extension
    d. If extension of amendment of lease:
        i. Date of original lease:
        ii. Parties:
        iii. Premises:
        iv. Expiration:
3. Premises
    a. Building Address:
    b. Floor:
    c. Number of Square Feet:
    d. Suite Number:
4. Date of Execution: January, 1, 1998
5. Use: General and Executive Offices
6. Possession date:
7. Rent commencement date:
    a. Firm: X Date: April 1, 1998
    b. Conditioned on Completion of Work By:
    Landlord _____Tenant_____
    c. Commencement Date Agreement Required:
    Yes: No: X
8. Expiration date: December 31, 2005
9. Fixed Rent:
    a. From: April 1, 1998 to December 31, 1998 $7,548.06 per month in year one with 3% annual increases thereafter on each January 1.
    b. From _____ to _____ $ _____
    c. Electric included at $_____foot
    d. Electric not included _____
10. Security
    a. Amount: $23,418.34
    b. Deposited as: Cash: X Letter of Credit: ____
    c. Interest Bearing: Yes ___ No X
11. Air Conditioning
    a. Package: Yes___ No____
    b. Central: Yes___ No____
    c. Window Units: Yes___ No___
    d. Maintained by: Landlord____ or Tenant____
    e. Cost of Operation Paid for by: Landlord____ or Tenant____
12. Cleaning Included: Yes___ No___
13. Alterations to be Performed by: Landlord____ Tenant____ Both___
14.

a. Date by which Plans and Specifications or other Information are to be Submitted by Tenant:_____
b. Period of Time for Landlord's response to tenant's submission: ___days Not Stated____
c. Other Provisions

15. Escalation:
    a. Base Tax Year: payable monthly commencing no later than April 1, 1998 (or earlier upon commencement of SIGA's work)
    b. Base Labor Year: _____
    c. Base Energy Year: _____
    d. Base Expense Year: payable monthly in same manner as real estate taxes
    e. Ground Rent Base Year: _____
    f. Tenant's Percentage: _____
    g. Can Landlord switch back and forth from RE Taxes, Energy, and Porter Wage to Actual Operating Expenses: Yes_____ No _____
    h. If Ability to Switch in (f) above is Limited, How many times can Landlord Switch: _____
    i. Are Escalations based solely on actual operation expenses: Yes_____No_____
16. Option(s) to Extend: Yes: X No____
    a. Required Date of Notice From Tenant: no later than January 1, 2004
    b. Number of Years: 7
    c. Number of Options: 1
    d. At Fixed Rent: X
    e. Rent to be determined: _____
17. Option to lease additional space: Yes: X No: ___
    a. Location of Additional Space: second floor space currently occupied by Health Care Partner.
    b. Square footage: approximately 7,000 sq.ft.
    c. Date for Exercise by Tenant: right of first refusal
18. Option by Tenant to Terminate: Yes____ No: X
    a. Date by which notice must be given: _____
    b. Payment by tenant upon termination: _____
19. Option by Landlord to Terminate: Yes____ No: X
    a. Date by which notice must be given:_____
20. Insurance:
    a. Amount: $5,000,000
    b. Special provisions with respect to restoration or rights to terminate: ____
21. Assignment and Subletting:
    a. Standard take back: Yes ____ No:X
    b. Landlord's share of profits:_____
    c. Special Provisions: SIGA has right right to assign or sublet demised premises without landlord's consent provided certain criteria are met
22. Restrictions contained in this lease for the leasing of any other space: Yes ___ No: ___
    If yes, describe: _____
23. Late payment provisions_____
24. Other fixed charge to be paid by tenant:
    _____
25. Real estate broker: _____
26.
    a. Mortgagee approval of lease required:
    Yes: _____ No: X
    If yes, required date for approval: _____
    b. Non-disturbance required:
    Yes: X No: _____

If yes, required date for approval: February 1, 1998

SECOND ADDENDUM TO COMMERCIAL LEASE

This Second Addendum is pa.it of the Commercial Lease, with a first Addendum (the Commercial Lease and first Addendum being referred to herein *as* "Lease"), between RESEARCH WAY INVESTMENTS, a California Limited Partnership ("Landlord") and SIGA PHARMACEUTICALS, a Delaware Corporation ("Tenant"). To the extent this Second Addendum contradicts provisions in the Lease, this Second Addendum shall control.

1. Termination of Reserve Space. Subject to Section 3 below, Tenant shall relinquish possession of the Reserve Space as provided below. Upon vacation of the Reserve Space, Tenant shall have no further obligation or responsibility under the Lease with respect to the Reserve Space, except that Tenant shall continue paying fixed Rent and Tenant's Percentage Share of Operating Expenses and Taxes on the Reserve Space until March 15, 2002.

1. Termination of First Refusal. Subject to Section 3 below, Tenant's rights with respect to the first Refusal Area shall terminate on the date that Tenant relinquishes possession of the Reserve Space pursuant to this Second Addendum.

2. Contingency on Landlord's New Lease. Sections l and 2 above are contingent upon Landlord entering into a lease with Interlogix for space in the Building which includes the Reserve Space. Tenant shall not be required to relinquish possession of the Reserve Space until Landlord notifies Tenant that such a lease has been consummated, but Tenant shall relinquish possession of the Reserve Space within twenty four (24) hours of receiving such notice from Landlord.

4. Lease Remains Valid. Except as set forth.in this Second Addendum, the terms and provisions of the Lease remain unchanged and in °full force and effect.

IN WITNESS WHEREOF, the parties have executed this Second Addendum in duplicate on the dates indicated below.

RESEARCH WAY INVESTMENTS,
a California Limited Partnership

Its:.
General Pa1iner

Date:..

SIGA PHARMACEUTICALS,
a Delaware Corpora6on

JACOBSMA & ASSOCIATES
Real Estate Investments &Exchanges
P.O. Box 1833 Paso Robles> California 93447 (805) 239-3090

FAX COVER

141 001

DATE: January 18, 2002

TO: Thomas Konatich COMPANY: SIGA

FROM: Rex Jacobsma

# of PAGES : 7
(including cover sheer)

FX #: 212-697-3130

PH #:

SUBJECT: First Right of Refusal & Second Addendum to Lease Research Way Technology Center, Corvallis, Oregon

Please feel free to give me a call if you have any questions.

Sincerely,

RESEARCH WAY INVESTMENTS
a California Limited Partnership
P.O. Box l 833 Paso Robles, California 93447 (805) 239-3090

January 18, 2002

Thomas N. Konatich
SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620 New York, NY 10170

Sent via facsimile: (212) 697-3130
and US Mail

Re: First Right of Refusal on 7,000 Square Feet "First Refusal Area"
Research Way Technology Center, Corvallis, Oregon

Dear Tom:

I am notifying you, as per the terms of the First Right of Refusal in the "First Refusal Area» of your lease, that I have a tenant that wants to lease the space as shown on the floor plans attached (Exhibit A) under the following basic terms and conditions:

1. The initial term will be 3 years with three 3-year options.
2. The lease rate will start out at $1.13/psf/month and have annual 3% adjustments every January 1st
3. Estimated *CAM* charges and operating expenses for 2002 arc $0.45/psf/month.

4. Tenant will take the space in its existing condition and pay for their own Tenant Improvements.
5. Tenant gets $1,388.88/month rent credit for the first 36 months for a total rent credit of $50,000.
6. Rent Commencement Date is scheduled to be on or about March 15, 2002.

Please let me know if SIGA Pharmaceutical would like to exercise its option to lease this space or the "First Refusal Area" as shown on Exhibit A, on the above mentioned terms, at your earliest convenience. I would appreciate your prompt response. Please call if you have any questions.

Sincerely,

Rex Jacobsma

EXHIBIT A FLOOR PLAN

Interlogix Premises Upstairs

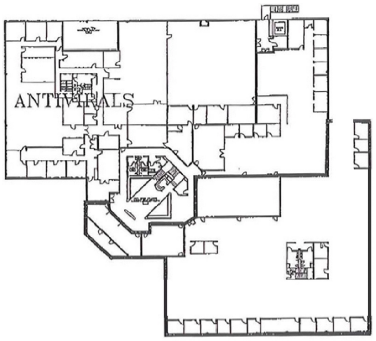
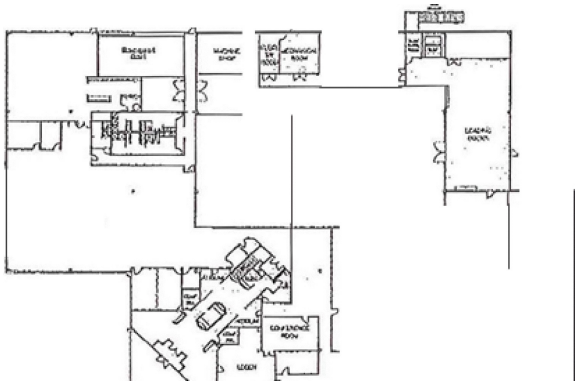


Exhibit A

FLOOR PLAN

Interlogix Premises Downstairs



RESEARCH WAY INVESTMENTS
a California Limited Partnership
P.O. Box 1833 Paso Robles, California 93447 (805) 239-3090

January 18, 2002

Sent via facsimile: (212) 6973130 and United States Postal Service

Thomas N. Konatich SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620 New York, NY 10170

Re: SECOND ADDENDUM TO COMMERCIAL LEASE
Research Way Technology Center, Corvallis, Oregon

Dear Tom:

Enclosed are two originals of the addendum to the lease signed by me regarding the termination of the Reserve Space. Also enclosed is the First Right of Refusal letter regarding the leasing of the space as described in the letter.

Please sign both originals of the addendum and fax an executed copy back to my office. Send one executed original by return mail. Keep one original with your lease.

Please fax your respond to the First Right of Refusal letter (it could be just a short note on the letter itself). We just need something in our files that indicated you didn't want the space.

I'm sorry I wasn't be able to get this to you sooner. Our attorney just finished this about 2 hours ago (approximately 5:30 p.m. Eastern time). I'll be traveling from the 19th to the 30th of January, but can be reached on my cell phone (805) 610-6786. Please feel free to give me a call if you have any questions. Thank you for your quick

Sincerely,

Rex Jacobsma

THIRD ADDENDUM TO COMMERCIAL LEASE

This Third Addendum to Commercial Lease ("Third Addendum") is entered into this sixteenth day of July, 2004 ("Effective Date") and is part of the Commercial Lease, with a first Addendum ("First Addendum") and second Addendum ("Second Addendum") (collectively "Lease") entered into by and between RESEARCH WAY INVESTMENTS, a California Limited Partnership ("Landlord") and SIGA TECHNOLOGIES, INC., a Delaware corporation ("Tenant") for commercial office space on or about January 1, 1998. To the extent the provisions of this Third Addendum contradicts provisions in the Lease, this Third Addendum shall control.

RECITALS

A. Pursuant to the Lease, Landlord leased to Tenant and Tenant leased from Landlord approximately nine thousand six hundred seventy-seven (9,677) square feet of net rentable area ("Net Rentable Area") in that ce1tain building located and addressed at 4575 S. W . Research Way, Corvallis, Benton County, Oregon, more particularly described in the Lease ("Building");

B. Landlord and Tenant executed the First Addendum concurrently wi th the execution of the Lease. Tenant and Landlord executed the Second Addendum on or between January 18 and January 22, 2002;

C. Landlord and Tenant were both aware of and acknowledge that Tenant has been using an additional sixty-six (66) square feet of Net Rentable Area located in the northeast corner of the first floor of the Building since the commencement date of this lease. The Additional Net Rentable Area was not previously included in Tenant's Net Rentable Area under the Lease and is more pa1ticularly identified in the floor plan identified as Exhibit A attached hereto;

D. On April 1, 2003, Tenant occupied an additional three hundred sixty (360) square feet of Ne t Rentable Area on the first floor of the Building which is more particularly identified in the floor plan and also shown on Exhibit A attached hereto ("Expansion Area"); and

E. Landlord and Tenant have determined that it is desirable to amend the original calculation of Tenant's share of electrical and natural gas costs under the Lease and to amend Tenant's right to extend the term of the Lease .

NOW, THEREFORE, in consideration of the mutual covenants and conditions stated herein, Landlord and Tenant agree as follows:

1. Additional Net Rentable Area . Pursuant to the Lease and this Third Addendum, Tenant shall reimburse Landlord for all rent and other payments due and payable on the Additional 66 square feet of Net Rentable Area (Shown on Exhibit A attached) from January 1, 1998 through the Effective Date within sixty (60) days of the Effective Dare
and shall hereafter make timely payments regarding the Additional Net Rentable Area

pursuant to the Lease. The lease rate for the 66 square feet will be the same as Tenant was paying for the rest of its space.

2. April 1, 2003 Expansion. Tenant agrees that the fixed rent for the Expansion Area, approximately 360 square feet, is One Dollar and 15/l00 ($1.15) per square foot per month triple net as of April I , 2003. Additionally, Tenant shall be responsible for its proportionate share of operating costs associated with the additional 360 square feet pursuant to Section 5.2(a) of Lease. Tenant further agrees that the fixed rent shall increase by three percent (3%) per annum on January 1, 2004. On October Ist, 2004 the Expansion Area rent shall be set per Section 5 below. Tenant shall pay all rent and other payments due and payable pursuant to the Lease and this Third Addendum for the Expansion Area within sixty (60) days of the Effective Date.

3. Amendment of Section D of Summary of Lease Terms. As of the Effective Date, Section D of the Sum ma1y of Lease Terms shall be amended as follows (New language set forth in italics):

Total Net Rentable Area of approximately eight thousand two hundred forty three (8,243) ± square feet comprised of approximately seven thousand eight hundred seventeen (7,817) ± square feet of Net Rentable Area located on the second floor in that certain Building located and addressed at 4575 S. W. Research Way, (the "Building"), an additional sixty-six (66) square

feet of Net Rentable Area located in the northeast comer of the first floor of the Building, and an additional three hundred sixty (360) square feet of Net Rentable Area on the first floor of the Building, situated on real property described in Exhibit C ("Property"). The Net Rentable Area of the Building is ninety-one thousand two hundred forty-eight (91,248) square feet as of 111/2004.

4. Amendment Regarding Certain Utilities. Effective February 1, 1999, Section 5.2(a) of the Lease shall be amended as follows (New language set forth in italics):

In addition to the fixed rent payable during each calendar year or any portion thereof, during the term of this Lease, Tenant shall pay Tenant's proportionate share of the amount of operating costs and real property taxes paid or incurred by Landlord in such year or any portion thereof ("Tenant's Percentage Share of Operating Costs and Taxes") (as shown in Paragraph I of the Summary of Lease Terms). Except for the cost of electricity and natural gas, Tenant's percentage share has been and shall be computed by dividing the amount of Tenant's Net Rentable Area by the amount of Net Rentable Area for the entire building. With respect to the cost of electricity and natural gas, Tenant's percentage share has been and shall be computed by dividing the amount of Tenant 's Net Rentable Area by the amount of Net Rent able Area for the entire Building that is occupied by Tenants. In the event that either Tenant's Net Rentable Area or the Building's Net Rentable area occupied by Tenants is changed, Tenant 's Percentage Share of Operating Costs and Taxes shall be appropriately adjusted by Landlord. Such adjustment to be conclusive and binding on Tenant. If such change occurs during any calendar year, Tenant's Percentage Share of Operating Costs and Taxes shall

be determined for the calendar year on the basis of the number days during such calendar year each such percentage is applicable.

5. Modification of Option Terms and Extension of Lease. Tenant has elected not to exercise Tenant's option to extend the Lease for an additional seven (7) year period pursuant to Section 4 of the First Addendum and Section E of the Summary of Lease Terms and hereby waives any right to exercise such option. Tenant and Landlord have mutually agreed to extend the term of the Lease for an additional three (3) years beginning on January I, 2005 with such term to expire on December 31, 2007. Tenant and Landlord agree that the fixed rent for all the Net Rentable Area leased by tenant as of October 1, 2004 shall be One Dollar and 25/100 ($1.25) per square foot triple net per Section 3 of the First Addendum, Section 3.1 of the Lease and Section F of the Summary of Lease Terms, with such rent to increase annually on January 1 of each year thereafter by three percent (3%) per annum. So long as Tenant is not in default in this Lease, Tenant may, at its option, have two additional options to extend the Lease for two additional option terms of one (1) year for the first option and three (3) years for the second option by delivering to Landlord an irrevocable written notice of its intent to exercise its option on or before July 1, 2006 for the first option, and on or before July 1, 2007 for the second option.

6. Landlord to provide a detailed accounting of the building Operating Expenses and Costs and Taxes showing the Tenant’s percentage share of Operating Costs and Taxes for the Period January 1, 2000 through December 31, 2004 incorporating the agreements made herein within 60 days of the Effective Date of this amendment. Any credits or charges will be applied to Tenant's account at that time.

7. Effective January 1, 2004 the new monthly fixed rent should be $7,755.99:

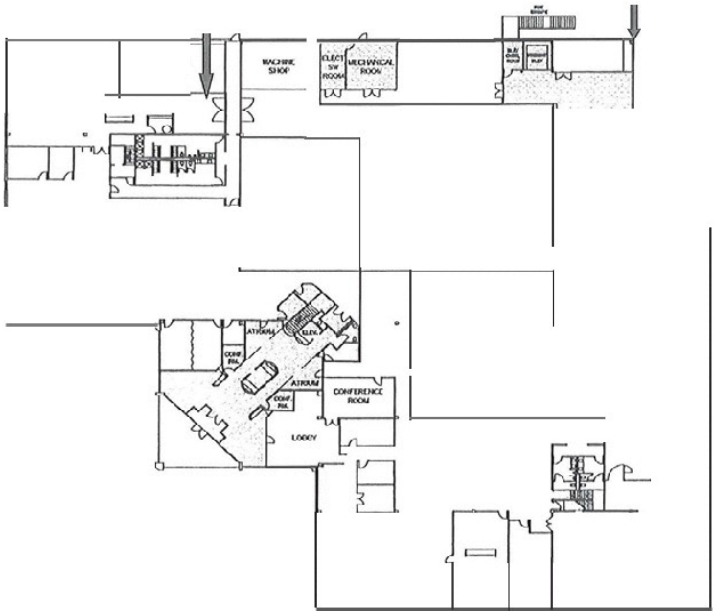
(7,883 square feet x $.93 per square foot = $7,331.19 per month NNN +
360 square feet x $1.18 per square foot = $ 424.80 per month NNN =
$7,755.99 per month NNN)
Original Sq. Ft. 9,677 - 1,860 (given up in 2002) + 66 (see #1 above) + 360 (see #2 above) = 8,243 sq. ft. today

8. Effective October 1, 2004, the new monthly fixed rent should be $10,303.75/month. (8,243 sq. ft. X $1.25 sq. ft. I month = $10,303.75). Net rents would not be increased by 3% until January 1, 2006, but would adjust on January 1 of each year thereafter by three percent (3%) per annum.

9. Except as set forth in this Third Addendum, the terms and provisions of the Lease remain unchanged and in full force and effect.

EXHIBIT A

SIGA Expension Area



FOURTH ADDENDUM TO COMMERCIAL LEASE

This Fourth Addendum to Commercial Lease ("Fourth Addendum") is entered into by and between RESEARCH WAY INVESTMENTS, a California limited partnership ("Landlord") and SIGA TECHNOLOGIES, Inc., a Delaware corporation ("Tenant") and is effective as of October 1, 2004 and is intended to modify that certain Commercial Lease, First Addendum to Commercial Lease ("First Addendum"), Second Addendum to Commercial Lease ("Second Addendum"), and Third Addendum to Commercial Lease ("Third Addendum") entered into by and between Landlord and Tenant on or about January 1, 1998. The Commercial Lease, First Addendum, Second Addendum and the Third Addendum shall hereinafter be collectively referred to as the "Lease". The Lease is herein modified as follows:

RECITALS

A. Pursuant to the Lease, Landlord leased to Tenant and Tenant leased from Landlord nine thousand six hundred seventy-seven (9,677) square feet of net rentable area ("Net Rentable Area") in that certain building owned by Landlord and located at 4575 S.W. Research Way, Corvallis, Benton County, Oregon, more particularly described in the Lease ("Building");

B. Landlord and Tenant concurrently with the execution of the Lease executed the First Addendum thereby clarifying certain terms set forth in the Lease;

C. Landlord and Tenant executed the Second Addendum on or about January 22, 2002, whereby Tenant terminated Reserved Space and its First Refusal Area as more particularly set forth in the Second Addendum;

D. On or about July 16, 2004, Landlord and Tenant executed the Third Addendum whereby the parties memorialized that Tenant had occupied sixty-six (66) additional square feet of net rentable area since the commencement date of the Lease, and that Tenant had occupied three hundred sixty (360) additional square feet of net rentable area on the first floor of the Building since on or about April 1, 2003. Additionally, Landlord and Tenant amended certain utility rights and modified option terms set forth in the Lease;

E. Landlord and Tenant now desire to amend the Lease to add nine thousand eight hundred eighty-four (9,884) square feet of net rentable area located on the first floor of the Building (see Exhibit A, attached) effective as of October 1, 2004. Additionally, Landlord and Tenant desire to confirm that the occupancy of the additional nine thousand eight hundred eighty-four (9,884) square feet is for three (3) years with one (1) one year option and one (1) three year option.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, Landlord and Tenant agree as follows:

1. Additional Net Rentable Area. The Net Rentable Area of the Premises is comprised of seven thousand eight hundred seventeen (7,817) feet of Net Rentable Area located on the second floor of the Building, and additional sixty-six (66) square feet of Net Rentable Area located in the northeast corner of the first floor of the Building and an additional three hundred sixty (360) square feet of Net Rentable Area on the first floor of the Building, plus an additional nine thousand eight hundred eighty-four (9,884) square feet on the west side of the first floor of the Building, for a total Net Rentable Area of eighteen thousand one hundred twenty-seven (18,127) square feet. The Net Rentable Area includes the additional nine thousand eight hundred and eighty four (9884) square feet occupied by the Tenant as of October 1, 2004. All of the referenced square footage shall hereinafter be collectively referred to as the Net Rentable Area. The nine thousand eight hundred eighty-four (9884) square feet of Net Rentable Area leased as of October 1, 2004 includes forty-five percent (45%) of the "L" shaped hallway (which is adjacent to Tenant's space) and forty-five percent (45%) of the new men's and women's restrooms off of the above mentioned hallway.

2. Monthly Fixed Rent. Effective October 1, 2004, the new monthly fixed rent for the Net Rentable Area shall be twenty two thousand six hundred fifty-eight dollars and seventy-five cents ($22,658.75), calculated as follows:

7,883 square feet	x	$1 .25 per square foot	$ 9,853.75 per month
360 square feet	x	$1 .25 per square foot	$450 per month
9,884 square feet	x	$1.25 per suare foot	$12,355 per month

18,127 square feet TOTAL x $1 .25 per square foot $22,658.75 per annum

3. Monthly Fixed Rent Increase. The Monthly Fixed Rent for the entire Net Rentable Area shall be increased by three percent (3%) on January 1, 2006, and on January 1st of each year thereafter throughout the term of this Lease and any extensions thereof.

4. Acceptance of Expansion Space. Tenant accepts the additional Net Rentable Area in its presently existing condition and represents and warrants that it is acceptable to them, and Tenant shall be responsible for any and all costs involved in renovating expansion space to their specifications except for any items mutually agreed upon in writing by Landlord. Tenant shall have immediate access to the additional Net Rentable Area for space planning and for installation of Tenant improvements through and including September 30, 2004, at no cost to Tenant. The monthly rent set forth in paragraph 2 above for the expansion space, shall commence on October 1, 2004.

5. Use of Landlord's Personal Property. Tenant shall have the right to use any and all office furniture and cubicles that Land lord owns at no cost or expense to Tenant for the entire term of the Lease, including all options, at no cost to Tenant.

6. Payment of Tenant's Prior Years Percentage Share of Operating Expenses and Taxes. Tenant agrees to pay its unpaid percentage share of Property Operating Expenses and Taxes of the past three years (2002, 2003, 2004) within 30 days of receipt of Landlord' s reconciliation of said accounts.

7. Effect of Addendum . Except as modified by the terms of this Fourth Addendum, the Lease shall continue in full force and effect, In the event of any conflict between the terms of this Fourth Addendum and the Lease, the terms of this Fourth Addendum shall control.

RESEARCH WAY INVESTMENTS, SIGA TECHNOLOGIES, INC
a California limited partnership A DELAWARE CORPORATION

FIFTH ADDENDUM TO COMMERCIAL LEASE

This Fifth Addendum to Commercial Lease ("Fifth Addendum") is entered into by and between RESEARCH WAY INVESTMENTS, a California Limited Partnership ("Landlord") and SIGA TECHNOLOGIES, INC., a Delaware Corporation ("Tenant") and is effective as of January I , 2007, and is intended to modify that certain Commercial Lease entered into in or about January 1, 1998, First Addendum to Commercial Lease ("First Addendum"), Second Addendum to Commercial Lease ("Second Addendum"), Third Addendum to Commercial Lease ("Third Addendum"), Fourth Addendum to Commercial Lease ("Fourth Addendum"), entered into by and between Landlord and Tenant on various dates since January 1, 1998. The Commercial Lease, First Addendum, Second Addendum, Third Addendum, and the Fourth Addendum shall hereinafter be collectively referred to as the "Lease". The Lease is herein modified as follows:

Now, therefore , in consideration of the following covenants and conditions set forth herein, Landlord and Tenant agree to modify and extend the Lease under the following terms and conditions as follows:

1. Initial Rent Payment. ·Tenant shall pay $262,498.22 as payment in full towards the outstanding balance owed to Landlord upon the signing of this Fifth Lease Addendum. The outstanding balance owed to Landlord after the receipt of
$262,968.22 shall be considered paid in full with the signing of this amendment.

2. Estimated Fixed Rent and Tenant's Share of Operating Expenses, Taxes, and Insurance . $36,979.08 is the amount of estimated fixed rent and Tenant's estimated share of operating expenses, taxes and insurance due January 1, 2007. Tenant agrees to promptly pay said amount on or before due date. This monthly amount due will be subject to the late fees and interest charges as specified in the lease if not paid when due.

3. Monthly Fixed Rent. Effective January 1, 2007, the new fixed rent for the net rentable area shall be $26,102.88, calculated as follows: 18,127 sq ft X $1.44 per sq ft = $26,102.88 per month NNN.

4. Extension of Lease Term. The term of this lease is to be extended to December 31, 2011.

5. Options to Extend. So long as Tenant is not in default, Tenant shall have the option to extend the Lease an additional five (5) years.

6. Fourth Addendum. As part of this agreement, Tenant agrees to execute the Fourth Addendum attached hereto.

7. Access To and From Freight Elevator by Other Tenants To memorialize an agreement made with SIGA in February 2002, tenant agrees to allow any present or future tenant or tenants located in the space to the south of Tenant's second floor space to have access to and from the building's freight elevator through SIOA's space, following reasonable advance notice from the tenant or tenants located south of SIGA's second floor space desiring access during normal business hours or at other times by special arrangement with SIGA for the purpose of transporting supplies and/or equipment to and from the elevator and the tenant's space to the south and for emergency evacuation if required by local governing authorities.

8. Effect of Addendum. Except as modified by the terms of this Fifth Addendum, the Lease shall continue in full force and effect. In the event of any conflict between the terms of this Fifth Addendum and the Lease, the terms of this Fifth Addendum shall control.

RESEARCH WAY INVESTMENTS,
a California limited partnership

SIGA TECHNOLOGIES, INC.

a Delaware corporation

SIXTH ADDENDUM TO COMMERCIAL LEASE

This Sixth Addendum to Commercial Lease (Sixth Addendum) is entered into by and between RESEARCH WAY INVESTMENTS, a California limited partnership (Landlord), and SIGA TECHNOLOGIES, INC., a Delaware Corporation (Tenant), and is effective as of January **1,** 2008, regardless of when signed (Effective Date). This Sixth Addendum is intended to modify that certain Commercial Lease between Landlord and Tenant entered into on or about January 1, 1998, as clarified or modified by the First through Fifth Addendums to the Commercial Lease, which First through Fifth Addendums were entered into on various dates since January 1, 1998. The Commercial Lease, with First through Fifth Addendums, is referred to herein as the "Lease." Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

A. Pursuant to the original lease, Landlord leased to Tenant and Tenant leased from Landlord nine thousand six hundred seventy-seven (9,677) square feet of net rentable area in that certain building owned by Landlord and located at 4575 S.W. Research Way, Corvallis, Benton County, Oregon, more particularly described in the Lease (Building).

B. Landlord and Tenant concurrently with the execution of the Lease executed the First Addendum clarifying ce1iain terms set forth in the Lease.

C. Landlord and Tenant executed the Second Addendum on or about January 22, 2002, whereby Tenant terminated Reserved Space and its First Refusal Area as defined in and more particularly set forth in the Second Addendum.

D. On or about July 16, 2004, Landlord and Tenant executed the Third Addendum whereby the parties memorialized that Tenant had occupied sixty-six (66) additional square feet of net rentable area since the commencement date of the Lease, and Tenant had occupied three hundred sixty (360) additional square feet of net rentable area on the first floor of the Building since on or about April 1, 2003. Additionally, Landlord and Tenant amended certain utility rights and modified the option terms originally set forth in the Lease.

E. On or about October 1, 2004, Landlord and Tenant agreed to a Fom1h Addendum whereby the parties agreed to amend the Lease to add nine thousand eight hundred eighty-four (9,884) square feet of net rentable area located on the first floor of the Building to Premises being leased.

F. On or about January 1, 2007, Landlord and Tenant executed the Fifth Addendum, whereby the parties memorialized their agreement that Tenant allow access to and from the freight elevator by other tenants. Additionally, Landlord and Tenant agreed to extend the Lease Term to December 31, 2011, and modified the fixed monthly rent (Monthly Rent) and option terms set forth in the Lease.

Landlord and Tenant now desire to amend the Lease to reduce the area being leased by Tenant, on terms set forth herein . Inthe event of a conflict between the Lease and this Sixth Addendum, this Sixth Addendum shall prevail.

Lease Modifications

Tenant has requested and Landlord agrees that Tenant may reduce the area included in the Premises being leased by Tenant and for which Tenant will be obligated under the Lease. Accordingly, the Landlord and Tenant hereby agree to modify the Lease as follows:

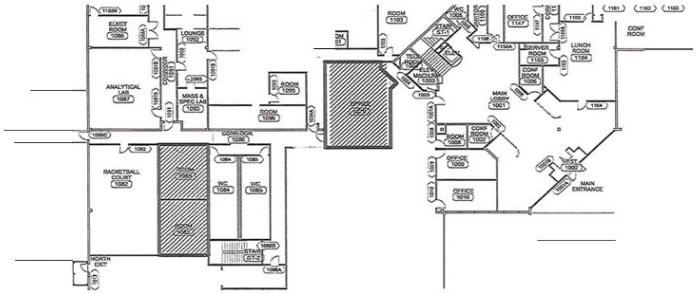
1. Reduction in Space. For purposes of the Lease provisions, after the Effective Date, the terms "Premises" and/or "Net Rentable Area" as used in the Lease shall be defined to exclude the area identified as rooms

1081 and 1083, diagrammed on the attached Exhibit A, totaling approximately 692 square feet, and the area identified as room 1079 on the attached Exhibit A, consisting of approximately 712 square feet. The total reduction in square footage under this Addendum is 1404 square feet.

2. Continuation of Lease. Except as provided herein, the terms and conditions of the Lease remain unchanged and in full force and effect.

RESEARCH WAY INVESTMENTS SIGA TECHNOLOGIES, INC

A California Limited Partnership A Delaware Corporation



4575 SW Research Way
Corvallis, Oregon 97333-1063
First Floor

SEVENTH ADDENDUM TO COMMERCIAL LEASE

This Seventh Addendum to Commercial Lease (Seventh Addendum) is entered into by and between RESEARCH WAY INVESTMENTS; a California limited partnership (Landlord), and SIGA TECHNOLOGIES, INC., a Delaware corporation (Tenant), and is effective March 1, 2010 (Effective Date). This Seventh Addendum is intended to modify and extend that certain Commercial Lease between Landlord and Tenant entered into on or about January 1, 1998, as clarified or modified by the First through Sixth Addendums to the Commercial Lease, which First through Sixth Addendums were entered into on various dates since January 1, 1998. The Commercial Lease, with First through Sixth Addendums, is referred to herein as the "Lease." Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

A. Pursuant to the original lease, Landlord leased to Tenant and Tenant leased from Landlord nine thousand six hundred seventy-seven (9,677) square feet of net rentable area in that certain building owned by Landlord and located at 4575 S.W. Research Way, Corvallis, Benton County, Oregon, more particularly described in the Lease (Building).

B. Landlord and Tenant concurrently with the execution of the Lease executed the First Addendum clarifying certain terms set forth in the Lease.

C. Landlord and Tenant executed the Second Addendum on or about January 22, 2002, whereby Tenant terminated Reserved Space and its First Refusal Area as defined in and more particularly set forth in the Second Addendum.

D. On or about July 16, 2004, Landlord and Tenant executed the Third Addendum whereby the parties memorialized that Tenant had occupied sixty-six (66) additional square feet of net rentable area since the commencement date of the Lease, and Tenant had occupied three hundred sixty (360) additional square feet of net rentable area on the first floor of the Building since on or about April 1, 2003. Additionally, Landlord and Tenant amended certain utility rights and modified the option terms originally set forth in the Lease.

E. On or about October 1, 2004, Landlord and Tenant agreed to a Fourth Addendum whereby the parties agreed to amend the Lease to add nine thousand eight hundred eighty-four (9,884) square feet of net rentable area located on the first floor of the Building to Premises being leased.

F. On or about January 1, 2007, Landlord and Tenant executed the Fifth Addendum, whereby the parties memorialized their agreement that Tenant allow access to and from the freight elevator by other tenants. Additionally, Landlord and Tenant agreed to extend the Lease Term to December 31, 2011, and modified the fixed monthly rent (Monthly Rent) and option terms set forth in the Lease.

G. On or about January 1, 2008, the parties agreed to a Sixth Addendum, which was never memorialized or signed, which eliminated approximately 1404 square feet from the Premises and reduced Tenant's obligations with regard to such excluded space.

H. Landlord and Tenant now desire to amend the Lease on terms set forth herein. In the event of a conflict between the Lease and this Seventh Addendum, this Seventh Addendum shall prevail.

Based on the recitals set forth above, which the parties acknowledge as true and correct, the Landlord and Tenant hereby agree to modify the Lease as follows:

Lease Modifications

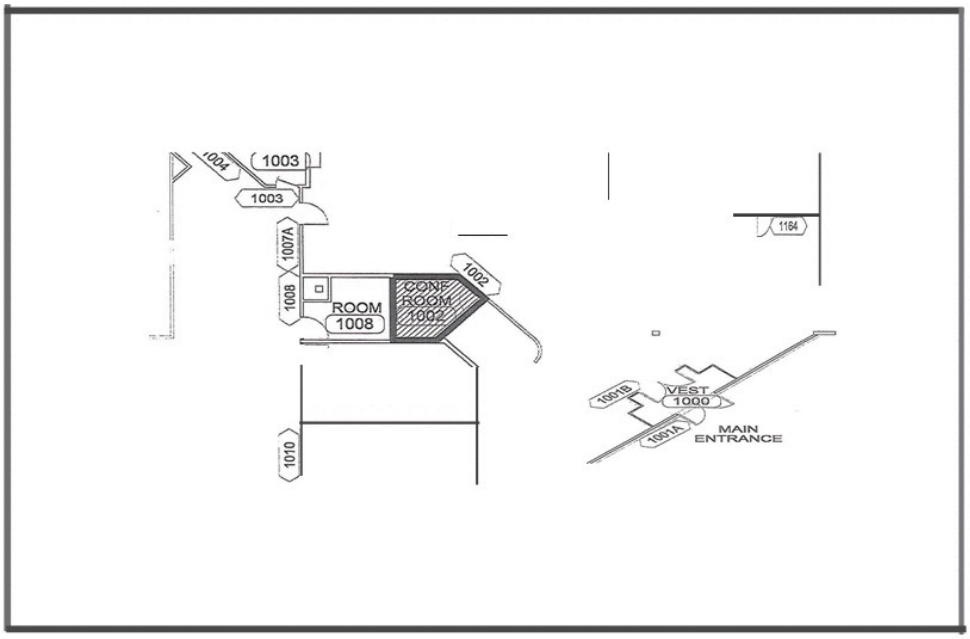
1. Additional Space. For purposes of the Lease provisions, "Premises" and/or "Net Rentable Area" shall be defined to include the existing space being leased pursuant to the Lease (Existing Space), and additional space diagrammed on Exhibit A. attached hereto, identified as Room 1002, located on the west side of the downstairs lobby, totaling approximately 81 square feet (Additional Space).

2. Definition of Premises. For purpose of applying the Lease terms and conditions after the Effective Date,

when the term Premises is used, it shall refer to all the Existing Space and Additional Space.

3. Continuation of Lease. Except as provided herein, the terms and conditions of the Lease remain unchanged and in full force and effect.

Landlord: **Tenant:**



EIGHTH ADDENDUM TO COMMERCIAL LEASE

This Eighth Addendum t o Commercial Lease (Eighth Addendum) is entered into by and between RESEARCH WAY INVESTMENTS, a California limited partnership (Landlord), and SIGA TECHNOLOGIES, INC., a Delaware corporation (Tenant), and is effective June 1, 201 l (Effective Date). This Eighth Addendum is intended to modify and extend that certain Commercial Lease between Landlord and Tenant entered into on or about January 1, 1998, as clarified or modified by the First through Seventh Addendums to the Commercial Lease, which First through Seventh Addendums were entered into on various elates since January 1, 1998. The Commercial Lease, with First through Seventh Addendums, is referred to herein as the "Lease." Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

A. Pursuant to the original lease, Landlord leased to Tenant and Tenant leased from Land lord nine thousand six hundred seventy-seven (9,677) square feet of net rentable area in that certain building owned by Landlord and located at 4575 S.W.Research Way, Corvallis, Benton County, Oregon, more particularly described in the Lease (Building).

B. Landlord and Tenant concurrently with the execution of the Lease executed the First Addendum clarifying certain terms set forth in the Lease.

C. Landlord and Tenant executed the Second Addendum on or about January 22, 2002, whereby Tenant terminated Reserved Space and its First Refusal Area as defined in and more particularly set fo1ih in the Second Addendum.

D. On or about July 16, 2004, Landlord and Tenant executed the Third Addendum whereby the parties memorialized that Tenant had occupied sixty-six (66) additional square feet of net rentable area since the commencement date of the Lease, and Tenant had occupied three hundred sixty (360) additional square feet of net rentable area on the first floor of the Building since on or about April 1, 2003. Additionally, Landlord and Tenant amended ce1tain utility rights and modified the option terms originally set forth in the Lease.

E. On or about October 1, 2004, Landlord and Tenant agreed to a Fourth Addendum whereby the parties agreed to amend the Lease to add nine thousand eight hundred eigl1ty-four (9,884) square feet of net rentable area located on the first floor of the Building to Premises being leased. The Fourth Addendum was subsequently executed effective October 1, 2004.

F. On or about January 1, 2007, Landlord and Tenant executed the Fifth Addendum , whereby the patties memorialized their agreement that Tenant allow access to and from the freight elevator by other tenants. Additionally, Landlord and Tenant agreed to extend the Lease Term to December 31, 2011, and modified the fixed monthly rent (Monthly Rent) and option terms set forth in the Lease.

G. On or about January 1, 2008, the parties agreed to a Sixth Addendum,
which was subsequently executed effective January 1, 2008, which eliminated approximately 1404 square feet from the Premises and reduced Tenant's obligations with regard to such excluded space.

H. On or about March 1, 2010, Landlord and Tenant agreed to a Seventh Addendum, whereby the parties agreed to amend the Lease to acid eighty-one (81) square feet of net rentable area located on the west side of the downstairs lobby of the Premises . The Seventh Addendum was subsequently executed effective March 1, 2010.

I. Landlord and Tenant now desire to amend the Lease on terms set forth Herein. In the event of a conflict between the Lease and this Eighth Addendum, this Eighth Addendum shall prevail.

Based on the recitals set forth above, which the parties acknowledge as true and correct, the Landlord and Tenant hereby agree to modify the Lease as follows:

Lease Modifications

1. Additional Space. For purposes of the Lease provisions, "Premises" and/or "Net Rentable Area" shall be defined to include the existing space being leased pursuant to the Lease (Existing Space), and additional space diagramed on Exhibit A, attached hereto, which is located on the second floor of the Building, and consists of

approximately 15,300 square feet of currently vacant space. The approximately 15,300 square feet outlined on Exhibit A shall be referred to herein as "Additional Space." Tenant further agrees to lease the area identified as rooms 1081 and 1083, diagrammed on the attached Exhibit A-I, totaling approximately 676 square feet. The approximately 676 square foot area outlined on Exhibit A-1, shall be referred to herein as "Contingent Additional Space." The net square footage of the rooms 1081 and 1083 is 692; however, the 692 sq. ft. shall be adjusted down by 16 sq. ft. to 676 sq. ft. as of the Effective Date, due to the location of the common area hot water heater within that space. Said 16 square feet will be added to the common area as of June 1, 2011.

1. Conditions to Addendum. Tenant acknowledges and understands that another tenant of the Building, AVI Biopharma, has the first right of refusal to lease the Additional Space on the same terms and conditions as is being offered to Tenant in this Addendum. This Addendum shall not be deemed a binding agreement until and unless AVI Biopharma waives in writing its right of first refusal to lease the Additional Space. If AVI Biopharma has not waived its right of first refusal by the Effective Date, this Addend um shall be null and void.

2. Conditions to Addition of Contingent Additional Space. Tenant acknowledges and understands that the addition of the Contingent Additional Space to the terms of the Lease is expressly conditioned on another tenant, AVI Biopharma's, agreement to relinquish the Contingent Additional Space. If AVI Biopharma has not relinquished the

Conditional Additional Space by the Effective Date, the portion of the Addendum that deals with the Conditional Additional Space shall be null and void.

1. Definition of Premises. For purpose of applying the Lease terms and conditions after the Effective Date, when the term Premises is used, it shall refer to all the Existing Space and Additional Space. If AVI Biopharma agrees to relinquish the Contingent Additional Space, Premises for purpose of the Lease shall be defined to also include the Additional Contingent Space. For purposes of this Addendum, the maximum square footage of the Premises, as redefined hereby, will not exceed 32,780 square feet.

2. Term. The Lease "Term" shall be deemed to continue through December 31, 2017, and shall apply to the entire Premises on the terms sets forth in the Lease, as amended hereby.

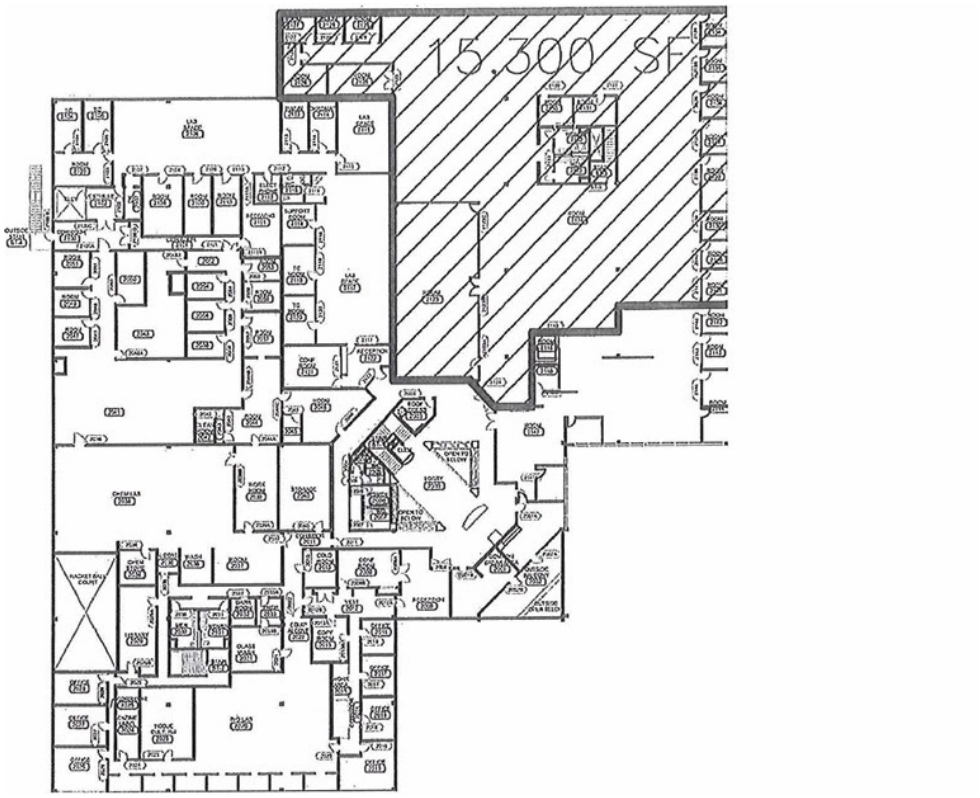
3. Rent Adjustment. The Monthly Rent for the Existing Space from January 1, 2011, to December 31, 2011, shall be $1.62 per square foot NNN. Beginning on January 1, 2012, Monthly Rent for the Existing Space will be decreased, from the rate of $1.67 per square foot NNN, the rental rate increase scheduled to go into effect as of that date pursuant to the Lease provisions with the previously agreed upon annual adjustment, to $1.42 per square foot NNN, payable monthly as set forth in the Lease. Monthly Rent for the Additional Space, and Contingent Additional Space provided the existing tenant relinquishes such space, shall be due and payable at the rate of $1.42 per square foot NNN, beginning on January l, 2012. The Monthly Rent for the Existing, Additional Space and Contingent Additional Space shall be subject to the same annual increases as otherwise set forth in the Lease. In addition, Tenant agrees to continue to pay the Tenant's estimated share of the property operating expenses, taxes, and insurance applicable to the Existing Space as set forth in the Lease and as of January 1, 2012, to pay, in addition to the Monthly Rent, the Tenant's estimated share of the property operating expenses, taxes, and insurance applicable to the Additional Space and, if applicable, to the Contingent Additional Space.

4. Improvements to Additional Space. With regard to the Contingent Additional Space, if included in the Premises, Landlord agrees, at its expense, to repair the floor in Room 1081 and to install and pay for new ceiling tiles in that Room. Provided Tenant, at its sole cost and expense, agrees to complete the necessary tenant improvements it requires to occupy the Additional Space. Commencing on the Effective Date Landlord shall allow Tenant access to the Additional Space to plan and complete such tenant improvements. Tenant improvements shall include removal of the door of Precision Engineering that currently enters into the vacant space on the upper level. Landlord shall allow Tenant access both to the Additional Space and the Contingent Additional Space, if applicable, without Landlord charging Monthly Rent or CAM charges for such Additional and Contingent Spaces, but only through December 31, 2011, after which Monthly Rent and CAM charges for the Additional Space and Contingent Additional Space, if applicable, shall be due and payable, together with Monthly Rent and the Tenant's estimated share of the property operating expenses, taxes, and insurance for the Existing Space, as set forth in paragraph 6, above.

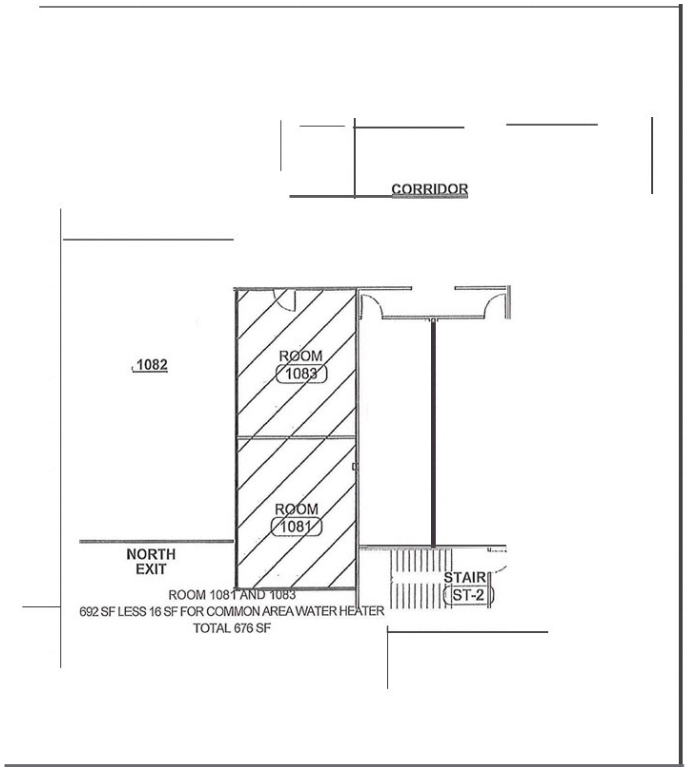
5. Continuation of Lease. Except as provided herein, the terms and conditions of the Lease remain unchanged and in full force and effect.

Landlord : **Tenant:**

Exhbit A
SIGA EIGHT ADDENDUM



EIGTH ADDENDUM A-1



NINTH ADDENDUM TO COMMERCIAL LEASE

This Ninth Addendum to Commercial Lease (Ninth Addendum) is entered into by and between RESEARCH WAY INVESTMENTS , a California limited partnership (Landlord), and SIGA TECHNOLOGIES, INC., a Delaware corporation (Tenant), effective as of November 1, 2012 (Effective Date). This Ninth Addendum is intended to modify and extend that certain Commercial Lease between Landlord and Tenant entered into on or about January 1, 1998, as clarified or modified by the First through Eighth Addendums to the Commercial Lease, which First through Eighth Addendums were entered into on various dates from January 1, 1998, through June 1, 2011. The Commercial Lease, with First through Eighth Addendums, is referred to herein as the "Lease." Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Lease.

Pursuant to the Lease, as modified , the Term of the Lease expires December 31, 2017. The parties wish to amend the Lease to provide Tenant with an option to extend the Term of the Lease on the following conditions:

1. Option to Extend. The Lease shall provide that Tenant shall have the right to extend the Term of the Lease after December 31, 2017, for one additional five (5) year term, subject to continuation of all terms and conditions set forth in the Lease . The Monthly Rent for the Existing, Additional Space and Contingent Additional Space at the beginning of the Extended Term and each year thereof on the renewal date shall be subject to the same annual rent increases as otherwise set forth in the Lease . In addition, Tenant agrees to continue to pay all applicable CAM charges during the Extended Term .

2. Exercise of Opt ion. Provided Tenant has not been at any time in the 60 days prior to, and is not in default of the Lease at the time of, exercise, Tenant may exercise its option to extend by giving written notice to Landlord no more than one year, nor less than 180 days prior to the end of the Term stating Tenant has elected to extend the Term of the Lease. Upon notice, the Term of the Lease shall thereupon be deemed extended for the additional five (5) year Extended Term.

3. Continuation of Lease. Except as provided herein, the terms and conditions of the Lease shall remain unchanged and in full force and effect throughout the Term and any Extended Term.

Landlord: **Tenant:**

Exhibit 31.1

Certification by Chief Executive Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Eric A. Rose, M.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of SIGA Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2014

/s/ Eric A. Rose

Eric A. Rose, M.D.
Chairman and Chief Executive Officer

Exhibit 31.2

Certification by Chief Financial Officer Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Daniel J. Luckshire, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SIGA Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2014

/s/ Daniel J. Luckshire

Daniel J. Luckshire

Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SIGA Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric A. Rose, M.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Eric A. Rose

Eric A. Rose, M.D.
Chairman and Chief Executive Officer
November 4, 2014

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SIGA Technologies, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel J. Luckshire, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Daniel J. Luckshire

Daniel J. Luckshire
Executive Vice President and Chief Financial Officer
November 4, 2014