

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) May 23, 2003

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SIGA Technologies, Inc.  
(Exact Name of Registrant as Specified in Charter)

Commission File Number: 0-23047

Delaware	13-3864870
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

420 Lexington Avenue, Suite 601  
New York, New York 10170  
(Address of Principal Executive Offices)  
(Zip Code)

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

ITEM 2. Acquisition of Assets

On May 23, 2003 (the "Effective Date"), SIGA Technologies, Inc., a Delaware corporation ("SIGA"), acquired substantially all of the assets of Plexus Vaccine Inc., a California corporation ("Plexus"), in accordance with the terms of an asset purchase agreement dated as of May 14, 2003 (the "Asset Purchase Agreement"). Pursuant to the Asset Purchase Agreement, SIGA acquired certain tangible and intangible assets of Plexus, including, without limitation, computer hardware and software, contracts, leases, licenses, intellectual property and all of the issued and outstanding capital stock of Plexus's wholly-owned Danish subsidiary (the "Acquired Assets").

Pursuant to the Asset Purchase Agreement, SIGA purchased the Acquired Assets in exchange for its issuance to Plexus of 1,950,000 shares of common stock, par value \$.0001 per share, of SIGA ("SIGA Common Stock"), and its assumption of certain liabilities of Plexus. SIGA has agreed to register the shares of SIGA Common Stock issued to Plexus under the Securities Act of 1933, as amended (the "Securities Act"), in accordance with the terms of a registration rights agreement, dated as of the Effective Date, between SIGA and Plexus. The consideration for the Acquired Assets was determined as a result of arm's length negotiations between each of SIGA and Plexus.

Pursuant to the Asset Purchase Agreement, SIGA issued (i) options to purchase shares of SIGA Common Stock at an exercise price of \$1.69 per share to certain holders of options to purchase shares of common stock, no par value, of Plexus ("Plexus Common Stock"), and (ii) warrants to purchase shares of SIGA Common Stock at an exercise price of \$1.69 per share to certain holders of warrants or options to purchase shares of Plexus Common Stock. SIGA has agreed to register the shares underlying these warrants under the Securities Act in accordance with the terms of registration rights agreements, dated as of the Effective Date, between SIGA and each of the holders of these warrants.

On the Effective Date, Susan K. Burgess, Ph.D., the chief executive officer and a shareholder of Plexus, became the president of SIGA pursuant to an employment agreement dated as of the Effective Date between SIGA and Dr. Burgess (the "Employment Agreement"). In accordance with the terms of the Employment Agreement, Dr. Burgess shall serve in such capacity for the period beginning on the Effective Date and ending on December 31, 2005 (or upon earlier termination pursuant to the terms of the Employment Agreement).

In accordance with the terms of the Asset Purchase Agreement, on the Effective Date, SIGA's board of directors was reconstituted to include five members who were directors of SIGA and the three members who were directors of Plexus, immediately prior to the Effective Date, and one member to be mutually agreed upon by SIGA and Plexus. In order to accommodate for such reconstitution of SIGA's board of directors, Gabriel M. Cerrone resigned from his position as a director of SIGA, effective as of the Effective Date.

The description of the acquisition set forth herein does not purport to be complete and is qualified in its entirety by reference to the full text of each of the exhibits filed herewith and incorporated by this reference.

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ITEM 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements. The financial statements required to be included in this current report on Form 8-K shall be filed by amendment as soon as practicable, but in any event not later than 60 days after the date that this current report on Form 8-K is filed.

(b) Pro Forma Financial Information. The financial statements required to be included in this current report on Form 8-K shall be filed by amendment as soon as practicable, but in any event not later than 60 days after the date that this current report on Form 8-K is filed.

(c) Exhibits.

Exhibit Number -----	Description -----
2(a)	Asset Purchase Agreement, dated as of May 14, 2003, between SIGA Technologies, Inc. and Plexus Vaccine Inc.
4(f)	Registration Rights Agreement, dated as of May 23, 2003, between SIGA Technologies, Inc. and Plexus Vaccine Inc.
4(g)	Form of Option Agreement, dated as of May 23, 2003, between SIGA Technologies, Inc. and certain holders of derivative securities of Plexus Vaccine Inc.
4(h)	Form of Warrant, dated as of May 23, 2003, between SIGA Technologies, Inc. and certain holders of derivative securities of Plexus Vaccine Inc.
4(i)	Form of Registration Rights Agreement, dated as of May 23, 2003, between SIGA Technologies, Inc. and certain holders of derivative securities of Plexus Vaccine Inc.
4(j)	Form of Option Agreement, dated as of May 23, 2003, between SIGA Technologies, Inc. and certain individuals appointed to serve on the board of directors of SIGA Technologies, Inc.
10(eee)	Employment Agreement, dated as of May 23, 2003, between SIGA Technologies, Inc. and Susan K. Burgess, Ph.D.

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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.

By: /s/ Thomas N. Konatich

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Thomas N. Konatich

Date: June 9, 2003

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EXHIBIT INDEX

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is made and entered into as of this 14th day of May, 2003 (the "Signing Date"), by and between Plexus Vaccine Inc., a California corporation ("Seller"), and SIGA Technologies, Inc., a Delaware corporation ("Buyer").

RECITALS

A. Seller is a company engaged in the research, development and design of vaccine products for human and veterinary markets (the "Business").

B. Seller desires to sell and assign to Buyer, and Buyer desires to purchase and assume from Seller, certain assets, rights and obligations related to the Business on the terms and subject to the conditions set forth in this Agreement (the "Acquisition").

C. Seller and Buyer mutually desire that the Acquisition constitute a reorganization within the meaning of Section 368(a)(1)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), pursuant to which Seller sells substantially all of its assets to Buyer in exchange for the Shares (as defined herein) and Buyer's assumption of the Assumed Liabilities (as defined herein), and then Seller promptly dissolves and distributes the Shares to Seller's stockholders.

D. The parties are signing and entering into this Agreement as of the Signing Date. The parties contemplate closing the transactions contemplated by this Agreement after the Signing Date, once all of the conditions set forth in Article VIII are satisfied.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties, intending legally to be bound, agree as follows:

ARTICLE I

DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth in this Article I:

1.1 "Accounts Receivable" means all accounts receivable and notes receivable and other claims for money or other obligations due to Seller arising out of the Business.

1.2 "Acquired Assets" means all of the assets, properties, including, without limitation, Intellectual Property, rights and claims of every kind and description of Seller used in the Business (other than the Excluded Assets), whether real or personal, tangible or intangible, vested or unvested, contingent or otherwise, wherever located and whether now existing or hereafter acquired, including, without limitation, all goodwill associated therewith, as the same

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shall exist on the Closing Date, whether or not any of such assets, properties, rights or claims have any value for accounting purposes or are carried or reflected on or specifically referred to in Seller's books or financial statements, which are set forth on Schedule 1.2.

1.3 "Acquisition" has the meaning assigned to it in the preamble.

1.4 "Affiliate" means, with respect to a specified Person, any other Person which controls, is controlled by or is under common control with such specified Person. For purposes of the definition of Affiliate, the term "control" (including the terms "controls", "controlled by", and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

1.5 "Agreement" means this Agreement and all Exhibits and Schedules attached hereto, as the same may be amended, supplemented or modified from time to time.

1.6 "Assignment and Assumption Agreement" means the assignment and assumption agreement to be executed by Buyer and Seller at the Closing, substantially in the form attached hereto as Exhibit A.

1.7 "Assumed Liabilities" means (i) the Leases, (ii) all obligations of Seller under any Purchased Contract, to the extent that any such obligations arise or accrue on or after the close of business on the Closing Date, and are consistent with the representations, warranties and agreements of Seller under this Agreement, (iii) all liabilities and obligations of Seller identified on Schedule 1.7(iii), (iv) indebtedness of Seller in the aggregate amount of up to \$100,000 evidenced by bridge notes, which are not convertible into equity securities of Seller, identified on Schedule 1.7(iv) and (v) all indebtedness of Seller evidenced by promissory notes dated March 27, 2003 and April 28, 2003 in favor of Buyer in the principal amount of \$50,000 and \$20,000, respectively. Under no circumstances (except as expressly stated in the immediately preceding sentence) shall the Assumed Liabilities include, without limitation, any debt, liability (whether absolute, accrued, contingent or otherwise), or other obligation of or owing by Seller (i) associated with or relating to any Excluded Liability, (ii) associated with or relating to any compensation or benefits of any director, officer, employee, former employee, independent contractor, agent, representative or other personnel of Seller or any Plans or (iii) associated with or relating to any Excluded Asset.

1.8 "Balance Sheet" means the balance sheet of Seller, prepared in accordance with GAAP, as of December 31, 2002.

1.9 "Bill of Sale" means the bill of sale and assignment to be executed by Seller at the Closing, substantially in the form attached hereto as Exhibit B.

1.10 "Burgess Employment Agreement" means the employment agreement to be executed by Buyer and Susan Burgess at the Closing, substantially in the form attached hereto as Exhibit C.

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1.11 "Business" has the meaning assigned to it in the preamble.

1.12 "Buyer" has the meaning assigned to it in the preamble.

1.13 "Buyer Common Stock" means common stock, \$.0001 par value per share, of Buyer.

1.14 "Buyer Options" has the meaning assigned to it in Section 7.2.

1.15 "Buyer Warrants" has the meaning assigned to it in Section 7.3.

1.16 "Closing" has the meaning assigned to it in Section 3.2.

1.17 "Closing Date" has the meaning assigned to it in Section 3.2.

1.18 "COBRA" has the meaning assigned to it in Section 6.9(e).

1.19 "Code" has the meaning assigned to it in the preamble.

1.20 "Confidential Records" has the meaning assigned to it in Section 7.8(b).

1.21 "Contracts" has the meaning assigned to it in Section 4.12.

1.22 "Copyright" means all copyrights in both published works and unpublished works, including training manuals, marketing and promotional materials, internal reports, business plans and any other expressions, mask works and software and videos, whether registered or unregistered, and all registrations or applications in connection therewith, whether owned, used, licensed or leased by Seller as licensee or licensor and that have been used or are used in or are material to the conduct of the Business as it is currently conducted or as proposed to be conducted.

1.23 "Employees" has the meaning assigned to it in Section 6.9(a).

1.24 "Environmental Laws" means any and all Laws and other requirements relating to the environment, natural resources, or public or employee health and safety.

1.25 "Environmental Costs and Liabilities" means any and all losses, liabilities, obligations, damages, fines, penalties, judgments, actions, claims, Liens, costs and expenses (including, without limitation, fees, disbursements and reasonable expenses of legal counsel, experts, engineers and consultants and the costs of investigation and feasibility studies and remediation activities) arising from or under any Environmental Law or order or contract with any governmental or regulatory authority or Person.

1.26 "ERISA" has the meaning assigned to it in Section 4.17(c).

1.27 "Excluded Assets" has the meaning assigned to it in Section 2.2.

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1.28 "Excluded Liabilities" means any and all debts, Taxes, claims, Losses, Plans, liabilities (whether absolute, accrued, contingent or otherwise), Liens and any other obligations of or owing by Seller other than the Assumed Liabilities. Without limiting the generality of the foregoing, "Excluded Liabilities" shall include those liabilities listed on Schedule 1.28.

1.29 "Financial Statements" means the (i) balance sheet of the Business as of December 31, 2002, and (ii) statements of income, cash flow, and stockholders' equity of the Business for the year ended December 31, 2002, each of which have been prepared in accordance with GAAP and audited by PricewaterhouseCoopers LLP.

1.30 "GAAP" means United States' generally accepted accounting principles, consistently applied.

1.31 "Goodwill" means all goodwill associated with the name, assets, properties and rights of Seller in the Business.

1.32 "Intellectual Property" means all Marks, Patents, Copyrights, Licensed Rights, Net Names and Trade Secrets, including, without limitation, those items identified on Schedules 4.14(b) through 4.14(h).

1.33 "Interim Financial Statements" means (i) the balance sheet of the Business as of March 31, 2003 and (ii) the statements of income, cash flow, and stockholders' equity of the Business for the period ending on March 31, 2003.

1.34 "Investor Questionnaire" means the investor questionnaire to be executed by each stockholder of Seller and delivered to Buyer at the Closing, substantially in the form attached hereto as Exhibit D.

1.35 Reserved.

1.36 "Law" means, with respect to any Person, any United States federal, state or local, and any foreign national, state or local, law, statute, common law, ordinance, code, rule, regulation, order, judgment or decree applicable to such Person.

1.37 "Lease Assignment" means the assignment and assumption of subleases agreement to be executed by Buyer and Seller at the Closing, in the form attached as Exhibit F.

1.38 "Leases" means (i) the sublease agreement dated as of November 1, 2001, between Cisco Systems, Inc. and Seller, relating to office space located at Rancho Bernardo Financial Plaza, 11770 Bernardo Plaza Court, Suite 375, San Diego, CA 92128, and (ii) the Month to Month Sublease, dated as of June 1, 2001, between QED Bioscience Inc. and Seller, relating to the laboratory space located at 11021 Via Frontera, Suite 203, San Diego, CA 92127.

1.39 "Liabilities" means all liabilities and obligations, secured or unsecured, whether absolute, accrued, contingent or otherwise, whether known or

unknown and whether or not due, including liabilities for Taxes.

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1.40 "Licensed Rights" has the meaning assigned to it in Section 4.14(c).

1.41 "Lien" means, with respect to any asset of any Person, any mortgage, lien, pledge, charge, interest, condition, restriction, security interest, debt, Tax, claim, option, liability, obligation and/or encumbrance of any kind (whether matured or unmatured) in respect of such asset.

1.42 "Losses" means any and all damages, claims, losses, Liabilities, Environmental Costs and Liabilities and expenses (including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses).

1.43 "Marks" means all trademarks, service marks, trade names, common law trademarks, business names (including, without limitation, "Plexus Vaccines"), Internet domain names, trade dress, slogans, and the goodwill associated therewith, and all registrations or applications therefor, whether owned, used, licensed or leased by Seller as licensee or licensor and that have been used or are used in or are material to the conduct of the Business as it is currently conducted or as proposed to be conducted.

1.44 "Net Names" has the meaning assigned to it in Section 4.14(h).

1.45 "Officer's Certificate" means the certificate of the president of Seller, substantially in the form attached hereto as Exhibit G.

1.46 "Option Agreement" means each option agreement to be executed by Buyer in favor of each Seller Option Holder at the Closing, substantially in the form attached hereto as Exhibit H.

1.47 "Patents" means all patents, patent applications and inventions and discoveries that may be patentable, whether owned, used, licensed or leased by Seller as licensee or licensor and that have been used or are used in or are material to the conduct of the Business as it is currently conducted or as proposed to be conducted.

1.48 "Permit" has the meaning assigned to it in Section 4.23.

1.49 "Permitted Liens" means (a) any lien for Taxes which are not yet due, or (b) any carrier's, warehouseman's, mechanic's, materialman's, repairman's, landlord's or similar statutory or inchoate lien incidental to the ordinary conduct of business which involves an obligation that is not past due.

1.50 "Person" means any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, governmental body or authority or any other entity.

1.51 "Plans" has the meaning assigned to it in Section 4.17(a).

1.52 "Providing Party" has the meaning assigned to it in Section 6.7.

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1.53 "Purchase Price" has the meaning assigned to it in Section 3.1(b).

1.54 "Purchased Contracts" means all of the Contracts listed or described on Schedule 4.12(a) other than the Excluded Contracts.

1.55 "Registration Rights Agreement" means the registration rights agreement to be executed by Buyer and Seller at the Closing, substantially in the form attached hereto as Exhibit I.

1.56 "Related Documents" means, collectively, all agreements, instruments and other documents described herein or related hereto, including, without limitation, the Bill of Sale, the Assumption Agreement, the Secretary's

Certificate, the Registration Rights Agreement and the Lease Assignment.

1.57 "Related Person" has the meaning assigned to it in Section 4.22.

1.58 "Requesting party" has the meaning assigned to it in Section 6.7.

1.59 "Required Consents" has the meaning assigned to it in Section 4.4.

1.60 "Secretary's Certificate" means the certificate of the secretary of Seller as to incumbency and other matters, substantially in the form attached hereto as Exhibit J.

1.61 "Securities Act" means the Securities Act of 1933, as amended.

1.62 "Seller" has the meaning assigned to it in the preamble.

1.63 "Seller Common Stock" has the meaning assigned to it in Section 4.1(b).

1.64 "Seller Option Holder" means each of the holders of record, as of the date of this Agreement, of options to purchase shares of Seller Common Stock, as set forth on Schedule 7.2.

1.65 "Seller Warrant Holder" means each of the holders of record, as of the date of this Agreement, of warrants to purchase shares of Seller Common Stock, as set forth on Schedules 7.3A, 7.3B and 7.3C.

1.66 "Shares" has the meaning assigned to it in Section 3.1(a).

1.67 "Signing Date" has the meaning assigned to it in the introductory paragraph to this Agreement.

1.68 "Tax Return" means any return, declaration, report, claim or refund or information return or statement relating to Taxes, including any schedule or attachment thereto and any amendment thereof.

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1.69 "Taxes" means all taxes, assessments, fees, levies and similar charges of any kind whatsoever imposed by any United States federal, state or local taxing authority or any foreign taxing authority, including, without limitation, interest, penalties and additions thereto.

1.70 "Trade Secret" means all trade secrets, know-how, confidential information, lists of potential customers, technical information, proprietary information, technologies, processes and formulae, source code, algorithms, architecture, structure, display screens and development tools, data, plans, drawings and blue prints, whether tangible or intangible and whether or however stored, compiled, or memorialized physically, electronically, photographically, or otherwise, whether owned, used, licensed or leased by Seller as licensee or licensor and that have been used or are used in or are material to the conduct of the Business as it is currently conducted or as proposed to be conducted.

1.71 "Transferred Employees" has the meaning assigned to it in Section 6.9(a).

1.72 "Warrant Agreement" means each warrant agreement to be executed by Buyer at the Closing in favor of the Seller Warrant Holders identified on Schedule 7.3A and in Item 3 on Schedule 7.3C to receive the Buyer Warrants at the Closing, substantially in the form attached hereto as Exhibit K.

## ARTICLE II

### PURCHASE AND SALE OF ACQUIRED ASSETS

2.1 Purchase and Sale of Acquired Assets. Subject to and upon the terms set forth in this Agreement, effective upon the Closing, Seller shall transfer, convey, assign and deliver to Buyer, free and clear of all Liens other than the Assumed Liabilities, and Buyer shall purchase and accept from Seller, all of Seller's right, title and interest in, to and under the Acquired Assets.



At the Closing, Seller shall execute and deliver to Buyer the Bill of Sale, Assignment and Assumption Agreement, the Lease Assignment, and such other deeds, endorsements, assignments and other good and sufficient instruments of conveyance and transfer as Buyer may request to vest in Buyer all the right, title and interest of Seller, in, to or under any or all of the Acquired Assets, free and clear of all Liens other than the Assumed Liabilities.

2.2 Excluded Assets. The purchase of the Acquired Assets by Buyer and sale of the Acquired Assets by Seller contemplated by this Agreement shall not include any assets not identified on Schedule 1.2 and shall include, without limitation:

(a) cash, accounts receivable, notes receivable and bank accounts, solely to the extent necessary to satisfy the obligations or liabilities of Seller in connection with Seller's liquidation and dissolution in accordance with Section 6.2;

(b) corporate entity of Seller, and related corporate minute book, stock book, tax returns and records;

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(c) insurance policies and proceeds therefrom, except to the extent that such proceeds are for an Acquired Asset or an Assumed Liability;

(d) the Permits identified on Schedule 4.23 as Permits which either will not be fully transferable by Seller to Buyer or will be terminated or become terminable as a result of the transactions contemplated hereby; and

(e) all claims, causes of action and choses in action to the extent (i) related to any Excluded Asset and necessary for Seller to get the benefit of such Excluded Asset or (ii) available as a defense, counterclaim, cross-claim, offset or third-party claim in connection with any Excluded Liability, to the extent necessary to reduce or eliminate such Excluded Liability.

Such assets shall be referred to as the "Excluded Assets" and shall not constitute part of the Acquired Assets for any purpose.

2.3 Liabilities. Effective upon the Closing, the Acquired Assets shall be conveyed to Buyer free and clear of all Liens other than the Assumed Liabilities. The parties hereto acknowledge that Buyer is not and will not be a successor-in-interest to Seller and that Buyer will not assume any Lien or any liability of Seller whatsoever (whether absolute, accrued, contingent or otherwise) other than the Assumed Liabilities. Buyer will not be required to defend any suit or claim arising out of any act or omission of Seller. Effective upon the Closing, subject to the terms hereof, Buyer shall assume all of the Assumed Liabilities. All of the Excluded Liabilities shall be retained by and remain obligations of Seller.

### ARTICLE III

#### PURCHASE PRICE; CLOSING; TERMINATION

3.1 Purchase Price. Buyer shall deliver to Seller at the Closing a stock certificate registered in Seller's name representing 1,950,000 shares of Buyer Common Stock (the "Shares").

3.2 Assumption of Liabilities. On and subject to the terms and conditions of this Agreement, Buyer shall assume and become responsible for all of the Assumed Liabilities at the Closing. Buyer will not assume or have any responsibility, however, with respect to any other obligation or liability of Seller not included within the definition of Assumed Liabilities.

3.3 Closing. The consummation of the purchase and sale of the Acquired Assets (the "Closing") shall be held at 4:00 p.m. on the second business day following the satisfaction (or waiver by the party so entitled) of all of the conditions set forth in Article VIII or at such other date and time agreed to by the parties, at the offices of Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date."

3.4 Termination. This Agreement may be terminated:

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(a) by written notice of Buyer or Seller delivered to the other party, if the Closing has not occurred by May 30, 2003; or

(b) by written notice of Buyer delivered to Seller, if Seller delivers to Buyer updated Schedules pursuant to Section 4.28 or Section 6.11 and any of such updated Schedules are not acceptable to Buyer, in Buyer's sole discretion.

In the event of termination of this Agreement by either Buyer or Seller as provided in this Agreement, this Agreement shall forthwith become void (except as set forth in this Section 3.4, in Section 7.8(b) and in Article X and Article XII, which shall survive the termination) and there shall be no liability on the part of Buyer or Seller except for any breach of any of their respective obligations under Section 7.8(b), Article X and Article XII. Notwithstanding the foregoing, no party hereto shall be relieved from liability for any material breach of this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to and covenants and agrees with Buyer, subject to disclosures in the Schedules attached hereto, as follows:

4.1 Organization; Qualification and Capital Structure.

(a) Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of California and has all requisite corporate power and authority to conduct the Business as presently conducted and to own and lease its properties and assets relating to the Business. Seller was incorporated in the State of California on April 27, 2001. Seller is qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the ownership or lease of property relating to the Business or the conduct of the Business requires such qualification.

(b) The authorized capital stock of Seller consists solely of eighty million (80,000,000) shares of common stock, no par value, of Seller ("Seller Common Stock") and twenty million (20,000,000) shares of preferred stock, no par value, of Seller. Seller has no outstanding shares of such preferred stock. Seller has only 2,744,000 shares of Seller Common Stock issued and outstanding. Except as set forth on Schedule 7.2 and Schedules 7.3A, 7.3B and 7.3C, there are no outstanding or authorized options, warrants, calls, rights, commitments, conversion rights or agreements of any character whatsoever to which Seller is a party, or by which Seller is bound, that could require Seller to issue, deliver, sell or otherwise transfer or offer to sell or otherwise transfer or cause to be issued, delivered, sold, transferred or offered for sale or transfer, any shares of capital stock of Seller or securities convertible into or exchangeable for shares of capital stock of Seller, or that could require Seller to grant, extend or enter into any such option, warrant, call, right, commitment, conversion right or agreement. There are no voting trusts or other agreements or understandings to which Seller is a party with

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respect to the transfer, voting or registration of the capital stock of Seller. No shares of capital stock of Seller were issued in violation of any federal or state securities laws or in violation of the pre-emptive rights of any Person.

4.2 Authorization. Seller has all requisite power and authority to execute and deliver this Agreement and the Related Documents to which it is a party and to perform its obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and the Related Documents to which Seller is a party have been duly authorized and approved by all necessary corporate proceedings on the part of Seller. This Agreement and the Related Documents to which Seller is a party have been duly executed and delivered by

Seller and (assuming that this Agreement and the Related Documents to which Buyer is a party have been duly authorized, executed and delivered by Buyer) constitute legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other laws of general applicability affecting the rights of creditors and by general equitable principles.

4.3 No Violations or Conflicts. Neither the execution and delivery of, or performance under, this Agreement or the applicable Related Documents by Seller nor the consummation by Seller of the transactions contemplated by this Agreement or the applicable Related Documents does or will (i) violate any provision of Seller's organizational or governing documents, (ii) result in a violation or breach of, or constitute a default or an event of default under, any indenture, mortgage, bond, contract, license, lease, agreement, Permit, instrument or other obligation to which Seller is a party or by which any of its properties or any of the Acquired Assets is bound, (iii) violate any Law, writ, judgment, injunction or court decree to which Seller or its properties is subject, or (iv) result in the creation or imposition of any Lien on any Acquired Asset.

4.4 Consents and Approvals. Except as set forth on Schedule 4.4 (collectively, the "Required Consents"), no consent, approval or authorization of, or declaration, filing or registration with, any United States federal, state or local governmental or regulatory agency or authority or any foreign national, state or local agency or authority or any other Person is required to be made or obtained by Seller in connection with the execution, delivery or performance of this Agreement or the applicable Related Documents by Seller. All of the Required Consents have been obtained prior to the Closing Date and are in full force and effect on such date.

4.5 Financial Statements. Seller has previously delivered to Buyer unaudited drafts of the Financial Statements and the Interim Financial Statements, which Financial Statements are attached hereto as Schedule 4.5(a) and which Interim Financial Statements are attached hereto as Schedule 4.5(b). Prior to the Closing, the Financial Statements are to be audited, and the audited Financial Statements will be attached hereto as the final version of Schedule 4.5(a). The Financial Statements, once audited, will have been prepared in accordance with GAAP and fairly present, in all material respects, the financial position and results of operations of Seller as of the dates and for the periods presented therein, applied on a consistent basis during the periods concerned except as otherwise noted therein. Prior to the Closing, the Financial Statements will be audited by PricewaterhouseCoopers LLP.

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#### 4.6 Assets.

(a) Seller has good and marketable title to all of the Acquired Assets free and clear of any Lien other than Permitted Liens, excepting leased assets, as to which Seller has good and marketable title to the lease interest. The Balance Sheet (as of its date) and the applicable portions of this Agreement accurately and completely describe the Acquired Assets and the Assumed Liabilities. Upon consummation of the transactions contemplated hereby, Buyer will have acquired good and marketable title in and to, or, in the case of assets which are leased or licensed pursuant to Purchased Contracts, a valid leasehold interest or license in, each of the Acquired Assets, free and clear of all Liens other than the Assumed Liabilities. The tangible assets and properties included in the Acquired Assets, taken as a whole, are in good working order, reasonable wear and tear excepted and are reasonably suitable for the uses for which they are currently used.

(b) The Acquired Assets constitute all of the assets used in the Business, other than the Excluded Assets, and are sufficient for the continued conduct of the Business after the Closing Date in the same manner as conducted prior to the Closing Date. The Acquired Assets, taken as a whole, constitute all the properties and assets relating to or used or held for use in connection with the Business during the past twelve months (except cash disposed of, accounts receivable collected, prepaid expenses realized, contracts fully performed and properties or assets replaced by equivalent or superior properties or assets, in each case in the ordinary course of business or the Excluded Assets). There are no material assets or properties used primarily in the operation of the Business and owned by a third party that will not be leased or

licensed to Buyer under current leases or license agreements.

#### 4.7 Intentionally Omitted.

4.8 Undisclosed Liabilities; Solvency. Seller has no liabilities (whether absolute, accrued, contingent or otherwise), claims, obligations or other Liens relating to the Business, except as disclosed on the Balance Sheet, Schedule 1.7(iii) or Schedule 4.8. Seller is not a party to any bankruptcy proceeding, whether voluntary or involuntary, actual or threatened, and has not made an assignment of its assets for the benefit of any creditor or otherwise. After the consummation of the transactions contemplated hereby, Seller will remain solvent.

4.9 Absence of Certain Changes. Since the date of the Balance Sheet, Seller has conducted and operated the Business in the ordinary course consistent with past practice, and except as set forth in Schedule 4.9, there has not occurred any of the following:

(a) change, or any event or development involving a prospective change, in the condition (financial or otherwise), results of operations, assets, liabilities or reserves of the Business, except for changes which have not had and could not reasonably be expected to have, individually or in the aggregate, a material adverse effect;

(b) amendment or termination of, or default by Seller or, to Seller's knowledge, any other party, under any Contract or any destruction, damage or other loss to any of the material properties or assets of the Business, whether or not covered by insurance;

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(c) sale, lease, or other disposition of any properties or assets related to the Business;

(d) purchase, lease or other acquisition of any properties or assets related to the Business or other capital expenditures related to the Business or with respect to the Acquired Assets other than in the ordinary course of business;

(e) increase in the compensation payable or to become payable to any of the employees or other personnel of Seller except for normal periodic increases in the ordinary course of business consistent with past practice to employees or personnel of Seller;

(f) entering into or amendment of any employment agreement (except in the ordinary course of business consistent with past practice and for employment agreements substantially similar to Seller's standard-form employment agreement);

(g) any material adverse change in its relations with any of the employees or other personnel of Seller, agents or clients of the Business;

(h) any (A) incurrence, assumption or guarantee by Seller of any debt for borrowed money; (B) issuance or sale of any securities convertible into or exchangeable for debt securities of Seller; or (C) issuance or sale of options or other rights to acquire from Seller, directly or indirectly, debt securities of Seller or any securities convertible into or exchangeable for any such debt securities;

(i) any creation or assumption by Seller of any mortgage, pledge, material security interest or lien or other encumbrance on any asset;

(j) any making of any loan, advance or capital contribution to or investment in any person other than travel loans or advances made in the ordinary course of business of Seller;

(k) any transfer or grant of any right to use, sell or license any of its Intellectual Property;

(l) change in accounting methods or principles or cost allocation procedures that affect the financial statements of the Business; or

(m) any agreement or commitment to take any action described

in this Section 4.9.

4.10 Conduct of Business. Since January 1, 2002, except as noted in Schedule 4.9, Seller has conducted the operations and affairs only according to its ordinary and usual course of business, consistent with past practice. No part of the Business is or has been operated by any Person other than Seller since acquisition of the Business by Seller.

4.11 Products; Customers. Seller is a development stage company engaged in the research, development and design of vaccine products for human and veterinary markets.

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Seller has not commercialized any products, performed any services or solicited or had any customers or clients, other than for the research services performed pursuant to the Contracts.

4.12 Contracts and Commitments. Schedule 4.12(a) sets forth a true, complete and correct list and description of all agreements, oral or written, to which, as of the Closing Date, Seller is a party or by which Seller is bound relating to the Business (collectively, the "Contracts"), other than any Contract that relates solely to an Excluded Asset. Except as set forth on Schedule 4.12(b), Seller is not in default or breach of any of the Contracts and, to the best knowledge of Seller, no other party to any of the Contracts is in default or breach thereof. Seller has delivered to Buyer a true, complete and correct copy of each written Contract or a summary thereof if an oral Contract. Seller has not assigned, delegated or otherwise transferred any of its rights or obligations with respect to any Contract or any Acquired Asset.

4.13 Litigation. There is no, and has been no, civil, criminal or administrative action, suit, claim, hearing, investigation or proceeding pending, or to the best knowledge of Seller, threatened, against Seller (or any Affiliate, director, officer, employee, agent and representative or other personnel of Seller), relating to the Business or its personnel or clients, in any court, by any governmental entity, regulatory or administrative agency or any other Person or before any arbitrator or other tribunal. Seller is not and has not been subject to any action, order, writ, judgment, injunction or decree of any court, governmental entity or administrative or regulatory agency relating to the Business.

#### 4.14 Intellectual Property.

(a) Neither Seller nor its Affiliates has received any notice of any judicial, administrative or arbitration proceeding instituted against Seller or its Affiliates, or of any claim or threatened claim by any Person against any of them alleging that the conduct of the Business infringes any patent, trademark, trade name, service mark, copyright or other property right of any other Person. The Seller and its Affiliates use, market or sell, nor proposes to use, market or sell, any product or service that violates or would violate any Intellectual Property of a third party.

(b) The Seller (i) owns all right, title and interest in and to the Intellectual Property used or held for use in the Business, free and clear of all Liens, or (ii) licenses or otherwise possesses legally enforceable rights to use the Intellectual Property used or held for use in the Business. Except as disclosed on Schedule 4.14(b), Seller has made all necessary filings and recordations to protect and maintain its interest in the Intellectual Property owned or controlled by Seller and its Affiliates.

(c) Schedule 4.14(c) sets forth all agreements, memorandums or other undertakings that grant licenses, sublicenses or other rights of use of any Intellectual Property owned by a third party and licensed to Seller or its Affiliates and used or held for use in the Business (the "Licensed Rights"). Such Licensed Rights are valid and authorized by the terms under which Seller or its Affiliates licenses or otherwise uses such Licensed Rights. Neither Seller nor its Affiliates are in default in the payment of any royalties, license fees or other consideration to any owner or licensor of any Licensed Rights used in or necessary for the

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conduct of the Business as now conducted and as proposed to be conducted or to any agent or representative of any such owner or licensor by reason of the use thereof by Seller or its Affiliates nor otherwise are in default in any material respect in the performance of any of their obligations to any such owner or licensor, and no such owner or licensor, nor any such agent or representative, has notified Seller or its Affiliates of any claim of any such default.

(d) Schedule 4.14(d) sets forth all agreements, memorandums or other undertakings that grant licenses, sublicenses, or other rights of use of Intellectual Property or the Licensed Rights granted by Seller and its Affiliates. To the extent Seller holds or controls any such Licensed Rights, Seller hereby assign all rights and interest in such Licensed Rights to Buyer and will execute any necessary documentation associated therewith.

(e) (i) Schedule 4.14(e) contains a true, correct and complete list of all domestic and foreign Patents owned or controlled by Seller or its Affiliates; (ii) all Patents are in full force and effect; (iii) all prior art known to Seller or its Affiliates which may be or may have been pertinent to the examination of any United States patent or patent application listed on Schedule 4.14(e) has been cited to the United States Patent and Trademark Office; (iv) all Patents are in compliance with formal legal requirements, are subsisting, and all maintenance fees, annuities and the like have been paid; (v) except as set forth on Schedule 4.14(e), none of the Patents has been challenged or threatened in any way by any Person or to the knowledge of Seller infringed, and none of the products or technology used, sold or licensed or proposed for use, sale or license by Seller and its Affiliates infringes or is alleged to infringe any rights of any Person; and (vi) all products covered by the Patents have been marked with appropriate patent notices.

(f) (i) Schedule 4.14(f) contains a true, correct and complete list of all domestic and foreign Marks owned or controlled by Seller or its Affiliates; (ii) all Marks are in full-force and effect; (iii) all Marks are in compliance with formal legal requirements, are valid and subsisting, and all maintenance fees, annuities and the like have been paid; (iv) none of the Marks is infringed or has been challenged or threatened in any way by any Person, and none of the Marks infringes or is alleged to infringe any trademarks, service marks, trade names, or trade dress of any other Person; and (iv) all materials encompassed by the Marks have been marked with appropriate trademark and registration notices.

(g) (i) Schedule 4.14(g) contains a true, correct and complete list of all domestic and foreign Copyrights, and applications and registrations therefore, owned or controlled by Seller or its Affiliates; (ii) all the Copyrights owned by Seller or its Affiliates, whether or not registered, are in compliance with formal legal requirements, are valid and enforceable, and all maintenance fees, annuities and the like have been paid; (iii) none of the Copyrights is infringed or has been challenged or threatened in any way, and none of the subject matter of any of the Copyrights infringes or is alleged to infringe any copyright of any Person or is derivative work based on the work of any other Person; and (iv) all works encompassed by the Copyrights have been marked with appropriate copyright notices.

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(h) (i) Schedule 4.14(h) contains a true, correct and complete list of all Internet domain names of Seller and its Affiliates (the "Net Names"); (ii) all Net Names have been registered in the name of Seller or its Affiliates and are in compliance with all formal legal requirements, except as noted in Schedule 4.14(h); (iii) no Net Name has been or is now involved in any dispute, opposition, invalidation or cancellation proceeding, and no such action has been threatened; (iv) no Net Name is infringed or has been challenged or threatened in any way, and no Net Name infringes, interferes with or is alleged to infringe or interfere with the trademark, copyright or domain name of any other Person, except as noted in Schedule 4.14(h); and (v) to the knowledge of Seller, there is no domain name application pending of any other Person that would or potentially would interfere with or infringe any Net Name.

(i) The Seller has taken reasonable precautions to protect the secrecy, confidentiality and value of its Trade Secrets. With respect to each Trade Secret, the documentation relating to such Trade Secret is current, accurate and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the knowledge or memory of any

individual. The Trade Secrets have not been used, divulged or appropriated either for the benefit of any Person (other than to Seller and its Affiliates) or to the detriment of Seller or its Affiliates. None of the Trade Secrets is subject to any adverse claim or has been challenged or threatened in any way.

4.15 Compliance with Laws. Seller is in compliance with and the Business has been operated in compliance with Seller's organizational and governing documents and all Laws, including, without limitation, all Environmental Laws and all rules of the Securities and Exchange Commission, and any other governmental entity, regulatory or administrative agency or other Person which regulates any other services rendered by Seller. Seller has not received notice from any governmental entity, regulatory or administrative agency or other Person alleging that it is not in compliance with, or in violation of, any Law or any such rule.

4.16 Properties. Schedule 4.16(a) sets forth a true, complete and correct list of all of the real property that is leased or subleased by Seller and used in the Business. Seller enjoys peaceful and undisturbed possession of all such properties leased to it, and such properties are free and clear of all Liens. Seller owns no real property used in the Business. Schedule 4.16(b) sets forth a true, complete and correct list of all leases of personal property used by Seller in the conduct of the Business or by which any Acquired Asset is bound. Seller has good and marketable title to the leasehold interests in all personal property leased by it for use in the Business free and clear of all Liens. All property included in the Acquired Assets is in good condition, ordinary wear and tear excepted.

#### 4.17 Employee Benefit Plans; ERISA.

(a) Schedule 4.17(a) sets forth a true, complete and correct list of all employee benefit plans, programs, policies and arrangements (the "Plans") that Seller has maintained on behalf of current or former directors, officers, employees or other personnel of Seller employed in the Business.

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(b) (i) There has been no prohibited transaction within the meaning of Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the Code, with respect to any of the Plans; (ii) there is no outstanding liability under Title IV of ERISA with respect to any of the Plans; (iii) none of the Plans has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code) whether or not waived, as of the last day of the most recent fiscal year of each of the Plans ended prior to the date of this Agreement; and (iv) each of the Plans has been operated and administered in all material respects in accordance with applicable Laws. Seller has no Plans that are multiemployer plans within the meaning of Section 3(37) of ERISA.

(c) There are no amendments to any Plan that have been adopted or approved, nor has Seller undertaken to make any such amendments or to adopt or approve any new Plan, except for changes which Seller may make as part of its ordinary business practices that affect its employees generally in the same manner as they affect employees or personnel of the Business.

4.18 Insurance. Schedule 4.18 sets forth a true, complete and correct list, and a summary description of the coverage provided thereby, of all liability insurance policies maintained by Seller or any other Person with respect to the Business or the Acquired Assets. All of such policies are in full force and effect. All premiums due on such insurance policies have been paid. There are no pending claims with respect to Seller or the Acquired Assets under any such insurance policies and there are no claims as to which the insurers have notified Seller that they intend to deny liability. There is no existing default under any such insurance policies.

4.19 Records. The books and records of Seller relating to the Business are true, complete and correct in all material respects and there have been no transactions involving Seller and the Business which properly should have been set forth therein and which have not been accurately so set forth.

#### 4.20 Employees and Consultants.

(a) Schedule 4.20(a) contains a complete and accurate list of all the employees or other personnel of the Business as of the most recent

practicable date, as specified on such list, showing for each employee or other personnel of the Business (i) the position held and aggregate annual compensation for Seller's last fiscal year, such employee or other personnel's service recognized by Seller for purposes of the Plans (including service with predecessor employers, if applicable, and any prior unbridged service with Seller), such employees or other personnel's eligible vacation, and any employment agreement to which such employee or other personnel is a party, (ii) whether such employees or other personnel is actively at work as of such date, (iii) if such employee or other personnel is not actively at work as of such date, the nature of his or her absence (e.g., vacation, illness, short-term disability or leave of absence under the Family and Medical Leave Act) and his or her expected or required date of return to active service, and (iv) whether such employee or other personnel has executed Seller's standard form employment agreement or any other agreement with Seller or in connection with the Business. None of the employees or other personnel of the Business is covered by any union, collective bargaining or other similar labor agreements.

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(b) None of the employees or other personnel of the Business is covered by any union, collective bargaining or other similar labor agreement, and Seller is under no obligation to negotiate any such agreement with respect to any such individuals. As related to the Business, there is not presently pending or existing, and to Seller's knowledge there is not threatened, (i) any strike, or material slowdown, picketing work stoppage or other material labor dispute, or (ii) any application for certification of a collective bargaining agent. As related to the Business, (A) no labor organization or group of employees of Seller has made a pending demand for recognition or certification, and there are and have been no representation or certification proceedings or petitions seeking a representation proceeding, with the National Labor Relations Board or any other labor relations tribunal or authority, nor have any such demands, proceedings or petitions been brought or filed or threatened to be brought or filed within the past five years, and (B) there have not been at any time within the last five years, any actual or, to Seller's knowledge, any threatened organizing activities, strikes, work stoppages, slowdowns, lockouts, arbitrations, grievances, or other material labor disputes against or involving Seller.

(c) Seller is in compliance with all applicable Laws (including any legal obligation to engage in affirmative action), agreements and contracts relating to employment practices, terms and conditions of employment, and the employment of former, current, and prospective employees, independent contractors and "leased employees" (within the meaning of section 414(n) of the Code) of the Business including all such Laws, agreements and contracts relating to wages, hours, collective bargaining, employment discrimination, immigration, disability, civil rights, fair labor standards, occupational safety and health, workers' compensation, pay equity, wrongful discharge and violation of the potential rights of such former, current, and prospective employees, independent contractors and leased employees, and has timely prepared and filed all appropriate forms (including Immigration and Naturalization Service Form I-9) required by any relevant governmental authority. Seller is not engaged in any unfair labor practice.

(d) No notice has been received by Seller of any complaint filed against Seller claiming that Seller has violated any applicable employment standards, human rights or other labor Laws or any complaints or proceedings of any kind involving the Business or, to the knowledge of Seller, against any of the employees of the Business or threatened to be filed against Seller before any federal, state, local or foreign agency or labor relations board, including without limitation the National Labor Relations Board and the Equal Employment Opportunity Commission. No notice has been received by Seller of the intent of any federal, state, local or foreign agency responsible for the enforcement of labor or employment laws to conduct an investigation of Seller, and, to the knowledge of Seller, no such investigation is in progress.

(e) There are no outstanding orders or charges against Seller under any occupational health or safety legislation and, to the knowledge of Seller, none have been threatened. All material levies, assessments and penalties made against Seller pursuant to all applicable workers compensation legislation as of the date hereof have been paid by Seller and Seller has not been reassessed under any such legislation.



(f) Seller has not made any statements or representations or distributed any written material to any employees of the Business regarding continued employment subsequent to the Closing.

(g) Seller represents that it has paid or made provision for the payment of all amounts of salaries, commissions, bonuses, incentives and other compensation, all benefits, including without limitation all accrued vacation time, and all other current liabilities that are payable or required to be paid to any employees or other personnel of the Business prior to the Closing or in respect of services rendered to Seller as of the Closing. Buyer shall have no responsibility or liability to any of Seller's employees, consultants, or agents for services rendered to Seller at any time, including without limitation prior to the Closing, regardless of whether such person subsequently becomes employed by or otherwise associated with Seller.

4.21 Taxes. All Tax Returns required to be filed by or on behalf of Seller have been timely filed, and all such Tax Returns are complete and accurate. All Taxes owed by Seller for periods through the Closing Date, whether or not shown on any Tax Return, have been paid in full. Seller is not currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by any authority in any jurisdiction where Seller does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes on any of the Acquired Assets. Seller has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any third party. Seller has properly collected and remitted all required sales Taxes. There is no audit, examination, deficiency, or refund litigation pending or threatened with respect to any Taxes owed by Seller. All Taxes due with respect to completed and settled examinations or concluded litigation relating to Seller have been paid in full. Seller has not executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax that is currently in effect. No rulings have been issued by or agreements entered into with any relevant governmental tax authority with respect to Seller. Seller is not a party to any Tax allocation or sharing agreement and has no liability for the Taxes of any other Person.

4.22 Relationships with Related Persons. No Affiliate, director, officer, employee, agent, representative or other personnel of Seller, nor any spouse or child or other family member of any of them, or any Person associated with any of them (each of the foregoing, a "Related Person"), has any interest in any assets or properties used in or pertaining to the Business, except as disclosed in Schedule 4.22. No Related Person has owned, directly or indirectly, and whether on an individual, joint or other basis, any equity interest or any other financial or profit interest in a Person that has (i) had business dealings with Seller or (ii) engaged in competition with Seller, except as disclosed in Schedule 4.22. Except with respect to employment and compensation arrangements with employees in the ordinary course of business which are otherwise disclosed hereunder, no Related Person is a party to any contract, agreement or arrangement with, or has any claim or right against, or owes any amounts to, Seller. All loans, payables and other amounts due to or from a Related Person and Seller and/or its Affiliates are listed in Schedule 4.22.

4.23 Permits. Schedule 4.23 sets forth a true, complete and correct list of all approvals, permits, certificates, qualifications, authorizations, licenses, franchises, consents,

orders and registrations of all United States federal, state and local, and all foreign national, state and local, governmental or regulatory agencies and authorities and any other governmental entities or other Person which are necessary for Seller to conduct the Business (collectively the "Permits"). The Permits are valid and in full force and effect. Except as disclosed on Schedule 4.23, the Permits are fully transferable by Seller to Buyer and none of the Permits will be terminated or become terminable as a result of the transactions contemplated hereby.

4.24 Subsidiaries. Seller does not directly or indirectly own nor has it made any investment in any of the capital stock of, or any other proprietary interest in, any other Person, other than Plexus Denmark ApS, a Denmark corporation and wholly-owned subsidiary of Seller, which has no

significant assets, no liabilities and no operations.

4.25 Brokers and Finders. No broker or finder has acted for Seller or its Affiliates, directors, officers, employees, agents, representatives and other personnel in connection with this Agreement or any Related Document or the transactions contemplated hereunder or thereunder and no broker or finder retained by Seller or its Affiliates, directors, officers, employees, agents, representatives or other personnel is entitled to any brokerage or finder's fee with respect to this Agreement or any Related Document or such transactions.

4.26 Disclosure. No representation or warranty by Seller contained in this Agreement or any Related Document or any statement or certificate furnished by Seller to Buyer or its representatives in connection herewith or therewith or pursuant hereto or thereto contains any untrue statement of a material fact, or omits to state any material fact required to make the statements herein or therein contained not misleading or necessary in order to provide a prospective purchaser of the Acquired Assets or the Assumed Liabilities with adequate information as to Seller and its properties, assets, liabilities, business, condition and prospects, and Seller has disclosed to Buyer in writing all material adverse facts known to it relating to the same. There is no fact (other than matters of a general economic or political nature which do not affect the Business uniquely) known to Seller which might reasonably be expected to have a material adverse effect on the properties, assets, liabilities, business or condition of Seller relating to the Business. All projections, forecasts and other forward looking information furnished to Buyer by or on behalf of Seller were prepared in good faith and based upon reasonable estimates and the facts and circumstances then known to Seller and nothing has come to the attention of Seller which would cause it to change any such projections, forecasts or other forward looking information.

#### 4.27 Investment Representations.

(a) Seller is acquiring the Shares for its own account, and not for any other Person, for investment only and with no intention of distributing or reselling (and Seller will not distribute or resell) such Shares or any part thereof or interest therein in any transaction that would violate the registration requirements of the securities laws of the United States, or any state or non-U.S. jurisdiction, without prejudice, however, to the rights of Seller at all times to sell or otherwise dispose of all or any part of its Shares under an effective registration statement or applicable exemption from registration under the Securities Act and any applicable state securities law. Seller has no contract, undertaking, agreement or arrangement with any Person to

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sell, transfer or pledge to such Person its Shares, any interest therein, or any part thereof, and Seller has no present plans to enter into any such contract, undertaking, agreement or arrangement. Notwithstanding the foregoing, and as an exception to the foregoing, and as contemplated by Recital C and Section 6.2, Seller will distribute the Shares to Seller's stockholders.

(b) Seller is either (i) an accredited investor as that term is defined in Rule 501 under the Securities Act, or (ii) has, either alone or with its purchaser representative or representatives as that term is defined in Rule 501 under the Securities Act, such knowledge and experience in financial and business matters that Seller is capable of evaluating the merits and risks of an investment in Buyer Common Stock.

(c) Seller understands that the Shares have not yet been registered under the Securities Act. Seller is fully aware of the restrictions on sale, transferability and assignment of Shares as set forth in the certificates representing the Shares referred to in Section 4.27(d) below, and that Seller must bear the economic risk of Seller's investment for an indefinite period of time. Seller has no need for any liquidity in its investment for an indefinite period of time, and is able to bear the economic risk of losing its entire investment.

(d) Seller agrees that, so long as required by law, certificates evidencing the Shares and any securities issued in exchange for or in respect thereof shall bear a legend to the following effect:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE  
HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT

OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH STATE SECURITIES LAWS."

4.28. Updates to Schedules. Prior to the Closing Date, Seller will update the Schedules to identify any new information applicable to the foregoing representations, which updated Schedules will be attached hereto as the final version thereof; provided, however, that if such updated Schedules are not acceptable to Buyer, in Buyer's sole discretion, Buyer shall have the right to terminate this Agreement in accordance with Section 3.4(b).

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## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to and covenants and agrees with Seller as follows:

5.1 Organization and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite corporate power and authority to conduct its business as presently conducted and to own and lease its properties and assets.

5.2 Authorization. Buyer has all requisite corporate power and authority to execute and deliver this Agreement and the Related Documents to which it is a party and to perform its obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and the Related Documents to which Buyer is a party have been duly authorized and approved by all necessary corporate proceedings on the part of Buyer. This Agreement and the Related Documents to which Buyer is a party have been duly executed and delivered by Buyer and (assuming that this Agreement and the Related Documents to which Seller is a party have been duly authorized, executed and delivered by Seller) constitute the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other laws of general applicability affecting the rights of creditors and by general equitable principles.

5.3 No Violations or Conflicts. Neither the execution and delivery of, or performance under, this Agreement or the applicable Related Documents by Buyer nor the consummation by it of the transactions contemplated by this Agreement or the applicable Related Documents does or will (i) violate any provision of its organizational or governing documents, (ii) result in a violation or breach of, or constitute a default or an event of default under, any indenture, mortgage, bond, contract, license, lease, agreement, permit, instrument or other obligation to which it is a party or by which any of its assets is bound, or (iii) violate any Law, writ, judgment, injunction or court decree to which it or its properties is subject.

5.4 Consents and Approvals. No consent, approval or authorization of, or declaration, filing or registration with, any United States federal, state or local governmental or regulatory agency or authority or any foreign national, state or local governmental or regulatory agency or authority is required to be made or obtained by Buyer in connection with its execution, delivery or performance of this Agreement or the applicable Related Documents.

5.5 Brokers and Finders. No broker or finder has acted for Buyer or its Affiliates in connection with this Agreement or any Related Documents or the transactions contemplated hereunder or thereunder and no broker or finder retained by Buyer or its Affiliates is entitled to any brokerage or finder's fee with respect to this Agreement or any Related Documents or such transactions.

5.6 Disclosure. The representations and warranties of Buyer contained herein, when read together with Buyer's annual report on Form 10-K for the year ended December 31,

2002, do not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

## ARTICLE VI

### COVENANTS

6.1 Cessation of Business. From and after the Closing, Seller shall cease to conduct the Business.

6.2 Distribution of the Shares. As soon as practicable after the Closing, Seller shall distribute the Shares received by it pursuant to Section 3.1(a) to its stockholders in liquidation and dissolution of Seller. Buyer hereby consents to a transfer of the Shares (and rights under the Registration Rights Agreement) to Seller's stockholders upon the liquidation and dissolution of Seller pursuant to this Section 6.2.

6.3 Performance of Excluded Liabilities. Seller shall timely pay or perform, as applicable, all liabilities and obligations that constitute Excluded Liabilities prior to its liquidation and dissolution in accordance with Section 6.2.

6.4 Provision of Records. Seller shall arrange as soon as practicable following the Closing Date, to the extent not previously delivered in connection with the transactions contemplated herein, for transportation, at Buyer's cost, to Buyer of the records in the possession of Seller which are part of the Acquired Assets, including, without limitation, all agreements, litigation files, filings with governmental agencies relating to the Acquired Assets and all employment, independent contractor, personnel and payroll records of any individual employed by or otherwise associated with Seller at the Closing Date.

6.5 Use of Name. Following the Closing Date, Seller shall not use any corporate, trade, or service name including the words and marks "Plexus Vaccines" or any confusingly similar words, other than in connection with Seller's liquidation and dissolution.

6.6 Receipt of Property Relating to Acquired Assets. If Seller or any of Seller's Affiliates, or any other Person acting for or in concert with any of the foregoing Persons, shall receive any money, check, note, draft, instrument, payment or other property relating to or as proceeds of the Acquired Assets or the Assumed Liabilities or any part thereof, each such Person shall receive all such items in trust for, and as the sole and exclusive property of, Buyer and, immediately upon receipt thereof, shall notify Buyer in writing of such receipt and shall remit the same (or cause the same to be remitted) in kind to Buyer in the manner specified by Buyer.

6.7 Mutual Cooperation. After the Closing Date, Seller and Buyer will use their reasonable efforts to provide to the other party (the "Requesting Party") such records and information and to make available to the Requesting Party such employees or other personnel, in each case as may be reasonably requested in writing by the Requesting Party, for the purpose of

assisting the Requesting Party in responding to governmental inquiries, making required governmental filings or defending or prosecuting any action or other proceeding involving any Person other than the party providing such information or records or making available such employees or other personnel (the "Providing Party"); provided, however, that no Providing Party shall be required to (i) incur any out-of-pocket expenses, (ii) provide information, records or employees or other personnel under circumstances which the Providing Party believes in its sole reasonable determination may expose it to liability to any Person or may prejudice any commercial, legal or other interest of the Providing Party, or (iii) take any action that in the Providing Party's sole reasonable determination unreasonably interferes with its business.

6.8 Insurance Tails. Seller may elect, at its discretion, to obtain

such "tail insurance" coverage as Seller deems appropriate.

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#### 6.9 Employment Matters.

(a) Except as provided otherwise in a written agreement, including, without limitation, the Burgess Employment Agreement, Buyer shall be under no obligation to employ or continue to employ any individual for any period. In addition to Susan Burgess, it is understood and agreed among the parties that Buyer will offer employment effective as of the close of business on the Closing Date to only those other employees of Seller set forth on Schedule 6.9(a) (the "Employees") in connection with the purchase of the Acquired Assets, subject to the satisfaction of the conditions set forth in Buyer's offer letters, including without limitation, Buyer's completion of background checks and other pre-employment procedures with respect to such employees and such employees' execution of the relevant documents relative to such employees' respective positions with Buyer. Buyer's employment of the Employees shall be on an "at-will" basis and on such other terms and conditions of employment as Buyer shall offer in its sole discretion. Those Employees who accept Buyer's offer of employment and who commence working with Buyer shall be referred to hereinafter as the "Transferred Employees."

(b) With respect to each Transferred Employee, Seller hereby waives and releases each such individual from any and all contractual, common law or other restrictions enforceable by Seller on the employment, activities or other conduct of such individuals after their termination of employment with Seller (other than the obligation not to disclose confidential information of Seller and its Affiliates).

(c) Except as set forth on Schedule 1.7(iii), and in Section 7.2, Seller shall be solely responsible for any and all liabilities in respect of employees and other personnel of the Business, including the Transferred Employees, and their beneficiaries and dependents, relating to or arising out of or in connection with (i) the employment or the actual or constructive termination of employment of any employee of the Business by Seller (including, without limitation, in connection with the consummation of the transactions contemplated by this Agreement), (ii) the participation in or accrual of benefits or compensation under, or the failure to participate in or to accrue compensation under, any Plan or Plans and (iii) accrued but unpaid salaries, wages, bonuses, incentive compensation, vacation or sick pay or other compensation or payroll items (including, without limitation, deferred compensation). Seller shall be solely responsible for meeting and Buyer shall have no liability in respect of any obligations under Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code in respect of each of Seller's employees who incur a "qualifying event" on or before the Closing Date or as a result of the transactions contemplated hereby.

(d) Except as set forth on Schedule 1.7(iii), and in Section 7.2, all retirement, severance, deferred compensation, incentive, stock option, vacation, bonus, unemployment, partnership or other payments, distributions or benefits payable to or accrued in favor of directors, officers, employees, independent contractors, agents, representatives or other personnel of Seller on or prior to the Closing Date, whether or not pursuant to any Plans and whether or not such directors, officers, employees, independent contractors, agents, representatives or other personnel become employees, personnel, partners or principals of Buyer, shall be Excluded Liabilities and remain the sole obligations of Seller. Except as set forth on Schedule 1.7(iii), and in Section 7.2, Buyer shall have no obligation to pay any retirement,

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severance, deferred compensation, incentive, stock option, vacation, bonus, unemployment, partnership or other payments, distributions or benefits that the Employees or any other Person may have accrued up to and including the Closing Date as a director, officer, employee, independent contractor, agent, representative or other personnel of Seller or otherwise.

(e) Seller agrees to cause Administaff Companies II, L.P. to provide coverage to qualified beneficiaries who are already receiving health and/or dental coverage on the Closing Date under Section 4980B of the Code

(hereinafter "COBRA") to the extent required under COBRA. Seller agrees to cause Administaff Companies II, L.P. to offer health and/or dental coverage to the extent required under COBRA to individuals whose qualifying event occurs before or on the Closing Date. Buyer agrees to offer health and/or dental coverage as required under COBRA to Transferred Employees whose qualifying event occurs after the Closing Date to the extent required under COBRA.

6.10 Confidentiality Agreements. Seller or its representatives or Affiliates have entered into various confidentiality agreements. To the extent not prohibited thereunder, Seller shall deliver to Buyer copies of any such agreements. Prior to the Closing, Seller shall not terminate, amend, modify or supplement, in each case adversely to Buyer's interest, or grant any consent or waiver under or with respect to, any of such confidentiality agreements without Buyer's prior written consent. Seller shall, at the request and expense of Buyer, promptly enforce any remedies against breaches of such confidentiality agreements to the extent such breaches relate to or affect the Business and Buyer shall have the right, at its own expense, to participate in any such enforcement actions.

6.11 Updated Information. If either party becomes aware, prior to the Closing, of any information which is inconsistent with the information represented by Seller in this Agreement and the Schedules, the party shall so inform the other party, and the Schedules shall be updated accordingly and attached hereto as the final version thereof; provided, however, that if such updated Schedules are not acceptable to Buyer, in Buyer's sole discretion, Buyer shall have the right to terminate this Agreement in accordance with Section 3.4(b).

6.12 Conduct of Business Pending the Closing. (a) From the date hereof through the Closing Date or the earlier termination of this Agreement, except as may be expressly permitted or contemplated by this Agreement, or the Schedules attached hereto, or as otherwise agreed to in writing by Buyer, Seller shall cause the Business to be conducted in the usual, regular and ordinary course of business, consistent with past practice, and shall use its diligent efforts to preserve intact the Business, keep available the services of its employees and preserve its relationships with clients, suppliers, licensees, licensors, distributors, agents and others having business dealings with the Business. Without limiting the generality of the foregoing, without the prior written consent of Buyer, except as expressly permitted or contemplated by this Agreement, or the Schedules attached hereto, during the period from the date hereof to the Closing Date or the earlier termination of this Agreement, Seller:

- (i) shall not acquire or agree to acquire any business related to the Business;

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- (ii) shall not sell (including by sale-leaseback), lease, transfer, license (whether on an exclusive or non-exclusive basis), mortgage or otherwise encumber or subject to any Lien, any Acquired Assets or interests therein;
- (iii) shall maintain in full force and effect policies of insurance covering the Business;
- (iv) shall not incur or permit the incurrence of any liability related to the Business that would constitute an Assumed Liability, other than for accruals in the ordinary course of business;
- (v) shall not enter into or amend any employment, severance, special pay arrangement with respect to termination of employment or other arrangement or agreement with any executive officers, managing directors, directors, managers or associates;
- (vi) shall not increase any salaries or other compensation payable to any managing directors, directors, managers or associates except in the ordinary course of business and consistent with past practice or to any additional managing directors, directors, managers, employees or consultants, except in the ordinary course of business

and consistent with past practice;

- (vii) shall not adopt, enter into or amend, or become obligated under, any new, bonus, profit sharing, compensation, collective bargaining, stock option, pension, retirement, deferred compensation, health care, employment or other employee benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any employee or retiree, except as required to comply with changes in applicable law occurring after the date hereof;
- (viii) shall not enter into any contract, license or other agreement that contains any provision that, as a result of the consummation of the transactions contemplated by this Agreement, would (assuming that the other party's consent or approval is not obtained, to the extent required) result in any penalty, additional payments or forfeiture that would be payable or sufferable by Buyer at or after the Closing Date;
- (ix) shall not make any single new commitment or increase any single previous commitment for capital expenditures for the Business in an amount exceeding \$10,000;

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- (x) shall not accelerate or delay the sale of the services of the Business, except as may be necessary in the ordinary course of business in arm's-length third party transactions;
- (xi) shall not sell, assign, transfer, license, abandon or convey any of the Intellectual Property except in the ordinary course of business consistent with past practice in arm's-length third party transactions;
- (xii) except as would not adversely affect Buyer, shall not change any method of Tax accounting, make any material Tax election, file any Tax Return other than in a manner consistent with past practice, or settle any material Tax Claim;
- (xiii) shall use reasonable efforts (A) to cause to be satisfied the conditions set forth in Article VIII which are under the control of Seller, and (B) shall not take actions which cause the representations set forth in Article IV to change in any material adverse way, subject however as to both (A) and (B), Seller remains free to make whatever reasonable business decisions Seller deems to be necessary or appropriate under the applicable circumstances for the ongoing business operations and survival of Seller;
- (xiv) shall not waive or compromise any material claim or right or fail to renew any Permit; and
- (xv) shall not authorize any of, or commit or agree to take any of, the foregoing actions.

(b) Seller will promptly advise Buyer in writing of (i) any event known to Seller which would render any representation or warranty of Seller contained in this Agreement or any Related Document, if made on or as of the date of such event or the date of the Closing, untrue or inaccurate in any respect, (ii) any change, condition or event that has or could reasonably be expected to have material adverse effect or (iii) any failure of Seller to comply with or satisfy in any respect any covenant, condition or agreement to be complied with or satisfied hereunder. Notwithstanding the disclosure to Buyer of any matter pursuant to this Section 6.12(b), Seller shall not be relieved of any liability for, nor shall the providing of such information by Seller to Buyer be deemed a waiver or, (A) the breach of any representation, warranty, covenant or agreement of Seller contained in this Agreement or any Related Document or (B) the related indemnification obligations of Seller under Section 10.2.

(c) Seller, on the one hand, and Buyer, on the other hand, will promptly give notice to the other upon becoming aware that any action is pending or threatened by or before any governmental authority, in each case with respect to the transactions contemplated by this Agreement or any Related Document. Seller, on the other hand, and Buyer, on the other hand,

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(i) will cooperate with each other in connection with the prosecution, investigation or defense of any such action, (ii) will supply promptly all information reasonably and legally requested by the other, by any such governmental authority or by any party to any such action and (iii) will each use their reasonable efforts to cause any such action to be determined as promptly as practicable and in a manner which does not impact adversely on, and is consistent with, the transactions contemplated by this Agreement and the Related Documents.

6.13 Cooperation. Subject to compliance with applicable law, from the date hereof through the Closing Date or the earlier termination of this Agreement, Seller shall confer on a regular and frequent basis with one or more representatives of Buyer to report operational matters of materiality and the general status of ongoing operations of the Business. During the period from the date hereof to the Closing Date or the earlier termination of this Agreement, Buyer shall be entitled to have one or more representatives present during the hours that business is conducted at each of the properties of Seller where the Business is conducted.

6.14 No Negotiation or Solicitation. From the date hereof through the Closing Date, Seller will not, and Seller will cause Seller's officers, directors, employees, representatives and agents not, and will use best efforts to cause its Affiliates not, to, directly or indirectly, solicit or negotiate with, or provide any nonpublic information relating to either Seller or afford access to the properties, books or records of Seller to any third party that may be considering an acquisition of either the Business or any substantial part of its assets, or otherwise cooperate in any way with or assist or participate in, or facilitate or encourage any attempt by any person to do or seek any of the foregoing. Seller represents and warrants that it is not currently engaged in any of the foregoing except with Buyer. Seller shall immediately (but in any event within 24 hours) notify Buyer (i) after receipt of any offer or indication that any person is considering making an offer for any such acquisition, which notice shall include the terms and conditions of such offer or indication and the identity of such person and (ii) upon receipt of any request for nonpublic information relating to Seller or for access to the properties, books or records of Seller from any person that may be considering any such acquisition.

6.15 Access to Information. Upon reasonable notice Seller shall afford to Buyer and its partners, principals, members, stockholders, officers, directors, employees, accountants, counsel, financial advisors and other representatives, access during normal business hours throughout the period prior to the Closing Date, or the earlier termination of this Agreement, to all of the properties, books and records relating to the Acquired Assets, the Assumed Liabilities, the Business and all matters pertaining thereto and, during such period, Seller shall furnish promptly to Buyer all information concerning the Acquired Assets, the Assumed Liabilities, the Business and all matters pertaining thereto as Buyer may reasonably request. Seller will provide or cause to be provided to Buyer, at Buyer's expense, such copies or extracts of documents and records related to the Acquired Assets, the Assumed Liabilities, the Business and all matters pertaining thereto as Buyer may reasonably request.

6.16 Consents. Seller shall use its diligent efforts to obtain consents of all governmental entities and other persons necessary for the consummation of the transactions contemplated by this Agreement.

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6.17 Consummation of Transaction, Consents, Approvals and Filings. Subject to the terms and conditions of this Agreement, each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the



transactions contemplated by this Agreement, including using reasonable efforts to obtain all necessary or appropriate waivers, consents and approvals, and effecting all necessary registrations and filings. Buyer shall make or cause to be made all filings and submissions under laws and regulations applicable to Buyer, if any, as may be required for the consummation of the transactions contemplated by this Agreement. Seller shall make or cause to be made all such other filings and submissions under laws and regulations applicable to Seller, if any, as may be required for the consummation of the transactions contemplated by this Agreement. Buyer, on the one hand, and Seller, on the other, shall coordinate and cooperate in exchanging such information and reasonable assistance as may be requested by either of them in connection with the filings and submissions contemplated by this Section 6.17. Buyer, on the one hand, and Seller, on the other, shall each promptly provide the other or their respective counsel with copies of all filings made by such party with any governmental entity in connection with this Agreement and the transactions contemplated hereby.

## ARTICLE VII

### CERTAIN OTHER COVENANTS

7.1 Board of Directors. Effective upon the Closing, the Board of Directors of Buyer shall consist of the following individuals: five directors nominated by Buyer and three directors nominated by Seller (namely, Charles Canter, Bernard L. Kasten and Roger Brent) and an additional director to be mutually agreed upon. Effective upon Closing, each of the three directors nominated by Seller will receive options to purchase 100,000 shares of Buyer Common stock at an exercise price per share equal to the closing price of one share of Buyer Common Stock on the Nasdaq SmallCap Market on the Signing Date.

7.2 Issuance of Options. At the Closing, Buyer shall issue options to purchase an aggregate of 171,250 shares of Buyer Common Stock at an exercise price per share equal to the average closing price of one share of Buyer Common Stock on the Nasdaq SmallCap Market on the Signing Date and the two immediately previous days thereto to the Seller Option Holders pursuant to Option Agreements (collectively, the "Buyer Options"). The amount of shares underlying each Buyer Option granted to each Seller Option Holder shall be as set forth on Schedule 7.2. For purposes of clarity, each Seller Option Holder set forth on Schedule 7.2 shall receive a Buyer Option to purchase one share of Buyer Common Stock for each four shares of Seller Common Stock underlying such Seller Option Holder's options to purchase shares of Seller Common Stock.

7.3 Issuance of Warrants. At the Closing, Buyer shall issue warrants to purchase an aggregate of 19,700 shares of Buyer Common Stock at an exercise price equal to the average closing price of one share of Buyer Common Stock on the Nasdaq SmallCap Market on

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the Signing Date and the two immediately previous days thereto to the Seller Warrant Holders as so listed in Schedule 7.3A and Item 3 of Schedule 7.3C pursuant to Warrant Agreements (collectively, the "Buyer Warrants"). The amount of shares underlying each Buyer Warrant granted to each Seller Warrant Holder shall be as set forth on Schedule 7.3A and Item 3 of Schedule 7.3C. For purposes of clarity, each Seller Warrant Holder set forth on Schedule 7.3A and Item 3 of Schedule 7.3C shall receive a Buyer Warrant to purchase one share of Buyer Common Stock for each four shares of Seller Common Stock underlying such Seller Warrant Holder's warrants to purchase shares of Seller Common Stock.

7.4 Sales Taxes. Buyer shall pay for any sales tax, if any, imposed on the sale and transfer of the Acquired Assets pursuant to this Agreement.

7.5 Intentionally Omitted.

7.6 Tax Consequences. It is intended that the Acquisition shall constitute a reorganization within the meaning of Section 368(a)(1)(C) of the Code and that this Agreement shall constitute a "plan of reorganization" for the purposes of Treasury Regulation Section 1.368-1(c). Each party hereto acknowledges and agrees that it is solely relying on its own representatives and advisors with regard to the tax consequences of the Acquisition and not on the representations of any other party hereto, and that such Person assumes its own tax risk with respect to the characterization of Acquisition as a reorganization under the Code. Notwithstanding any provision contained herein to the contrary,

each party hereto (and its employees, representatives and other agents) is permitted to disclose, without limitation of any kind, the tax treatment and tax structure of the Acquisition, within the meaning of Treasury Regulation section 1.6011-4, and all materials of any kind that are provided to such party relating to such tax treatment and tax structure.

7.7 Public Statements. The parties shall consult with each other prior to issuing any press release or making any public announcement with respect to this Agreement, or the transactions contemplated hereby (including the financial terms hereunder), and shall not issue any such press release or public announcement prior to such consultation or to which the other party shall reasonably object, except as may be required by law or judicial process. Seller shall not make any statement to, or otherwise communicate (whether orally or in writing) with, any employee or customer of, or supplier to, Seller, regarding this Agreement, the transactions contemplated hereby or the conduct of the Business except for any statement or communication (i) with respect to which Buyer shall have previously consented or (ii) which shall have been provided to Seller by Buyer for the express purpose of making a statement to, or otherwise communicating with, any such employee or customer.

7.8 Proprietary Information, Confidential Records, Intellectual Property Rights.

(a) Proprietary Information. Seller covenants that it shall not at any time hereafter, directly or indirectly, use for its own purpose or for the benefit of any Person other than Buyer at Buyer's request, or disclose, any proprietary information to any Person, unless such disclosure has been authorized in writing by Buyer. For purposes of this Agreement,

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the term "proprietary information" shall include, but is not limited to: (a) the name and address of any vendor of the Business and any information concerning the transactions or relations of any vendor with Seller or any of its Affiliates, directors, officers, employees, agents, representatives or other personnel; (b) any Intellectual Property, or any information concerning any Intellectual Property employed by Seller in the Business but not generally known to its vendors or competitors, or under development by or being tested by Seller but not at the time offered generally to vendors; (c) any information relating to business methods, policies or procedures, computer software or systems used by Seller or Seller's pricing or marketing methods, margins, capital needs or operating results; (d) any information which is generally regarded as confidential or proprietary in any business engaged in by Seller in the Business; (e) any business plans, budgets, advertising or marketing plans relating to Seller or the Business; (f) any information contained in any written or oral policies and procedures of Seller used in the Business; (g) any information belonging to vendors of Seller in the Business or any other Person which Seller has agreed to hold in confidence in connection with the Business; (h) proprietary or confidential information of Buyer, including, without limitation, human resource and employee benefits-related information, made available to Seller in connection with the evaluation and negotiation of the transactions contemplated hereby; and (i) all written, graphic and other material relating to any of the foregoing. Information that is not novel or copyrighted or patented may nonetheless be proprietary information. The term "proprietary information" shall not include information generally available to and known by the public but shall include information which becomes public as a result of a breach of an obligation of confidentiality by Seller or any of the Affiliates of Seller.

(b) Confidentiality and Surrender of Records. Seller shall not at any time directly or indirectly publish, make known or in any fashion disclose any Confidential Records to, or permit any inspection or copying of such Confidential Records by, any Person, nor shall Seller retain the same, and Seller will deliver promptly to Buyer any of the same upon the Closing. For purposes hereof, "Confidential Records" means all correspondence, memoranda, files, manuals, books, lists, financial, operating or marketing records, magnetic tape, or electronic or other media or equipment of any kind which may be in the possession of Seller or under any of its control or accessible to it which contain any proprietary information that relates to the Business, the Acquired Assets or the Assumed Liabilities. All Confidential Records shall be and remain the sole property of Buyer from and after the Closing. Notwithstanding the foregoing, Seller may use all of Seller's records and the information contained therein to prepare Seller's tax returns.

(c) Inventions and Patents. All Intellectual Property, including without limitation, any methods of operations (including policies, procedures, products, improvements, software, ideas and discoveries, whether patentable or copyrightable or not) conceived or made by Seller, either alone or jointly with others, shall upon the Closing become the sole and exclusive property of Buyer. Seller will promptly perform all actions reasonably requested by Buyer to establish and confirm such ownership by Buyer, including, without limitation, cooperating with and assisting Buyer in obtaining patents, copyrights, servicemarks and trademarks for Buyer in the United States and in foreign countries. In the event that Seller fails to take any action requested by Buyer pursuant to this Section 7.8(c) within ten (10) days of

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notice from Buyer, Buyer may take such action on behalf of Seller for which purpose Seller hereby irrevocably appoints Buyer as its attorney-in-fact which appointment is coupled with an interest. Effective upon the Closing, all right, title and interest owned or held by Seller or its Affiliates to any and all Intellectual Property related to or connected with the Business, either alone or jointly with others, is hereby assigned to and belongs to Buyer.

(d) Certain Permitted Disclosures and Uses. Sections 7.8(a) and (b) above shall not prevent any disclosure required by law or order of a court or governmental agency provided that Seller, prior to any such disclosure, shall give Buyer prompt written notice of any such requirement and shall cooperate with Buyer in obtaining a protective order or other means of protecting the confidentiality of all proprietary information and Confidential Records.

7.9 Further Assurances. At and from time to time following the Closing, Seller shall, and shall cause its Affiliates, directors, officers, employees, agents, representatives and other personnel to, execute, deliver, file and record any and all agreements, instruments, certificates or other documents and take such other actions as may be reasonably necessary or desirable to consummate or implement expeditiously the transactions contemplated by this Agreement. Without limiting any other right or remedy of Buyer, at and from time to time following the Closing, Seller shall, and shall cause its Affiliates, directors, officers, employees, agents, representatives and other personnel, to, in the case of Permits and Purchased Contracts included in the Acquired Assets (a) which cannot be transferred or assigned effectively without the consents of other Persons which consents have not been obtained prior to the Closing, cooperate with Buyer at its request in endeavoring to obtain such consents promptly, and if any such consent is not obtained, use their commercially reasonable efforts to secure to Buyer the benefits thereof in some other manner reasonably acceptable to Buyer or (b) which are otherwise not transferable or assignable, use their commercially reasonable efforts jointly with Buyer to secure to Buyer the benefits thereof in some other manner reasonably acceptable to Buyer.

7.10 Funding. Buyer hereby agrees to use its diligent efforts to raise at least \$750,000 of new equity funding within forty-five (45) days after the Closing; and Buyer hereby agrees to dedicate, restrict and use at least \$750,000 of its existing funds or new funds to fund the research development and business operations for the Acquired Assets.

## ARTICLE VIII

### CONDITIONS

8.1 Conditions to Each Party's Obligations to Effect the Transactions Contemplated Hereby. The respective obligations of each party to effect the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) No temporary restraining order, preliminary or permanent injunction or other order or decree by any court of competent jurisdiction which prevents the consummation of the transactions contemplated hereby or imposes material conditions with

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respect thereto shall have been issued and remain in effect (each party agreeing to use its reasonable efforts to have any such injunction, order or decree lifted).

(b) No action shall have been taken, and no statute, rule or regulation shall have been enacted, by any state or Federal government or governmental agency which would prevent the consummation of the transactions contemplated by this Agreement or impose material conditions with respect thereto.

(c) All consents and approvals of governmental entities legally required for the consummation of the transactions contemplated by this Agreement shall have been obtained and be in effect at the Closing Date, except those for which failure to obtain such consents and approvals would not, individually or in the aggregate, have a material adverse effect or materially impair the ability of any party to this Agreement to consummate the transactions contemplated by this Agreement.

(d) Each party shall have conducted a due diligence investigation and review of such factual, legal, accounting, environmental, health and safety, structural, tax and other due diligence that such party deems relevant, in such party's sole and absolute discretion, for the consummation of the transactions contemplated hereby, and the results of such investigation and review shall be satisfactory to such party in its sole and absolute discretion.

8.2 Conditions to Obligations of Seller to Effect the Transactions Contemplated Hereby. The obligations of Seller to effect the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions, any of which may be waived by Seller in its sole discretion:

(a) Buyer shall have performed all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and the representations and warranties of Buyer contained in this Agreement shall be true and correct on and as of the Signing Date and the Closing Date, except to the extent that any such representation or warranty expressly relates to another date (in which case, as of such date) and Seller shall have received a certificate signed on behalf of Buyer by an executive officer of Buyer, to such effect;

(b) Seller shall have received a stock certificate registered in Seller's name representing the Shares;

(c) Seller shall have received the Assignment and Assumption Agreement, duly executed by Buyer;

(d) Seller shall have received the Registration Rights Agreement, duly executed by Buyer;

(e) Seller shall have received the Lease Assignment, duly executed by Buyer;

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(f) Susan Burgess and Buyer shall have entered into the Burgess Employment Agreement;

(g) Buyer shall have issued and delivered the Buyer Options and the Buyer Warrants as specified on Schedule 7.2 and Schedule 7.3A and Item 3 of Schedule 7.3C;

(h) Buyer shall have made offers of employment to the employees listed on Schedule 6.9(a);

(i) Seller shall have received approval from more than 50% of Seller's outstanding shares for the sale of assets specified in this Agreement; and

(j) Seller shall have received all such other documents and instruments as Seller may reasonably request or as may be otherwise necessary or desirable to evidence and effect the assumption by Buyer of the Assumed Liabilities, duly executed by Buyer.

8.3 Conditions to Obligations of Buyer to Effect the Transactions Contemplated Hereby. The obligations of Buyer to effect the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following additional conditions, any of which may be waived by Buyer in its sole discretion:

(a) Seller shall have performed all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and the representations and warranties of Seller contained in this Agreement shall be true and correct in on and as of the Closing Date, except to the extent that any such representation or warranty expressly relates to another date (in which case, as of such date) and Buyer shall have received an Officer's Certificate signed on behalf of Seller by an executive officer of Seller, to such effect;

(b) The consent or approval of each third party whose consent or approval shall be required in connection with the transactions contemplated hereby under any Purchased Contract included in the Acquired Assets shall have been obtained;

(c) Buyer shall have received the Bill of Sale duly executed and delivered by Seller;

(d) Buyer shall have received the Assignment and Assumption Agreement, duly executed by Seller;

(e) Buyer shall have received the Secretary's Certificate, duly executed by the secretary of Seller;

(f) Buyer shall have received the Registration Rights Agreement, duly executed by Seller;

(g) Seller shall have received approval from more than 50% of Seller's outstanding shares for the sale of assets specified in this Agreement;

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(h) Susan Burgess and Buyer shall have entered into the Burgess Employment Agreement;

(i) Each person listed on Schedule 6.9(a) shall have accepted an offer of employment from Buyer;

(j) Seller shall have obtained all Required Consents;

(k) Buyer shall have received an Investor Questionnaire, duly executed by each stockholder of Seller;

(l) Seller shall have caused the issuance or transfer of the Permits of Seller to Buyer in form and substance the same as the Permits which were held by Seller, and Seller shall have given and made all required notices and reports to the appropriate governmental bodies and Persons with respect to the Permits that may be necessary for the sale and purchase of the Business and the ownership, operation and use of the Acquired Assets by Buyer after the Closing Date;

(m) Buyer shall have received the audited Financial Statements;

(n) Buyer shall have received the Lease Assignment, duly executed by Seller;

(o) Each of the Seller Warrant Holders identified on Schedule 7.3B and in Items 1 and 2 of Schedule 7.3C shall have exercised his or her warrants to purchase shares of Seller Common Stock and shall have converted the notes identified on Schedule 7.3B into shares of Seller Common Stock.

(p) Seller shall have delivered estoppel certificates, in form satisfactory to Buyer and its counsel, from the lessor, and any sublessor, with respect to each Lease, to the extent required under the Leases; and

(q) Buyer shall have received all such other bills of sale, assignments and other instruments of assignment, transfer or conveyance as Buyer

may reasonably request or as may be otherwise necessary or desirable to evidence and effect the sale, transfer, assignment, conveyance and delivery of the Acquired Assets to Buyer and to put Buyer in actual possession or control of the Acquired Assets, duly executed by Seller.

## ARTICLE IX

### GENERAL PROVISIONS

9.1 Notices. All notices, consents and other communications given or made pursuant to this Agreement shall be in writing and shall be (i) sent by registered or certified mail, return receipt requested, (ii) hand delivered or (iii) sent by prepaid overnight carrier, with a

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record of receipt, to the parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

(a) if to Buyer:

SIGA Technologies, Inc.  
420 Lexington Avenue, Suite 620  
New York, New York 10170  
Telecopier No.: (212) 697-3130  
Telephone No.: (212) 672-9100  
Attention: Thomas Konatich

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with a copy to:

Kramer Levin Naftalis & Frankel LLP  
919 Third Avenue  
New York, New York 10022  
Telecopier No.: (212) 715-8000  
Telephone No.: (212) 715-9100  
Attention: James A. Grayer, Esq.

(b) if to Seller:

Plexus Vaccine Inc.  
11770 Bernardo Plaza Court  
Suite 370-B  
San Diego, CA 92128  
Telecopier No.: (858) 385-9086  
Telephone No.: (858) 385-9084  
Attention: Susan Burgess

with a copy to:

Gray Cary Ware & Freidenrich  
4365 Executive Drive, Suite 1100  
San Diego, CA 92121-2133  
Telecopier No.: (858) 677-1477  
Telephone No.: (858) 677-1426  
Attention: Knox Bell, Esq.

Each notice or communication shall be deemed to have been given on the date received.

9.2 Construction. Unless the context clearly indicates otherwise, words denoting the male, female or neuter gender shall include all genders, and words denoting the singular shall include the plural and vice versa. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.3 Entire Agreement. This Agreement together with the Related Documents constitutes the entire agreement between the parties and supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof.

9.4 Binding Effects. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, personal representatives, executors and permitted assigns and is not intended to confer upon any other Person (including,

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without limitation, any directors, officers, partners, members, principals, managers, employees, independent contractors, consultants, agents, representatives or other personnel of Seller), any rights or remedies hereunder,

9.5 Governing Law; Jurisdiction; Venue. This Agreement shall be governed, including, without limitation, as to validity, interpretation and effect, by the internal Laws of the State of New York, without regard to the principles of conflicts of laws. Each of the parties hereto irrevocably submits to the jurisdiction of any California or New York state or federal court in respect of any suit or proceeding related to or arising out of this Agreement. Each party hereto also hereby irrevocably waives any objection to the laying of the venue of any such suit or proceeding in any such court and further waives any claim that any such suit or proceeding brought in any such court has been brought in an inconvenient forum. In addition to any other form of service of process authorized by law, service of process in any suit or proceeding hereunder shall be sufficient if mailed to each party hereto at the address specified in Section 9.1, and such service shall constitute "personal service" for purposes of such suit or proceeding.

9.6 Ambiguity. Each party hereto acknowledges that it has been advised and represented by counsel in the negotiation, execution and delivery of this Agreement and accordingly agrees that if an ambiguity exists with respect to any provision of this Agreement, such provision shall not be construed against the party because such party or its representatives drafted such provision.

9.7 Rights and Remedies. The rights and remedies provided for in this Agreement are not exclusive, but are in addition to all other rights and remedies at law, in equity or otherwise.

9.8 Counterparts; Facsimiles. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute a single agreement. A party may transmit its signed copies of this Agreement and the Related Documents by facsimile, and such transmission shall be valid delivery of the signed Agreement and Related Documents, respectively.

9.9 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of Buyer, on the one hand, and Seller, on the other, except, in the case of Buyer, (i) to an Affiliate or an entity that succeeds to all or a substantial part of the Acquired Assets or one or more of its subsidiaries, and (ii) after the Closing, to a purchaser of substantially all of the Business or the Acquired Assets. No party shall be relieved of any liability arising hereunder in respect of any assignment pursuant to this Section, unless such assignor has received a written release expressly excepting such assignor from any liability that may arise hereunder. Seller may transfer and assign the Shares and the Registration Rights Agreement to Seller's stockholders in connection with its liquidation and dissolution pursuant to Section 6.2.

9.10 Waiver; Amendment. No waiver of any term, condition or obligation of this Agreement shall be valid unless in writing and signed by the waiving party. No failure or delay by any party hereto at any time to require the other parties hereto to perform strictly in

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accordance with the terms hereof shall preclude any party from requiring performance by the other parties hereto at any later time. No waiver of any one or several of the terms, conditions or obligations of this Agreement, and no partial waiver thereof, shall be construed as a waiver of any of the other terms, conditions or obligations of this Agreement. This Agreement may not be

amended, changed or modified in any fashion except by written instrument signed by Buyer and Seller.

9.11 Fees and Expenses. All fees, costs and expenses incurred in connection with the preparation, negotiation, execution, delivery or performance of this Agreement, the Related Documents and the transactions contemplated hereby or thereby shall be the responsibility of and paid by the party incurring such fees, costs or expenses, except for expenses set forth on Schedule 1.7(iii), which are assumed by Buyer pursuant to this Agreement. Further, all fees and charges of PricewaterhouseCoopers LLP incurred in connection with this Agreement shall be paid by Buyer. Seller shall bear and pay all U.S. Federal, state and local Taxes that arise out of or as a result of the consummation of this Agreement or the transactions contemplated hereby, except for sales tax (if any) which is to be paid by Buyer pursuant to Section 7.4. In addition, Seller agrees to indemnify and hold Buyer harmless from and against any and all Losses incurred or suffered by Buyer as a result of any failure by Seller to comply with any "bulk sales," "bulk transfer" or similar Laws.

9.12 Public Announcements. No public announcement or similar publicity with respect to this Agreement, the Related Documents or the transactions contemplated hereby or thereby will be issued by any Person including, without limitation, any party hereto, without the prior written consent of Buyer; provided, however, that Buyer and Seller shall each be permitted, upon prior notice to the other party, to make such disclosures to the public or governmental authorities as their respective counsel shall deem necessary to maintain compliance with, or to prevent violation of, applicable Laws.

9.13 Severability. If any provision of this Agreement, including, without limitation, Article VII or any part thereof, or the application of any such provision to any Person or circumstances shall be determined by any court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to such Person or circumstances other than those to which it is so determined to be invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be enforced to the fullest extent permitted by law. If any provision of this Agreement, including, without limitation, Article VII, or any part thereof, is held to be invalid or unenforceable because of the scope or duration of or the area covered by such provision, the parties hereto agree that the court making such determination shall reduce the scope, duration and/or area of such provision (and shall substitute appropriate provisions for any such invalid or unenforceable provisions) in order to make such provision enforceable to the fullest extent permitted by law and/or shall delete specific words and phrases, and such modified provision shall then be enforceable and shall be enforced.

9.14 Waiver of Right to Trial by Jury. EACH PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT,

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ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY RELATED DOCUMENT.

IN WITNESS WHEREOF, each party hereto has duly executed this Agreement as of the date first above written.

PLEXUS VACCINES INC.

By: /s/ Susan K. Burgess

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Name: Susan K. Burgess  
Title: President and Chief Executive  
Officer

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

-----  
Name: Thomas N. Konatich  
Title: Acting Chief Executive  
Officer and Chief Financial  
Officer





REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of May 23, 2003 (this "Agreement"), is made by and between SIGA TECHNOLOGIES, INC., a Delaware corporation, having its principal place of business located at 420 Lexington Avenue, Suite 620, New York, NY 10170 (the "Company"), and Plexus Vaccines Inc., a California corporation, having its principal place of business located at 11770 Bernardo Plaza Court, Suite 370-B, San Diego, CA 92128 (the "Initial Investor").

W I T N E S S E T H:

WHEREAS, upon the terms and subject to the conditions of the Asset Purchase Agreement, dated as of May 14, 2003, between the Initial Investor and the Company (the "Asset Purchase Agreement"), the Company has agreed to issue and sell to the Initial Investor 1,950,000 shares of common stock, par value \$.0001 per share, of the Company (the "Shares"); and

WHEREAS, to induce the Initial Investor to execute and deliver the Asset Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "Securities Act"), with respect to the Shares;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Initial Investor hereby agree as follows:

1. Definitions. Terms not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) "Common Stock" means common stock, par value \$.0001 per share, of the Company.

(b) "Investor" means the Initial Investor and any permitted transferee or assignee who agrees to become bound by the provisions of this Agreement in accordance with Section 9 hereof and who holds Registrable Securities.

(c) "Investor Group" means the Investor and each "Investor" (as such term is defined in each registration rights agreement dated as of the date hereof between the Company and each party identified on Schedule I attached hereto and made a part hereof), as a group and not individually.

(d) "Potential Material Event" means any of the following: (i) the possession by the Company of material information not ripe for disclosure in a registration statement, which shall be evidenced by a determination in good faith by the Board of Directors of the Company

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that disclosure of such information in the registration statement would be detrimental to the business and affairs of the Company or (ii) any material engagement or activity by the Company which would, in the good faith determination of the Board of Directors of the Company, be adversely affected by disclosure in a registration statement at such time; in each case where such determination shall be accompanied by a good faith determination by the Board of Directors of the Company that the registration statement would be materially misleading absent the inclusion of such information.

(e) "Register," "Registered," and "Registration" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "SEC").

(f) "Registrable Securities" means the Shares until the Shares are eligible for resale pursuant to Rule 144 under the Securities Act.

(g) "Registration Statement" means a registration statement of the Company under the Securities Act covering Registrable Securities on Form S-3, if the Company is then eligible to file using such form, and if not eligible, on Form SB-2 or other appropriate form.

(h) "Effective Date" means the date the SEC declares a Registration Statement covering Registrable Securities and otherwise meeting the conditions contemplated hereby to be effective.

(i) "Restricted Sale Date" means the first date, other than during a Permitted Suspension Period (as defined below), on which the Investor is restricted from making sales of Registrable Securities covered by any previously effective Registration Statement.

2. Registration. The Company shall use its commercially reasonable best efforts to prepare and file with the SEC, as soon as practicable after the Closing Date, either a Registration Statement or an amendment to an existing Registration Statement, in either event registering for resale by the Investor a sufficient number of shares of Common Stock for the Initial Investor to sell the Registrable Securities, but in no event less than the number of shares equal to the Registrable Securities at the time of filing of such Registration Statement (or such lesser number as may be required by the SEC). The Registration Statement shall include only the Registrable Securities. The Company will use its commercially reasonable best efforts to cause such Registration Statement to be declared effective.

3. Obligations of the Company. In connection with the registration of the Registrable Securities, the Company shall do each of the following:

(a) Use its commercially reasonable best efforts to prepare and file with the SEC a Registration Statement with respect to not less than the number of Registrable Securities provided in Section 2 above, and thereafter use its commercially reasonable best efforts to cause such Registration Statement relating to Registrable Securities to become effective and keep the Registration Statement effective at all times during the period (the "Registration Period")

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continuing until the earlier of (i) the date that is two (2) years after the last day of the calendar month following the month in which the Effective Date occurs, or (ii) the date on which the Shares are no longer Registrable Securities, which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(b) Use its commercially reasonable best efforts to prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective at all times during the Registration Period, and, during the Registration Period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in the Registration Statement;

(c) Permit one firm of counsel designated by the Investor Group to review the Registration Statement and all amendments and supplements thereto a reasonable period of time (but not less than two (2) business days and not more than ten (10) days) prior to their filing with the SEC.

(d) Notify each Investor promptly (and, in the case of (i) (A) below, not less than two (2) business days prior to such filing) (i) (A) when a prospectus or any prospectus supplement or post-effective amendment to the Registration Statement is proposed to be filed; (B) whenever the SEC notifies the Company whether there will be a "review" of such Registration Statement; (C) whenever the Company receives (or a representative of the Company receives on

its behalf) any oral or written comments from the SEC in respect of a Registration Statement (copies or, in the case of oral comments, summaries of such comments shall be promptly furnished by the Company to the Investors); and (D) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or any other Federal or state governmental authority for amendments or supplements to the Registration Statement or prospectus or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose; and (v) of the occurrence of any event that to the best knowledge of the Company makes any statement made in the Registration Statement or prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, prospectus or other documents so that, in the case of the Registration Statement or the prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

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(e) Furnish or make available to each Investor (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one (1) copy of the Registration Statement, each preliminary prospectus and prospectus, and each amendment or supplement thereto, and (ii) such number of copies of a prospectus, and all amendments and supplements thereto and such other documents, as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor;

(f) As promptly as practicable after becoming aware thereof, notify each Investor of the happening of any event of which the Company has knowledge, as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and use its commercially reasonable efforts to promptly prepare a supplement or amendment to the Registration Statement or other appropriate filing with the SEC to correct such untrue statement or omission, and deliver or make available a number of copies of such supplement or amendment to each Investor as such Investor may reasonably request;

(g) Notwithstanding the foregoing, if at any time or from time to time after the date of effectiveness of the Registration Statement, the Company notifies the Investors in writing of the existence of a Potential Material Event, the Investor shall not offer or sell any Registrable Securities, or engage in any other transaction involving or relating to the Registrable Securities, from the time of the giving of notice with respect to a Potential Material Event until such Investor receives written notice from the Company that such Potential Material Event either has been disclosed to the public or no longer constitutes a Potential Material Event; provided, however, that the Company may not so suspend the right to such holders of Registrable Securities during the periods the Registration Statement is required to be in effect other than during a Permitted Suspension Period. The term "Permitted Suspension Period" means one or more suspension periods during any consecutive 12-month period which suspension periods, in the aggregate, do not exceed one hundred eighty (180) days, provided, however, that no one such suspension period shall either (i) be for more than forty-five (45) days or (ii) begin less than ten (10) business days after the last day of the preceding suspension (whether or not such last day was during or after a Permitted Suspension Period); provided, further, that the Company shall, if lawful to do so, provide the Investor with at least two (2) business days' notice of the existence (but not the substance of) a Potential Material Event;

(h) Use its commercially reasonable efforts to secure and maintain the designation of all the Registrable Securities covered by the Registration Statement on the "Nasdaq/Small Cap Market" of the National Association of Securities Dealers Automated Quotations System ("NASDAQ") within the meaning of Rule 11Aa2-1 of the SEC under the Securities Exchange Act of 1934, as amended

(the "Exchange Act"), and the quotation of the Registrable Securities on The Nasdaq/Small Cap Market;

(i) Provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the initial Effective Date.

(j) Cooperate with the Investor who holds Registrable Securities being offered to facilitate the timely preparation and delivery of certificates for the Registrable

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Securities to be offered pursuant to the Registration Statement and enable such certificates for the Registrable Securities to be in such denominations or amounts as the case may be, as the Investor may reasonably request, and, within five (5) business days after a Registration Statement which includes Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel selected by the Company to deliver, to the transfer agent for the Registrable Securities (with copies to the Investor whose Registrable Securities are included in such Registration Statement) an appropriate instruction and, if necessary, an opinion of such counsel; and

(k) Take all other reasonable actions necessary to expedite and facilitate disposition by the Investor of the Registrable Securities pursuant to the Registration Statement.

4. Obligations of the Investor. In connection with the registration of the Registrable Securities, each Investor shall have the following obligations:

(a) It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least ten (10) business days prior to the first anticipated filing date of the Registration Statement, the Company shall notify each Investor of the information the Company requires from each such Investor (the "Requested Information") if such Investor has any Registrable Securities included in the Registration Statement. If at least two (2) business days prior to the filing date the Company has not received the Requested Information from an Investor (a "Non-Responsive Investor"), then the Company may file the Registration Statement without including Registrable Securities of such Non-Responsive Investor;

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from the Registration Statement; and

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(f) or 3(g), above, such Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(f) or 3(g) or such Investor is advised in writing by the Company that use of the applicable prospectus may be resumed and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

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5. Expenses of Registration. All reasonable expenses (other than

underwriting discounts, commissions and fees of the Investor attributable to the sale of the Registrable Securities or more than one counsel, any accountants and other persons retained by the Investor Group in connection with the transactions contemplated by this Agreement) incurred in connection with registrations, filings or qualifications pursuant to Section 3, but including, without limitation, all registration, listing, and qualifications fees, printers and accounting fees, the fees and disbursements of counsel for the Company shall be borne by the Company. In addition, a fee for one counsel for the Investor Group up to \$2,500 for the review of the Registration Statement and up to \$1,500 for each post-effective amendment to a Registration Statement, shall be borne by the Company.

6. Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Agreement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Investor who holds such Registrable Securities, the directors, if any, of such Investor, the officers, if any, of such Investor, each person, if any, who controls any Investor within the meaning of the Securities Act or the Exchange Act (each, an "Indemnified Person" or "Indemnified Party"), against any losses, claims, damages, liabilities or expenses (joint or several) incurred (collectively, "Claims") to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violations in the Registration Statement, or any post-effective amendment thereof, or any prospectus included therein: (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any post-effective amendment thereof or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in light of the circumstances in which they were made) not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation under the Securities Act, the Exchange Act or any state securities law (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to clause (c) of this Section 6, the Company shall reimburse the Investors, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a) shall not (i) apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, after such prospectus was made available by the Company pursuant to Section 3(c) hereof; (ii) be available to the extent such Claim is based on a failure of the Investor to deliver or cause to be delivered the prospectus made available by the Company or the amendment or supplement thereto made available by the Company; (iii) be available to the

extent such Claim is based on the delivery of a prospectus by the Investor after receiving notice from the Company under Section 3(f), (g) or (h) hereof (other than a notice regarding the effectiveness of the Registration Statement or any amendment or supplement thereto), (iv) be available if any untrue statement or alleged untrue statement of a material fact contained in the final prospectus or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading is corrected in all material respects in an amendment or supplement to the prospectus, or (v) apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed.

(b) In connection with any registration in which any Investor is

participating, such Investor agrees to indemnify the Company, its directors and officers who sign the Registration Statement, each person, if any, who controls (within the meaning of either the Securities Act or of the Exchange Act) the Company, each other Investor and any prospective underwriters, as the case may be, and any of their respective affiliates, general partners, officers, employees, agents and controlling persons (each, an "Indemnified Person" or "Indemnified Party"), to the same extent as the foregoing indemnity from the Company to such Investor, but only with respect to information relating to such Investor furnished to the Company in writing by such Investor expressly for use in the Registration Statement, the prospectus, any amendment or supplement thereto, or any preliminary prospectus. Notwithstanding the foregoing, each Investor shall not be liable for an amount in excess of the proceeds of sale of such Investor's Registrable Securities (less applicable underwriting discounts and commissions).

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be. In case any such action is brought against any Indemnified Person or Indemnified Party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, assume the defense thereof, subject to the provisions herein stated and after notice from the indemnifying party to such Indemnified Person or Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Person or Indemnified Party under this Section 6 for any legal or other reasonable out-of-pocket expenses subsequently incurred by such Indemnified Person or Indemnified Party in connection with the defense thereof other than reasonable costs of investigation, unless the indemnifying party shall not pursue the action to its final conclusion. The Indemnified Person or Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and reasonable out-of-pocket expenses of such counsel shall not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the action with counsel reasonably satisfactory to the Indemnified Person or Indemnified Party provided such counsel is of the opinion that all

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defenses available to the Indemnified Party can be maintained without prejudicing the rights of the indemnifying party. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

7. Contribution. To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that (a) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6; (b) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation; and (c) except where the seller has committed fraud or intentional misconduct, contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. Reports under Securities Act and Exchange Act. With a view to making available to Investor the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the SEC that may at any time permit Investor to sell securities of the Company to the public without Registration ("Rule 144"), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144; and

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act.

9. Assignment of the Registration Rights. The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assigned by the Investors to any transferee of the Registrable Securities only if: (a) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (b) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee and (ii) the securities with respect to which such registration rights are being transferred or assigned, (c) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act and applicable state securities laws, (d) at or before the time the Company received the written notice contemplated by clause (b) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, and (e) such transfer of Registrable Securities is completed and disclosed to the Company prior to the initial Effective Date. In the event of any delay in filing or effectiveness of the

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Registration Statement as a result of such assignment, the Company shall not be liable for any damages arising from such delay.

10. Amendment of Registration Rights. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Investors who hold a fifty-one percent (51%) interest of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company.

#### 11. Miscellaneous.

(a) A person or entity is deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) Notices required or permitted to be given hereunder shall be given in the manner contemplated by the Asset Purchase Agreement, (i) if to the Company or to the Initial Investor, to their respective address contemplated by the Asset Purchase Agreement, and (ii) if to any other Investor, at such address as such Investor shall have provided in writing to the Company, or at such other address as each such party furnishes by notice given in accordance with this Section 11(b).

(c) This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

(d) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(e) This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof



regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, either party hereto shall reimburse the other party for any reasonable legal fees and disbursements incurred by such party in enforcement of or protection of any of its rights under this Agreement.

(f) If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of

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this Agreement in any other jurisdiction.

(g) Subject to the requirements of Section 9 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

(h) All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

(i) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

(j) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by telephone line facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

(k) The Company acknowledges that any failure by the Company to perform its obligations under Section 3(a) hereof, or any delay in such performance could result in loss to the Investors, and the Company agrees that, in addition to any other liability the Company may have by reason of such failure or delay, the Company shall be liable for all direct damages caused by any such failure or delay, unless the same is the result of force majeure. Neither party shall be liable for consequential damages.

(l) This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement thereof.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

COMPANY:

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

-----  
Name: Thomas N. Konatich  
Title: Acting Chief Executive Officer  
and Chief Financial Officer

INITIAL INVESTOR:

PLEXUS VACCINE INC.

By: /s/ Susan K. Burgess

-----

Name: Susan K. Burgess

Title: President and Chief Executive  
Officer

SIGA TECHNOLOGIES, INC.

Non-Qualified Stock Option Agreement

Granting Date: May 23, 2003

To: \_\_\_\_\_

We are pleased to notify you that, pursuant to the SIGA Technologies, Inc. Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan"), SIGA TECHNOLOGIES, INC., a Delaware corporation (the "Company") has granted to you (the "Holder") a Non-Qualified stock option (the "Option") to purchase all or any part of an aggregate of \_\_\_\_\_ shares of Common Stock of the Company (the "Optioned Shares"), subject to the terms and conditions of this Agreement and the Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan, as interpreted by the Committee, shall govern. Except as otherwise provided herein, all capitalized terms (and any other terms defined in the Plan) used herein shall have the meaning given to such terms in the Plan.

1. Term and Exercise of Option. Subject to the provisions of this Agreement, this Option may be exercised for up to the number of Optioned Shares (subject to adjustment as provided in Section hereof) by you on or prior to May 23, 2013 ("Last Exercise Date") at an initial exercise price (the "Exercise Price") of \$1.69 per share (subject to adjustment as provided in Section 7 hereof) and all as subject to the Plan and this Agreement. The Holder may exercise this Option at any time after the date of this Agreement. Any portion of the Option that you do not exercise shall accumulate and can be exercised by you any time prior to the Last Exercise Date. You may not exercise your Option to purchase a fractional share or fewer than 100 shares, and you may only exercise your Option by purchasing shares in increments of 100 shares unless the remaining shares purchasable are less than 100 shares.

This Option may be exercised by delivering to the Secretary of the Company (i) a written Notice of Intention to Exercise in the form attached hereto as Exhibit A signed by you and specifying the number of Optioned Shares you desire to purchase, (ii) payment, in full, of the Exercise Price for all such Optioned Shares in cash, certified check, surrender of shares of Common Stock of the Company having a value equal to the exercise price of the Optioned Shares as to which you are exercising this Option, provided that such surrendered shares, if previously acquired by exercise of a Company stock option, have been held by you at least six months prior to their surrender, or by means of a brokered cashless exercise. As a holder of an option, you shall have the rights of a shareholder with respect to the Optioned Shares only after they shall have been issued to you upon the exercise of this Option. Subject to the terms and provisions of this Agreement and the Plan, the Company shall use its best efforts to cause the Optioned Shares to be issued as promptly as practicable after receipt of your Notice of Intention to Exercise.

2. Non-transferability of Option. This Option shall not be transferable and may be exercised during your lifetime only by you. Any purported transfer or assignment of this Option shall be void and of no effect, and shall give the Company the right to terminate this Option as of the date of such purported transfer or assignment. No transfer of an Option by will or by the laws of descent and distribution shall be effective unless the Company shall have been furnished with written notice thereof, and such other evidence as the Company may deem necessary to establish the validity of the transfer and conditions of the Option, and to establish compliance with any laws or regulations pertaining thereto.

3. Certain Rights and Restrictions With Respect to Common Stock. The Optioned Shares which you may acquire upon the exercise of this Option will not be registered under the Securities Act of 1933, as amended, or under state securities laws and the resale by you of such Optioned Shares will, therefore, be restricted. You will be unable to transfer such Optioned Shares without either registration under such Act and compliance with applicable state securities laws or the availability of an exemption therefrom. Accordingly, you represent and warrant to the Company that all shares of Common Stock you may

acquire upon the exercise of this Option will be acquired by you for your own account for investment and that you will not sell or otherwise dispose of any such shares except in compliance with all applicable federal and state securities laws. The Company may place a legend to such effect upon each certificate representing Optioned Shares acquired by you upon the exercise of this Option.

4. Disputes. Any dispute which may arise under or as a result of or pursuant to this Agreement shall be finally and conclusively determined in good faith by the Board of Directors of the Company in its sole discretion, and such determination shall be binding upon all parties.

#### 5. Termination of Status.

(a) This Option is a separate incentive and not in lieu of salary or other compensation. The Optioned Shares do not vest you with any right to employment with the Company, nor is the Company's right to terminate your employment in any way restricted by this Agreement. Subject to the following provisions of this Section 5, the Option will terminate upon and will not be exercisable after termination of your employment with the Company ("Employment Termination Date"). If your employment with the Company is terminated for any reason other than death or disability, this Option may not be exercised after the earlier of (i) ninety (90) days from the Employment Termination Date or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date.

(b) If you die while this Option is exercisable, or within a period of three months after the Employment Termination Date, the Option may be exercised by the duly authorized executor of your last will or by the duly authorized administrator of your estate, but may not be exercised after the earlier of (i) one year from the date of your death or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the date of your death.

(c) If your employment is terminated as a result of your permanent disability, this Option may not be exercised after the earlier of (i) one year from the Employment Termination Date, or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date. If you die after the date your employment is terminated under the provisions of this Section 5(c) but before the Expiration Date, the provisions of Section 5(b) above shall apply.

Permanent disability shall mean a disability described in Section 422(c)(6) of the Code. The existence of a Disability shall be determined by the Committee in its absolute discretion.

6. Adjustments to Exercise Price and Number of Securities. If the Company shall at any time subdivide or combine the outstanding shares of Common Stock, or similar corporate events the Exercise Price and the number of shares subject to the Option shall be appropriately adjusted.

7. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of this Option, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of

this Option and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Option shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon the exercise of the Option to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock may then be listed and/or quoted on NASDAQ.

8. Forfeiture of Option Gains. If at any time within one year after the exercise of all or any portion of the Option the Committee determines that the Company has been materially harmed by you, which harm either (a) results in your being terminated for Cause or (b) results from your engaging in any

activity determined by the Committee, in its sole discretion, to be in competition with any activity of the Company, or otherwise inimical, contrary or harmful to the interests of the Company (including, but not limited to, violating any non-competition or similar agreements entered into with the Company or otherwise accepting employment with or serving as a consultant, adviser or in any other capacity to an entity that is in competition with or acting against the interests of the Company), then upon notice from the Company to you any gain ("Gain") realized by you upon exercising such Option shall be paid by you to the Company. For purposes of this Section 9, such Gain shall be the excess of the Fair Market Value of the shares of Company Stock obtained through such exercise as of the date of option exercise over the purchase price of such shares. The Company shall have the right to offset such Gain against any amounts otherwise owed to you by the Company (including, but not limited to wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement).

#### 9. Notices.

All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) If to the registered Holder of this Option, to the address of the Holder as shown on the books of the Company; or

(b) If to the Company, to 420 Lexington Avenue, Suite 620, New York, NY 10017, or to such other address as the Company may designate by notice to the Holders.

10. Supplements and Amendments. The Company and the Holder may from time to time supplement or amend this Agreement in any respect, provided, however, that no amendment may adversely affect your rights hereunder without your written consent.

11. Successors. All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Holder and their respective successors and assigns hereunder.

12. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of the State of New York without giving effect to the rules of the State of New York governing the conflicts of laws.

13. Entire Agreement; Modification. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof.

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14. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

15. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

16. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and the registered Holder of this Option any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and the Holder.

17. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be dully executed, as of the day and year first written.

SIGA TECHNOLOGIES, INC.

By: \_\_\_\_\_  
Thomas N. Konatich  
Acting Chief Executive Officer  
Chief Financial Officer

\_\_\_\_\_  
Signature of Holder

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#### Appendix A

##### NOTICE OF INTENTION TO EXERCISE STOCK OPTIONS

The undersigned grantee of a SIGA Technologies, Inc. Stock Option Agreement dated as of \_\_\_\_\_ to purchase \_\_\_\_\_ shares of SIGA Technologies, Inc. common stock hereby gives notice of his or her intention to exercise the Stock Option (or a portion thereof) and elects to purchase shares of SIGA Technologies, Inc. common stock.

Shares should be issued in the name of the undersigned and should be sent to the undersigned at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_.

Social Security Number: \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_  
Signature

INSTRUCTIONS: The exercise of these Stock Options is effective on the date the Company has received all of (1) this Notice of Intention to Exercise Stock Options, and (2) payment in full in cash of the exercise price for all shares being purchased pursuant to this Notice.

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WARRANT

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD OR OFFERED FOR SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES OR AN OPINION OF COUNSEL OR OTHER EVIDENCE ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

SIGA TECHNOLOGIES, INC.

COMMON STOCK PURCHASE WARRANT

1. Issuance; Certain Definitions. In consideration of good and valuable consideration, the receipt of which is hereby acknowledged by SIGA TECHNOLOGIES, INC., a Delaware corporation (the "Company"), \_\_\_\_\_ or its registered assigns (the "Holder") is hereby granted the right to purchase at any time until 5:00 P.M., New York City time, on March 1, 2012 (the "Expiration Date"), \_\_\_\_\_ (\_\_\_\_\_) fully paid and nonassessable shares of the Company's common stock, par value \$.0001 per share (the "Common Stock"), at an initial exercise price per share (the "Exercise Price") of \$1.69 per share, subject to further adjustment as set forth herein. The shares of Common Stock issued upon exercise of this Warrant are referred to as "Warrant Shares." This Warrant is being issued to the Holder pursuant to the terms of that certain Asset Purchase Agreement dated as of May 14, 2003 (the "Agreement"), to which the Company and Plexus Vaccine Inc., a California corporation, are parties. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. Exercise of Warrants.

2.1 General. This Warrant is exercisable in whole or in part at any time and from time to time. Such exercise shall be effectuated by submitting to the Company (either by delivery to the Company or by facsimile transmission as provided in Section 8 hereof) a completed and duly executed Notice of Exercise (substantially in the form attached to this Warrant Certificate) as provided in this paragraph. The date such Notice of Exercise is faxed to the Company shall be the "Exercise Date," provided that, if this Warrant has been fully exercised, the Holder of this Warrant tenders this Warrant Certificate to the Company within five (5) business days thereafter. The Notice of Exercise shall be executed by the Holder of this Warrant and shall indicate the number of shares then being purchased pursuant to such exercise. Upon surrender of this Warrant Certificate, if relevant, with, together with appropriate payment of the Exercise Price for the shares of Common Stock purchased, the Holder shall be entitled to receive a certificate or certificates for the shares of Common Stock so purchased. The Exercise Price per share of Common Stock for the shares then being exercised shall be payable in cash or by certified or official bank check or wire transfer. The Holder shall be deemed to be the holder of the shares issuable to it in accordance with the provisions of this Section 2.1 on the Exercise Date.

2.2 Limitation on Exercise. Notwithstanding the provisions of this Warrant, the Agreement or the other Related Documents, in no event (except (i) as specifically provided in this Warrant as an exception to this provision, or (ii) while there is outstanding a tender offer for any or all of the shares of the Company's Common Stock) shall the Holder be entitled to exercise this Warrant, or shall the Company have the obligation to issue shares upon such exercise of all or any portion of this Warrant, to the extent that, after such exercise the sum of (1) the number of shares of Common Stock beneficially

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owned by the Holder and its affiliates (other than shares of Common Stock which may be deemed beneficially owned through the ownership of the unexercised portion of the Warrants), and (2) the number of shares of Common Stock issuable upon the exercise of the Warrants with respect to which the determination of this proviso is being made, would result in beneficial ownership by the Holder and its affiliates of more than 9.99% of the outstanding shares of Common Stock (after taking into account the shares to be issued to the Holder upon such exercise). For purposes of the proviso to the immediately preceding sentence,

beneficial ownership shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), except as otherwise provided in clause (1) of such sentence. The Holder, by its acceptance of this Warrant, further agrees that if the Holder transfers or assigns any of the Warrants to a party who or which would not be considered such an affiliate, such assignment shall be made subject to the transferee's or assignee's specific agreement to be bound by the provisions of this Section 2.2 as if such transferee or assignee were the original Holder hereof.

3. Reservation of Shares. The Company hereby agrees that at all times during the term of this Warrant there shall be reserved for issuance upon exercise of the then outstanding balance of this Warrant such number of shares of its Common Stock as shall be required for issuance of the Warrant Shares.

4. Mutilation or Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) receipt of reasonably satisfactory indemnification, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor and date and any such lost, stolen, destroyed or mutilated Warrant shall thereupon become void.

5. Rights of the Holder. The Holder shall not, by virtue hereof, be entitled to any rights of a stockholder in the Company, either at law or equity, and the rights of the Holder are limited to those expressed in this Warrant and are not enforceable against the Company except to the extent set forth herein.

#### 6. Protection Against Dilution and Other Adjustments.

6.1 Adjustment Mechanism. If an adjustment of the Exercise Price is required pursuant to this Section 6, the Holder shall be entitled to purchase such number of additional shares of Common Stock as will cause (i) the total number of shares of Common Stock Holder is entitled to purchase pursuant to this Warrant, multiplied by (ii) the adjusted Exercise Price per share, to equal (iii) the dollar amount of the total number of shares of Common Stock Holder is entitled to purchase before adjustment multiplied by the total Exercise Price before adjustment.

6.2 Capital Adjustments. In case of any stock split or reverse stock split, stock dividend, reclassification of the Common Stock, recapitalization, merger or consolidation, or like capital adjustment affecting the Common Stock of the Company, the provisions of this Section 6 shall be applied as if such capital adjustment event had occurred immediately prior to the date of this Warrant and the original Exercise Price had been fairly allocated to the stock resulting from such capital adjustment; and in other respects the provisions of this Section shall be applied in a fair, equitable and reasonable manner so as to give effect, as nearly as may be, to the purposes hereof. A rights offering to stockholders shall be deemed a stock dividend to the extent of the bargain purchase element of the rights.

6.3 Adjustment for Spin Off. If, for any reason, prior to the exercise of this Warrant in full, the Company spins off or otherwise divests itself of a part of its business or operations or disposes all or of a part of its assets in a transaction (the "Spin Off") in which the Company does not

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receive compensation for such business, operations or assets, but causes securities of another entity (the "Spin Off Securities") to be issued to security holders of the Company, then:

- (a) the Company shall cause (i) to be reserved Spin Off Securities equal to the number thereof which would have been issued to the Holder had all of the Holder's unexercised Warrants outstanding on the record date (the "Record Date") for determining the amount and number of Spin Off Securities to be issued to security holders of the Company (the "Outstanding Warrants") been exercised as of the close of business on the trading day immediately before the Record Date (the "Reserved Spin Off Shares"), and (ii) to be issued to the Holder on the exercise of all or any of the Outstanding Warrants, such amount of the Reserved Spin Off Shares equal to (x) the Reserved Spin Off Shares multiplied by (y) a fraction, of



which (I) the numerator is the amount of the Outstanding Warrants then being exercised, and (II) the denominator is the amount of the Outstanding Warrants; and

- (b) the Exercise Price on the Outstanding Warrants shall be adjusted immediately after consummation of the Spin Off by multiplying the Exercise Price by a fraction (if, but only if, such fraction is less than 1.0), the numerator of which is the average closing bid price of the Common Stock for the five (5) trading days immediately following the fifth trading day after the Record Date, and the denominator of which is the average closing bid price of the Common Stock on the five (5) trading days immediately preceding the Record Date; and such adjusted Exercise Price shall be deemed to be the Exercise Price with respect to the Outstanding Warrants after the Record Date.

7. Transfer to Comply with the Securities Act; Registration Rights Agreement.

7.1 Transfer. This Warrant has not been registered under the Securities Act of 1933, as amended, (the "1933 Act") and has been issued to the Holder for investment and not with a view to the distribution of either the Warrant or the Warrant Shares. Neither this Warrant nor any of the Warrant Shares or any other security issued or issuable upon exercise of this Warrant may be sold, transferred, pledged or hypothecated in the absence of an effective registration statement under the 1933 Act relating to such security or an opinion of counsel satisfactory to the Company that registration is not required under the 1933 Act. Each certificate for the Warrant, the Warrant Shares and any other security issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, setting forth the restrictions on transfer contained in this Section 7.

7.2 Registration Rights. Reference is made to the Registration Rights Agreement dated of even date herewith between the Company and the Holder (the "Registration Rights Agreement"). The Company's obligations under the Registration Rights Agreement and the other terms and conditions thereof with respect to the Warrant Shares, including, but not necessarily limited to, the Company's commitment to file a registration statement including the Warrant Shares, to have the registration of the Warrant Shares completed and effective, and to maintain such registration, are incorporated herein by reference.

8. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, telexed, sent by facsimile transmission or sent by certified, registered or express mail, postage pre-paid. Any such notice shall be deemed given

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when so delivered personally, telegraphed, telexed or sent by facsimile transmission, or, if mailed, two days after the date of deposit in the United States mails, as follows:

- (i) if to the Company, to:

SIGA TECHNOLOGIES, INC.  
420 Lexington Avenue, Suite 601  
New York, NY 10170  
Attn: Thomas Konatich  
Telephone No.: (212) 672-9100  
Facsimile No.: (212) 697-3130

- (ii) if to the Holder, to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any party may be notice given in accordance with this Section to the other parties designate another address or person for receipt of notices hereunder.

9. Supplements and Amendments; Whole Agreement. This Warrant may be amended or supplemented only by an instrument in writing signed by the parties hereto. This Warrant contains the full understanding of the parties hereto with respect to the subject matter hereof and thereof and there are no representations, warranties, agreements or understandings other than expressly contained herein and therein.

10. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in connection with any dispute arising under this Warrant and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions.

11. Counterparts. This Warrant may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

12. Descriptive Headings. Descriptive headings of the sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

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IN WITNESS WHEREOF, the parties hereto have executed this Warrant as of the 23rd day of May, 2003.

SIGA TECHNOLOGIES, INC.

By:

(Name) Thomas N. Konatich

(Title) Acting Chief Executive Officer  
Chief Financial Officer

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#### NOTICE OF EXERCISE

The undersigned hereby irrevocably elects to exercise the right, represented by the Warrant Certificate dated as of \_\_\_\_\_, \_\_\_\_\_, to purchase \_\_\_\_\_ shares of the common stock, par value \$.0001 per share, of SIGA TECHNOLOGIES, INC. ("Common Stock") and tenders herewith payment in accordance with Section 1 of the Common Stock Purchase Warrant.

It is the intention of the Holder to comply with the provisions of Section 2.2 of the Common Stock Purchase Warrant regarding certain limits on the Holder's right to exercise thereunder. Based on the analysis on the attached Worksheet Schedule, the Holder believe this exercise complies with the provisions of said Section 2.2. Nonetheless, to the extent that, pursuant to the exercise effected hereby, the Holder would have more shares than permitted under said Section, this notice should be amended and revised, ab initio, to refer to the exercise which would result in the issuance of shares consistent with such provision. Any exercise above such amount is hereby deemed void and revoked.

Please deliver the stock certificate to:

Dated:

[Name of Holder]

By:

CASH:

\$

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NOTICE OF EXERCISE OF WARRANT  
WORKSHEET SCHEDULE

- |   |         |
|---|---------|
| 1. Current Common Stock holdings of Holder and Affiliates   | _____   |
| 2. Shares to be issued on current exercise                  | _____   |
| 3. Other shares eligible to be acquired without restriction | _____   |
| 4. Total [sum of Lines 1 through 3]                         | _____   |
| 5. Outstanding shares of Common Stock                       | _____   |
| 6. Adjustments to Outstanding                               |         |
| a. Shares from Line 1 not included in Line 5                | _____   |
| b. Shares to be issued per Line 2                           | _____   |
| c. Total Adjustments [Lines 6a and 6b]                      | _____   |
| 7. Total Adjusted Outstanding [Lines 5 plus 6c]             | _____   |
| 8. Holder's Percentage [Line 4 divided by Line 7]           | _____ % |
- [Note: Line 8 not to be above 9.99%]

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REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of May 23, 2003 (this "Agreement"), is made by and between SIGA TECHNOLOGIES, INC., a Delaware corporation, having its principal place of business located at 420 Lexington Avenue, Suite 620, New York, NY 10170 (the "Company"), and \_\_\_\_\_ (the "Initial Investor").

W I T N E S S E T H:

WHEREAS, upon the terms and subject to the conditions of the Asset Purchase Agreement (the "Asset Purchase Agreement") dated as of May 14, 2003, between the Company and Plexus Vaccine Inc., a California corporation ("Plexus"), the Company has agreed to issue to the Initial Investor a warrant (the "Warrant") to purchase an aggregate of \_\_\_\_\_ shares of common stock, par value \$.0001 per share, of the Company (the "Common Stock") at an exercise price of \$1.69 per share; and

WHEREAS, to induce Plexus to execute and deliver the Asset Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "Securities Act"), with respect to the shares of Common Stock issued upon exercise of the Warrant (the "Shares");

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Initial Investor hereby agree as follows:

1. Definitions. Terms not otherwise defined herein shall have the meanings ascribed to them in the Asset Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) "Investor" means the Initial Investor and any permitted transferee or assignee who agrees to become bound by the provisions of this Agreement in accordance with Section 9 hereof and who holds Registrable Securities.

(b) "Investor Group" means the Investor and each "Investor" (as such term is defined in each registration rights agreement dated as of the date hereof between the Company and each party (other than the Investor (as defined herein)) identified on Schedule I attached hereto and made a part hereof), as a group and not individually.

(c) "Potential Material Event" means any of the following: (i) the possession by the Company of material information not ripe for disclosure in a registration statement, which shall be evidenced by a determination in good faith by the Board of Directors of the Company that disclosure of such information in the registration statement would be detrimental to the business and affairs of the Company or (ii) any material engagement or activity by the Company which would, in the good faith determination of the Board of Directors of the Company, be adversely affected by disclosure in a registration statement at such time; in each case where such

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determination shall be accompanied by a good faith determination by the Board of Directors of the Company that the registration statement would be materially misleading absent the inclusion of such information.

(d) "Register," "Registered," and "Registration" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "SEC").

(e) "Registrable Securities" means the Shares until the Shares are

eligible for resale pursuant to Rule 144 under the Securities Act.

(f) "Registration Statement" means a registration statement of the Company under the Securities Act covering Registrable Securities on Form S-3, if the Company is then eligible to file using such form, and if not eligible, on Form SB-2 or other appropriate form.

(g) "Effective Date" means the date the SEC declares a Registration Statement covering Registrable Securities and otherwise meeting the conditions contemplated hereby to be effective.

(h) "Restricted Sale Date" means the first date, other than during a Permitted Suspension Period (as defined below), on which the Investor is restricted from making sales of Registrable Securities covered by any previously effective Registration Statement.

2. Registration. The Company shall use its commercially reasonable best efforts to prepare and file with the SEC, as soon as practicable after the Closing Date, either a Registration Statement or an amendment to an existing Registration Statement, in either event registering for resale by the Investor a sufficient number of shares of Common Stock for the Initial Investor to sell the Registrable Securities, but in no event less than the number of shares equal to the Registrable Securities at the time of filing of such Registration Statement (or such lesser number as may be required by the SEC). The Registration Statement shall include only the Registrable Securities. The Company will use its commercially reasonable best efforts to cause such Registration Statement to be declared effective.

3. Obligations of the Company. In connection with the registration of the Registrable Securities, the Company shall do each of the following:

(a) Use its commercially reasonable best efforts to prepare and file with the SEC a Registration Statement with respect to not less than the number of Registrable Securities provided in Section 2 above, and thereafter use its commercially reasonable best efforts to cause such Registration Statement relating to Registrable Securities to become effective and keep the Registration Statement effective at all times during the period (the "Registration Period") continuing until the earlier of (i) the date that is two (2) years after the last day of the calendar month following the month in which the Effective Date occurs, or (ii) the date on which the Shares are no longer Registrable Securities, which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any

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untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(b) Use its commercially reasonable best efforts to prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective at all times during the Registration Period, and, during the Registration Period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in the Registration Statement;

(c) Permit one firm of counsel designated by the Investor Group to review the Registration Statement and all amendments and supplements thereto a reasonable period of time (but not less than two (2) business days and not more than ten (10) days) prior to their filing with the SEC.

(d) Notify each Investor promptly (and, in the case of (i) (A) below, not less than two (2) business days prior to such filing) (i) (A) when a prospectus or any prospectus supplement or post-effective amendment to the Registration Statement is proposed to be filed; (B) whenever the SEC notifies the Company whether there will be a "review" of such Registration Statement; (C) whenever the Company receives (or a representative of the Company receives on its behalf) any oral or written comments from the SEC in respect of a

Registration Statement (copies or, in the case of oral comments, summaries of such comments shall be promptly furnished by the Company to the Investors); and (D) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the SEC or any other Federal or state governmental authority for amendments or supplements to the Registration Statement or prospectus or for additional information; (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose; and (v) of the occurrence of any event that to the best knowledge of the Company makes any statement made in the Registration Statement or prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, prospectus or other documents so that, in the case of the Registration Statement or the prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) Furnish or make available to each Investor (i) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one (1) copy of the Registration Statement, each preliminary prospectus and prospectus, and each amendment

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or supplement thereto, and (ii) such number of copies of a prospectus, and all amendments and supplements thereto and such other documents, as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor;

(f) As promptly as practicable after becoming aware thereof, notify each Investor of the happening of any event of which the Company has knowledge, as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and use its commercially reasonable efforts to promptly prepare a supplement or amendment to the Registration Statement or other appropriate filing with the SEC to correct such untrue statement or omission, and deliver or make available a number of copies of such supplement or amendment to each Investor as such Investor may reasonably request;

(g) Notwithstanding the foregoing, if at any time or from time to time after the date of effectiveness of the Registration Statement, the Company notifies the Investors in writing of the existence of a Potential Material Event, the Investor shall not offer or sell any Registrable Securities, or engage in any other transaction involving or relating to the Registrable Securities, from the time of the giving of notice with respect to a Potential Material Event until such Investor receives written notice from the Company that such Potential Material Event either has been disclosed to the public or no longer constitutes a Potential Material Event; provided, however, that the Company may not so suspend the right to such holders of Registrable Securities during the periods the Registration Statement is required to be in effect other than during a Permitted Suspension Period. The term "Permitted Suspension Period" means one or more suspension periods during any consecutive 12-month period which suspension periods, in the aggregate, do not exceed one hundred eighty (180) days, provided, however, that no one such suspension period shall either (i) be for more than forty-five (45) days or (ii) begin less than ten (10) business days after the last day of the preceding suspension (whether or not such last day was during or after a Permitted Suspension Period); provided, further, that the Company shall, if lawful to do so, provide the Investor with at least two (2) business days' notice of the existence (but not the substance of) a Potential Material Event;

(h) Use its commercially reasonable efforts to secure and maintain the designation of all the Registrable Securities covered by the Registration Statement on the "Nasdaq/Small Cap Market" of the National Association of Securities Dealers Automated Quotations System ("NASDAQ") within the meaning of Rule 11Aa2-1 of the SEC under the Securities Exchange Act of 1934, as amended

(the "Exchange Act"), and the quotation of the Registrable Securities on The Nasdaq/Small Cap Market;

(i) Provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the initial Effective Date.

(j) Cooperate with the Investor who holds Registrable Securities being offered to facilitate the timely preparation and delivery of certificates for the Registrable Securities to be offered pursuant to the Registration Statement and enable such certificates for the Registrable Securities to be in such denominations or amounts as the case may be, as the Investor may reasonably request, and, within five (5) business days after a Registration

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Statement which includes Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel selected by the Company to deliver, to the transfer agent for the Registrable Securities (with copies to the Investor whose Registrable Securities are included in such Registration Statement) an appropriate instruction and, if necessary, an opinion of such counsel; and

(k) Take all other reasonable actions necessary to expedite and facilitate disposition by the Investor of the Registrable Securities pursuant to the Registration Statement.

4. Obligations of the Investor. In connection with the registration of the Registrable Securities, each Investor shall have the following obligations:

(a) It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least ten (10) business days prior to the first anticipated filing date of the Registration Statement, the Company shall notify each Investor of the information the Company requires from each such Investor (the "Requested Information") if such Investor has any Registrable Securities included in the Registration Statement. If at least two (2) business days prior to the filing date the Company has not received the Requested Information from an Investor (a "Non-Responsive Investor"), then the Company may file the Registration Statement without including Registrable Securities of such Non-Responsive Investor;

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from the Registration Statement; and

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(f) or 3(g), above, such Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(f) or 3(g) or such Investor is advised in writing by the Company that use of the applicable prospectus may be resumed and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

5. Expenses of Registration. All reasonable expenses (other than underwriting discounts, commissions and fees of the Investor attributable to the sale of the Registrable Securities or more than one counsel, any accountants and other persons retained by

the Investor Group in connection with the transactions contemplated by this Agreement) incurred in connection with registrations, filings or qualifications pursuant to Section 3, but including, without limitation, all registration, listing, and qualifications fees, printers and accounting fees, the fees and disbursements of counsel for the Company shall be borne by the Company. In addition, a fee for one counsel for the Investor Group up to \$2,500 for the review of the Registration Statement and up to \$1,500 for each post-effective amendment to a Registration Statement, shall be borne by the Company.

6. Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Agreement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Investor who holds such Registrable Securities, the directors, if any, of such Investor, the officers, if any, of such Investor, each person, if any, who controls any Investor within the meaning of the Securities Act or the Exchange Act (each, an "Indemnified Person" or "Indemnified Party"), against any losses, claims, damages, liabilities or expenses (joint or several) incurred (collectively, "Claims") to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violations in the Registration Statement, or any post-effective amendment thereof, or any prospectus included therein: (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any post-effective amendment thereof or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in light of the circumstances in which they were made) not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation under the Securities Act, the Exchange Act or any state securities law (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to clause (c) of this Section 6, the Company shall reimburse the Investors, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a) shall not (i) apply to a Claim arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of any Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, after such prospectus was made available by the Company pursuant to Section 3(c) hereof; (ii) be available to the extent such Claim is based on a failure of the Investor to deliver or cause to be delivered the prospectus made available by the Company or the amendment or supplement thereto made available by the Company; (iii) be available to the extent such Claim is based on the delivery of a prospectus by the Investor after receiving notice from the Company under Section 3(f), (g) or (h) hereof (other than a notice regarding the effectiveness of the Registration Statement or any amendment or supplement thereto), (iv) be

available if any untrue statement or alleged untrue statement of a material fact contained in the final prospectus or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading is corrected in all material respects in an amendment or supplement to the prospectus, or (v) apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed.



(b) In connection with any registration in which any Investor is participating, such Investor agrees to indemnify the Company, its directors and officers who sign the Registration Statement, each person, if any, who controls (within the meaning of either the Securities Act or of the Exchange Act) the Company, each other Investor and any prospective underwriters, as the case may be, and any of their respective affiliates, general partners, officers, employees, agents and controlling persons (each, an "Indemnified Person" or "Indemnified Party"), to the same extent as the foregoing indemnity from the Company to such Investor, but only with respect to information relating to such Investor furnished to the Company in writing by such Investor expressly for use in the Registration Statement, the prospectus, any amendment or supplement thereto, or any preliminary prospectus. Notwithstanding the foregoing, each Investor shall not be liable for an amount in excess of the proceeds of sale of such Investor's Registrable Securities (less applicable underwriting discounts and commissions).

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be. In case any such action is brought against any Indemnified Person or Indemnified Party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, assume the defense thereof, subject to the provisions herein stated and after notice from the indemnifying party to such Indemnified Person or Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Person or Indemnified Party under this Section 6 for any legal or other reasonable out-of-pocket expenses subsequently incurred by such Indemnified Person or Indemnified Party in connection with the defense thereof other than reasonable costs of investigation, unless the indemnifying party shall not pursue the action to its final conclusion. The Indemnified Person or Indemnified Party shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and reasonable out-of-pocket expenses of such counsel shall not be at the expense of the indemnifying party if the indemnifying party has assumed the defense of the action with counsel reasonably satisfactory to the Indemnified Person or Indemnified Party provided such counsel is of the opinion that all defenses available to the Indemnified Party can be maintained without prejudicing the rights of the indemnifying party. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying

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party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

7. Contribution. To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that (a) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6; (b) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation; and (c) except where the seller has committed fraud or intentional misconduct, contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. Reports under Securities Act and Exchange Act. With a view to making available to Investor the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the SEC that may at any time permit Investor to sell securities of the Company to the public without Registration ("Rule 144"), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144; and

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act.

9. Assignment of the Registration Rights. The rights to have the Company register Registrable Securities pursuant to this Agreement shall be automatically assigned by the Investors to any transferee of the Registrable Securities only if: (a) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (b) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee and (ii) the securities with respect to which such registration rights are being transferred or assigned, (c) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act and applicable state securities laws, (d) at or before the time the Company received the written notice contemplated by clause (b) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein, and (e) such transfer of Registrable Securities is completed and disclosed to the Company prior to the initial Effective Date. In the event of any delay in filing or effectiveness of the Registration Statement as a result of such assignment, the Company shall not be liable for any damages arising from such delay.

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10. Amendment of Registration Rights. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Investors who hold a fifty-one percent (51%) interest of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company.

11. Miscellaneous.

(a) A person or entity is deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) Notices required or permitted to be given hereunder shall be given in the manner contemplated by the Warrant, (i) if to the Company or to the Initial Investor, to their respective address contemplated by the Warrant, and (ii) if to any other Investor, at such address as such Investor shall have provided in writing to the Company, or at such other address as each such party furnishes by notice given in accordance with this Section 11(b).

(c) This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

(d) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(e) This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York for contracts to be wholly performed in such state and without giving effect to the principles thereof regarding the conflict of laws. Each of the parties consents to the jurisdiction of the federal courts whose districts encompass any part of the City of New York or the state courts of the State of New York sitting in the City of New York in

connection with any dispute arising under this Agreement and hereby waives, to the maximum extent permitted by law, any objection, including any objection based on forum non conveniens, to the bringing of any such proceeding in such jurisdictions. To the extent determined by such court, either party hereto shall reimburse the other party for any reasonable legal fees and disbursements incurred by such party in enforcement of or protection of any of its rights under this Agreement.

(f) If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

(g) Subject to the requirements of Section 9 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

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(h) All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

(i) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning thereof.

(j) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by telephone line facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

(k) The Company acknowledges that any failure by the Company to perform its obligations under Section 3(a) hereof, or any delay in such performance could result in loss to the Investors, and the Company agrees that, in addition to any other liability the Company may have by reason of such failure or delay, the Company shall be liable for all direct damages caused by any such failure or delay, unless the same is the result of force majeure. Neither party shall be liable for consequential damages.

(l) This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement thereof.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

COMPANY:

SIGA TECHNOLOGIES, INC.

By: \_\_\_\_\_

Name:

Title:

INITIAL INVESTOR:

\_\_\_\_\_

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SIGA TECHNOLOGIES, INC.

Non-Qualified Stock Option Agreement

Granting Date: May 23, 2003

To: \_\_\_\_\_

We are pleased to notify you that, pursuant to the SIGA Technologies, Inc. Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan"), SIGA TECHNOLOGIES, INC., a Delaware corporation (the "Company") has granted to you (the "Holder") a Non-Qualified stock option (the "Option") to purchase all or any part of an aggregate of 100,000 shares of Common Stock of the Company (the "Optioned Shares"), subject to the terms and conditions of this Agreement and the Plan. All terms, conditions and restrictions of the Plan are incorporated herein and made part hereof as if stated herein. If there is any conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan, as interpreted by the Committee, shall govern. Except as otherwise provided herein, all capitalized terms (and any other terms defined in the Plan) used herein shall have the meaning given to such terms in the Plan.

1. Term and Exercise of Option. Subject to the provisions of this Agreement, this Option may be exercised for up to the number of Optioned Shares (subject to adjustment as provided in Section hereof) by you on or prior to May 23, 2013 ("Last Exercise Date") at an initial exercise price (the "Exercise Price") of \$1.81 per share (subject to adjustment as provided in Section 7 hereof) and all as subject to the Plan and this Agreement. The Holder may exercise this Option at any time after the date of this Agreement. Any portion of the Option that you do not exercise shall accumulate and can be exercised by you any time prior to the Last Exercise Date. You may not exercise your Option to purchase a fractional share or fewer than 100 shares, and you may only exercise your Option by purchasing shares in increments of 100 shares unless the remaining shares purchasable are less than 100 shares.

This Option may be exercised by delivering to the Secretary of the Company (i) a written Notice of Intention to Exercise in the form attached hereto as Exhibit A signed by you and specifying the number of Optioned Shares you desire to purchase, (ii) payment, in full, of the Exercise Price for all such Optioned Shares in cash, certified check, surrender of shares of Common Stock of the Company having a value equal to the exercise price of the Optioned Shares as to which you are exercising this Option, provided that such surrendered shares, if previously acquired by exercise of a Company stock option, have been held by you at least six months prior to their surrender, or by means of a brokered cashless exercise. As a holder of an option, you shall have the rights of a shareholder with respect to the Optioned Shares only after they shall have been issued to you upon the exercise of this Option. Subject to the terms and provisions of this Agreement and the Plan, the Company shall use its best efforts to cause the Optioned Shares to be issued as promptly as practicable after receipt of your Notice of Intention to Exercise.

2. Non-transferability of Option. This Option shall not be transferable and may be exercised during your lifetime only by you. Any purported transfer or assignment of this Option shall be void and of no effect, and shall give the Company the right to terminate this Option as of the date of such purported transfer or assignment. No transfer of an Option by will or by the laws of descent and distribution shall be effective unless the Company shall have been furnished with written notice thereof, and such other evidence as the Company may deem necessary to establish the validity of the transfer and conditions of the Option, and to establish compliance with any laws or regulations pertaining thereto.

3. Certain Rights and Restrictions With Respect to Common Stock. The Optioned Shares which you may acquire upon the exercise of this Option will not be registered under the Securities Act of 1933, as amended, or under state securities laws and the resale by you of such Optioned Shares will, therefore, be restricted. You will be unable to transfer such Optioned Shares without either registration under such Act and compliance with applicable state securities laws or the availability of an exemption therefrom. Accordingly, you represent and warrant to the Company that all shares of Common Stock you may

acquire upon the exercise of this Option will be acquired by you for your own account for investment and that you will not sell or otherwise dispose of any such shares except in compliance with all applicable federal and state securities laws. The Company may place a legend to such effect upon each certificate representing Optioned Shares acquired by you upon the exercise of this Option.

4. Disputes. Any dispute which may arise under or as a result of or pursuant to this Agreement shall be finally and conclusively determined in good faith by the Board of Directors of the Company in its sole discretion, and such determination shall be binding upon all parties.

5. Termination of Status.

(a) This Option is a separate incentive and not in lieu of salary or other compensation. The Optioned Shares do not vest you with any right to employment with the Company, nor is the Company's right to terminate your employment in any way restricted by this Agreement. Subject to the following provisions of this Section 5, the Option will terminate upon and will not be exercisable after termination of your employment with the Company ("Employment Termination Date"). If your employment with the Company is terminated for any reason other than death or disability, this Option may not be exercised after the earlier of (i) ninety (90) days from the Employment Termination Date or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date.

(b) If you die while this Option is exercisable, or within a period of three months after the Employment Termination Date, the Option may be exercised by the duly authorized executor of your last will or by the duly authorized administrator of your estate, but may not be exercised after the earlier of (i) one year from the date of your death or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the date of your death.

(c) If your employment is terminated as a result of your permanent disability, this Option may not be exercised after the earlier of (i) one year from the Employment Termination Date, or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date. If you die after the date your employment is terminated under the provisions of this Section 5(c) but before the Expiration Date, the provisions of Section 5(b) above shall apply.

Permanent disability shall mean a disability described in Section 422(c)(6) of the Code. The existence of a Disability shall be determined by the Committee in its absolute discretion.

6. Adjustments to Exercise Price and Number of Securities. If the Company shall at any time subdivide or combine the outstanding shares of Common Stock, or similar corporate events the Exercise Price and the number of shares subject to the Option shall be appropriately adjusted.

7. Reservation and Listing of Securities. The Company shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of this Option, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of

this Option and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Option shall be outstanding, the Company shall use its best efforts to cause all shares of Common Stock issuable upon the exercise of the Option to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock may then be listed and/or quoted on NASDAQ.

8. Forfeiture of Option Gains. If at any time within one year after the exercise of all or any portion of the Option the Committee determines that the Company has been materially harmed by you, which harm either (a) results in your being terminated for Cause or (b) results from your engaging in any

activity determined by the Committee, in its sole discretion, to be in competition with any activity of the Company, or otherwise inimical, contrary or harmful to the interests of the Company (including, but not limited to, violating any non-competition or similar agreements entered into with the Company or otherwise accepting employment with or serving as a consultant, adviser or in any other capacity to an entity that is in competition with or acting against the interests of the Company), then upon notice from the Company to you any gain ("Gain") realized by you upon exercising such Option shall be paid by you to the Company. For purposes of this Section 9, such Gain shall be the excess of the Fair Market Value of the shares of Company Stock obtained through such exercise as of the date of option exercise over the purchase price of such shares. The Company shall have the right to offset such Gain against any amounts otherwise owed to you by the Company (including, but not limited to wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement).

#### 9. Notices.

All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) If to the registered Holder of this Option, to the address of the Holder as shown on the books of the Company; or

(b) If to the Company, to 420 Lexington Avenue, Suite 620, New York, NY 10017, or to such other address as the Company may designate by notice to the Holders.

10. Supplements and Amendments. The Company and the Holder may from time to time supplement or amend this Agreement in any respect, provided, however, that no amendment may adversely affect your rights hereunder without your written consent.

11. Successors. All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Holder and their respective successors and assigns hereunder.

12. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of the State of New York without giving effect to the rules of the State of New York governing the conflicts of laws.

13. Entire Agreement; Modification. This Agreement contains the entire understanding between the parties hereto with respect to the subject matter hereof.

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14. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

15. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

16. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company and the registered Holder of this Option any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Company and the Holder.

17. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be dully executed, as of the day and year first written.

SIGA TECHNOLOGIES, INC.

By: \_\_\_\_\_  
Thomas N. Konatich  
Acting Chief Executive Officer  
Chief Financial Officer

\_\_\_\_\_  
Signature of Holder

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#### Appendix A

##### NOTICE OF INTENTION TO EXERCISE STOCK OPTIONS

The undersigned grantee of a SIGA Technologies, Inc. Stock Option Agreement dated as of \_\_\_\_\_ to purchase \_\_\_\_\_ shares of SIGA Technologies, Inc. common stock hereby gives notice of his or her intention to exercise the Stock Option (or a portion thereof) and elects to purchase shares of SIGA Technologies, Inc. common stock.

Shares should be issued in the name of the undersigned and should be sent to the undersigned at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_.

Social Security Number: \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_  
Signature

INSTRUCTIONS: The exercise of these Stock Options is effective on the date the Company has received all of (1) this Notice of Intention to Exercise Stock Options, and (2) payment in full in cash of the exercise price for all shares being purchased pursuant to this Notice.

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EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of May 23, 2003, between SIGA Technologies, Inc., a Delaware corporation (the "Corporation"), and Susan K. Burgess, Ph.D. (the "Executive").

WHEREAS, the Corporation and Plexus Vaccine Inc., a California corporation ("Plexus"), are parties to an Asset Purchase Agreement dated May 14, 2003 (the "Asset Purchase Agreement");

WHEREAS, as a condition precedent to the consummation of the transactions contemplated by the Asset Purchase Agreement (the "Closing"), the parties hereto have agreed to enter into this Agreement;

WHEREAS, the Corporation and Executive acknowledge and agree that immediately prior to the Closing, Executive was employed as president and chief executive officer of Plexus and was a significant shareholder of Plexus;

WHEREAS, the Corporation and Executive acknowledge and agree that the retention of Executive's services and Executive's agreement to enter into and adhere to the non-competition, non-solicitation and non-disclosure of proprietary information provisions contained in this Agreement are critical reasons for the Corporation entering into the Asset Purchase Agreement and consummating the transactions contemplated thereby; and

WHEREAS, the Corporation and Executive desire to enter into this Agreement pursuant to which Executive shall serve as the President of the Corporation on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual agreements and covenants hereinafter set forth, the parties hereto agree to the terms and conditions of this Agreement as follows:

1. Employment for Term. The Corporation hereby employs Executive and Executive hereby accepts employment with the Corporation for the period beginning on May 23, 2003 and ending December 31, 2005 (the "Initial Term"), or upon the earlier termination of such term pursuant to Section 6 (such term of employment upon any such earlier termination, being hereinafter referred to as the "Term"). The termination of Executive's employment under this Agreement shall end the Initial Term but shall not terminate Executive's or the Corporation's other agreements in this Agreement, except as otherwise provided herein.

2. Position and Duties. During the Term, Executive shall serve as the President of the Corporation. During the Term, Executive shall also hold such additional positions and titles as the Board of Directors of the Corporation (the "Board") may determine from time to time. During the Term, Executive shall devote her full time and efforts to her duties as an employee of the Corporation.

3. Compensation.

(a) Base Salary. The Corporation shall pay Executive a base salary, beginning on the first day of the Term and ending on the last day of the Term, of not less than \$216,000 per annum, payable at least monthly on the Corporation's regular pay cycle for professional employees (the "Base Salary").

(b) Stock Options. On the date hereof, the Corporation shall grant Executive an option to purchase an aggregate of 300,000 shares of common stock, par value \$.0001 per share, of the Corporation ("Common Stock"), which shall vest with respect to the first 100,000 shares on May 23, 2003, with respect to the second 100,000 shares on May 23, 2004 and with respect to the remaining 100,000 shares on May 23, 2005, pursuant to a Stock Option Grant Agreement of even date herewith between the Corporation and Executive, in substantially the form attached hereto as Exhibit A.

(c) Other and Additional Compensation. The preceding sections establish the minimum compensation during the Term and shall not preclude the Board from awarding Executive a higher salary or any bonuses or stock options in the discretion of the Board during the Term at any time.

(d) Payment of Deferred Compensation. The parties hereto acknowledge and agree that the salary payable by Plexus to Executive, in her capacity as president and chief executive officer of Plexus, during the period from July 1, 2002 through the date hereof, was reduced by an aggregate amount of \$83,600 (the "Deferred Compensation"). The Corporation shall pay Executive 50% of the Deferred Compensation at the Closing, 25% of the Deferred Compensation on or before August 10, 2003 and 25% of the Deferred Compensation on or before October 10, 2003.

4. Employee Benefits. During the Term, Executive shall be entitled to the employee benefits including vacation, 401(k) plan, health plan and other insurance benefits made generally available by the Corporation to employees of the Corporation.

5. Expenses. The Corporation shall reimburse Executive for actual out-of-pocket expenses incurred by her in the performance of her services for the Corporation upon the receipt of appropriate documentation of such expenses.

6. Termination.

(a) General. The Initial Term shall end immediately upon Executive's death. The Initial Term may also end for Cause or Disability, as defined in Section 7.

(b) Notice of Termination. Promptly after it ends the Initial Term, the Corporation shall give Executive notice of the termination, including a statement of whether the termination was for Cause or Disability (as defined in Section 7(a) and 7(b) below). The Corporation's failure to give notice under this Section 6(b) shall not, however, affect the validity of the Corporation's termination of the Initial Term.

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(c) Effective Termination by the Corporation. If the Corporation (i) reassigns Executive's base of operations outside of San Diego, California, or (ii) materially reduces Executive's duties during the Initial Term, including replacing Executive as President, or (iii) materially breaches the Corporation's obligations under this Agreement, then, at her option, Executive may treat such reduction in duties or relocation or breach as a termination of the Initial Term without Cause by the Corporation and as "Good Reason" for Executive to resign.

7. Severance Benefits.

(a) Cause Defined. "Cause" means (i) willful malfeasance or willful misconduct by Executive in connection with her employment; (ii) Executive's gross negligence in performing any of her duties under this Agreement; (iii) Executive's conviction of, or entry of a plea of guilty to, or entry of a plea of nolo contendere with respect to, any crime other than a traffic violation or infraction which is a misdemeanor; (iv) Executive's material breach of any written policy applicable to all employees adopted by the Corporation which is not cured to the reasonable satisfaction of the Corporation within fifteen (15) business days after notice thereof; or (v) material breach by Executive of any of her agreements in this Agreement which is not cured to the reasonable satisfaction of the Corporation within fifteen (15) business days after notice thereof.

(b) Disability Defined. "Disability" shall mean Executive's incapacity due to physical or mental illness that results in her being substantially unable to perform her duties hereunder for six consecutive months (or for six months out of any nine month period). During a period of Disability, Executive shall continue to receive the Base Salary hereunder, provided that if the Corporation provides Executive with disability insurance coverage, payments of the Base Salary shall be reduced by the amount of any disability insurance payments received by Executive due to such coverage. The Corporation shall give Executive written notice of termination which shall take effect sixty (60) days after the date it is sent to Executive unless Executive shall have returned to the performance of her duties hereunder during such sixty (60) day period (whereupon such notice shall become void).

(c) Termination. If the Corporation ends the Initial Term for Cause or Disability, or if Executive resigns as an employee of the Corporation for reasons other than Good Reason as provided in Section 6(c), or if Executive dies, then the Corporation shall have no obligation to pay Executive any amount,

whether for salary, benefits, bonuses, or other compensation or expense reimbursements of any kind, accruing after the end of the Term, and such rights shall, except as otherwise required by law, be forfeited immediately upon the end of the Term. Payments under Section 3(a) shall continue for the remainder of the Initial Term unless the Corporation ends the Initial Term for Cause or if Executive resigns for reasons other than Good Reason as provided in Section 6(c). If the Corporation ends the Initial Term without Cause, or if Executive resigns for Good Reason as provided in Section 6(c), then the Corporation will be obligated to continue to pay Executive's salary and all other amounts due hereunder for the remainder of the Initial Term.

(d) Change of Control Payment. The provision of this Section 7(d) set forth the terms of an agreement reached between Executive and the Corporation regarding Executive's rights and obligations upon the occurrence of a "Change in Control" (as hereinafter defined) of

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the Corporation. These provisions are intended to assure and encourage in advance Executive's continued attention and dedication to her assigned duties and her objectivity during the pendency and after the occurrence of any such Change in Control. These provisions shall apply in lieu of, and expressly supersede, the provisions of Section 7(c) if Executive's employment is terminated or Notice of Termination is given ninety (90) days prior to or within twelve (12) months after the occurrence of an event constituting a Change in Control.

(i) Escrow. Within ten (10) days after the occurrence of the first event constituting a Change in Control (irrespective of whether Executive has actual knowledge of such event), the Corporation shall place immediately negotiable funds in escrow in an amount equal to the greater of (A) Executive's salary and all other amounts due hereunder for the remainder of the Term, plus such additional amount as equals the "Gross Up Payment" (as hereinafter defined) thereon (the "Change of Control Amount") and (B) the amount of Executive's annual base salary at such time (the "Annual Salary Amount"). Such escrow shall be conducted pursuant to a standard escrow agreement among the Corporation, Executive and an independent escrow agent providing for the timely payment to Executive of the amounts held in such escrow in the event Executive becomes entitled thereto under the applicable provisions of this Agreement (the "Escrow Arrangement"). The Escrow Arrangement shall be maintained until the earlier of (A) twelve months and one day after the occurrence of an event constituting a Change in Control or (B) the payment to Executive of all sums escrowed.

(ii) Change in Control. If, within 90 days prior to, or within twelve (12) months after the occurrence of an event constituting a Change in Control, Executive's employment is terminated or a Notice of Termination is given for any reason other than (A) her death, (B) her Disability, or (C) by Executive other than for Good Reason, then such termination shall be deemed to be a "Termination Due to Change in Control" (herein so called), in which event the Corporation shall pay Executive, in a lump sum, on or prior to the fifth (5th) day following the date of termination of the Term:

- (A) an amount equal to the greater of the Change of Control Amount (including any Gross Up Payment) and the Annual Salary Amount; and
- (B) Executive's accrued and unpaid Base Salary.

(iii) Stock Option Floor. Upon the occurrence of the first event constituting a Change in Control, all stock options and other stock-based grants to Executive by the Corporation shall, irrespective of any provisions of her option agreements, immediately and irrevocably vest and become exercisable as of the date of such first event whereupon, at any time during the Option Term as defined in the option agreements, Executive or her estate may by five (5) days' advance written notice given to the Corporation, and irrespective of whether Executive is then employed by the Corporation or then living, and solely at the election of Executive or her estate, require the Corporation to:

- (A) within thirty (30) days of a request by Executive or her estate file and cause to become effective a Form S-8 (or other appropriate form) with the Securities and Exchange Commission ("SEC") registering for resale all shares underlying stock options granted to Executive and outstanding with all fees and expenses of such filing being paid by the Corporation; or
  - (B) allow Executive to exercise all or any part of such Stock Options at the option prices therefor specified in the grant of the Stock Options.
- (iv) Gross Up Payment.

- (A) Excess Parachute Payment. If Executive incurs the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986 (the "Code") on "Excess Parachute Payments" within the meaning of Section 280G(b)(1) of the Code, the Corporation will pay to Executive an amount (the "Gross Up Payment") such that the net amount retained by Executive, after deduction of any Excise Tax on both the Excess Parachute Payment and any federal, state and local income tax (together with penalties and interest) as well as the Excise Tax upon the payment provided for by this Section 7(d)(iv)(A), will be equal to the Change of Control Amount.
- (B) Applicable Rates. For purposes of determining the amount of the Gross Up Payment, Executive will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality where taxes thereon are lawfully due, net of the maximum reduction (if any) in federal income taxes that could be obtained from deduction of deductible state and local taxes.
- (C) Determination of Gross Up Payment Amount. The determination of whether the Excise Tax is payable and the amount thereof will be based upon the opinion of tax counsel selected by Executive and reasonably approved by the Corporation, which approval will not be unreasonably withheld or delayed. If such opinion is not finally accepted by the Internal Revenue Service (or state and local taxing authorities), then appropriate adjustments to the Excise Tax

will be computed and additional Gross Up Payments will be made in the manner provided by this Section 7(d)(iv).

- (D) Payment. The Corporation will pay the estimated amount of the Gross Up Payment in cash to Executive at the time specified in this Agreement. Executive and the Corporation agree to reasonably cooperate in the determination of the actual amount of the Gross Up Payment. Further, Executive and the Corporation agree to make such adjustments to the estimated amount of the Gross Up Payment as may be necessary to equal the actual amount of the Gross Up Payment, which in the case of the Corporation will refer to refunds of prior

overpayments by the Corporation and in the case of Executive will refer to additional payments to Executive to make up for prior underpayments.

(v) Definitions. For purposes of this Section 7, the following terms shall have the following meanings:

(A) "Change in Control" shall mean any of the following:

(1) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (the "Acquiring Person"), other than the Corporation, or any of its Subsidiaries or any Excluded Group (as defined herein), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of the combined voting power or economic interests of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; provided, however, that any transfer from any director or executive officer listed in the Corporation's Form 10-KSB for the year ended December 31, 2002 under "Security Ownership of Certain Beneficial Owners" (the "Excluded Group") will not result in a Change in Control if such transfer was part of a series of related transactions the effect of which, absent the transfer to such Acquiring Person by the Excluded Group, would not have resulted in the acquisition by such Acquiring Person of 35% or more of the combined voting power or economic interests of the then outstanding voting securities; or

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(2) during any period of 12 consecutive months after the date of this Agreement, the individuals who at the beginning of any such 12-month period constituted a majority of the Directors (the "Incumbent Non-Investor Majority") cease for any reason to constitute at least a majority of such Directors; provided that (i) any individual becoming a director whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of the stockholders having the right to designate such director and (ii) any director whose election to the Board or whose nomination for election by the stockholders of the Corporation was approved by the requisite vote of directors entitled to vote on such election or nomination in accordance with the Restated Certificate of Incorporation of the Corporation, shall, in each such case, be considered as though such individual were a member of the Incumbent Non-Investor Majority, but excluding, as a member of the Incumbent Non-Investor Majority, any such individual whose initial assumption of office, is in connection with an actual or threatened election contest relating to the election of the directors of the Corporation (as such terms are used in Rule 14a-2 of Regulation 14A promulgated under the Exchange Act) and further excluding any person who is an affiliate or associate of

an Acquiring Person having acquired within the preceding 12 months, or proposing to acquire, beneficial ownership of 25% or more of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; or

- (3) the approval by the stockholders of the Corporation of a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the voting securities of the Corporation immediately prior to such reorganization, merger, or consolidation do not, following such reorganization, merger, or consolidation, beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors

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of. the Corporation resulting from such reorganization, merger, or consolidation; or

- (4) the sale or other disposition of assets representing 50% or more of the assets of the Corporation in one transaction or series of related transactions not initiated or commenced by any person within the Excluded Group; or
  - (5) a "Fundamental Change in Business" as hereinafter defined; or
  - (6) a "Hostile Takeover" as hereinafter defined is declared.
- (B) "Fundamental Change in Business" shall mean that the Corporation, at any time, no longer spends at least fifty percent (50%) of its annual budget on activities related to biotechnology or pharmaceuticals.
  - (C) "Hostile Takeover" shall mean any Change in Control which at any time is declared by at least a majority of the Board, directly or indirectly, to be hostile or not in the best interests of the Corporation, or in which an attempt is made (irrespective of whether successful) to wrest control away from the incumbent management of the Corporation and, with respect to which, the Board makes efforts to resist.

(vi) Satisfactory Alternative. Notwithstanding anything to the contrary herein, Executive shall have no rights and the Corporation shall have no obligation under this Section 7(d) with respect to a Termination Due to Change in Control if, prior to or simultaneously with such Termination Due to Change in Control, Executive is offered employment within 50 miles of the existing Plexus facility in San Diego, California by another business at a level of compensation equal to or greater than her compensation hereunder.

8. Confidentiality, Ownership, and Covenants. Executive acknowledges and agrees that the Corporation would not consummate the transactions contemplated by the Asset Purchase Agreement without the assurance that Executive will not engage in any of the activities prohibited by this Section 8, and will otherwise comply with this Section 8, for the periods set forth herein. Executive agrees to restrict her actions as provided for in this Section 8. Executive further

acknowledges that the scope and duration of the covenants set forth in this Section 8 are reasonable in light of the specific nature and duration of the transactions contemplated by the Asset Purchase Agreement and the shares of Common Stock to be issued to her in connection with the liquidation and dissolution of Plexus pursuant to the terms of the Asset Purchase Agreement. In consideration thereof, Executive agrees that she will not assert in any forum that

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the provisions of this Section 8 prevent her from earning a living or otherwise are void or unenforceable or should be held void or unenforceable.

(a) "Corporation Information" and "Inventions" Defined. "Corporation Information" means all information, knowledge or data of or pertaining to (i) the Corporation, its employees and all work undertaken on behalf of the Corporation, and (ii) any other person, firm, corporation or business organization with which the Corporation may do business during the Term, that (as to both (i) and (ii) above) is not in the public domain (and whether relating to methods, processes, techniques, discoveries, pricing, marketing or any other matters). "Inventions" collectively refers to any and all inventions, trade secrets, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, research, discoveries, developments, designs, and techniques regarding any of the foregoing.

(b) Confidentiality. (i) Executive hereby recognizes that the value of all trade secrets and other proprietary data and all other information of the Corporation not in the public domain disclosed by the Corporation in the course of her employment with the Corporation may be attributable substantially to the fact that such confidential information is maintained by the Corporation in strict confidentiality and secrecy and would be unavailable to others without the expenditure of substantial time, effort or money. Executive, therefore, except as provided in the next two sentences, covenants and agrees that all Corporation Information shall be kept secret and confidential at all times during the Term and for the five (5) year period after the end of the Term and shall not be used or divulged by her outside the scope of her employment as contemplated by her Agreement, except as the Corporation may otherwise expressly authorize by action of the Board. In the event that Executive is requested in a judicial, administrative or governmental proceeding to disclose any of the Corporation Information, Executive will promptly so notify the Corporation so that the Corporation may seek a protective order of other appropriate remedy and/or waive compliance with this Agreement. If disclosure of any of the Corporation Information is required, Executive may furnish the material so required to be furnished, but Executive will furnish only that portion of the Corporation Information that legally is required.

(ii) Executive also hereby agrees to keep the terms of this Agreement confidential to the same extent that the Corporation maintains such confidentiality (except with regard to any disclosure by the Corporation required under applicable securities laws).

(c) Ownership of Inventions, Patents and Technology. Executive hereby assigns to the Corporation all of Executive's rights (including patent rights, copyrights, trade secret rights, and all other rights throughout the world), title and interest in and to Inventions, whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by Executive, either alone or jointly with others, during the course of the performance of services for the Corporation. Executive shall also assign to, or as directed by, the Corporation, all of Executive's right, title and interest in and to any and all Inventions, the full title to which is required to be in the United States government of any of its agencies. The Corporation shall have all right, title and interest in all research and work product produced by Executive as an employee of the Corporation, including, but not limited to, all research materials and lab books.

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(d) Non-Competition Period Defined. "Non-Competition Period" means the period beginning at the end of the Term and ending one (1) year after the end of the Term.

(e) Covenants Regarding the Term and Non-Competition Period. Executive acknowledges and agrees that her services pursuant to this Agreement are unique and extraordinary; that the Corporation will be dependent upon Executive for research, development and marketing expertise; and that she will have access to and control of confidential information of the Corporation. Executive further acknowledges that the business of the Corporation is international in scope and cannot be confined to any particular geographic area. Executive further acknowledges that the scope and duration of the restrictions set forth in this Section 8(e) are reasonable in light of the specific nature and duration of the transactions contemplated by the Asset Purchase Agreement and the shares of Common Stock to be issued to her in connection with the liquidation and dissolution of Plexus pursuant to the terms of the Asset Purchase Agreement. For the foregoing reasons and to induce the Corporation to enter this Agreement, Executive covenants and agrees that, subject to Section 8(h), during the Term and the Non-Competition Period Executive shall not unless with written consent of the Corporation:

(i) engage in any business directly related to the research and development of the products or processes in which the Corporation is engaged in during the Term or in any other business conducted by the Corporation during the Term (collectively the "Prohibited Activity") in the World for her own account;

(ii) become interested in any individual, corporation, partnership or other business entity (a "Person") engaged in any Prohibited Activity in the world, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, employee, trustee, consultant or in any other relationship or capacity; provided, however, that Executive may own directly or indirectly, solely as an investment, securities of any Person which are traded on any national securities exchange if Executive (x) is not a controlling person of, or a member of a group which controls, such person or (y) does not, directly or indirectly, own 5% or more of any class of securities of such person; or

(iii) directly or indirectly hire, employ or retain any person who at any time during the last two months of the Term was an employee of the Corporation or directly or indirectly solicit, entice, induce or encourage any such person to become employed by any other person.

(f) Remedies. Executive hereby acknowledges that the covenants and agreements contained in Section 8 are reasonable and valid in all respects and that the Corporation is entering into this Agreement, inter alia, on such acknowledgement. If Executive breaches, or threatens to commit a breach, of any of the restrictive covenants set forth in this Agreement (the "Restrictive Covenants"), the Corporation shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Corporation under law or in equity: (i) the right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will

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cause irreparable injury to the Corporation and that money damages will not provide an adequate remedy to the Corporation; and (ii) the right and remedy to require Executive to account for and pay over to the Corporation such damages as are recoverable at law as the result of any transactions constituting a breach of any of the Restrictive Covenants.

(g) Jurisdiction. The parties intend to and hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such Covenants. If the courts of any one or more such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Corporation's right to the relief provided above in the courts of any other jurisdiction, within the geographical scope of such Covenants, as to breaches of such Covenants in such other respective jurisdiction such Covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.



(h) Executive's agreements and covenants under Section 8(e) shall automatically terminate if (i) the Corporation ends the Initial Term without Cause, (ii) Executive resigns for Good Reason as provided in Section 6(c) or (iii) the Initial Term expires on December 31, 2005 in accordance with the terms of this Agreement.

#### 9. Successors and Assigns.

(a) Executive. This Agreement is a personal contract, and the rights and interests that the Agreement accords to Executive may not be sold, transferred, assigned, pledged, encumbered, or hypothecated by her. All rights and benefits of Executive shall be for the sole personal benefit of Executive, and no other person shall acquire any right, title or interest under this Agreement by reason of any sale, assignment, transfer, claim or judgement or bankruptcy proceedings against Executive. Except as so provided, this Agreement shall inure to the benefit of and be binding upon Executive and her personal representatives, distributes and legatees.

(b) The Corporation. This Agreement shall be binding upon the Corporation and inure to the benefit of the Corporation and of its successors and assigns, including (but not limited to) any corporation that may acquire all or substantially all of the corporation's assets or business or into or with which the Corporation may be consolidated or merged. In the event that the Corporation sells all or substantially all of its assets, merges or consolidates, otherwise combines or affiliates with another business, dissolves and liquidates, or otherwise sells or disposes of substantially all of its assets and Executive does not elect to treat any such transaction as a termination by the Corporation without Cause pursuant to Section 7(c), then this Agreement shall continue in full force and effect. The Corporation's obligations under this Agreement shall cease, however, if the successor to, the purchaser or acquirer either of the Corporation or of all or substantially all of its assets, or the entity with which the Corporation has affiliated, shall assume in writing the Corporation's obligations under this Agreement (and deliver and executed copy of such assumption to Executive), in which case such successor or purchaser, but not the Corporation, shall thereafter be the only party obligated to perform the obligations that remain to be performed on the part of the Corporation under this Agreement.

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10. Entire Agreement. This Agreement represents the entire agreement between the parties concerning Executive's employment with the Corporation and supersedes all prior negotiations, discussions, understanding and agreements, whether written or oral, between Executive and the Corporation relating to the subject matter of this Agreement.

11. Amendment or Modification, Waiver. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing signed by Konatich and by a duly authorized officer of the Corporation. No waiver by any party to this Agreement or any breach by another party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

12. Notices. Any notice to be given under this Agreement shall be in writing and delivered personally or sent by overnight courier or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below, or to such other address of which such party subsequently may give notice in writing:

If to Executive:	Susan K. Burgess, Ph.D. 14321 Twin Peaks Road Poway, CA 92064
If to the Corporation:	SIGA Technologies, Inc. 420 Lexington Avenue Suite 601 New York, NY 10170 Fax: 212-697-3130 Attention: Thomas N. Konatich

with a copy to: Kramer Levin Naftalis & Frankel LLP

919 Third Avenue  
New York, NY 10022  
Attention: James A. Grayer, Esq.

Any notice delivered personally or by overnight courier shall be deemed given on the date delivered and any notice sent by registered or certified mail, postage prepaid, return receipt requested, shall be deemed given on the date mailed.

13. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable shall not be affected, and each provision of this Agreement shall be validated and shall be enforced to the fullest extent permitted by law. If for any reason any provision of this Agreement containing restrictions is held to cover an area or to be for a length of time that is unreasonable or in any other way is construed to be too broad or to any extent invalid, such provision shall not be determined to be entirely null, void and of no effect; instead, it is the intention and desire of both the Corporation and Executive that, to the extent that the provision is or would be valid or enforceable under applicable law, any court of

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competent jurisdiction shall construe and interpret or reform this Agreement to provide for a restriction having the maximum enforceable area, time period and such other constraints or conditions (although not greater than those contained currently contained in this Agreement) as shall be valid and enforceable under the applicable law.

14. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

15. Headings. All descriptive headings of sections and paragraphs in this Agreement are intended solely for convenience of reference, and no provision of this Agreement is to be construed by reference to the heading of any section or paragraph.

16. Withholding Taxes. All salary, benefits, reimbursements and any other payments to Executive under this Agreement shall be subject to all applicable payroll and withholding taxes and deductions required by any law, rule or regulation of and federal, state or local authority.

17. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together constitute one and same instrument.

18. Applicable Law; Arbitration. The validity, interpretation and enforcement of this Agreement and any amendments or modifications hereto shall be governed by the laws of the State of New York, as applied to a contract executed within and to be performed in such State. The parties agree that any disputes shall be definitively resolved by binding arbitration before in accordance with the Rules of the American Arbitration Association, with the arbitration hearing to be held in New York, New York. The parties hereby consent to the jurisdiction to the federal courts of the Southern District of New York or, if there shall be no jurisdiction, to the state courts located in New York County, New York, to enforce any arbitration award rendered with respect thereto. Each party shall choose one neutral arbitrator and the two neutral arbitrators shall choose a third neutral arbitrator. All costs and fees related to such arbitration (and judicial enforcement proceedings, if any) shall be borne and allocated by and between the parties as the arbitrators decide is appropriate, with the intent that the party who is the most unsuccessful should bear most (or all) of said costs and fees.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of

the date first written above.

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

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Thomas N. Konatich  
Chief Executive Officer and  
Chief Financial Officer

/s/ Susan K. Burgess

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Susan K. Burgess, Ph.D.

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EXHIBIT A

SIGA TECHNOLOGIES, INC.

Incentive Stock Option Agreement

Granting Date: May 23, 2003

To: Susan K. Burgess, Ph.D.:

We are pleased to notify you that SIGA TECHNOLOGIES, INC., a Delaware corporation (the "Corporation"), has granted to you (the "Holder") an incentive stock option (the "Option") under the Corporation's Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan") to purchase all or any part of an aggregate of 300,000 shares of Common Stock of the Corporation (the "Optioned Shares"), subject to the terms and conditions of this Agreement.

1. Vesting, Term and Exercise of Option. Subject to the provisions of this Agreement, this Option may be exercised for up to the number of vested Optioned Shares (subject to adjustment as provided in Section 6 hereof) by you on or prior to the tenth anniversary of the Granting Date ("Last Exercise Date") at an initial exercise price (the "Exercise Price") of \$1.81 per share (subject to adjustment as provided in Section 6 hereof) and all as subject to Plan and this Agreement. The Holder may exercise this Option according to the following vesting schedule: this Option shall become exercisable with respect to the first 100,000 Optioned Shares on May 23, 2003, with respect to the second 100,000 Optioned Shares on May 23, 2004 and with respect to the remaining 100,000 Optioned Shares on May 23, 2005. Any portion of the Option that you do not exercise shall accumulate and can be exercised by you any time prior to the Last Exercise Date. You may not exercise your Option to purchase a fractional share or fewer than 100 shares, and you may only exercise your Option by purchasing shares in increments of 100 shares unless the remaining shares purchasable are less than 100 shares.

This Option may be exercised by delivering to the Secretary of the Corporation (i) a written Notice of Intention to Exercise in the form attached hereto as Appendix A signed by you and specifying the number of Optioned Shares you desire to purchase, (ii) payment, in full, of the Exercise Price for all such Optioned Shares in cash, certified check, surrender of shares of Common Stock of the Corporation having a value equal to the exercise price of the Optioned Shares as to which you are exercising this Option, provided that such surrendered shares, if previously acquired by exercise of a Company stock option, have been held by you at least six months prior to their surrender, or by means of a brokered cashless exercise. As a holder of an option, you shall have the rights of a shareholder with respect to the Optioned Shares only after they shall have been issued to you upon the exercise of this Option. Subject to the terms and provisions of this Agreement and the Plan, the Corporation shall use its best efforts to cause the Optioned Shares to be issued as promptly as practicable after receipt of your Notice of Intention to Exercise.

2. Non-transferability of Option. This Option shall not be transferable and may be exercised during your lifetime only by you. Any purported transfer or assignment of this Option shall be void and of no effect, and shall give the Corporation the right to terminate this Option as of the date

of such purported transfer or assignment. No transfer of an Option by will

or by the laws of descent and distribution shall be effective unless the Corporation shall have been furnished with written notice thereof, and such other evidence as the Corporation may deem necessary to establish the validity of the transfer and conditions of the Option, and to establish compliance with any laws or regulations pertaining thereto.

3. Certain Rights and Restrictions With Respect to Common Stock. The Optioned Shares which you may acquire upon the exercise of this Option will not be registered under the Securities Act of 1933, as amended, or under state securities laws and the resale by you of such Optioned Shares will, therefore, be restricted. You will be unable to transfer such Optioned Shares without either registration under such Act and compliance with applicable state securities laws or the availability of an exemption therefrom. Accordingly, you represent and warrant to the Corporation that all shares of Common Stock you may acquire upon the exercise of this Option will be acquired by you for your own account for investment and that you will not sell or otherwise dispose of any such shares except in compliance with all applicable federal and state securities laws. The Corporation may place a legend to such effect upon each certificate representing Optioned Shares acquired by you upon the exercise of this Option.

4. Disputes. Any dispute which may arise under or as a result of or pursuant to this Agreement shall be finally and conclusively determined in good faith by the Board of Directors of the Corporation in its sole discretion, and such determination shall be binding upon all parties.

#### 5. Termination of Status.

(a) This Option is a separate incentive and not in lieu of salary or other compensation. The Optioned Shares do not vest you with any right to employment with the Corporation, nor is the Corporation's right to terminate your employment in any way restricted by this Agreement. Subject to the following provisions of this Section 5, the Option will terminate upon and will not be exercisable after termination of your employment with the Corporation ("Employment Termination Date"). If your employment with the Corporation is terminated for any reason other than death or disability, this Option may not be exercised after the earlier of (i) ninety (90) days from the Employment Termination Date or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date.

(b) If you die while this Option is exercisable, or within a period of three months after the Employment Termination Date, the Option may be exercised by the duly authorized executor of your last will or by the duly authorized administrator of your estate, but may not be exercised after the earlier of (i) one year from the date of your death or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the date of your death.

(c) If your employment is terminated as a result of your permanent disability, this Option may not be exercised after the earlier of (i) one year from the Employment Termination Date, or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date.

If you die after the date your employment is terminated under the provisions of this Section 5(c) but before the Expiration Date, the provisions of Section 5(b) above shall apply.

Permanent disability shall mean a disability described in Section 422(c)(6) of the Code. The existence of a Disability shall be determined by the Committee in its absolute discretion.

6. Adjustments to Exercise Price and Number of Securities. If the Corporation shall at any time subdivide or combine the outstanding shares of Common Stock, or similar corporate events the Exercise Price and the number of shares subject to the Option shall be appropriately adjusted.

#### 7. Reservation and Listing of Securities. The Corporation shall at

all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of this Option, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Corporation covenants and agrees that, upon exercise of this Option and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Option shall be outstanding, the Corporation shall use its best efforts to cause all shares of Common Stock issuable upon the exercise of the Option to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock may then be listed and/or quoted on NASDAQ.

8. Forfeiture of Option Gains. If at any time within one year after the exercise of all or any portion of the Option the Committee determines that the Corporation has been materially harmed by you, which harm either (a) results in your being terminated for Cause or (b) results from your engaging in any activity determined by the Committee, in its sole discretion, to be in competition with any activity of the Corporation, or otherwise inimical, contrary or harmful to the interests of the Corporation (including, but not limited to, violating any non-competition or similar agreements entered into with the Corporation or otherwise accepting employment with or serving as a consultant, adviser or in any other capacity to an entity that is in competition with or acting against the interests of the Corporation), then upon notice from the Corporation to you any gain ("Gain") realized by you upon exercising such Option shall be paid by you to the Corporation. For purposes of this Section 7, such Gain shall be the excess of the Fair Market Value of the shares of Company Stock obtained through such exercise as of the date of option exercise over the purchase price of such shares. The Corporation shall have the right to offset such Gain against any amounts otherwise owed to you by the Corporation (including, but not limited to wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement).

9. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) If to the registered Holder of this Option, to the address of the Holder as shown on the books of the Corporation; or

(b) If to the Corporation, to 420 Lexington Avenue, Suite 601, New York, NY 10017, or to such other address as the Corporation may designate by notice to the Holders.

10. Supplements and Amendments. The Corporation and the Holder may from time to time supplement or amend this Agreement in any respect, provided, however, that no amendment may adversely affect your rights hereunder without your written consent.

11. Successors. All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Corporation, the Holder and their respective successors and assigns hereunder.

12. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of the State of New York without giving effect to the rules of the State of New York governing the conflicts of laws.

13. Entire Agreement; Modification. This Agreement, together with the Asset Purchase Agreement, including all schedules and exhibits hereto and thereto, contains the entire understanding between the parties hereto with respect to the subject matter hereof.

14. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

15. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

16. Benefits of this Agreement. Nothing in this Agreement shall be

construed to give to any person or corporation other than the Corporation and the registered Holder of this Option any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Corporation and the Holder.

17. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

[Signature page follows immediately]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be dully executed, as of the day and year first written.

SIGA TECHNOLOGIES, INC.

By:

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Name: Thomas N. Konatich  
Title: Acting Chief Executive  
Officer and Chief Financial  
Officer

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Susan K. Burgess, Ph.D.

#### Appendix A

##### NOTICE OF INTENTION TO EXERCISE STOCK OPTIONS

The undersigned grantee of a SIGA Technologies, Inc. Stock Option Agreement dated as of \_\_\_\_\_ to purchase \_\_\_\_\_ shares of common stock, par value \$.0001 per share, of SIGA Technologies, Inc. ("Common Stock") hereby gives notice of her or her intention to exercise the Stock Option (or a portion thereof) and elects to purchase shares of Common Stock.

Shares should be issued in the name of the undersigned and should be sent to the undersigned at:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_.

Social Security Number: \_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_  
Signature

INSTRUCTIONS: The exercise of these Stock Options is effective on the date SIGA Technologies, Inc. has received (1) this Notice of Intention to Exercise Stock Options, and (2) payment in full in cash of the exercise price for all shares being purchased pursuant to this Notice.