

UNITED STATES  
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) August 13, 2003  
  
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SIGA Technologies, Inc.  
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(Exact Name of Registrant as Specified in Charter)

Delaware  
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0-23047  
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13-3864870  
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(State or other Jurisdiction  
of  
Incorporation or Organization)

(Commission File  
Number)

(I.R.S. Employer  
Identification Number)

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

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

ITEM 5. Other Events and Required FD Disclosure.  
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On August 13, 2003 (the "Effective Date"), SIGA Technologies, Inc., a Delaware corporation ("SIGA"), entered into a definitive purchase agreement (the "Agreement") with MacAndrews & Forbes Holdings Inc., a Delaware corporation ("MacAndrews & Forbes"), pursuant to which MacAndrews & Forbes invested \$1,000,000 in SIGA in exchange for an aggregate of 694,444 shares of common stock, par value \$.0001 per share, of SIGA ("Common Stock") at a price of \$1.44 per share and warrants to purchase an additional 347,222 shares of Common Stock at an exercise price of \$2.00 per share. Pursuant to the Agreement, MacAndrews & Forbes was also granted an option, exercisable through October 13, 2003, and, if required, subject to shareholder approval, to make additional investments in SIGA of up to \$9,000,000 in exchange for up to an additional 6,250,000 shares of Common Stock and warrants to purchase up to an additional 3,125,000 shares of Common Stock on the same terms. SIGA has agreed to register the shares of Common Stock and the shares of Common Stock underlying the warrants, issued to MacAndrews & Forbes, 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 MacAndrews & Forbes. SIGA anticipates using funds from these investments for research and development, the pursuit of growth opportunities and general corporate purposes.

The description of the transactions contemplated by the Agreement 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.

ITEM 7. Financial Statements and Exhibits  
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(c) Exhibits

Exhibit No. -----	Description -----
4(k)	Form of Warrant, dated as of August 13, 2003, between SIGA Technologies, Inc. and MacAndrews & Forbes Holdings Inc.
4(l)	Registration Rights Agreement, dated as of August 13, 2003, between SIGA Technologies, Inc. and MacAndrews & Forbes Holdings Inc.
10(fff)	Securities Purchase Agreement, dated as of August 13, 2003, between SIGA Technologies, Inc. and MacAndrews & Forbes Holdings Inc.
99.1	Press Release dated August 14, 2003.

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 hereunto duly authorized.

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich  
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Thomas N. Konatich  
Acting Chief Executive Officer and  
Chief Financial Officer

Date: August 18, 2003

# EXHIBIT INDEX

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THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY OTHER SECURITIES LAWS, AND SUCH SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNDER SAID ACT AND LAWS OR AN EXEMPTION THEREFROM.

SIGA TECHNOLOGIES, INC.

COMMON STOCK PURCHASE WARRANT

1. Issuance; Certain Definitions.

1.1 In consideration of good and valuable consideration, the receipt of which is hereby acknowledged by SIGA TECHNOLOGIES, INC., a Delaware corporation (the "Company"), MacAndrews & Forbes Holdings Inc., a Delaware corporation, or its registered assigns, is hereby granted the right to purchase at any time until 5:00 P.M., New York City time, on the Expiration Date, \_\_\_\_ fully paid and nonassessable shares of Common Stock, at an initial exercise price per share (the "Exercise Price") of \$2.00 per share, subject to adjustment as set forth herein. The shares of Common Stock issued upon exercise of this Warrant, as adjusted from time to time pursuant to Section 6 hereof, are referred to as "Warrant Shares." This Warrant is being issued pursuant to the terms and conditions of the Purchase Agreement.

1.2 As used in this Warrant, the following terms have the respective meanings set forth below:

"Affiliate" means, with respect to any specified Person, (i) any other Person 50% or more of whose Outstanding voting securities are directly or indirectly owned, controlled or held with the power to vote by such specified Person or (ii) any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person by virtue of ownership of voting securities, by contract or otherwise.

"Appraisal Procedure" means the following procedure to determine the fair market value, as to any security, for purposes of the definition of "Fair Market Value" or the fair market value, as to any other property (in either case, the "Valuation Amount"). The Valuation Amount shall be determined in good faith jointly by the Board of Directors and the Holder; provided, however, that if such parties are not able to agree on the Valuation Amount within a reasonable period of time (not to exceed 20 Business Days) the Valuation Amount shall be determined by an investment banking firm of national reputation, which firm shall be reasonably acceptable to the Board of Directors and the Holder. If the Board of Directors and the Holder are unable to agree upon an acceptable investment banking firm within 10 days after the date either party proposed that one be selected, the investment banking firm

will be selected by an arbitrator located in New York City, New York, selected by the American Arbitration Association (or if such organization ceases to exist, the arbitrator shall be chosen by a court of competent jurisdiction). The arbitrator shall select the investment banking firm (within 10 days of his appointment) from a list, jointly prepared by the Board of Directors and the Holder, of not more than six investment banking firms of national reputation in the United States, of which no more than three may be named by the Board of Directors and no more than three may be named by the Holder. The arbitrator may consider, within the 10-day period allotted, arguments from the parties regarding which investment banking firm to choose, but the selection by the arbitrator shall be made in its sole discretion from the list of six. The Board of Directors and the Holder shall submit their respective valuations and other relevant data to the investment banking firm, and the investment banking firm shall, within 30 days of its appointment, make its own determination of the Valuation Amount. The determination of the final Valuation Amount by such investment banking firm shall be final and binding upon the parties. The Company shall pay all of the fees and expenses of the investment banking firm and arbitrator (if any) used to determine the Valuation Amount. If required by any such investment banking firm or arbitrator, the Company shall execute a retainer and engagement letter containing reasonable terms and conditions, including, without limitation, customary provisions concerning the rights of indemnification and contribution by the Company in favor of such investment

banking firm or arbitrator and its officers, directors, partners, employees, agents and Affiliates.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day that is not a Saturday or Sunday or a day on which banks are required or permitted to be closed in the State of New York.

"Common Stock" means the Common Stock of the Company, par value \$0.0001 per share, as constituted on the Original Issue Date, and any capital stock into which such Common Stock may thereafter be changed, and shall also include (i) capital stock of the Company of any other class (regardless of how denominated) issued to the holders of shares of any Common Stock upon any reclassification thereof which is not preferred as to dividends or liquidation over any other class of stock of the Company and which is not subject to redemption and (ii) shares of common stock of any successor or acquiring corporation received by or distributed to the holders of Common Stock of the Company in the circumstances contemplated by Section 6.5 hereof.

"Company" has the meaning assigned to it in Section 1.1 hereof.

"Designated Office" has the meaning assigned to it in Section 11.2 hereof.

"Excluded Stock" has the meaning assigned to it in Section 6.10 hereof.

"Exercise Date" has the meaning assigned to it Section 2.1(a) hereof.

"Exercise Price" means, in respect of a share of Common Stock at any date herein specified, the initial Exercise Price set forth in Section 1.1 hereof, as adjusted from time to time pursuant to Section 6 hereof.

"Expiration Date" means August 13, 2010.

"Fair Market Value" means, as to any security, the Twenty Day Average of the average closing prices of such security's sales on all domestic securities exchanges on which such security may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed, the average of the representative bid and asked prices quoted on The Nasdaq SmallCap Market as of 4:00 P.M., New York City time, on such day, or, if on any day such security is not quoted on The Nasdaq SmallCap Market, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar or successor organization (and in each such case excluding any trades that are not bona fide, arm's length transactions). If at any time such security is not listed on any domestic securities exchange or quoted on The Nasdaq National Market or the domestic over-the-counter market, the "Fair Market Value" of such security shall be the fair market value thereof as determined in accordance with the Appraisal Procedure, using any appropriate valuation method, assuming an arms-length sale to an independent party.

"Form of Assignment" has the meaning assigned to it in Section 4.1 hereof.

"Governmental Entity" means any national, federal, state, municipal, local, territorial, foreign or other government or any department, commission, board, bureau, agency, regulatory authority or instrumentality thereof, or any court, judicial, administrative or arbitral body or public or private tribunal.

"Holder" means (a) with respect to this Warrant, the Person in whose name the Warrant set forth herein is registered on the books of the Company maintained for such purpose and (b) with respect to any other Warrant or Warrant Shares, the Person in whose name such Warrant or Warrant Shares is registered on the books of the Company maintained for such purpose.

"Lien" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the Uniform Commercial Code or comparable law of any jurisdiction).

"Notice of Exercise" has the meaning assigned to it in Section 2.1(a) hereof.

"Original Issue Date" means August 13, 2003.

"Original Warrants" means the Warrants originally issued by the Company on August 13, 2003, pursuant to the Purchase Agreement.

"Outstanding" means, (a) when used with reference to Common Stock, at any date as of which the number of shares thereof is to be determined, all issued shares of Common

Stock, except shares then owned or held by or for the account of the Company or any Subsidiary, and shall include all shares issuable in respect of Outstanding scrip or any certificates representing fractional interests in shares of Common Stock and (b) when used with reference to Warrants, at any date as of which the number thereof is to be determined, all issued Warrants.

"Permitted Transferee" means (i) any Affiliate of the Holder, including, without limitation, directors, executives and officers of the Holder, (ii) any member of the family of any Affiliate of the Holder, including any such Person's spouse and descendants and any trust, partnership, corporation, limited liability company or other entity for the benefit of such spouse and/or descendants to whom or which any of the Securities have been transferred by any such Person for estate or tax planning purposes, (iii) any charity or foundation to which the Securities have been transferred by the Holder or any Person or entity described in clause (i) or (ii) above for estate or tax planning or charitable purposes, or (iv) the beneficiary of any bona fide pledge by the Holder of any of the Securities.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, incorporated organization, association, corporation, institution, Governmental Entity or any other entity.

"Purchase Agreement" means the Securities Purchase Agreement by and between the Company and MacAndrews & Forbes Holdings Inc., dated August 13, 2003.

"Registration Rights Agreement" means the Registration Rights Agreement by and between the Company and MacAndrews & Forbes Holdings Inc., dated August 13, 2003.

"Reserved Spin Off Securities" has the meaning assigned to it in Section 6.2 hereof.

"SEC" means the U.S. Securities and Exchange Commission or any other federal agency then administering the Securities Act and other federal securities laws.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time.

"Spin Off Securities" has the meaning assigned to it in Section 6.2 hereof.

"Subsidiary" means, with respect to any Person, any corporation, association trust, limited liability company, partnership, joint venture or other business association or entity (i) at least 50% of the Outstanding voting securities of which are at the time owned or controlled directly or indirectly by such Person or (ii) with respect to which the Company possesses, directly or indirectly, the power to direct or cause the direction of the affairs or management of such Person.

"Transfer" means any disposition of any Warrant or Warrant Shares or of any interest therein, which would constitute a "sale" thereof within the meaning of the Securities Act.

"Twenty Day Average" means, with respect to any prices and in connection with the calculation of Fair Market Value, the average of such prices over the 20 Business Days



ending on the Business Day immediately prior to the day as of which Fair Market Value is being determined.

"Warrant Price" means an amount equal to (i) the number of Warrant Shares being purchased upon exercise of this Warrant pursuant to Sections 1 and 2 hereof, multiplied by (ii) the Exercise Price.

"Warrant Shares" has the meaning assigned to it in Section 1.1 hereof.

"Warrants" means the Original Warrants and all Warrants issued upon transfer, division or combination of, or in substitution for, the Original Warrants, or any other such Warrant subsequently issued to the Holder. All Warrants shall at all times be identical as to terms and conditions, except as to the Warrant Shares for which they may be exercised and their date of issuance.

2. Exercise of Warrants.  
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2.1 Manner of Exercise.  
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(a) This Warrant is exercisable in whole or in part at any time and from time to time on any Business Day from and after the Original Issue Date and at any time until 5:00 P.M., New York time, on the Expiration Date. Such exercise shall be effectuated by submitting to the Company at its Designated Office (i) a completed and duly executed written notice of the Holder's election to exercise this Warrant (a "Notice of Exercise") (substantially in the form attached to this Warrant as Annex A) indicating the Warrant Shares then being purchased pursuant to such exercise, together with this Warrant and (ii) payment to the Company of the Warrant Price. The date on which such delivery and payment shall have taken place being sometimes referred to as the "Exercise Date."

(b) Upon receipt by the Company of such Notice of Exercise, surrender of this Warrant and payment of the Warrant Price (in accordance with Section 2.1(c) hereof), the Holder shall be entitled to receive as promptly as practicable, and in any event within five Business Days thereafter, a certificate or certificates for Warrant Shares so purchased in such denomination or denominations as the exercising Holder shall reasonably request in the Notice of Exercise, registered in the name of the Holder or, subject to Section 4 hereof, such other name as shall be designated in the Notice of Exercise, together with cash in lieu of any fraction of a share, as provided in Section 2.3 hereof. If this Warrant shall have been exercised in part, the Company shall, at the time of delivery of the certificate or certificates representing the Warrant Shares being issued, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the remaining Warrant Shares underlying this Warrant. Such new Warrant shall in all other respects be identical to this Warrant. This Warrant shall be deemed to have been exercised and such certificate or certificates of Warrant Shares shall be deemed to have been issued, and the Holder or any other Person so designated to be named therein shall be deemed to have become a holder of record of such Warrant Shares for all purposes, as of the Exercise Date.

(c) Payment of the Warrant Price shall be made at the option of the Holder by one or more of the following methods: (i) by delivery of a certified or official bank

check or by wire transfer of immediately available funds in the amount of such Warrant Price payable to the order of the Company, (ii) by instructing the Company to withhold a number of Warrant Shares then issuable upon exercise of this Warrant with an aggregate Fair Market Value equal to such Warrant Price, (iii) by surrendering to the Company shares of Common Stock previously acquired by the Holder with an aggregate Fair Market Value equal to such Warrant Price, or (iv) any combination of the foregoing. In the event of any withholding of Warrant Shares or surrender of Common Stock pursuant to clause (ii), (iii) or (iv) above where the number of shares whose Fair Market Value is equal to the Warrant Price is not a whole number, the number of shares withheld by or surrendered to the Company shall be rounded up to the nearest whole share and the Company shall make a cash payment to the Holder based on the incremental fraction of a share being so withheld by or surrendered to the Company in an amount determined in accordance with Section 2.3 hereof.

2.2 Payment of Taxes. All Warrant Shares issuable upon the exercise of this Warrant pursuant to the terms hereof shall be validly issued, fully paid and nonassessable, issued without violation of any preemptive or similar rights of any stockholder of the Company and free and clear of all Liens. The Company shall pay all expenses in connection with, and all taxes and other governmental charges that may be imposed with respect to, the issue or delivery thereof. The Company shall not, however, be required to pay any tax or governmental charge which may be issuable upon exercise of this Warrant payable in respect of any Transfer involved in the issue and delivery of Warrant Shares in a name other than that of the holder of the Warrants to be exercised, and no such issue or delivery shall be made unless and until the Person requesting such issue has paid to the Company the amount of any such tax, or has established to the satisfaction of the Company that such tax has been paid.

2.3 Fractional Shares. The Company shall not be required to issue a fractional share of Common Stock upon exercise of any Warrant. As to any fraction of a share that the Holder of one or more Warrants, the rights under which are exercised in the same transaction, would otherwise be entitled to purchase upon such exercise, the Company shall pay to such Holder an amount in cash equal to such fraction multiplied by the Fair Market Value of one share of Common Stock on the Exercise Date.

3. Reservation and Authorization of Common Stock. The Company shall at all times during the term of this Warrant reserve 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. Before taking any action that would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction over such action. If any Warrant Shares required to be reserved for issuance upon exercise of Warrants require registration or qualification with any Governmental Entity (other than under the Securities Act or any state securities law) before such shares may be so issued, the Company will in good faith and as expeditiously as possible and at its expense endeavor to cause such shares to be duly registered. Before taking any action that would cause an adjustment reducing the Exercise Price below the then par value (if any) of the shares of Common Stock deliverable upon exercise of the Warrant or that would cause the

number of Warrant Shares issuable upon exercise of the Warrant to exceed (when taken together with all other Outstanding shares of Common Stock) the number of Warrant Shares that the Company is authorized to issue, the Company will take any corporate action that, in the opinion of its counsel, is necessary in order that the Company may validly and legally issue the full number of fully paid and non-assessable shares of Common Stock issuable upon exercise of the Warrant at such adjusted exercise price.

4. Transfer, Assignment, Division, Combination, Mutilation or Loss of Warrant.

4.1 Transfer or Assignment of Warrant. Subject to the limitations set forth in Section 7 hereof, upon (a) surrender of this Warrant to the Company at its Designated Office accompanied by a Form of Assignment annexed hereto as Annex B (each, a "Form of Assignment") duly executed and funds sufficient to pay any applicable transfer tax, and (b) delivery of an opinion of counsel to the Holder reasonably satisfactory to the Company to the effect that, in the opinion of such counsel, the transfer is exempt from the registration requirements of the Securities Act (provided that no such opinion shall be required in the event of a Transfer to a Permitted Transferee), the Company shall, without charge, execute and deliver a new Warrant registered in the name of the assignee named in the Form of Assignment at the address, and evidencing the right to purchase the shares of Common Stock, specified in the Form of Assignment, and the Warrant represented by this Warrant shall promptly be cancelled.

4.2 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.

4.3 Division and Combination. Subject to compliance with the applicable provisions of this Warrant, this Warrant may be divided or combined with other Warrants upon presentation hereof at the Designated Office, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with the applicable provisions of this Warrant as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice.

4.4 Expenses. The Company shall prepare, issue and deliver at its own expense any new Warrant or Warrants required to be issued hereunder.

4.5 Maintenance of Books. The Company agrees to maintain, at the Designated Office, books for the registration and transfer of the Warrants.

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.  
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6.1 Adjustment of Number of Shares Purchasable. Upon any adjustment of the Exercise Price as provided in Sections 6.3 through 6.6 hereof, the Holders of the Warrants shall thereafter be entitled to purchase upon the exercise thereof, at the Exercise Price resulting from such adjustment, the number of shares of Common Stock (calculated to the nearest 1/100th of a share) obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of shares of Common Stock issuable on the exercise hereof immediately prior to such adjustment and dividing the product thereof by the Exercise Price resulting from such adjustment.

6.2 Adjustment Upon Spin Off. If, at any time or from time to time after the Original Issue Date, the Company shall spin off or otherwise divest itself of a part of its business or operations or dispose of all or of a part of its assets in a transaction in which the Company does not 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 the Company shall cause (i) to be reserved a number of Spin Off Securities (the "Reserved Spin Off Securities") equal to the number of Spin Off Securities that would have been issued to the Holder had all of the Holder's Outstanding Warrants on the record date for determining the number of Spin Off Securities to be issued to stockholders of the Company been exercised as of the close of business on the trading day immediately before such record date, and (ii) to be issued to the Holder on the exercise of all or any of the Outstanding Warrants, a number of Reserved Spin Off Securities equal to (x) the Reserved Spin Off Securities multiplied by (y) a fraction, the numerator of which shall be the amount of the Outstanding Warrants then being exercised, and the denominator of which shall be the amount of the Outstanding Warrants.

6.3 Upon Stock Dividends, Subdivisions or Splits. If, at any time or from time to time after the Original Issue Date, the number of shares of Common Stock Outstanding is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split-up of shares of Common Stock, then, following the record date for the determination of holders of Common Stock entitled to receive such stock dividend, or to be affected by such subdivision or split-up, the Exercise Price shall be appropriately decreased by multiplying the Exercise Price by a fraction, the numerator of which is the number of shares of Common Stock Outstanding immediately prior to, and the denominator of which is the number of shares of Common Stock Outstanding immediately after, such increase in Outstanding shares.

6.4 Upon Combinations or Reverse Stock Splits. If, at any time or from time to time after the Original Issue Date, the number of shares of Common Stock Outstanding is decreased by a combination or reverse stock split of the Outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, following the record date to determine shares affected by such combination or reverse stock split, the Exercise Price shall be appropriately increased by multiplying the Exercise Price by a

fraction, the numerator of which is the number of shares of Common Stock Outstanding immediately prior to, and the denominator of which is the number of shares of Common Stock Outstanding immediately after, such decrease in Outstanding shares.

6.5 Upon Reclassifications, Reorganizations, Consolidations or Mergers. If, at any time or from time to time after the Original Issue Date, there is any capital reorganization of the Company, any reclassification of the stock of the Company (other than a change in par value or from par value to no par value or from no par value to par value or as a result of a stock dividend or subdivision, split-up or combination of shares), or any consolidation or merger of the Company with or into another Person (where the Company is not the surviving Person or where there is a change in or distribution with respect to the Common Stock), each Warrant shall after such reorganization, reclassification, consolidation, or merger be exercisable for the kind and number of shares of stock or other securities or property of the Company or of the successor Person resulting from such consolidation or surviving such merger, if any, to which the holder of the Warrant Shares deliverable (immediately prior to the time of such reorganization, reclassification, consolidation or merger) upon exercise of such Warrant would have been entitled upon such reorganization, reclassification, consolidation or merger. The provisions of this clause shall similarly apply to successive reorganizations, reclassifications, consolidations, or mergers. The Company shall not effect any such reorganization, reclassification, consolidation or merger unless, prior to the consummation thereof, the successor Person (if other than the Company) resulting from such reorganization, reclassification, consolidation or merger, shall assume, by written instrument, the obligation to deliver to the Holders of the Warrant such shares of stock, securities or assets, which, in accordance with the foregoing provisions, such Holders shall be entitled to receive upon such conversion.

6.6 Upon Issuance of Common Stock. If, at any time or from time to time after the Original Issue Date, the Company shall issue any shares of Common Stock, options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock, or options to purchase or rights to subscribe for such convertible or exchangeable securities, other than Excluded Stock, without consideration or for consideration per share less than either (x) the Exercise Price in effect immediately prior to such issuance or (y) the Fair Market Value per share of the Common Stock immediately prior to such issuance, then such Exercise Price shall forthwith be lowered to a price equal to the price obtained by multiplying:

(i) the Exercise Price in effect immediately prior to the issuance of such Common Stock, options, rights or securities by

(ii) a fraction of which (x) the numerator shall be the sum of (A) the number of shares of Common Stock Outstanding on a fully-diluted basis immediately prior to such issuance and (B) the number of additional shares of Common Stock which the aggregate consideration for the number of shares of Common Stock so offered would purchase at the greater of the Exercise Price in effect immediately prior to such issuance or the Fair Market Value per share of Common Stock and (y) the denominator shall be the

number of shares of Common Stock Outstanding on a fully-diluted basis immediately after such issuance.

6.7 Provisions Applicable to Adjustments. For purposes of any adjustment of the Exercise Price pursuant to Section 6.6 hereof, the following provisions shall be applicable:

(i) In the case of the issuance of Common Stock for cash in a public offering or private placement, the consideration shall be deemed to be the amount of cash paid therefor before deducting therefrom any discounts, commissions or placement fees payable by the Company to any underwriter or placement agent in connection with the issuance and sale thereof.

(ii) In the case of the issuance of Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the Valuation Amount as determined in accordance with the Appraisal Procedure.

(iii) In the case of the issuance of options to purchase or rights to subscribe for Common Stock, securities by their terms convertible into or exchangeable for Common Stock, or options to purchase or rights to subscribe for such convertible or exchangeable securities (except for options to acquire Excluded Stock):

(A) the aggregate maximum number of shares of Common Stock deliverable upon exercise of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration (determined in the manner provided in subparagraphs (i) and (ii) above), if any, received by the Company upon the issuance of such options or rights plus the minimum purchase price provided in such options or rights for the Common Stock covered thereby;

(B) the aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities, options, or rights were issued and for a consideration equal to the consideration received by the Company for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the minimum additional consideration,

if any, to be received by the Company upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration in each case to be determined in the manner provided in paragraphs (i) and (ii) above);

(C) on any change in the number of shares or exercise price of Common Stock deliverable upon exercise of any such options or rights or conversions of or exchanges for such securities, other than a change resulting from the anti-dilution provisions thereof, the Exercise Price shall forthwith be readjusted to such Exercise Price as would have been obtained had the adjustment made upon the issuance of such options, rights or securities not converted prior to such change or options or rights related to such securities not converted prior to such change been made upon the basis of such change;

(D) upon the expiration of any options to purchase or rights to subscribe for Common Stock which shall not have been exercised, the Exercise Price computed upon the issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if the only additional shares of Common Stock issued were the shares of Common Stock, if any, actually issued upon the exercise of such options to purchase or rights to subscribe for Common Stock, and the consideration received therefor was the consideration actually received by the Company for the issue of the options to purchase or rights to subscribe for Common Stock that were exercised, plus the consideration actually received by the Company upon such exercise; and

(E) no further adjustment of the Exercise Price adjusted upon the issuance of any such options, rights, convertible securities or exchangeable securities shall be made as a result of the actual issuance of Common Stock on the exercise of any such rights or options or any conversion or exchange of any such securities.

6.8 Deferral in Certain Circumstances. In any case in which the provisions of this Section 6 shall require that an adjustment shall become effective immediately after a record date of an event, the Company may defer until the occurrence of such event (a) issuing to the Holder of any Warrant exercised after such record date and before the occurrence of such event the shares of capital stock issuable upon such exercise by reason of the adjustment required by such event and issuing to such Holder only the shares of

capital stock issuable upon such exercise before giving effect to such adjustments, and (b) paying to such Holder any amount in cash in lieu of a fractional share of capital stock pursuant to Section 2.3 above; provided, however, that the Company shall deliver to such Holder an appropriate instrument or due bills evidencing such Holder's right to receive such additional shares or such cash.

6.9 Appraisal Procedure. In any case in which the provisions of this Section 6 shall necessitate that the Appraisal Procedure be utilized for purposes of determining an adjustment to the Exercise Price, the Company may defer until the completion of the Appraisal Procedure and the determination of the adjustment (a) issuing to the Holder of any Warrant exercised after the date of the event that requires the adjustment and before completion of the Appraisal Procedure and the determination of the adjustment, the shares of capital stock issuable upon such exercise by reason of the adjustment required by such event and issuing to such Holder only the shares of capital stock issuable upon such exercise before giving effect to such adjustment and (b) paying to such Holder any amount in cash in lieu of a fractional share of capital stock pursuant to Section 2.3 above; provided, however, that the Company shall deliver to such Holder an appropriate instrument or due bills evidencing such Holder's right to receive such additional shares or such cash.

6.10 Exceptions. This Section 6 shall not apply to (a) securities offered to the public pursuant to a public offering; (b) securities issued to employees or directors of the Company pursuant to an employee stock option plan or stock incentive plan approved by the Board of Directors; or (c) securities Outstanding as of the date hereof (provided that the terms of such securities will not be modified in any manner following the date hereof) (collectively, "Excluded Stock").

6.11 Notice of Adjustment of Exercise Price. Whenever the Exercise Price is adjusted as herein provided:

(i) the Company shall compute the adjusted Exercise Price in accordance with this Section 6 and shall prepare a certificate signed by the treasurer or chief financial officer of the Company setting forth the adjusted Exercise Price and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be filed at each Designated Office; and

(ii) a notice stating that the Exercise Price has been adjusted and setting forth the adjusted Exercise Price shall forthwith be prepared by the Company and mailed to all Holders at their last addresses as they shall appear in the warrant register.

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

7.1 Transfer. This Warrant has not been registered under the Securities 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 Securities Act relating to such security or an opinion of counsel satisfactory to the Company that registration is not required under the Securities Act; provided, that, no registration statement or opinion of counsel shall be required in the event of a Transfer to a Permitted Transferee. Each 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 substantially the following form by which the Holder (and any transferee thereof) shall be bound:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY OTHER SECURITIES LAWS, AND SUCH SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNDER SAID ACT AND LAWS OR AN EXEMPTION THEREFROM.

7.2 Registration Rights. Reference is made to 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 limited to, the Company's commitment to file registration statements 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. Notice Of Corporate Actions; Taking Of Record; Transfer Books.

##### 8.1 Notices of Corporate Actions. In case:

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(a) of the Company granting to all of the holders of its Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class; or

(b) of any reclassification of the Common Stock (other than a subdivision or combination of the Outstanding shares of Common Stock), or of any consolidation, merger or share exchange to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(c) of the voluntary or involuntary dissolution, liquidation or winding up of the Company; or

(d) of the commencement by the Company or any Subsidiary of a tender offer for all or a portion of the Outstanding shares of Common Stock (or the amending of any such tender offer to change the maximum number of shares being sought or the amount or type of consideration being offered therefor);

then the Company shall cause to be filed at each office or agency maintained for such purpose, and shall cause to be mailed to all Holders at their last addresses as they shall appear in the warrant register, at least 30 days prior to the applicable record, effective or expiration date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or granting of rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record who will be entitled to such dividend, distribution, rights or warrants are to be determined, (y) the date on which such reclassification, consolidation, merger, share exchange, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, share exchange, sale, transfer, dissolution, liquidation or winding up, or (z) the date on which such tender offer commenced, the date on which such tender offer is scheduled to expire unless extended, the consideration offered and the other material terms thereof (or the material terms of the amendment thereto). Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action on the Exercise Price and the number and kind or class of shares or other securities or property which shall be deliverable or purchasable upon the occurrence of such action or deliverable upon exercise of the Warrants. Neither the failure to give any such notice nor any defect therein shall affect the legality or validity of any action described in clauses (a) through (d) of this Section 8.1.

8.2 Taking of Record. In the case of all dividends or other distributions by the Company to the holders of its Common Stock with respect to which any provision of hereof refers to the taking of a record of such holders, the Company will in each such case take such a record and will take such record as of the close of business on a Business Day.

8.3 Closing of Transfer Books. The Company shall not at any time, except upon dissolution, liquidation or winding up of the Company, close its stock transfer books or Warrant transfer books so as to result in preventing or delaying the exercise or transfer of any Warrant.

9. 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 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, New York 10170  
Attention: Thomas N. Konatich

Telephone No.: (212) 672-9100  
Facsimile No.: (212) 697-3130

with a copy (which shall not constitute notice) to:

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

(ii) if to the Holder, to:

MacAndrews & Forbes Holdings Inc.  
35 East 62nd Street  
New York, New York 10021  
Attention: Barry F. Schwartz, Esq.  
Facsimile No.: (212) 572-8435

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10035  
Attention: Franklin M. Gittes, Esq. and  
Alan C. Myers, Esq.  
Facsimile No.: (212) 735-2000

Any party may be given notice in accordance with this Section 9, unless such party designates another address or person for receipt of notice hereunder.

10. No Impairment; Regulatory Compliance And Cooperation; Notice Of Expiration. The Company shall not by any action, including, without limitation, amending its charter documents or through any reorganization, reclassification, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other similar voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of the Holder against impairment.

11. Miscellaneous.

11.1 Successors and Assigns. This Warrant shall inure to the benefit of and be binding upon the successors and assigns of the Company, the Holder and their respective successors and assigns. The Holder's rights under this Warrant may be assigned, in whole or in part, to (a) any Permitted Transferee, and any Permitted Transferee shall be deemed to be a Holder for all purposes hereunder or (b) any transferee of a Warrant, or, if

applicable, any portion of a Warrant, that represents (x) the greater of (A) 10% of the Warrant Shares exercisable by such transferor on the date of such transfer and (B) 34,149 Warrant Shares (subject to adjustment as set forth herein) or (y) if the transferor shall then hold Warrants representing less than 34,149 Warrant Shares (subject to adjustment as set forth herein), all of the Warrants held by such transferor, and any such transferee shall be deemed to be a Holder for all purposes hereunder.

11.2 Designated Office. As long as any of the Warrants remain Outstanding, the Company shall maintain an office or agency, which may be the principal executive offices of the Company (the "Designated Office"), where the Warrants may be presented for exercise, registration of transfer, division or combination as provided in this Warrant. Such Designated Office shall initially be the office of the Company at 420 Lexington Avenue, Suite 601, New York, New York 10170. The Company may from time to time change the Designated Office to another office of the Company or its agent within the United States by notice given to all registered Holders at least 10 Business Days prior to the effective date of such change.

11.3 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, the Purchase Agreement and the Registration Rights Agreement contain 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.

11.4 Governing Law; Jurisdiction; Waiver Of Jury Trial. The internal laws, and not the laws of conflicts (other than Section 5-1401 of the General Obligations Law of the State of New York), of New York shall govern the enforceability and validity of this Warrant, the construction of its terms and the interpretation of the rights and duties of the Company. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Warrant or the transactions contemplated hereby may be brought in any federal or state court located in the County and State of New York, and the Company hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on the company anywhere in the world, whether within or without the jurisdiction of any such court. The Company hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Warrant or the transactions contemplated hereby.

11.5 Remedies. Each Holder of Warrants, in addition to being entitled to exercise its rights granted by law, including recovery of damages, shall be entitled to specific performance of its rights provided under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a

breach by it of the provisions of this Warrant and shall waive, in an action for specific performance, the defense that a remedy at law would be adequate.

11.6 Limitation of Liability. No provision hereof and no enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of such Holder to pay the Exercise Price for any Warrant Shares other than pursuant to an exercise of this Warrant or any liability as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

11.7 Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Warrant.

11.8 Descriptive Headings. Descriptive headings of the several 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Warrant has been executed as of the 13th day of August, 2003.

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich  
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(Print Name) Thomas N. Konatich

(Title) Acting CEO

ANNEX A

NOTICE OF EXERCISE OF WARRANT

[To be executed only upon exercise of Warrant]

The undersigned hereby irrevocably elects to exercise the right, represented by the Warrant dated as of August 13, 2003, to purchase \_\_\_\_ shares of common stock, par value \$0.0001 per share (the "Warrant Shares"), of SIGA TECHNOLOGIES, INC. and tenders herewith payment in accordance with Sections 1 and 2 of such Warrant. The undersigned further requests, in accordance with Section 2.1(b) of the Warrant, that certificates for the Warrant Shares hereby purchased (and any securities or other property issuable upon exercise) be issued in the name of and delivered to \_\_\_\_\_ and, if such Warrant Shares are not all of the Warrant Shares issuable upon exercise of the Warrant, that a new Warrant of like tenor be issued for the balance of the Warrant Shares.

-----  
(Name of Registered Owner)  
-----  
(Signature of Registered Owner)  
-----  
(Street Address)  
-----  
(City) (State) (Zip Code)

NOTICE: The signature on this subscription must correspond with the name as written upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatsoever.

ANNEX B

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Warrant.)

FOR VALUE RECEIVED \_\_\_\_\_ hereby  
sells, assigns and transfers unto \_\_\_\_\_

\_\_\_\_\_  
(Please print name and address of transferee)

the Warrants represented by this Warrant, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney-in-fact, with full power of substitution, to transfer the within Warrant on the books of SIGA TECHNOLOGIES, INC. to give effect to the transfer made hereby.

Date: \_\_\_\_\_, \_\_\_\_\_

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Signature

NOTICE: The signature on this assignment must correspond with the name as written upon the face of the within Warrant in every particular, without alteration or enlargement or any change whatsoever.



## REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of August 13, 2003, between SIGA Technologies, Inc., a Delaware corporation (the "Company"), and MacAndrews & Forbes Holdings Inc., a Delaware corporation (the "Stockholder").

In consideration of the mutual covenants and agreements herein contained, the parties to this Agreement hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" means, with respect to any specified Person, (i) any other Person 50% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with the power to vote by such specified Person or (ii) any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person by virtue of ownership of voting securities, by contract or otherwise.

"Agreement" means this Registration Rights Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing, and shall refer to this Registration Rights Agreement as the same may be in effect at the time such reference becomes operative.

"Closing" has the meaning assigned to it in the Purchase Agreement.

"Common Stock" means common stock, par value \$0.0001 per share, of the Company.

"Company" has the meaning assigned to it in the introductory paragraph to this Agreement.

"Demand Registration" has the meaning assigned to it in Section 2(a) hereof.

"Demand Registration Statement" has the meaning assigned to it in Section 2(a) hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Holder" means the Stockholder and any other Person that holds Registrable Securities, including their respective transferees, successors and assigns who acquire Registrable Securities, directly or indirectly, from the Stockholder or such other Person, respectively. For purposes of this Agreement, the Company may deem and treat the registered holder of a Registrable Security as the Holder and absolute owner thereof, and the Company shall not be affected by any notice to the contrary.

"Holder Shares" has the meaning assigned to it in Section 5 hereof.

"Initially Proposed Shares" has the meaning assigned to it in Section 5 hereof.

"Inspectors" has the meaning assigned to it in Section 6(a)(xiii) hereof.

"Majority Holder" has the meaning assigned to it in Section 2(a) hereof.

"Participating Holder" has the meaning assigned to it in Section 6(a)(i) hereof.

"Permitted Transferee" means (i) any Affiliate of the Holder, including, without limitation, directors, executives and officers of the

Holder, (ii) any member of the family of any Affiliate of the Holder, including any such Person's spouse and descendants and any trust, partnership, corporation, limited liability company or other entity for the benefit of such spouse and/or descendants to whom or which any of the Registrable Securities have been transferred by any such Person for estate or tax planning purposes, (iii) any charity or foundation to which the Securities have been transferred by the Holder or any Person or entity described in clause (i) or (ii) above for estate or tax planning or charitable purposes, or (iv) the beneficiary of any bona fide pledge by the Holder of any of the Registrable Securities.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, incorporated organization, association, corporation, institution, governmental agency or authority or other entity.

"Purchase Agreement" means the Securities Purchase Agreement by and between the Company and the Stockholder, dated as of the date hereof.

"Registrable Securities" means (a) any shares of Common Stock owned by a Holder, (b) the Warrant Shares, and (c) any securities issued or issuable in respect of Common Stock or other capital stock referred to in clauses (a) and (b) above by way of conversion, exercise or exchange or any stock dividend or stock split or in connection with a combination of shares, recapitalization, reclassification, merger or consolidation, and any other securities issued pursuant to any other pro rata distribution with respect to such Common Stock or other capital stock. For purposes of this Agreement, a Registrable Security ceases to be a Registrable Security when (x) it has been effectively registered under the Securities Act and sold or distributed to the public in accordance with an effective registration statement covering it (and has not been reacquired in the manner described in clause (c) above), or (y) it is sold or distributed to the public pursuant to Rule 144 (or any successor or similar provision) under the Securities Act.

"Registration Expenses" has the meaning assigned to it in Section 6(e) hereof.

"S-3 Registration" has the meaning assigned to it in Section 4 hereof.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shelf Registration Statement" has the meaning assigned to it in Section 3(a) hereof.

"Shelf Registration Period" means, with respect to each Shelf Registration Statement, the earliest to occur of (i) the sale of all the Registrable Securities registered on such Registration Statement, or (ii) four years from the date of the later of (x) the date of the final issuance of Warrant Shares upon exercise of the Warrants registered on such Shelf Registration Statement or (y) the date of the effectiveness of such Shelf Registration Statement; provided, however, the Shelf Registration Period shall be extended by the aggregate number of days a Shelf Registration Statement is postponed pursuant to Section 3(e) hereof.

"Stockholder" has the meaning assigned to it in the introductory paragraph to this Agreement.

"Subject Shares" has the meaning assigned to it in Section 6(a) hereof.

"Warrant Shares" means the shares of Common Stock issued or issuable upon exercise of the Warrants.

"Warrants" means the warrants to acquire Common Stock issued pursuant to the Purchase Agreement.

2. Demand Registration.  
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(a) If registration on a Shelf Registration Statement pursuant to Section 3 hereof is not available to a Holder or Holders at any time, then upon the request in writing of any Holder or Holders who together hold a majority of the then outstanding Registrable Securities (the "Majority Holder") to register under the Securities Act all or a part of the Registrable Securities held by such Majority Holder (a "Demand Registration"), the Company shall use all reasonable efforts to cause to be filed as soon as reasonably practicable (but in no event later than the 60th day after such Majority Holder's request is made) a registration statement providing for the sale of all such Registrable Securities to be registered by such Majority Holder, and shall use all reasonable efforts to cause such registration statement to be declared effective within 60 days of such filing, including, but not limited to, a sale of such Registrable Securities in connection with the issuance of any securities convertible into or exchangeable or exercisable for Registrable Securities or the sale of Registrable Securities upon conversion, exercise or exchange thereof; provided, that, the anticipated offering price of each Demand Registration shall be at least \$5,000,000. The Company agrees to use its reasonable efforts to keep any such registration statement continuously effective and usable for resale of Registrable Securities for a period of not less than 180 days, or such shorter period as is necessary to complete the distribution of the securities covered by such registration statement. Each registration statement filed pursuant to this Section 2(a) is hereinafter referred to as a "Demand Registration Statement." The Company may, if permitted by law, effect any registration pursuant to this Section 2(a) by the filing of a registration statement on Form S-3. However, if such registration involves an underwritten public offering and the managing underwriter(s) at any time shall notify the Company in writing that, in the sole judgment of such managing underwriter(s), inclusion of some or all of the information required in a more detailed form specified in such notice is of material importance to the success of the public offering of such

Registrable Securities, the Company shall use all reasonable efforts to supplement or amend such registration statement to include such information.

(b) Subject to the provisions of Section 2(a), the Majority Holder shall be entitled to request no more than two Demand Registrations. A registration shall not count as one of the permitted Demand Registrations unless (i) the registration statement filed in connection therewith has become effective, (ii) the Majority Holder requesting such registration is able to register and sell at least 50% of the Registrable Securities requested by such Majority Holder to be included in such registration or (iii) in the case of a Demand Registration that would be the last permitted Demand Registration requested hereunder, the Majority Holder requesting such registration is able to register and sell all of the Registrable Securities requested to be included by such Majority Holder in such registration. Notwithstanding the foregoing, a registration shall count as one of the permitted Demand Registrations if the registration statement in connection therewith is filed and subsequently withdrawn, at the request of the Majority Holder, unless all Registration Expenses with respect to such withdrawn registration statement are paid by such Majority Holder.

(c) The Company shall not effect any public or private sale, distribution or purchase of any of its securities which are the same as or similar to the Registrable Securities, including a sale pursuant to Regulation D under the Securities Act, during the 15-day period prior to, and during the 30-day period beginning on, the closing date of each underwritten offering under any Demand Registration Statement.

(d) The Company may postpone for a reasonable period of time, not to exceed 45 days, the filing or the effectiveness of any Demand Registration Statement if (i) the board of directors of the Company in good faith determines that (A) such registration would have a material adverse effect on any plan or proposal by the Company with respect to any financing, acquisition, recapitalization, reorganization or other material transaction, or (B) the Company is in possession of material non-public information that, if publicly disclosed, would result in a material disruption of a major corporate development or transaction then pending or in progress or in other material adverse consequences to the Company, and (ii) the Company so notifies the Majority Holder within five days after the Majority Holder requests such registration. The Company's right to defer the filing of a registration statement pursuant to the provisions of the preceding sentence may not be exercised more than twice during any 12-month period.

(e) If at any time the Majority Holder notifies the Company in writing of the Majority Holder's desire that the Registrable Securities to be covered by a Demand Registration Statement be sold in an underwritten offering, such Majority Holder shall have the right to select any nationally recognized investment banking firm(s) to administer the offering, subject to the approval of the Company, which approval shall not be unreasonably withheld, and the Company shall enter into underwriting agreements with the underwriter(s) of such offering, which agreements shall contain such representations and warranties by the Company, and such other terms, conditions and indemnities as are at the time customarily contained in underwriting agreements for similar offerings and the Company shall take or cause to be taken all such other actions, in addition to the registration procedures set forth in Section 6 hereof, as are reasonably requested by the managing underwriter(s) in order to expedite or facilitate the registration and disposition of the Registrable Securities, including, without limitation, causing management to participate in "road show" presentations.

### 3. Shelf Registration.

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(a) No later than 45 days after each Closing under the Purchase Agreement, the Company shall file with the SEC a "shelf" Registration Statement (each, a "Shelf Registration Statement") on Form S-3 (or, if Form S-3 is not then available, on such form of Registration Statement as is then available to effect a registration of the Registrable Securities), covering the resale of such number of shares of Registrable Securities as shall equal the sum of the number of (x) shares of Common Stock issued at such Closing, (y) the shares of Common Stock issued or issuable upon exercise of the Warrants issued at such Closing and (z) any shares of Common Stock issued or issuable with respect to the shares of Common Stock issued or issuable and referred to in clause (x) or (y) of this sentence by way of exercise, exchange or any stock dividend or stock split or in connection with a combination of shares, recapitalization, reclassification, merger or consolidation, and any other securities issued pursuant to any other pro rata distribution with respect to such Common Stock or other capital stock.

(b) The Shelf Registration Statements, to the extent allowable under the Securities Act (including Rule 416 under the Securities Act), shall state that such Shelf Registration Statement also covers such indeterminate number of additional shares of Common Stock as may become issuable upon the exercise of the Warrants to prevent dilution resulting from certain issuances of Common Stock, adjustments upon stock dividends, stock subdivisions, spin offs, reclassifications, reorganizations, consolidations, mergers, stock splits, or otherwise.

(c) The Company shall use its reasonable best efforts to cause each Shelf Registration Statement to be effective no later than 90 days after the date it is first filed with the SEC.

(d) The Company shall keep each Shelf Registration Statement effective pursuant to Rule 415 under the Securities Act at all times until the expiration of the applicable Shelf Registration Period (except during the period of any postponement pursuant to paragraph (e) of this Section 3). In the event the number of shares available under a Shelf Registration Statement filed pursuant to this Agreement is insufficient to cover all of the Registrable Securities issued or issuable upon the exercise of the Warrants to prevent dilution resulting from certain issuances of Common Stock, adjustments upon stock dividends, stock subdivisions, spin offs, reclassifications, reorganizations, consolidations, mergers, stock splits, or otherwise, the Company shall amend such Shelf Registration Statement, or file a new Shelf Registration Statement (on the short form available therefor, if applicable), or both, so as to cover all of the Registrable Securities, in each case, as soon as practicable, but in any event within 10 business days after the necessity therefor arises. The Company shall use its best efforts to cause such amendment and/or new Shelf Registration Statement to become effective as soon as practicable following the filing thereof.

(e) The Company may postpone for a reasonable period of time, not to exceed 45 days, the filing or the effectiveness of any Shelf Registration Statement if (i) the board of directors of the Company in good faith determines that (A) such registration would have a material adverse effect on any plan or proposal by the Company with respect to any financing, acquisition, recapitalization, reorganization or other material transaction, or (B) the Company is in possession of material non-public information that, if publicly disclosed, would result in a material disruption of a major corporate development or transaction then pending or in progress or in other material adverse consequences to the Company, and (ii) the Company so notifies the Majority Holder within five days after the Majority Holder request such registration. The Company's right to defer the filing of a registration statement pursuant to the provisions of the preceding sentence may not be exercised more than twice during any 12-month period.

4. S-3 Registrations. If registration on a Shelf Registration Statement pursuant to Section 3 hereof is not available to a Holder or Holders at any time, then if such Holder or Holders request in writing that the Company file a Registration Statement on Form S-3 or any successor thereto for a public offering of all or any portion of the Registrable Securities held by such Holders, the Company shall use its reasonable best efforts to register under the Securities Act on Form S-3

or any successor thereto (an "S-3 Registration"), for public sale in accordance with the method of disposition specified in such notice, the number of shares of Registrable Securities specified in such notice; provided, however, that (i) no more than two such S-3 Registrations shall be required in any 12-month period and (ii) the Company shall have no obligation to register such Registrable Securities pursuant to this Section 4 if the anticipated aggregate offering price in such S-3 Registration shall not be at least \$500,000. There is no limitation on the number of registrations that the Company is obligated to effect pursuant to this Section 4.

5. Incidental Registration. Subject to the terms and conditions set forth in this Section 5 and unless otherwise registered pursuant to any other section hereof or otherwise, if the Company proposes at any time to register any equity securities (the "Initially Proposed Shares") under the Securities Act, whether or not for its own account, the Company will promptly give written notice to the Holders of its intention to effect such registration (such notice to specify, among other things, the proposed offering price (if applicable), the kind and number of securities proposed to be registered and the distribution arrangements, including identification of the underwriter(s), if any), and the Holders shall be entitled to include in such registration such number of Registrable Securities (the "Holder Shares") to be sold for the account of the Holders (on the same terms and conditions as the Initially Proposed Shares) as shall be specified in a request in writing delivered to the Company within 15 days after the receipt of the Company's notice.

The Company's obligations to include Holder Shares in a registration statement pursuant to this Section 5 is subject to each of the following limitations, conditions and qualifications:

(i) If, at any time after the Company gives written notice to the Holders of its intention to effect a registration of any of its equity securities (whether or not for its own account) and prior to the effective date of any registration statement filed in connection with such registration, either the Company (in the case of the Company intending to register securities for its own account) or holders of Company securities (in the case of the Company intending to register securities on behalf of holders of securities other than Registrable Securities) shall determine for any reason not to register any securities which were theretofore the subject of such registration, the Company shall give written notice of such determination to the Holders and thereupon it shall be relieved of its obligation to use any efforts to register any Holder Shares in connection with such aborted registration (but not from its obligation to pay the Registration Expenses in connection therewith).



(ii) If the managing underwriter(s) (in the case of an underwritten offering) of such offering shall notify in writing the Company and each Holder who shall have requested the inclusion of Registrable Securities in such underwritten offering that, in the good faith judgment of such managing underwriter(s), the distribution of all or a specified portion of the Holder Shares would materially interfere with the registration and sale, in accordance with the intended method thereof, of the Initially Proposed Shares, then the number of Holder Shares to be included in such registration statement shall be reduced to such number, if any, that, in the good faith judgment of such managing underwriter(s), can be included without such interference; provided, however, that, if

- (1) the Initially Proposed Shares were being registered by the Company for its own account, then the number of securities to be included in such registration shall be allocated (x) first, to the Company, and (y) second, pro rata among all holders of Company securities (including the Holders) on the basis of the number of shares requested to be included in such registration statement by such holders; and
- (2) the Initially Proposed Shares were being registered by the Company for the account of holders of Company securities (other than the Holders), then the number of securities to be included in such registration shall be allocated (x) first, pro rata among the holders of Company securities (other than Holders) requesting such registration based upon the number of securities each such holder requested be included in such registration, and (y) second, pro rata among all holders of Company securities not included in the foregoing clause (x) (including Holders) and the Company on the basis of the number of shares requested to be included in such registration statement by such holders and the Company.

(iii) If, as a result of the cutback provisions contained in Section 5(ii) hereof, the Holders are not entitled to include all of the Holder Shares in such registration, such Holders may elect to withdraw their request to include Holder Shares in such registration.

(iv) If the Company shall so deliver such a request in writing to the Holders, each Holder shall not effect any public or private sale or distribution of any Registrable Securities (other than the Holder Shares) during the 15-day period prior to, and during the 45-day period beginning on, the closing date of any underwritten public offering of shares of Common Stock made for the Company's own account.

6. Registration Procedures.  
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(a) Whenever the Company is required to effect the registration of any Registrable Securities under the Securities Act pursuant to the terms and conditions of Section 2, 3, 4 or 5 hereof (such Registrable Securities being hereinafter referred to as "Subject Shares"), the Company will use all reasonable efforts to effect the registration and sale of the Subject Shares in accordance with the intended method of disposition thereof. Without limiting the generality of the foregoing, the Company will as soon as practicable:

(i) furnish to each Holder of Subject Shares (a "Participating Holder") and to each managing underwriter, if any, a reasonable time in advance of their filing with the SEC, any registration statement, amendment (or post-effective amendment) or supplement thereto, and any prospectus used in connection therewith, and each Participating Holder shall have, within a reasonable period of time, the opportunity to object to any information pertaining to such Participating Holder and its plan of distribution that is contained therein and the Company will make the corrections reasonably requested by such Participating Holder with respect to such information prior to filing any such registration statement or any amendment or supplement thereto; and furnish a copy of any and all transmittal letters or other correspondence with the SEC or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering of Registrable Securities;

(ii) prepare and file with the SEC registration statements with respect to the Subject Shares in form and substance reasonably satisfactory to the Participating Holders, and use all reasonable efforts to cause such registration statements to become effective as soon as possible;

(iii) prepare and file with the SEC such amendments (including post-effective amendments) and supplements to each registration statement and the prospectus used in connection therewith as may be

necessary to keep each such registration statement effective for the applicable period (or, in the case of a Shelf Registration Statement, the applicable Shelf Registration Period (except during the period of any postponement pursuant to Section 3(e) hereof)) and to comply with the provisions of the Securities Act with respect to the disposition of all Subject Shares and other securities covered by such registration statements (until such time, in the case of a Shelf Registration Statement, 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 such Shelf Registration Statement);

(iv) furnish each Participating Holder and each managing underwriter, if any, without charge, such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein) and the prospectus included in such registration statement (including each preliminary prospectus and prospectus supplement) and any other prospectus filed under Rule 424 promulgated under the Securities Act relating to the Registrable Securities and such other documents as such Participating Holder or such underwriter may reasonably request;

(v) after the filing of each registration statement, promptly notify each Participating Holder and each managing underwriter, if any, of any stop order issued or, to the knowledge of the Company, threatened to be issued by the SEC;

(vi) use all reasonable efforts to register or qualify the Subject Shares covered by such registration statement under the securities or blue sky laws of such jurisdictions (including any foreign country or any political subdivision thereof) as the managing underwriter(s), if any, shall reasonably recommend, and do any and all other acts and things which may be reasonably necessary or advisable to enable the Participating Holders to consummate the disposition in such jurisdictions of the Subject Shares covered by such registration statement, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it is not so qualified, (B) subject itself to taxation in any jurisdiction wherein it is not so subject, or (C) consent to general service of process in any such jurisdiction or otherwise take any action that would subject it to the general jurisdiction of the courts of any jurisdiction in which it is not so subject;

(vii) promptly inform each Participating Holder and the managing underwriter(s), if any, (x) in the case of any offering of the Registrable Securities in respect of which a registration statement is filed under the Securities Act, of the date on which a registration statement or any post-effective amendment thereto has been filed and when the same has become effective and, if applicable, of the date of filing a Rule 430A prospectus, (y) of any written comments from the SEC with respect to any filing referred to in clause (x) and of any request by the SEC, any securities exchange, government agency, self-regulatory body or other body having jurisdiction for any amendment of or supplement to any registration statement or preliminary prospectus or prospectus included therein or any offering memorandum or other offering document relating to such offering or (z) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction;

(viii) otherwise use its reasonable efforts to comply with all applicable rules and regulations of the SEC;

(ix) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(x) furnish, at the Company's expense, unlegended certificates representing ownership of the securities being sold in such denominations as shall be requested and instruct the transfer agent to release any stop transfer orders with respect to the Subject Shares being sold;

(xi) notify each Participating Holder at any time when a prospectus relating to the Subject Shares is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of the prospectus or any preliminary prospectus, in light of the circumstances under which they were made) not misleading, and the Company will promptly thereafter prepare and file with the SEC and furnish a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of Subject Shares, such prospectus will 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 the case of the prospectus or any preliminary prospectus, in light of the circumstances under which they were made) not misleading;

(xii) enter into customary agreements (including, but not limited to, an underwriting agreement in customary form in the case of an underwritten offering) and make such representations and warranties to the sellers, underwriter(s), placement agents and other financial intermediaries as in form and substance and scope are customarily made by issuers to such parties and take such other actions as the Holders or such other parties, if any, reasonably require in order to expedite or facilitate the disposition of such Subject Shares. A Participating Holder may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such other parties also be made to and for the benefit of any one or more Participating Holders, and that any or all of the conditions precedent to the obligations of such other parties under such agreement also be conditions precedent to the obligations of the Participating Holders;

(xiii) make available for inspection by the Participating Holders, any underwriter, agent or other financial intermediary participating in any disposition pursuant to such registration statement, and any one attorney, accountant or other similar professional advisor retained by any such Participating Holders or underwriter (collectively, the "Inspectors"), all pertinent financial and other records, pertinent corporate documents and properties of the Company, as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such registration statement;

(xiv) make available senior management personnel of the Company to participate in, and cause them to cooperate with any underwriter, agent or other financial intermediary in connection with, "road show" and other customary marketing activities, including "one-on-one" meetings with prospective purchasers of the Subject Shares;

(xv) obtain for delivery to the Company, any underwriter, agent or other financial intermediary or their agents, with copies to the Participating Holders, a "cold comfort" letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by "cold comfort" letters as the Participating

Holders or the managing underwriter, agent or other financial intermediary reasonably request;

(xvi) obtain for delivery to the Participating Holders and any underwriter, agent or other financial intermediary or their agents an opinion or opinions from counsel for the Company in customary form and reasonably satisfactory to the Participating Holders, underwriters or agents and their counsel;

(xvii) make available to its security holders consolidated earnings statements, which need not be audited, satisfying the provisions of Section 11(a) of the Securities Act, no later than 90 days after the end of the 12-month period beginning with the first month of the Company's first quarter commencing after the effective date of such registration statement, which earnings statements shall cover said 12-month period;

(xviii) make every reasonable effort to prevent the issuance of any stop order suspending the effectiveness of any such registration statement or of any order preventing or suspending the effectiveness of such registration statement at the earliest possible moment;

(xix) cause the Subject Shares to be registered with or approved by such other governmental agencies or authorities (including foreign governmental agencies and authorities) as may be necessary to enable the sellers thereof or any underwriter, agent or other financial intermediary to consummate the disposition of such Subject Shares;

(xx) cooperate with the Holders and the managing underwriter(s), if any, or any other interested party (including any interested broker-dealer) in making any filings or submission required to be made, and the furnishing of all appropriate information in connection therewith, with the National Association of Securities Dealers, Inc.;

(xxi) cause its subsidiaries to take action necessary to effect the registration of the Subject Shares contemplated hereby, including filing any required financial information;

(xxii) effect the listing of the Subject Shares on The Nasdaq SmallCap Market or such other national securities exchange or over-the-counter market on which shares of the Common Stock shall then be listed or shall otherwise be requested by the Holders; and

(xxiii) take all other steps reasonably necessary to effect the registration of the Subject Shares contemplated hereby.

(b) The Holders shall provide (in writing and signed by the Holders and stated to be specifically for use in the related registration statement, preliminary prospectus, prospectus or other document incident thereto) all such information and materials and take all such action as may be required in order to permit the Company to comply with all applicable requirements of the SEC and any applicable state securities laws and to obtain any desired acceleration of the effective date of any registration statement prepared and filed by the Company pursuant to this Agreement.

(c) The Holders shall, if requested by the Company or the managing underwriter(s), if any, in connection with any proposed registration and distribution pursuant to this Agreement, (i) agree to sell the Subject Shares on the basis provided in any underwriting arrangements entered into in connection therewith and (ii) complete and execute all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents customary in similar offerings; provided, however, that in no event shall a Participating Holder be required to make any representations or warranties to or agreements with the Company or the underwriter(s) other than representations, warranties or agreements regarding such Participating Holder and its ownership of the securities being registered on its behalf and its intended method of distribution and any other representation required by law.

(d) Upon receipt of any notice from the Company that the Company has become aware that the prospectus (including any preliminary prospectus) included in any registration statement filed pursuant to Section 2, 3, 4 or 5 hereof, as then in effect, contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, the Holders shall forthwith discontinue disposition of Subject Shares pursuant to the registration statement covering the same until the Holders' receipt of copies of a supplemented or amended prospectus and, if so directed by the Company, deliver to the Company (at the Company's expense) all copies other than permanent file copies then in the Holder's possession, of the prospectus covering the Subject Shares that was in effect prior to such amendment or supplement.

(e) The Company shall pay all Registration Expenses. For purposes of this Agreement, "Registration Expenses" shall mean all expenses incident to the Company's performance of or compliance with its obligations under

this Agreement to effect the registration of Registrable Securities pursuant to Section 2, 3, 4 or 5 hereof, and the disposition of such securities, including, without limitation, all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, transfer agents and registrars' fees, all word processing, duplicating and printing expenses, the reasonable fees and disbursements of one counsel retained by the Participating Holders and the fees and disbursements of counsel for the Company and of its independent public accountants, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, but excluding underwriting discounts and commissions in respect of Registrable Securities (which underwriting discounts and commissions shall be paid by the Participating Holders).

(f) In connection with any sale of Subject Shares that are registered pursuant to this Agreement, the Company and the Holders shall enter into an agreement providing for indemnification of the Holders by the Company, and indemnification of the Company by the Holders, on terms customary for such agreements at that time.

7. Notices. All notices, requests, consents and other communications required or permitted hereunder shall be in writing and shall be hand delivered or mailed postage prepaid by registered or certified mail or transmitted by facsimile transmission (with immediate telephonic confirmation thereafter),

If to the Company, to:

SIGA Technologies, Inc.  
420 Lexington Avenue, Suite 601  
New York, New York 10120  
Attention: Thomas N. Konatich  
Facsimile No.: (212) 697-3130

with a copy (which shall not constitute notice) to:

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

If to the Stockholder, to:



MacAndrews & Forbes Holdings Inc.  
35 East 62nd Street  
New York, New York 10021  
Attention: Barry F. Schwartz, Esq.  
Facsimile No.: (212) 572-5056

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036  
Attention: Franklin M. Gittes, Esq. and  
                  Alan C. Myers, Esq.  
Facsimile: (212) 735-2000

If to any other Holder,

to such name at such address as such Holder shall have indicated  
in a written notice delivered to the other parties to this  
Agreement,

or at such other address as the Company or the Stockholder may specify by  
written notice to the other, and each such notice, request, consent and other  
communication shall for all purposes of the Agreement be treated as being  
effective or having been given when delivered if delivered personally, upon  
receipt of facsimile confirmation if transmitted by facsimile, or, if sent by  
mail, at the earlier of its receipt or 72 hours after the same has been  
deposited in a regularly maintained receptacle for the deposit of United  
States mail, addressed and postage prepaid as aforesaid.

8. Waivers. No waiver by any party of any default with respect to  
any provision, condition or requirement hereof shall be deemed to be a  
continuing waiver in the future thereof or a waiver of any other provision,  
condition or requirement hereof, nor shall any delay or omission of any party to  
exercise any right hereunder in any manner impair the exercise of any such right  
accruing to it thereafter.

9. Interpretation. When a reference is made in this Agreement to a  
section, article, paragraph, clause, annex or exhibit, such reference shall be  
to a reference to this Agreement unless otherwise clearly indicated to the  
contrary. The descriptive article and section headings herein are intended for  
convenience of reference only and are not intended to be a part of or to affect  
the meaning or

interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation." The words "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement. The meaning assigned to each term used in this Agreement shall be equally applicable to both the singular and the plural forms of such term, and words denoting either gender shall include both genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

10. Amendment. This Agreement may be amended, modified or supplemented by the parties hereto at any time. This Agreement may not be amended except by a written instrument executed by the parties hereto.

11. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties. The Holder's rights under this Agreement may be assigned, in whole or in part, to (a) any Permitted Transferee, and any Permitted Transferee shall be deemed to be a Holder for all purposes hereunder or (b) any transferee of Registrable Securities that has acquired (x) the greater of (A) 10% of the Registrable Securities held by such transferor on the date of such transfer and (B) 68,298 Registrable Securities (appropriately adjusted for any stock split, combination, reorganization, recapitalization, reclassification, stock dividend, stock distribution or similar event) or (y) if the transferor shall then hold less than 68,298 Registrable Securities (appropriately adjusted for any stock split, combination, reorganization, recapitalization, reclassification, stock dividend, stock distribution or similar event), all of Registrable Securities held by such transferor, and any such transferee shall be deemed to be a Holder for all purposes hereunder; provided, that, no such assignment shall be effective or confer any right on any such assignee unless, prior to such assignment, the assignee agrees in writing, in form and substance reasonably satisfactory to the Company, that such assignee will be bound by all provisions binding on a Holder hereunder; provided, further, that any beneficiary of a pledge described in clause (iv) of the definition of "Permitted Transferee" above shall not be required to agree in writing to be bound by the terms hereof; it being understood that subsequent Holders are intended third party beneficiaries hereof.

12. Governing Law. The internal laws, and not the laws of conflicts (other than Section 5-1401 of the General Obligations Law of the State of New York), of New York shall govern the enforceability and validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall be considered one and the same agreement.

14. Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings (written and oral) between the parties with respect to the subject matter hereof.

15. Available Information. If at any time the Company is required to file reports in compliance with either Section 13 or Section 15(d) of the Exchange Act, the Company will comply with all rules and regulations of the SEC applicable in connection with the use of Rule 144 or Rule 144A promulgated under the Securities Act and will, upon the request of any Holder, take such other actions and furnish the Holder with information as the Holder may reasonably request in order to avail itself of such rule or any other rule or regulation of the SEC allowing the Holder to sell any Registrable Securities without registration, and will, at its expense, forthwith upon the request of the Holder, deliver to such party a certificate, signed by the Company's principal financial officer, stating (a) the Company's name, address and telephone number (including area code), (b) the Company's Internal Revenue Service identification number, (c) the Company's SEC file number, (d) the number of shares of each class of stock outstanding as shown by the most recent report or statement published by the Company, and (e) whether the Company has filed the reports required to be filed under the Exchange Act for a period of at least 90 days prior to the date of such certificate and in addition has filed the most recent annual report required to be filed thereunder or as to such matters as would then be required to establish compliance with Rule 144 or any successor rule or rules under the Securities Act. If at any time the Company is not required to file reports in compliance with either Section 13 or Section 15(d) of the Exchange Act, the Company at its expense will, forthwith upon the written request of the Holder, make available adequate current public information with respect to the Company within the meaning of paragraph (c)(2) of Rule 144.

16. Specific Performance. Irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached; accordingly, the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

17. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

18. Submission to Jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in any federal or state court located in the County and State of New York, and each of the parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on either party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 7 hereof shall be deemed effective service of process on such party.

19. Waiver of Jury Trial. Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this agreement or the transactions contemplated hereby.

20. Recapitalization, Exchanges, etc., Affecting the Company's Capital Stock. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all shares of capital stock of the Company or any successor or permitted assign of the Company (whether by merger, consolidation, sale of assets or otherwise), or at the election of a Holder, any person who controls any of the foregoing, which may be issued in respect of, in exchange for or in substitution of, the Registrable Securities.

[Execution Page Follows]

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IN WITNESS WHEREOF, the undersigned have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

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Name: Thomas N. Konatich  
Title: Chief Financial Officer  
Acting CEO

MACANDREWS & FORBES HOLDINGS INC.

By: /s/ Howard Gittis

-----

Title: Howard Gittis  
Vice Chairman

## SECURITIES PURCHASE AGREEMENT

BY AND BETWEEN

SIGA TECHNOLOGIES, INC.

AND

MACANDREWS &amp; FORBES HOLDINGS INC.

Dated as of August 13, 2003

## TABLE OF CONTENTS

Page

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1.	Definitions.....	1
2.	Authorization of the Securities.....	6
3.	Sale and Purchase of the Securities.....	6
4.	Closings.....	7
5.	Representations and Warranties by the Company.....	8
5.1	Organization.....	8
5.2	Authorization; Enforceability.....	9
5.3	Capitalization.....	9
5.4	Due Issuance and Authorization of Capital Stock.....	10
5.5	Consents.....	10
5.6	Financial Statements.....	11
5.7	SEC Documents.....	11
5.8	No Conflicts.....	12
5.9	Intellectual Property.....	13
5.10	Material Contracts.....	15
5.11	Right of First Refusal; Voting and Registration Rights.....	15
5.12	Form S-3 Eligibility.....	16
5.13	No Integrated Offering.....	16
5.14	Absence of Certain Developments.....	16
5.15	Undisclosed Liabilities.....	17
5.16	Litigation.....	17
5.17	Compliance with Laws.....	17
5.18	Taxes.....	17
5.19	Employee and Benefit Plans.....	18
5.20	Brokers.....	21
5.21	Related-Party Transactions.....	21
5.22	Regulatory Compliance.....	21
6.	Representations and Warranties of the Purchaser.....	22
6.1	Organization.....	22
6.2	Authorization; Enforceability.....	22
6.3	No Conflicts.....	23
6.4	Investment Representations and Warranties.....	23
6.5	Acquisition for Own Account.....	23
6.6	Ability to Protect Its Own Interests and Bear Economic Risks; Understanding of Use of Proceeds.....	23
6.7	Accredited Investor.....	24
6.8	Access to Information.....	24
6.9	Brokers.....	24



7.	Covenants of the Company.....	24
7.1	Conduct in the Ordinary Course.....	24
7.2	Filing of Proxy Statement.....	25
7.3	Stockholders' Meeting.....	25
7.4	Exchange Listing.....	26
7.5	Information Rights.....	26
7.6	Auditors.....	28
7.7	Composition of Board of Directors; Indemnification; Directors and Officers Insurance Policy.....	28
7.8	Use of Proceeds.....	29
7.9	Reservation of Common Stock.....	29
7.10	Employee Waiver Letters.....	29
7.11	Filings.....	29
7.12	Notification of Certain Matters.....	29
8.	Conditions to the Parties' Obligations.....	30
8.1	Conditions to Each Party's Obligations.....	30
8.2	Conditions to the Purchaser's Obligations.....	30
8.3	Conditions to the Company's Obligations.....	32
9.	Restrictive Legend.....	33
10.	Miscellaneous.....	33
10.1	Notices.....	33
10.2	Termination of Agreement.....	34
10.3	Effect of Termination.....	35
10.4	Survival of Representations, Warranties and Covenants.....	35
10.5	Successors and Assigns.....	36
10.6	Headings.....	36
10.7	Governing Law.....	36
10.8	Expenses.....	37
10.9	Jurisdiction.....	37
10.10	Waiver of Jury Trial.....	37
10.11	Counterparts; Effectiveness.....	37
10.12	Entire Agreement.....	37
10.13	Severability.....	38
10.14	Reasonable Best Efforts.....	38
10.15	Change; Waiver.....	38



## SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement"), dated as of August 13, 2003, by and between SIGA Technologies, Inc., a Delaware corporation (the "Company"), and MacAndrews & Forbes Holdings Inc., a Delaware corporation (the "Purchaser"). Certain terms used and not otherwise defined in the text of this Agreement are defined in Section 1 of this Agreement.

### W I T N E S S E T H

WHEREAS, the Company desires to issue and to sell to the Purchaser, and the Purchaser desires to purchase from the Company, the Shares (as hereinafter defined) and the Warrants (as hereinafter defined), all in accordance with the terms and provisions of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants herein contained, the parties hereto hereby agree as follows:

1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall have the meanings specified for all purposes of this Agreement.

Except as otherwise expressly provided, all accounting terms used in this Agreement, whether or not defined in this Section 1, shall be construed in accordance with GAAP.

"Affiliate" means, with respect to any specified Person, (i) any other Person 50% or more of whose outstanding voting securities are, directly or indirectly, owned, controlled or held with the power to vote by such specified Person or (ii) any other Person, directly or indirectly, controlling, controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person by virtue of ownership of voting securities, by contract or otherwise.

"Aggregate Purchase Price" means, for each tranche, the Per Share Purchase Price multiplied by the Shares to be purchased and sold in such tranche.

"Agreed Allocation" has the meaning assigned to it in Section 3(c) hereof.

"Agreement" means this Agreement.

hereof. "Balance Sheet" has the meaning assigned to it in Section 5.6

hereof. "Benefit Plans" has the meaning assigned to it in Section 5.19(a)

"Board of Directors" means the board of directors of the Company.

hereof. "Certifications" has the meaning assigned to it in Section 5.7

"Closing" has the meaning assigned to it in Section 4(a) hereof.

hereof. "Closing Date" has the meaning assigned to it in Section 4(a)

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" has the meaning assigned to it in Section 2 hereof.

"Company" has the meaning assigned to it in the introductory paragraph of this Agreement.

"Company Intellectual Property" has the meaning assigned to it in Section 5.9(a) hereof.

"Company Recommendation" has the meaning assigned to it in Section 7.3 hereof.

"Company Recommendation Change" has the meaning assigned to it in Section 7.3 hereof.

"Confidentiality Letter Agreement" has the meaning assigned to it in Section 7.5(a) hereof.

"Encumbrances" has the meaning assigned to it in Section 5.4 hereof.

"ERISA" has the meaning assigned to it in Section 5.19(a) hereof.

hereof. "ERISA Affiliate" has the meaning assigned to it in Section 5.19(a)

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"FDA" has the meaning assigned to it in Section 5.22 hereof.

"FDCA" has the meaning assigned to it in Section 5.22 hereof.

"Financial Statements" has the meaning assigned to it in Section 5.6 hereof.

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

"Governmental Entity" means any national, federal, state, municipal, local, territorial, foreign or other government or any department, commission, board, bureau, agency, regulatory authority or instrumentality thereof, or any court, judicial, administrative or arbitral body or public or private tribunal.

"Intellectual Property" means trademarks, service marks, trade names, Internet domain names, designs, logos, slogans, and general intangibles of like nature, together with all goodwill, registrations and applications related to the foregoing (collectively, "Trademarks"); patents and industrial designs (including any continuations, divisionals, continuations-in-part, renewals, reissues, and applications for any of the foregoing); copyrights (including any registrations and applications for any of the foregoing) and all content and information contained on any website; Software; "mask works" (as defined under 17 USC ss. 901) and any registrations and applications for "mask works;" and technology, trade secrets and other confidential information, know-how, inventions, proprietary processes, formulae, algorithms, models, and methodologies (collectively, "Trade Secrets").

"Knowledge of the Company" has the meaning assigned to it in Section 5.9(c) hereof.

"Knowledge of the Company's Subsidiaries" has the meaning assigned to it in Section 5.9(c) hereof.

"Life Science Product" has the meaning assigned to it in Section 5.22 hereof.

"M & F Representatives" has the meaning assigned to it in Section 7.7(a) hereof.

"Material Adverse Effect" has the meaning assigned to it in Section 5.1 hereof.

"NASD Rule 4350" has the meaning assigned to it in Section 4(c) hereof.

"Notification Period" has the meaning assigned to it in Section 7.12 hereof.

"Option Notice" has the meaning assigned to it in Section 3(b) hereof.

"Per Share Purchase Price" has the meaning assigned to it in Section 3(a) hereof.

"Permitted Transferee" has the meaning assigned to it in Section 10.5 hereof.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, incorporated organization, association, corporation, institution, Governmental Entity or other entity.

"Preferred Stock" has the meaning assigned to it in Section 5.3(a) hereof.

"Proxy Statement" has the meaning assigned to it in Section 7.2 hereof.

"Purchaser" has the meaning assigned to it in the introductory paragraph of this Agreement.

"Registration Rights Agreement" means the Registration Rights Agreement in the form attached hereto as Exhibit B.

"Required Stockholder Approval" has the meaning assigned to it in Section 5.5 hereof.

"SEC" means the U.S. Securities and Exchange Commission.

"SEC Documents" has the meaning assigned to it in Section 5.7 hereof.

"Securities" has the meaning assigned to it in Section 2 hereof.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shares" has the meaning assigned to such term in Section 2 hereof.

"Software" means any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code or object code form, (b) computerized databases and compilations, including any and all data and collections of data, and (c) all documentation, including user manuals and training materials, relating to any of the foregoing.

"Stockholders' Meeting" has the meaning assigned to it in Section 7.3 hereof.

"Subsidiary" means, with respect to any Person, any corporation, association trust, limited liability company, partnership, joint venture or other business association or entity (i) at least 50% of the outstanding voting securities of which are at the time owned or controlled directly or indirectly by such Person or (ii) with respect to which the Company possesses, directly or indirectly, the power to direct or cause the direction of the affairs or management of such Person.

"Tax" or "Taxes" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, severance, stamp, occupation, premium, windfall profits, customs, duties, franchise, withholding, social security, unemployment, real property, personal property, sales, use, transfer, value added, estimated or other tax of any kind whatsoever, including any interest, penalties or additions thereto.

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

"Tranche A" has the meaning assigned to it in Section 3(a) hereof.

"Tranche A Shares" has the meaning assigned to it in Section 3(a) hereof.

"Tranche A Warrants" has the meaning assigned to it in Section 3(a) hereof.

"Tranche B" has the meaning assigned to it in Section 3(b) hereof.

"Tranche B Closing" has the meaning assigned to it in Section 4(c) hereof.

"Tranche B Closing Date" has the meaning assigned to it in Section 4(c) hereof.

"Tranche B Shares" has the meaning assigned to it in Section 3(b) hereof.

"Tranche B Warrants" has the meaning assigned to it in Section 3(b) hereof.

"Transaction Documents" has the meaning assigned to it in Section 5.1 hereof.

"Unaudited Balance Sheets" has the meaning assigned to it in Section 5.6 hereof.

"Unaudited Financial Statements" has the meaning assigned to it in Section 5.6 hereof.

"Warrants" has the meaning assigned to it in Section 2 hereof.

"Warrant Shares" has the meaning assigned to it in Section 2 hereof.

2. Authorization of the Securities. The Company has authorized, subject to compliance with NASD Rule 4350, (i) the issuance and sale of an aggregate of up to 6,944,444 shares (the "Shares") of its common stock, par value \$0.0001 per share (the "Common Stock"), (ii) the issuance of warrants (the "Warrants") to purchase an aggregate of up to 3,472,222 shares of Common Stock and (iii) the reservation for issuance, and issuance upon exercise of the Warrants, of up to 3,472,222 Warrant Shares (as defined in this Section 2). The Warrants will have the rights, preferences and privileges set forth in the form of Warrant attached hereto as Exhibit A. The shares of Common Stock that may be purchased upon exercise of the Warrants are sometimes referred to herein as the "Warrant Shares." The Shares, the Warrants, and the Warrant Shares are sometimes referred to herein collectively as the "Securities."

3. Sale and Purchase of the Securities. Upon the terms and subject to the conditions contained herein:

(a) The Company shall sell to the Purchaser, and the Purchaser shall purchase from the Company, in the first tranche ("Tranche A"), (i) 694,444 Shares (the "Tranche A Shares"), at a purchase price of \$1.44 per share (appropriately adjusted for any stock split, combination, reorganization, recapitalization, reclassification, stock dividend, stock distribution or similar event, the "Per Share Purchase Price"), and (ii) for no additional consideration, Warrants to purchase 347,222 Warrant Shares (the "Tranche A Warrants").

(b) At the Purchaser's option, exercisable at any time and from time to time within 60 days of the date hereof (or, if such day is not a business day, then the next immediately following business day), upon five business days' written notice (the "Option Notice"), subject to the conditions set forth in Section 8 hereof, the Company shall sell to the Purchaser, and the Purchaser shall purchase from the Company, in the second tranche ("Tranche B") (i) up to 6,250,000 Shares (the "Tranche B Shares"), at the Per Share Purchase Price and (ii) for no additional

consideration, a pro rata number of Warrants to purchase up to 3,125,000 Warrant Shares (the "Tranche B Warrants")

(c) The Company will not make any allocation of such Per Share Purchase Price between the Shares and the Warrants without the Purchaser's concurrence thereto in writing (the "Agreed Allocation") and shall prepare and file all Tax Returns on a basis consistent with the Agreed Allocation and shall take no position inconsistent with the Agreed Allocation in any proceeding before any taxing authority or for any other Tax purpose, unless otherwise required to do so by applicable law.

#### 4. Closings.

(a) The closings (each, a "Closing") of the sales to, and purchases by, the Purchaser of the Shares and the Warrants shall occur at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036-6522, on the third business day after the satisfaction or waiver of all of the conditions to such Closing set forth in Section 8 hereof or at such other time and place as the Company and the Purchaser may agree (each, a "Closing Date").

(b) On the date hereof, the Company shall deliver to the Purchaser one or more certificates evidencing the (x) Tranche A Shares and (y) Tranche A Warrants, each of which shall be in such denominations as shall be specified in writing by the Purchaser and shall be registered in the name of the Purchaser or a Permitted Transferee, against delivery to the Company of the Aggregate Purchase Price for such Tranche A Shares (the Tranche A Warrants to be issued for no additional consideration), payable by delivery of a certified or official bank check or by wire transfer of immediately available funds to an account that the Company is designating in writing to the Purchaser on the date hereof.

(c) At each Closing, if any, constituting all or a portion of the Tranche B (the "Tranche B Closing"), which shall occur, subject to the terms and conditions contained herein, no more than five business days following delivery of an Option Notice (the "Tranche B Closing Date"), the Company shall deliver to the Purchaser one or more certificates evidencing the applicable number of (x) Tranche B Shares set forth in the applicable Option Notice and (y) Tranche B Warrants to purchase the applicable number of Warrant Shares set forth in the applicable Option Notice, each of which shall be in such denominations as shall be specified in the Option Notice by the Purchaser and shall be registered in the name of the Purchaser or a Permitted Transferee, against delivery to the Company of the Aggregate Purchase Price for such Tranche B Shares (the Tranche B Warrants to be issued for no additional consideration), payable by delivery of a certified or official bank check or by wire transfer of immediately available funds to an account that the Company

will designate in writing to the Purchaser at least two business days prior to the applicable Tranche B Closing Date; provided, however, that in the event the number of Shares and Warrants to be issued at a Tranche B Closing would, when aggregated with all other Shares and Warrants previously issued to the Purchaser, exceed the number of Shares and Warrants permitted to be issued by the Company without stockholder approval pursuant to Nasdaq MarketPlace Rule 4350, as amended from time to time ("NASD Rule 4350"), then, first, such number of Shares and Warrants as may be issued without the Required Stockholder Approval (as defined herein) shall be issued on the Tranche B Closing Date, and, second, immediately following receipt of the Required Stockholder Approval of such issuance, such number of Shares and Warrants shall be issued such that following such Closing, the aggregate number of Shares and Warrants issued in Tranche B shall equal the aggregate number of Securities specified in all Option Notices; provided, further, that the Purchaser may elect in the Option Notice that the Tranche B Closing shall only take place, if at all, immediately following receipt of the Required Stockholder Approval; provided, further, that in the event the Purchaser makes such an election, it may at any time elect to amend its Option Notice to reduce the number of Shares and Warrants to be purchased and sold in Tranche B so as to obviate the need for the Required Stockholder Approval.

5. Representations and Warranties by the Company. The Company represents and warrants to the Purchaser as follows:

5.1 Organization. The Company (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the nature of the property owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, reasonably be likely to have a Material Adverse Effect, (c) has its principal place of business and chief executive office at 420 Lexington Avenue, Suite 601, New York, New York 10170, and (d) has the requisite corporate power and authority to own or lease and operate its assets and carry on its business as presently being conducted. For purposes of this Agreement, "Material Adverse Effect" shall mean any material adverse effect on (i) the Securities, (ii) the ability of the Company to perform its obligations under this Agreement, the Warrants or the Registration Rights Agreement (collectively, the "Transaction Documents"), or (iii) the financial condition, properties, assets, liabilities, business or operations of the Company and its Subsidiaries, taken as a whole.

5.2 Authorization; Enforceability. The Company has the requisite corporate power and authority to enter into this Agreement and the other Transaction Documents to which it is a party. The execution, delivery and performance by the



Company of this Agreement and each of the other Transaction Documents to which it is a party, and the consummation by the Company of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate action on the part of the Company, subject to compliance with NASD Rule 4350. This Agreement has been duly and validly executed and delivered by the Company and, when executed, each other Transaction Document to which it is a party will be duly and validly executed and delivered by the Company, and, assuming due and valid execution and delivery by the Purchaser, constitute or will constitute the valid and binding obligation of the Company, enforceable against the Company in accordance with their respective terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors and other laws of general application affecting enforcement of creditors' rights generally, rules of law governing specific performance, injunctive relief and other equitable remedies.

### 5.3 Capitalization.

(a) The authorized capital stock of the Company consists of 50,000,000 shares of Common Stock and 10,000,000 shares of preferred stock, par value \$0.0001 per share ("Preferred Stock"). As of the date hereof, without giving effect to the consummation of the transactions contemplated herein, there are outstanding 16,455,238 shares of Common Stock and 72,992 shares of Preferred Stock and the Company has no other shares of capital stock authorized, issued or outstanding.

(b) Except as set forth on Schedule 5.3, (i) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exercisable or exchangeable for, any shares of capital stock of the Company, or arrangements by which the Company is or may become bound to issue additional shares of capital stock, nor are any such issuances or arrangements contemplated, (ii) there are no securities or instruments containing antidilution or similar provisions that will be triggered by the issuance of the Shares and Warrants in accordance with the terms of this Agreement or the issuance of the Warrant Shares in accordance with the Warrants, (iii) the Company has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any of its equity securities or any interests therein or to pay any dividend or make any distribution in respect thereof and (iv) the Company has not reserved any shares of capital stock for issuance pursuant to any stock option plan or similar arrangement. The capitalization of the Company, including, without limitation, the authorized capital stock, the number of shares issued and outstanding, the number of shares issuable and reserved for issuance pursuant to the Company's stock option plans, the number of shares issuable and reserved for issuance pursuant to securities (other than the Shares and the Warrants) exercisable for, or convertible into or exchangeable for any shares of capital stock

and the number of shares that have been reserved for issuance at the Tranche B Closing or upon exercise of the Warrants is set forth on Schedule 5.3.

5.4 Due Issuance and Authorization of Capital Stock. All of the outstanding shares of capital stock of the Company have been duly authorized, validly issued and are fully paid and nonassessable. The Securities have been duly authorized and upon issuance in accordance with the terms of this Agreement or the Warrants (as applicable), all such Securities will be duly authorized, validly issued, fully paid and nonassessable, subject to compliance with NASD Rule 4350. The sale and delivery of the Shares and the Warrants to the Purchaser pursuant to the terms hereof, and the issuance of the Warrant Shares to the Purchaser upon exercise of the Warrants, will vest in the Purchaser legal and valid title to such Securities, free and clear of any lien, claim, judgment, charge, mortgage, security interest, pledge, escrow equity or other encumbrance other than those either (i) created under applicable securities law or (ii) by the Purchaser or Permitted Transferee (collectively, "Encumbrances").

5.5 Consents. Neither the execution, delivery or performance of this Agreement or any other Transaction Document by the Company, nor the consummation by it of the obligations and transactions contemplated hereby or thereby (including, without limitation, the issuance, the reservation for issuance and the delivery of the Securities) requires any material consent of, authorization by, exemption from, filing with or notice to any governmental authority or any other Person, other than (a) in the event that the number of Shares and Warrants to be issued at a Tranche B Closing would exceed the number of Shares and Warrants permitted to be issued without stockholder approval pursuant to NASD Rule 4350, the affirmative vote of the majority of shares of Common Stock present in person or represented by proxy at the Stockholders' Meeting (as defined below) and entitled to vote to approve the offering and issuance of the Shares and Warrants pursuant to NASD Rule 4350 (the "Required Stockholder Approval"), and (b) the filings under applicable securities laws required to comply with the Company's registration obligations under the Registration Rights Agreement.

5.6 Financial Statements. The audited consolidated balance sheet of the Company as of December 31, 2002 (the "Balance Sheet"), and audited consolidated statements of income and retained earnings and cash flows of the Company for the year ended December 31, 2002 (collectively with the Balance Sheet, the "Financial Statements"), together with an unqualified opinion thereon from the Company's independent accountants, are contained in the Company's SEC Documents (as defined below). The Company has caused to be delivered to the Purchaser (to the extent not already contained in the SEC Documents) unaudited consolidated balance sheets of the Company as of March 31, 2003 and as of June 30, 2003 (the "Unaudited Balance Sheets") and unaudited consolidated statements of

income and retained earnings and cash flows of the Company for the three months ended March 31, 2003 and the six months ended June 30, 2003 (collectively with the Unaudited Balance Sheet, the "Unaudited Financial Statements"). The Financial Statements and Unaudited Financial Statements have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except (x) as may be otherwise indicated in such financial statements or the notes thereto, or (y) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present in all material respects the consolidated financial position of the Company as of the dates thereof and its consolidated results of operations and cash flows for the periods then ended (subject, in the case of Unaudited Financial Statements, to immaterial year-end audit adjustments).

5.7 SEC Documents. Since March 31, 2001, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act, the NASD Rules and the rules and regulations of the Frankfurt Stock Exchange (all of the foregoing filed prior to the date hereof and after March 31, 2001, and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). The Company has delivered or otherwise made available to the Purchaser true and complete copies of the SEC Documents, except the exhibits and schedules thereto and the documents incorporated therein. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act or the Securities Act, as the case may be, applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The acting chief executive officer and the chief financial officer of the Company has signed, and the Company has furnished to the SEC, all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 (the "Certifications"). Such Certifications contain no qualifications or exceptions to the matters certified therein and have not been modified or withdrawn, and neither the Company nor any of its officers has received notice from any Governmental Entity questioning or challenging the accuracy, completeness, content, form or manner of filing or submission of such Certifications. Since the adoption of the Sarbanes-Oxley Act, the Company has complied in all material respects with the laws, rules and regulations thereunder. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC applicable with respect thereto.

5.8 No Conflicts. The execution, delivery and performance of this Agreement and each other Transaction Document, and the consummation of the transactions contemplated hereby and thereby (including, without limitation, the issuance and reservation for issuance, as applicable, of the Securities) will not (a) result in a violation of the certificate of incorporation or by-laws of the Company, (b) except as set forth on Schedule 5.8, materially conflict with or result in the material breach of the terms, conditions or provisions of or constitute a material default (or an event which with notice or lapse of time or both would become a material default) under, or give rise to any right of termination, acceleration or cancellation under, any material agreement, lease, mortgage, license, indenture, instrument or other contract to which the Company or any of its Subsidiaries is a party, (c) result in a material violation of any law, rule, regulation, order, judgment or decree (including, without limitation, U.S. federal and state securities laws and regulations) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected, or (d) result in the creation of any material Encumbrance upon any of their assets. The Company is not in violation of its certificate of incorporation or by-laws, and the Company is not in default (and no event has occurred which, with notice or lapse of time or both, would cause the Company or any of its Subsidiaries to be in material default) under, nor has there occurred any event giving others (with notice or lapse of time or both) any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party.

5.9 Intellectual Property.

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(a) The Company and each of its Subsidiaries owns, is licensed to use, or otherwise possesses the right to use the Intellectual Property currently used or planned for use in the conduct of the Company's and each of its Subsidiaries' business (the "Company Intellectual Property"), free and clear of all Encumbrances.

(b) Schedule 5.9(b) sets forth a list of (i) all registrations and applications for copyrights, patents, and Trademarks owned or controlled by the Company and each of its Subsidiaries; (ii) material unregistered Trademarks currently used or planned for use in the conduct of the Company's and each of its Subsidiaries' business; (iii) Software (other than readily available commercial software programs having an acquisition price of less than \$5,000) currently used or planned for use in the conduct of the Company's and each of its Subsidiaries' business.

(c) Except as set forth on Schedule 5.9(c), the Company or a Subsidiary is listed in the records of the appropriate United States, state, or foreign registry as the sole current owner of record for each registration and application for

copyright, patent, and Trademark specified as owned by the Company or a Subsidiary, and such registrations and applications have been duly maintained, are subsisting, in full force and effect, have not been cancelled, expired or abandoned, and to the Knowledge of the Company and the Knowledge of the Company's Subsidiaries, valid and enforceable. When representations or warranties in this Agreement are qualified to the "Knowledge of the Company" or to the "Knowledge of the Company's Subsidiaries," they are given by the Company or each of its Subsidiaries, as the case may be, only to the extent of the actual knowledge of the Company or its Subsidiaries, respectively, without any obligation of inquiry and shall be deemed to be qualified in all respects by such facts as Thomas N. Konatich, Dennis E. Hruby or Susan K. Burgess know as a result of their participation in the business of the Company or its Subsidiaries, respectively, prior to the date such representations or warranties are made.

(d) Except as set forth on Schedule 5.9(d), neither the Company nor any of its Subsidiaries has received written notice from any third party regarding any actual or potential infringement, misappropriation, dilution, or other violation by the Company or any of its Subsidiaries of any Intellectual Property of such third party, and to the Knowledge of the Company and the Knowledge of the Company's Subsidiaries, there is no reasonable basis for such a claim against the Company or any of its Subsidiaries.

(e) Except as set forth on Schedule 5.9(e), there are no oppositions, cancellations, invalidity proceedings, re-examination proceedings, suits, arbitrations, or threatened claims pending or for which notice has been provided or, to the Knowledge of the Company, threatened, challenging the Company's or any of its Subsidiaries' ownership of, right to use, or the validity or enforceability of any Company Intellectual Property.

(f) Except as set forth on Schedule 5.9(f), there are no settlements, forbearances to sue, consents, judgments, or orders or similar obligations which (i) restrict the Company's or any of its Subsidiaries' right to use any Company Intellectual Property, (ii) restrict the Company's or any of its Subsidiaries' businesses in order to accommodate a third party's intellectual property rights or (iii) permit third parties to use any Intellectual Property owned or controlled by the Company or any of its Subsidiaries.

(g) the Knowledge of the Company, no third party is infringing, misappropriating, diluting or otherwise violating any Company Intellectual Property.

(h) Except as set forth on Schedule 5.9(h), the consummation of the transactions contemplated by this Agreement will not result in the loss or

impairment by the Company or any of its Subsidiaries of any rights to Company Intellectual Property, nor will such consummation require the consent of or payment to any third party in respect of any Company Intellectual Property.

(i) The Company and each of its Subsidiaries take reasonable and prudent measures to protect the confidentiality of Trade Secrets, including requiring their employees, contractors and agents and other parties having access thereto to execute written non-disclosure agreements. No Trade Secret has been disclosed or authorized to be disclosed to any third party other than pursuant to a written non-disclosure agreement that adequately protects the Company's and the applicable Subsidiary's proprietary rights in and to such Trade Secrets. To the Knowledge of the Company and the Knowledge of each of its Subsidiaries, no party to any non-disclosure agreement relating to its Trade Secrets is in breach or default thereof.

(j) All Intellectual Property owned by the Company or a Subsidiary was either developed by employees of the Company or a Subsidiary within the scope of their employment, or by independent contractors who have properly assigned all of their rights to the Company or a Subsidiary pursuant to written agreements. To the Knowledge of the Company, no current or former stockholder, partner, director, officer, employee, contractor, agent, or consultant of the Company or a Subsidiary will, after giving effect to the transactions contemplated herein, own any of the Intellectual Property the Company or any of its Subsidiaries purports to own.

(k) All Trademarks owned or controlled by the Company or any of its Subsidiaries have been in continuous use by the Company or its Subsidiaries, and the Trademarks listed in Schedule 5.9(k) for which the Company or any of its Subsidiaries has obtained or applied for a registration have been continuously used in the form appearing in, and in connection with the goods and services listed in, their respective registration certificates. To the Knowledge of the Company, there has been no prior use of such Trademarks by any third party which would confer upon said third party superior rights in such Trademarks. The Company and its Subsidiaries have adequately policed the material Trademarks owned or controlled by the Company or any of its Subsidiaries against third party infringement so as to maintain the validity of such Trademarks.

5.10 Material Contracts. Each material contract of the Company and its Subsidiaries is listed on Schedule 5.10 hereof. Each such contract is the legal, valid and binding obligation of the Company, enforceable against the Company and/or such Subsidiary, as the case may be, in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors and other laws of general application affecting enforcement of creditors' rights generally, rules of law governing specific performance, injunctive

relief and other equitable remedies. There has not occurred any breach, violation or default or any event that, with the lapse of time, the giving of notice or the election of any Person, or any combination thereof, would constitute a material breach, violation or default by the Company or a Subsidiary, as the case may be, under any such contract or, to the Knowledge of the Company, by any other Person to any such contract. Neither the Company nor any of its Subsidiaries has been notified that any party to any material contract intends to cancel, terminate, not renew or exercise an option under any material contract, whether in connection with the transactions contemplated hereby or otherwise. The Company is not materially restricted by agreement from carrying on its business anywhere in the world.

5.11 Right of First Refusal; Voting and Registration Rights. Other than as provided for herein, no party has any right of first refusal, preemptive right, right of first offer, right of co-sale or other similar right regarding the Company's securities. There are no provisions of the certificate of incorporation or the by-laws of the Company or any of its Subsidiaries, no agreements to which the Company or any of its Subsidiaries is a party and no agreements by which the Company, any of its Subsidiaries or the Securities are bound, which (a) may affect or restrict the voting rights of the Purchaser with respect to the Shares or the Warrant Shares in its capacity as a stockholder of the Company, (b) restrict the ability of the Purchaser, or any successor thereto or assignee or transferee thereof, to transfer the Securities, (c) require the vote of more than a majority of the Company's issued and outstanding Common Stock, voting together as a single class, to take or prevent any corporate action, other than those matters requiring a class vote under Delaware law, or (d) entitle any party to nominate or elect any director of the Company or require any of the Company's stockholders to vote for any such nominee or other Person as a director of the Company in each case, except as provided for in or contemplated by this Agreement. Except as disclosed on Schedule 5.11 or pursuant to the Registration Rights Agreement, the Company is not under any obligation, contractual or otherwise, to register for sale any of its securities under the Securities Act.

5.12 Form S-3 Eligibility. The Company is currently eligible under the eligibility requirements of General Instruction I to Registration Statement on Form S-3 to register the resale of its Common Stock on a registration statement on Form S-3 under the Securities Act. To the Knowledge of the Company, there exist no facts or circumstances that would reasonably be likely to prohibit or delay the preparation and filing of a registration statement on Form S-3 with respect to the Shares or the Warrant Shares in accordance with the terms of this Agreement and the Registration Rights Agreement.

5.13 No Integrated Offering. Neither the Company, nor any of its Affiliates or any other Person acting on the Company's behalf, has directly or

indirectly engaged in any form of general solicitation or general advertising with respect to the Securities nor have any of such Persons made any offers or sales of any security or solicited any offers to buy any security under circumstances that would require registration of the Securities under the Securities Act or cause this offering of Securities to be integrated with any prior offering of securities of the Company for purposes of the Securities Act or any applicable stockholder approval provisions, including, without limitation, NASD Rule 4350(i) or any similar rule.

5.14 Absence of Certain Developments. Since December 31, 2002, neither the Company nor its Subsidiaries have suffered any change or development which has had or could reasonably be likely to have a Material Adverse Effect. Other than the Company's acquisition of certain assets of Plexus Vaccines Inc. and the transactions consummated and business conducted in connection therewith, since December 31, 2002, the Company and its Subsidiaries have conducted their business in the ordinary and usual course consistent with past practices.

5.15 Undisclosed Liabilities. Except as disclosed on Schedule 5.15 or in the SEC Documents, the Company does not have any liabilities (absolute, accrued, contingent or otherwise) that are, in the aggregate, material to its business, operations or financial condition, except liabilities incurred since the date of the Unaudited Financial Statements in the ordinary course of business and consistent with past practice or liabilities not required under GAAP to be reflected in the Financial Statement or the Unaudited Financial Statements.

5.16 Litigation. Except as set forth on Schedule 5.16, there is no claim, action, proceeding, lawsuit, inquiry, arbitration or investigation before or by any court, public board, arbitrator, governmental body, agency or official, self-regulatory organization or body including, without limitation, the SEC or the National Association of Securities Dealers, pending or, to the Knowledge of the Company, threatened against or affecting the Company, any of its Subsidiaries, or their respective properties or their respective directors or officers in their capacities as such which would, individually or in the aggregate, reasonably be likely to have a Material Adverse Effect.

5.17 Compliance with Laws. Neither the Company nor any of its Subsidiaries has received notification from any Governmental Entity (a) asserting a material violation of any law, statute, ordinance or regulation or the terms of any judgment, order, decree, injunction or writ applicable to the conduct of its business, (b) threatening to revoke any material license, franchise, permit or government authorization, or (c) restricting or in any way limiting its operations as currently conducted.

5.18 Taxes.

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(a) Filing of Tax Returns and Payment of Taxes. The Company and each of its Subsidiaries has duly and timely filed (or has had duly and timely filed on its behalf) with the appropriate taxing authorities all Tax Returns required to be filed through the date hereof, and all such Tax Returns are true, correct and complete in all material respects. The Company and each of its Subsidiaries has paid on a timely basis all material Taxes due and payable. Neither the Company nor any of its Subsidiaries is currently the beneficiary of any extension of time within which to file any Tax Return, and no written claim has been made by an authority in a jurisdiction where the Company or any of its Subsidiaries does not file Tax Returns that it is or may be subject to taxation by that jurisdiction.

(b) Audits, Investigations, Disputes or Claims. No deficiencies for Taxes of the Company or any of its Subsidiaries have been claimed, proposed or assessed in writing against the Company or any of its Subsidiaries by any taxing or other governmental authority that have not been fully paid or finally settled, and an adequate reserve in accordance with GAAP has been established in the books of the Company and its Subsidiaries with respect to any unpaid Taxes. There are no audits, investigations, disputes or claims relating to the Taxes or Tax Returns of the Company or any of its Subsidiaries currently being conducted. Neither the Company nor any of its Subsidiaries has executed a waiver with respect to any statute of limitations relating to the assessment or collection of any Taxes.

(c) Prior Affiliated Groups and Other Entity Liability. Neither the Company nor any of its Subsidiaries has been a member of an affiliated group of corporations within the meaning of Section 1504 of the Code or of any group that has filed a combined, consolidated or unitary Tax Return (other than Tax Returns filed by a group the common parent of which was the Company). Neither the Company nor any of its Subsidiaries has any liability for the Taxes of any Person (other than the Company or any of its Subsidiaries) (i) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), (ii) as a transferee or successor, (iii) by contract or (iv) otherwise.

(d) Tax Sharing Agreements. Neither the Company nor any of its Subsidiaries is a party to any Tax sharing agreements or similar arrangements (including indemnity arrangements).

(e) No Withholding. The Company and each of its Subsidiaries has, in all material respects, withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party and has filed all material Tax Returns required to be filed with respect thereto.

#### 5.19 Employee and Benefit Plans.

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(a) Schedule 5.19(a) lists each deferred compensation, incentive compensation or equity compensation plan; "pension" plan, fund or program (within the meaning of Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")); employment, termination or severance agreement; and each other material employee benefit plan, fund, program, agreement or arrangement, in each case, that is sponsored, maintained or contributed to or required to be contributed to by the Company, any of its Subsidiaries or by any trade or business, whether or not incorporated (an "ERISA Affiliate"), that together with the Company or any of its Subsidiaries would be deemed a "single employer" within the meaning of Section 4001(b) of ERISA, or to which the Company, any of its Subsidiaries or an ERISA Affiliate would reasonably be expected to have any liability, for the benefit of any current or former employee or director of the Company or any of its Subsidiaries (the "Benefit Plans"). No Benefit Plan has terms requiring assumption or any guarantee by the Purchaser.

(b) Each Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service that it is so qualified and the trust maintained thereunder is exempt from taxation under Section 501(a) of the Code and no event has occurred that could reasonably be expected to cause a loss of such qualification.

(c) Each Benefit Plan has been operated and administered in all material respects in accordance with the terms of such Benefit Plan and with applicable laws, including but not limited to ERISA and the Code.

(d) No Benefit Plan is subject to Title IV or Section 302 of ERISA and, in the last six years immediately preceding each Closing Date, none of the Company, any of its subsidiaries nor any ERISA Affiliates has sponsored, maintained or contributed to any employee benefit plan which was subject to Title IV of ERISA.

(e) There are no pending, threatened or anticipated material claims by or on behalf of any Benefit Plan, by any employee or beneficiary covered under any such Benefit Plan, or otherwise involving any such Benefit Plan (other than routine claims for benefits).

(f) Except as set forth in Schedule 5.19(f), the consummation of the transactions contemplated by this Agreement will not, either alone or in combination with any other event, (i) entitle any current or former employee, officer, director or consultant of the Company, any of its Subsidiaries or any ERISA Affiliate to severance pay, unemployment compensation or any other similar termination payment, or (ii) accelerate the time of payment or vesting, or increase the amount of, or otherwise enhance, any benefit due to any such employee, officer, director or

consultant. No amounts payable under any of the Benefit Plans or any other contract, agreement or arrangement with respect to which the Company or any of its Subsidiaries may have any liability could reasonably be expected to fail to be deductible for federal income tax purposes by virtue of Section 162(m) or Section 280G of the Code.

(g) Except as set forth in Schedule 5.19(g), no "leased employee" (within the meaning of Section 414(n) of the Code) performs services for the Company or any of its Subsidiaries.

(h) The Company has not used the services provided by professional employer organizations, the services or workers provided by contract labor suppliers, temporary employees, "leased employees," or individuals who have provided services as independent contractors in such a way that could reasonably be expected to result in a material liability to the Company by (A) entitling any individual to participate in or receive benefits under any Benefit Plan in which such individual does not currently participate, (B) resulting in the disqualification of any of any Benefit Plan or the imposition of penalties or excise taxes with respect to the any Benefit Plan by the Internal Revenue Service, the Department of Labor or the Pension Benefit Guaranty Corporation or (C) causing the Company to be liable for any employee benefit plan (within the meaning of Section 3(3) of ERISA) sponsored, maintained or contributed to by any professional employer organization or contract labor supplier.

(i) The Company and its Subsidiaries are in material compliance with all applicable U.S. federal, state and local and foreign laws, rules and regulations respecting employment and employment practices, labor, terms and conditions of employment, wages, hours of work and occupational safety and health, and are not engaged in any unfair labor practices as defined in the National Labor Relations Act or other applicable law. Neither the Company nor any of its Subsidiaries is bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, commitment or arrangement, collective bargaining or similar agreement with any labor union, and, to the Knowledge of the Company, no labor union has requested or has sought to represent any of the employees, representatives or agents of the Company or any of its Subsidiaries and to the Knowledge of the Company and the Knowledge of the Company's Subsidiaries, there is no current union organizing activities among such employees, representatives or agents. There is no labor strike, dispute, slowdown, stoppage actually pending or, to the Knowledge of the Company, threatened against or involving the Company or any of its Subsidiaries.

5.20 Brokers. Other than Sutter Securities Incorporated, which served as financial advisor to the Company, there is no broker, investment banker,

financial advisor, finder or other Person which has been retained by or is authorized to act on behalf of the Company who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

5.21 Related-Party Transactions. Except as set forth on Schedule 5.21, no employee, officer, director, stockholder or Affiliate of the Company or any of its Subsidiaries or member of his or her immediate family is currently indebted to the Company or any of its Subsidiaries, nor is the Company or any of its Subsidiaries indebted (or committed to make loans or extend or guarantee credit) to any of such individuals. Except as set forth on Schedule 5.21, none of such Persons has any direct or indirect ownership interest in any firm or corporation which is an Affiliate of the Company or with which the Company has a business relationship, or any firm or corporation that competes with the Company, except that employees, officers, or directors of the Company and members of their immediate families may own stock in an amount not to exceed 1% of the outstanding capital stock of publicly traded companies that may compete with the Company or with which the Company may have a business relationship. Except as set forth on Schedule 5.21, no employee, director, officer or stockholder of the Company and no member of the immediate family of any employee, officer, director or stockholder of the Company is directly or indirectly interested in any material contract with the Company.

5.22 Regulatory Compliance. As to each of the product candidates of the Company currently under research and/or development by the Company, subject to the jurisdiction of the United States Food and Drug Administration ("FDA") under the Federal Food, Drug and Cosmetic Act and the regulations thereunder ("FDCA") (each such product, a "Life Science Product"), such Life Science Product is being researched and developed in compliance in all material respects with all applicable requirements under the FDCA and similar laws and regulations applicable to such Life Science Product, including those relating to investigational use, premarket approval, good manufacturing practices, labeling, advertising, record keeping, filing of reports and security. The Company has not received any notice or other communication from the FDA or any other Governmental Entity (i) contesting the premarket approval of, the uses of or the labeling and promotion of any Life Science Product or (ii) otherwise alleging any violation by the Company of any law, regulation or other legal provision applicable to a Life Science Product. The Company has not, and to the knowledge of the Company no officer, employee or agent of the Company has knowingly made an untrue statement of a material fact or fraudulent statement to the FDA or other federal, state or foreign Governmental Entity performing similar functions, or knowingly failed to disclose a material fact required to be disclosed to the FDA or such other federal, state or foreign Governmental Entity.

6. Representations and Warranties of the Purchaser. The Purchaser represents and warrants to the Company as follows:

6.1 Organization. The Purchaser (a) is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, (b) is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the nature of the property owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, reasonably be likely to have a material adverse effect on (i) the ability of the Purchaser to perform its obligations under the Transaction Documents or (ii) the financial condition, properties, assets, liabilities, business or operations of the Purchaser, (c) has its principal place of business and chief executive office at 35 East 62nd Street, New York, New York 10021, and (d) has the requisite corporate power and authority to own or lease and operate its assets and carry on its business as presently being conducted.

6.2 Authorization; Enforceability. The Purchaser has the requisite corporate power and authority to enter into this Agreement and the other Transaction Documents to which it is a party. The execution, delivery and performance by the Purchaser of this Agreement and each of the other Transaction Documents to which it is a party, and the consummation by the Purchaser of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement has been duly and validly executed and delivered by the Purchaser and, when executed, each other Transaction Document to which it is a party will be duly and validly executed and delivered by the Purchaser, and, assuming due and valid execution and delivery by the Company, constitute or will constitute the valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with their respective terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors and other laws of general application affecting enforcement of creditors' rights generally, rules of law governing specific performance, injunctive relief and other equitable remedies.

6.3 No Conflicts. The execution, delivery and performance of this Agreement and each other Transaction Document, and the consummation of the transactions contemplated hereby and thereby will not (a) result in a violation of the certificate of incorporation or by-laws of the Purchaser, (b) materially conflict with or result in the material breach of the terms, conditions or provisions of or constitute a material default (or an event which with notice or lapse of time or both would become a material default) under, or give rise to any right of termination, acceleration or cancellation under, any material agreement, lease, mortgage, license, indenture, instrument or other contract to which the Purchaser or any of its

Subsidiaries is a party, (c) result in a material violation of any law, rule, regulation, order, judgment or decree (including, without limitation, U.S. federal and state securities laws and regulations) applicable to the Purchaser or any of its Subsidiaries or by which any property or asset of the Purchaser or any of its Subsidiaries is bound or affected, or (d) result in the creation of any material lien, claim, judgment, charge, mortgage, security interest, pledge, escrow equity or other encumbrance upon any of their assets. The Purchaser is not in violation of its certificate of incorporation or by-laws, and the Purchaser is not in default (and no event has occurred which, with notice or lapse of time or both, would cause the Purchaser or any of its Subsidiaries to be in material default) under, nor has there occurred any event giving others (with notice or lapse of time or both) any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Purchaser or any of its Subsidiaries is a party.

6.4 Investment Representations and Warranties. The Purchaser understands that the Securities have not been, and will not upon issuance be, registered under the Securities Act, and that the certificates evidencing the Securities shall bear a legend to that effect, unless prior to issuance, the Securities shall have been so registered.

6.5 Acquisition for Own Account. The Purchaser is acquiring the Securities for its own account for investment and not with a view toward distribution in a manner which would violate the Securities Act.

6.6 Ability to Protect Its Own Interests and Bear Economic Risks; Understanding of Use of Proceeds. By reason of the business and financial experience of its management, the Purchaser has the capacity to protect its own interests in connection with the transactions contemplated by this Agreement. The Purchaser is able to bear the economic risk of an investment in the Securities, and has an adequate income independent of any income produced from an investment in the Securities and has sufficient net worth to sustain a loss of all of its investment in the Securities without economic hardship if such a loss should occur. The Purchaser understands in all material respects the purposes for which the proceeds to the Company from the sale of the Shares and the Warrants will be used, as such purposes are set forth in Section 7.8 hereof.

6.7 A ccredited Investor. The Purchaser is an "accredited investor" as that term is defined in Regulation D promulgated under the Securities Act.

6.8 Access to Information. The Purchaser has been furnished with the materials relating to the Company's business, operations, financial condition, assets, liabilities and other matters relevant to the Purchaser's investment in the Securities, which have been requested by the Purchaser. The Purchaser has had

adequate opportunity to ask questions of, and receive answers from, the Company's officers, employees, agents, accountants, and representatives concerning the Company's business, operations, financial condition, assets, liabilities, and all other matters relevant to its investment in the Securities.

6.9 Brokers. There is no broker, investment banker, financial advisor, finder or other Person which has been retained by or is authorized to act on behalf of the Purchaser who is entitled to any fee or commission in connection with the execution of this Agreement.

7. Covenants of the Company. The Company (and each of its Subsidiaries unless the context otherwise requires) hereby covenants as follows:

7.1 Conduct in the Ordinary Course. From the date of this Agreement until the final Tranche B Closing or the termination of this Agreement in accordance with its terms, except to the extent expressly permitted by this Agreement or otherwise consented to by an instrument in writing signed by the Purchaser, the Company shall (i) keep the Company's business, as it is currently being conducted, and organization intact and shall not take or permit to be taken or do or suffer to be done anything other than in the ordinary course of its business as the same is currently being conducted, (ii) use its reasonable best efforts to keep available the services of its directors, officers, employees, independent contractors and agents and retain and maintain good relationships with its clients and maintain its facilities in good condition and (iii) maintain the goodwill and reputation associated with its business, as it is currently being conducted.

7.2 Filing of Proxy Statement. In the event that the number of Shares and Warrants required to be issued at a Tranche B Closing would exceed the number of Shares and Warrants permitted to be issued without stockholder approval pursuant to NASD Rule 4350, the Company shall prepare and file with the SEC within 45 days of the delivery of the Option Notice which triggers the need for the Required Stockholder Approval a proxy statement meeting the requirements of Section 14 of the Exchange Act (the "Proxy Statement") to solicit the Required Stockholder Approval. Before filing such Proxy Statement or any amendments or supplements thereto, the Company shall furnish to the Purchaser copies of all such documents proposed to be filed, including documents incorporated by reference in the Proxy Statement, and, if requested by the Purchaser, the exhibits incorporated by reference, and the Purchaser shall have the reasonable opportunity to review and comment on such documents, and the Company will incorporate into such documents the comments reasonably requested by the Purchaser. The Company shall use its commercially reasonable efforts to cause the Proxy Statement to be cleared by the SEC as promptly as reasonably practicable after such filing, and shall promptly mail the Proxy Statement to the stockholders of the Company. The

Company shall keep the Purchaser apprised of the status of matters relating to the Proxy Statement and the Stockholders' Meeting. The Company shall notify the Purchaser promptly upon the receipt of any notices, comments or other communications from the SEC or its staff, in connection with the filing of, or amendments or supplements to, the Proxy Statement, or upon the receipt of any communications with respect to the Proxy Statement, the Stockholders' Meeting or the transactions contemplated hereby from the SEC, The Nasdaq SmallCap Market or the Frankfurt Stock Exchange or their staff. The Company shall provide the Purchaser (and its counsel) with a reasonable opportunity to review and comment on any amendment or supplement to the Proxy Statement prior to filing such with the SEC, and will provide the Purchaser with a copy of all such filings made with the SEC.

7.3 Stockholders' Meeting. In the event that the number of Shares and Warrants required to be issued at a Tranche B Closing would exceed the number of Shares and Warrants permitted to be issued without stockholder approval pursuant to NASD Rule 4350, the Company shall, in accordance with the laws of the State of Delaware, its certificate of incorporation and its by-laws, use its commercially reasonable efforts to convene a meeting of holders of the Common Stock (the "Stockholders' Meeting") within 45 days (or such other time period that is mutually agreed to by the Company and the Purchaser) after the date of the Proxy Statement, at which the Company will seek the Required Stockholder Approval. The Board of Directors shall recommend such approval by the stockholders of the Company (the "Company Recommendation") and shall not withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to the Purchaser, or take any action or make any statement in connection with the Stockholders' Meeting inconsistent with, such recommendation (collectively, a "Company Recommendation Change"). Notwithstanding any Company Recommendation Change, the Company shall cause the Stockholders' Meeting to be convened and a vote to be taken.

7.4 Exchange Listing. The Company shall use its commercially reasonable efforts to cause the Shares and the Warrant Shares to be approved for quotation on The Nasdaq SmallCap Market and the Frankfurt Stock Exchange as promptly as practicable following the Tranche A Closing.

7.5 Information Rights.  
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(a) Access to Records. The Company shall afford to the Purchaser, the Affiliates of the Purchaser and each of their respective officers, employees, advisors, counsel and other authorized representatives, during normal business hours, reasonable access, upon reasonable advance notice, to all of the books, records and properties of the Company and its Subsidiaries and all officers and employees of the Company and such Subsidiaries, for so long as the Purchaser



beneficially owns a number of Securities amounting to 25% of the Securities purchased pursuant to this Agreement (50% of such Securities if no Tranche B Closing occurs); provided, however, that any and all information provided to the Purchaser pursuant to the terms of this Agreement shall be governed by the terms of the letter agreement dated June 16, 2003 between the Company and the Purchaser, as amended hereby (the "Confidentiality Letter Agreement"), and, in furtherance thereof, the definition of the term "Evaluation Material" (as used and defined in the Confidentiality Letter Agreement) is hereby amended to include not only information relating to the Company and its businesses, operations, assets and financial condition provided to the Purchaser in connection with the Purchaser's desire to explore a possible investment in the Company, but also any and all information provided to the Purchaser pursuant to the terms of this Agreement; provided, further, that information of the type described in the second sentence of the third paragraph of the Confidentiality Letter Agreement shall not be "Evaluation Material." Notwithstanding the foregoing, the parties (and each employee, representative, or other agent of the parties) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and any facts that may be relevant to understanding the Tax structure of the transactions contemplated hereby, provided, however, that neither party (nor any employee, representative or other agent thereof) may disclose any other information that is not relevant to understanding the Tax treatment and Tax structure of the transactions (including the identity of any party, any information that could lead another to determine the identity of any party and any non-public business, financial or other information or term), or any other information to the extent that such disclosure could result in a violation of any federal or state securities law.

(b) Financial Reports. The Company shall furnish to the Purchaser, for so long as the Purchaser beneficially owns a number of Securities amounting to 25% of the Securities purchased pursuant to this Agreement (50% of such Securities if no Tranche B Closing occurs):

(i) Monthly Reports. As soon as available, but not later than 15 days after the end of each fiscal month beginning with the report for the month of August 2003, a consolidated balance sheet of the Company as of the end of such period and consolidated statements of income of the Company for such period and for the period commencing at the end of the previous fiscal year and ending with the end of such period, setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding fiscal year, and including comparisons to the budget or business plan and an analysis of the variances from the budget or plan, all prepared in accordance with GAAP (except for the absence of footnotes, and quarter-end and year-end adjustments).

(ii) Quarterly and Annual Reports. On the day after filed with the SEC, copies of the Company's annual, quarterly and other reports filed with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act.

(c) Notice of Litigation, Disputes and Adverse Changes; Other Information. The Company shall promptly notify the Purchaser of each legal action, suit, arbitration or other administrative or governmental investigation or proceeding (whether federal, state, local or foreign) instituted or, to the knowledge of the Company, threatened against the Company (or of any occurrence or dispute which involves a reasonable likelihood of any such action, suit, arbitration, investigation or proceeding being instituted).

(d) Other Information. The Company shall promptly provide the Purchaser with such other information relating to the Company as reasonably requested by the Purchaser.

7.6 Auditors. The Company shall have as its auditors an accounting firm of national reputation. The parties hereto acknowledge and agree that, for purposes of this Section 7.6, PricewaterhouseCoopers LLP is an accounting firm of national reputation.

7.7 Composition of Board of Directors; Indemnification; Directors and Officers Insurance Policy.

(a) At such time as the Purchaser shall have invested an aggregate of \$5,000,000 or more in Securities, the Company shall use its reasonable best efforts to appoint to its Board of Directors two individuals designated by the Purchaser (the "M & F Representatives"). Prior to such time, the Company shall enter into indemnification agreements with each of the M & F Representatives on terms no less favorable to the M & F Representatives than the terms of the indemnification agreements of the existing members of the Board of Directors.

(b) The Company shall reimburse all directors of the Company for their reasonable out-of-pocket expenses in connection with attending meetings of the Company's Board of Directors and all committees thereof and all reasonable out-of-pocket expenses otherwise incurred in fulfilling their duties as directors. Unless otherwise required under applicable law, the Company's certificate of incorporation shall at all times contain provisions for directors' liability and indemnification as set forth in Articles Seventh and Eighth of the Company's certificate of incorporation, as currently in effect, which provisions are set forth on Schedule 7.7.

(c) The Company shall maintain in full force and effect a policy or policies of insurance, including, without limitation, a directors and officers liability insurance policy, issued by insurers of recognized responsibility, insuring it, its directors and officers, its properties and its business against such losses and risks, and in such amounts, as are customary in the case of corporations of established reputation engaged in the same or a similar business.

(d) The Company shall amend its by-laws to allow for the appointment of the M & F Representatives, subject to the terms and conditions set forth in paragraph (a) of this Section 7.7.

7.8 Use of Proceeds. The Company shall use the proceeds to the Company from the sale of the Shares and the Warrants to fund research and development, to pursue growth opportunities, for the payment of expenses related to the transactions contemplated hereby and for general corporate purposes.

7.9 Reservation of Common Stock. The Company shall reserve and keep available out of its authorized but unissued Common Stock the number of shares required for the issuances of all of the Shares issuable pursuant to this Agreement and the exercise of the Warrants.

7.10 Employee Waiver Letters. Within 30 days of the date hereof the Company shall cause the executives and employees named on Schedule 7.10(a) hereto to execute waiver letters with the Company substantially in the form as set forth in Schedule 7.10(b) hereto.

7.11 Filings. The Company shall promptly provide to the Purchaser (or its counsel) copies of all filings made by the Company or any Affiliate with any Governmental Entity in connection with this Agreement and the transactions contemplated hereby.

7.12 Notification of Certain Matters. From the date hereof until the earlier to occur of (i) if the Purchaser does not provide a timely Option Notice, the expiration of the Purchaser's option to purchase Securities in Tranche B and (ii) if the Purchaser does provide a timely Option Notice, the sale and purchase of all of the Tranche B Shares, upon the terms and subject to the conditions contained herein (the "Notification Period"), the Company shall promptly notify the Purchaser of the occurrence or non-occurrence of any fact or event which has caused or could reasonably likely cause (x) any representation or warranty made by it in this Agreement or the other Transaction Documents to be untrue or inaccurate in any material respect at any time or (y) any covenant, condition or agreement under this Agreement or the other Transaction Documents not to be complied with or satisfied by it in any material respect; provided, however, that no such notification shall

modify the representations or warranties of the Company or the conditions to the obligations of the Purchaser hereunder. During the Notification Period, the Company shall promptly notify the Purchaser of any notice or other communication from any third party alleging that the consent of such third party is or may be required in connection with the transactions contemplated by this Agreement or the other Transaction Documents.

8. Conditions to the Parties' Obligations.  
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8.1 Conditions to Each Party's Obligations. The respective obligations of each party to consummate the transactions contemplated hereunder are subject to the fulfillment prior to or on each Closing Date of all of the following conditions, which may be waived in whole or in part by the Purchaser to the extent permitted by law:

(a) No Litigation. There shall not have been instituted any litigation challenging or seeking damages in connection with the transactions contemplated by this Agreement.

(b) No Statute, Etc. No statute, rule, regulation, executive or other order, decree, ruling or injunction shall have been enacted, entered, promulgated or enforced by any Governmental Entity which prohibits, restrains, enjoins or restricts the transactions contemplated by the Transaction Documents.

(c) Required Stockholder Approval. If required by NASD Rule 4350, the Company shall have obtained the Required Stockholder Approval.

8.2 Conditions to the Purchaser's Obligations. The obligations of the Purchaser to consummate the transactions contemplated hereunder are subject to the fulfillment prior to or on each Closing Date of all of the following conditions, which may be waived in whole or in part by the Purchaser to the extent permitted by law:

(a) Covenants; Representations and Warranties. (i) The Company shall have performed in all material respects each of its obligations hereunder required to be performed by it at or prior to each Closing Date, and shall have obtained all consents and approvals required for the consummation of the transactions contemplated hereby, and (ii) the representations and warranties of the Company contained in this Agreement and in any certificate or other writing delivered by the Company pursuant hereto shall be true and correct (without giving effect to any limitation as to "materiality" set forth therein) at and as of such Closing Date as if made at and as of each Closing Date, except where the failure of such representations and warranties to be true and correct (without giving effect to any

limitation as to "materiality" set forth therein) would not, individually or in the aggregate, have a Material Adverse Effect.

(b) Laws; Injunctions. No statute, rule, regulation, executive or other order, decree, ruling or injunction shall have been enacted, entered, promulgated or enforced by any Governmental Entity that would, or would reasonably be likely to, have a Material Adverse Effect.

(c) Certificate of Officer. The Company shall have delivered to the Purchaser a certificate dated the date of such Closing Date, executed by its acting chief executive officer, certifying the satisfaction of the conditions specified in paragraphs (a) and (b) of this Section 8.2.

(d) Qualification Under State Securities Laws. All registrations, qualifications, permits and approvals required under applicable state securities laws shall have been obtained for the lawful execution, delivery and performance of this Agreement and each other Transaction Document, including, without limitation, the offer and sale of the Securities, subject to compliance with NASD Rule 4350.

(e) Registration Rights Agreement. The Company shall have executed and delivered the Registration Rights Agreement and the Company shall not be in default thereunder.

(f) Warrants. The Company shall have executed and delivered the Warrants to be issued at such Closing in the form attached hereto as Exhibit A.

(g) Supporting Documents. At the Tranche A Closing, the Purchaser shall have received the following:

(i) An opinion from Kramer, Levin, Naftalis & Frankel LLP, counsel to the Company, dated the date of such Closing Date, in the form attached hereto as Exhibit C;

(ii) Copies of resolutions of the Board of Directors of the Company, certified by the Secretary or other authorized officer of the Company, authorizing and approving the execution, delivery and performance of the Transaction Documents, the transactions contemplated thereby and thereby and all other documents and instruments to be delivered pursuant hereto and thereto; and

(iii) Such additional supporting documentation and other information with respect to the transactions contemplated by this Agreement as the Purchaser may reasonably

request.

(h) Consents and Waivers. The Company shall have obtained all consents or waivers necessary to execute and perform its obligations under this Agreement and the other Transaction Documents, to issue the Shares, the Warrants and the Warrant Shares, and to carry out the transactions contemplated hereby and thereby. All corporate and other action and governmental filings necessary to effectuate the terms of this Agreement, the other Transaction Documents, the Shares, the Warrants and the Warrant Shares, and other agreements and instruments executed and delivered by the Company in connection herewith shall have been made or taken.

(i) No Material Adverse Effect. There shall have been no Material Adverse Effect from and after the date of this Agreement.

(j) Waiver of Existing Registration Rights. In connection with the filing of any registration statement on behalf of the Purchasers, the existing holders of the Company's securities shall have waived any applicable registration rights held by them which would otherwise grant them the right to register such securities on a registration statement filed pursuant to the Registration Rights Agreement.

8.3 Conditions to the Company's Obligations. The obligations of the Company to consummate the transactions contemplated hereunder are subject to the fulfillment prior to or on each Closing Date of all of the following conditions, which may be waived in whole or in part by the Company to the extent permitted by law:

(a) Covenants; Representations and Warranties. (i) The Purchaser shall have performed in all material respects each of its obligations hereunder required to be performed by it at or prior to each Closing Date, and shall have obtained all consents and approvals required for the consummation of the transactions contemplated hereby, and (ii) the representations and warranties of the Purchaser contained in this Agreement and in any certificate or other writing delivered by the Purchaser pursuant hereto shall be true and correct (without giving effect to any limitation as to "materiality" set forth therein) at and as of such Closing Date as if made at and as of each Closing Date, except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to "materiality" set forth therein) would not, individually or in the aggregate, have a material adverse effect on (i) the ability of the Purchaser to perform its obligations under the Transaction Documents or (ii) the financial condition, properties, assets, liabilities, business or operations of the Purchaser.

(b) Certificate of Officer. The Purchaser shall have delivered to the Company a certificate dated as of the date of such Closing Date, executed by an authorized officer of the Purchaser, certifying the satisfaction of the conditions specified in paragraph (a) of this Section 8.3.

(c) Registration Rights Agreement. The Purchaser shall have executed and delivered the Registration Rights Agreement and the Purchaser shall not be in default thereunder.

9. Restrictive Legend. The Purchaser acknowledges that each certificate evidencing the Securities shall be stamped or otherwise imprinted with a legend in substantially the following form, unless prior to exercise of the Warrants, the Common Stock issuable upon conversion or exercise thereof shall have been registered under the Securities Act:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT."

10. Miscellaneous.

10.1 Notices. All notices, requests, consents and other communications required or permitted hereunder shall be in writing and shall be hand delivered or mailed postage prepaid by registered or certified mail or transmitted by facsimile transmission (with immediate telephonic confirmation thereafter),

(a) If to the Purchaser:

MacAndrews & Forbes Holdings Inc.  
35 East 62nd Street  
New York, New York 10021  
Attention: Barry F. Schwartz, Esq.  
Facsimile No.: (212) 572-8435

with a copy to (which shall not constitute notice):

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036-6522  
Attention: Franklin M. Gittes, Esq. and

Alan C. Myers, Esq.  
Facsimile No.: (212) 735-2000

(b) If to the Company:

SIGA Technologies, Inc.  
420 Lexington Avenue, Suite 601  
New York, New York 10170  
Attention: Thomas N. Konatich  
Facsimile No.: (212) 697-3130

with a copy to (which shall not constitute notice):

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

or at such other address as the Company or the Purchaser may specify by written notice to the other, and each such notice, request, consent and other communication shall for all purposes of the Agreement be treated as being effective or having been given when delivered if delivered personally, upon receipt of facsimile confirmation if transmitted by facsimile, or, if sent by mail, at the earlier of its receipt or 72 hours after the same has been deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and postage prepaid as aforesaid.

10.2 Termination of Agreement. This Agreement may be terminated as follows:

(a) by mutual written consent of the Purchaser and the Company;

(b) by the Purchaser or the Company, if the Purchaser fails to deliver an Option Notice within 60 days from the date hereof;

(c) by the Purchaser, if the Purchaser timely delivers the Option Notice and all Tranche B Closings thereunder have not occurred (i) within five business days of the delivery of such Option Notice, in the event stockholder approval of the issuance of Securities thereunder is not required, or (ii) within 50 days of the mailing to the Company's stockholders of the Proxy Statement, in the event stockholder approval of the issuance of Securities thereunder is required;



(d) by the Purchaser or the Company, if the stockholders of the Company fail to give the Required Stockholder Approval at the Stockholders' Meeting and if the Purchaser has not exercised its rights pursuant to the final proviso to Section 4(c) hereof within 10 business days thereafter;

(e) by the Purchaser, if the Company has breached any representation, warranty, covenant or agreement contained in this Agreement such that the condition set forth in Section 8.2(a) hereof is not capable of being fulfilled; provided, that if such breach is capable of being cured, the Company has not cured such breach within 20 business days after notice by the Purchaser to the Company thereof;

(f) by the Company, if the Purchaser has breached any material representation, warranty, covenant or agreement contained in this Agreement such that the condition set forth in Section 8.3(a) hereof is not capable of being fulfilled; provided, that if such breach is capable of being cured, the Purchaser has not cured such breach within 20 business days after notice by the Company to the Purchaser thereof; or

(g) by the Purchaser or the Company, if all Tranche B Closings have not occurred by January 31, 2004.

10.3 Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to Section 10.2, this Agreement shall forthwith become void and have no effect, without any liability on the part of either party hereto other than the provisions of this Section 10.3 and Sections 7.4 through 7.12; provided, however, that such termination and abandonment shall not result in the prior sale of any Securities hereunder being rescinded; provided, further, that a party that has committed fraud or willfully breached its representations, warranties, covenants or agreements shall be liable for such fraud or breach.

10.4 Survival of Representations, Warranties and Covenants. All representations and warranties made in, pursuant to or in connection with this Agreement shall survive each Closing for 18 months, notwithstanding any investigation at any time made by or on behalf of the Purchaser, and the sale and purchase of the Shares and the Warrants and payment therefor. All covenants shall survive a Closing in accordance with their terms.

10.5 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties. The Purchaser's rights under this Agreement may be assigned, in whole or in part, to any Permitted Transferee, and any Permitted Transferee shall be deemed to be a Purchaser for all purposes hereunder; provided, that, no such assignment shall be

effective or confer any right on any such assignee unless, prior to such assignment, the assignee agrees in writing, in form and substance reasonably satisfactory to the Company, that such assignee will be bound by all provisions binding on the Purchaser hereunder; provided, further, that any beneficiary of a pledge described in clause (iv) below shall not be required to agree in writing to be bound by the terms hereof. A "Permitted Transferee" is (i) any Affiliate of the Purchaser, including, without limitation, directors, executives and officers of the Purchaser, (ii) any member of the family of any Affiliate of the Purchaser, including any such Person's spouse and descendants and any trust, partnership, corporation, limited liability company or other entity for the benefit of such spouse and/or descendants to whom or which any of the Securities have been transferred by any such Person for estate or tax planning purposes, (iii) any charity or foundation to which the Securities have been transferred by the Purchaser or any Person or entity described in clause (i) or (ii) above for estate or tax planning or charitable purposes, or (iv) the beneficiary of any bona fide pledge by the Purchaser of any of the Securities; provided, that, such transferee agrees to be bound by the provisions hereof in accordance with the preceding sentence. Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto and any Permitted Transferee any rights or remedies hereunder.

10.6 Headings. The headings of the Sections and paragraphs of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

10.7 Governing Law. The internal laws, and not the laws of conflicts (other than Section 5-1401 of the General Obligations Law of the State of New York), of New York shall govern the enforceability and validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties.

10.8 Expenses. The Company shall pay all fees and expenses of its counsel and the reasonable fees and expenses of the Purchaser's counsel up to \$200,000; provided, however, that if the Purchaser does not exercise its option to purchase any Securities in Tranche B, then the Purchaser shall pay all fees and expenses of its counsel and up to \$200,000 of the aggregate of (x) the reasonable fees and expenses of the Company's counsel and (y) the reasonable fees and expenses of Sutter Securities Incorporated.

10.9 Jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in any federal or state court located in the County and State of New York, and each of the parties hereby consents to the jurisdiction of such courts (and of the appropriate appellate

courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on either party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 10.1 shall be deemed effective service of process on such party.

10.10 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

10.11 Counterparts; Effectiveness. This Agreement may be executed in any number of counterparts and by a different party hereto in separate counterparts, with the same effect as if each party had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by each of the parties hereto.

10.12 Entire Agreement. The Transaction Documents, the Confidentiality Letter Agreement and that certain letter from TriNet Employer Group, Inc. to the Company, dated August 13, 2003, contain the entire agreement among the parties hereto with respect to the subject matter hereof and supersede and replace all other prior agreements, written or oral, among the parties hereto with respect to the subject matter hereof.

10.13 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

10.14 Reasonable Best Efforts. The Company and the Purchaser

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shall each cooperate with the other and use (and shall cause their respective Subsidiaries to use) their respective reasonable best efforts to promptly (i) take or cause to be taken all necessary actions, and do or cause to be done all things, necessary, proper or advisable under this Agreement and applicable laws to consummate and make effective all the transactions contemplated by this Agreement as soon as practicable, including, without limitation, preparing and filing promptly and fully all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (ii) obtain all approvals required to be obtained from any governmental body or third party necessary, proper or advisable to the transactions contemplated by this Agreement.

10.15 Change; Waiver. No change or modification of this Agreement shall be valid unless the same is in writing and signed by the parties hereto. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the party waiving its rights. The failure of either party at any time to insist upon, or any delay by either party at any time to insist upon, strict performance of any condition, promise, agreement or understanding set forth herein shall not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same condition, promise, agreement or understanding at a future time.

[Execution Page Follows]

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

SIGA TECHNOLOGIES, INC.

By: /s/Thomas N. Konatich  
-----  
Name: Thomas N. Konatich  
Title: Chief Financial Officer  
Acting CEO

MACANDREWS & FORBES HOLDINGS  
INC.

By: /s/ Howard Gittis  
-----  
Name: Howard Gittis  
Title: Vice Chairman

[SIGA Logo]

Contact:  
 Thomas N. Konatich  
 SIGA Technologies, Inc.  
 CFO & Acting CEO  
 (212) 672-9100

Investor Contact:  
 Dianne Will  
 Willstar Consultants, Inc.  
 (518) 398-6222  
 dwill@willstar.net

SIGA Technologies Announces Consummation  
 of Previously Announced Transaction with  
 MacAndrews & Forbes

NEW YORK, August 14, 2003 -- SIGA Technologies, Inc. (NASDAQ:SIGA and FRANKFURT: SGW 919 473), a biopharmaceuticals company developing products for the prevention and treatment of serious infectious diseases, including products for use against biological warfare agents such as smallpox, announced today that it entered into a definitive purchase agreement with MacAndrews & Forbes Holdings Inc., a corporation wholly-owned by Ronald O. Perelman, pursuant to which MacAndrews & Forbes invested \$1,000,000 in SIGA in exchange for an aggregate of 694,444 shares of SIGA common stock at a price of \$1.44 per share and warrants to purchase an additional 347,222 shares of SIGA common stock at an exercise price of \$2.00 per share. Pursuant to the agreement, MacAndrews & Forbes was also granted an option, exercisable through October 13, 2003, and, if required, subject to shareholder approval, to make additional investments in SIGA of up to \$9,000,000 in exchange for up to an additional 6,250,000 shares of SIGA common stock and warrants to purchase up to an additional 3,125,000 shares of SIGA common stock on the same terms. SIGA anticipates using funds from these investments for research and development, the pursuit of growth opportunities and general corporate purposes.

The members of SIGA's board of directors who are not affiliated with MacAndrews & Forbes separately considered and approved the purchase agreement and the transactions contemplated thereby.

About SIGA Technologies, Inc.

SIGA Technologies is applying bacterial genomics in the design and development of novel products for the prevention and treatment of serious infectious diseases, with an emphasis on products for biological warfare defense. With the recent acquisition of substantially all the assets of Plexus Vaccine Inc., SIGA will be able to broaden its biowarfare portfolio, and to build its capability for extremely rapid design and delivery of synthetic vaccines for dangerous new pathogens. Combined, SIGA and Plexus have the potential of becoming a significant force in the discovery of vaccine and pharmaceutical agents to fight emerging pathogens. SIGA's product development programs emphasize the increasingly serious problem

of drug resistant bacteria and emerging pathogens. SIGA's vaccine and drug platforms are based on its pioneering research into the structure, function and processing of bacterial surface proteins. SIGA is leveraging these platforms through multiple strategic partners, including Wyeth-Ayerst Laboratories (the pharmaceutical division of American Home Products) and the National Institutes of Health. For more information about SIGA, please visit SIGA's Web site at [www.siga.com](http://www.siga.com).

This news release contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the efficacy and intended use of SIGA's technologies under development and the likelihood that the proposed investment will be completed. Forward-looking statements are based on management's estimates, assumptions and projections, and are subject to uncertainties, many of which are beyond the control of SIGA. Actual results may differ materially from those anticipated in any forward-looking statement. Factors which may cause such differences include the risks: that potential products that appeared promising to SIGA or its collaborators in early research or clinical trials do not demonstrate efficacy or safety in subsequent pre-clinical or clinical trials and that SIGA or its collaborators will not obtain appropriate or necessary government approvals to market products tested in such trials; and that the completion of due diligence, the timely receipt of necessary approvals including shareholder approval and the

satisfaction of all closing conditions may not be accomplished.

Investors and security holders are urged to read any proxy statement that may be sent to SIGA shareholders regarding the proposed investment, when and if any such proxy statement becomes available, because such proxy statement will contain important information. Any such proxy statement will be filed with the U.S. Securities and Exchange Commission by SIGA. Investors and security holders may obtain a free copy of the proxy statement, when and if such proxy statement is available, and any other documents filed by SIGA with the Commission at the Commission's Web site at [www.sec.gov](http://www.sec.gov). Any such proxy statement and these other documents may also be obtained, when and if available, free of charge from SIGA. SIGA's shareholders should read any such proxy statement carefully before making a decision concerning the proposed investment.

SIGA and its respective directors, executive officers and certain other of its respective employees may be soliciting proxies from its shareholders in favor of the approval of the proposed investment. Information regarding the directors and executive officers who may, under rules promulgated by the Commission, be deemed to be participants in the solicitation of SIGA shareholders in connection with the proposed investment is set forth in SIGA's proxy statement for its 2002 annual meeting, and additional information will be set forth in the definitive proxy statement referred to above when and if it is filed with the Commission.

More detailed information about SIGA and the factors discussed above is set forth in SIGA's filings with the Commission, including SIGA's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, and in other documents that SIGA has filed with the Commission. Investors and security holders are urged to read those documents free of charge at the Commission's Web site at [www.sec.gov](http://www.sec.gov). Those documents may also be obtained free of charge from SIGA. SIGA does not undertake to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.