

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): March 20, 2006

SIGA TECHNOLOGIES, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
  
420 Lexington Avenue, Suite 408  
New York, New York  
(Address of principal executive offices)

0-23047  
(Commission file number)

13-3864870  
(I.R.S. employer  
identification no.)

10170  
(Zip code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry Into a Material Definitive Agreement.**

As contemplated by a term sheet between SIGA Technologies, Inc., a Delaware corporation (“SIGA”) and PharmAthene, Inc. (“PharmAthene”), disclosed in SIGA’s 8-K filed on March 14, 2006, SIGA entered into a Bridge Note Purchase Agreement (the “Purchase Agreement”) on March 20, 2006 with PharmAthene for the sale of three 8% Notes by SIGA in favor of PharmAthene (the “Notes”) for a purchase price of \$1,000,000 each. The first Note was issued on March 20, 2006 (the “First Note”) and the subsequent remaining two Notes are contemplated to be issued on April 19, 2006 and May 19, 2006, respectively. The proceeds of the Notes will be used by SIGA for (i) expenses directly related to the development of SIGA’s lead product, SIGA-246, an orally administered anti-viral drug that targets the smallpox virus, (ii) expenses related to SIGA’s planned merger with PharmAthene and (iii) corporate overhead. Pursuant to a Security Agreement between SIGA and PharmAthene, also entered into on March 20, 2006 (the “Security Agreement”), the Notes are secured by a first priority security interest in SIGA assets (other than those assets subject to the security interest granted in that certain Master Security Agreement between General Electric Capital Corporation and SIGA, dated as of April 29, 2005 and attached as Exhibit 10.2 to the SIGA 8-K filed on May 3, 2005).

The First Note for a principal amount of \$1,000,000 was issued on March 20, 2006. The First Note will be payable on the earliest of (x) March 20, 2008 (the “Maturity Date”), (y) the closing of a Qualified Financing (as defined in the Purchase Agreement) or (z) a Sale Event (as defined in the Purchase Agreement). In the case of a default under the First Note, payment of the First Note will be accelerated such that the entire unpaid principal amount of the First Note, and all accrued and unpaid interest thereon, shall become immediately due and payable in full. The remaining two Notes will be made under substantially similar terms, except that their Maturity Dates are contemplated to be April 19, 2008 and May 19, 2008.

- A copy of the Purchase Agreement is attached hereto as Exhibit 10.1, which is incorporated into this Item 1.01 by reference.
- A copy of the Security Agreement is attached hereto as Exhibit 10.2, which is incorporated into this Item 1.01 by reference.
- A copy of the First Note is attached hereto as Exhibit 10.3, which is incorporated into this Item 1.01 by reference.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off- Balance Sheet Arrangement.**

See Item 1.01 above, which is incorporated into this Item 2.03 by reference, for a description of the First Note and the transaction giving rise thereto.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Bridge Note Purchase Agreement, dated as of March 20, 2006, by SIGA Technologies, Inc. and PharmAthene, Inc.
10.2	Security Agreement, dated as of March 20, 2006, by SIGA Technologies, Inc. and PharmAthene, Inc.
10.3	8% Note by SIGA Technologies, Inc., in favor of PharmAthene, Inc.

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SIGNATURE

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  
Name: Thomas N. Konatich  
Title: Chief Financial Officer

Date: March 22, 2006

**BRIDGE NOTE PURCHASE AGREEMENT****By and Between****PHARMATHENE, INC.****and****SIGA TECHNOLOGIES, INC.****Dated as of March 20, 2006**

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## BRIDGE NOTE PURCHASE AGREEMENT

**BRIDGE NOTE PURCHASE AGREEMENT**, dated as of March 20, 2006, by SIGA TECHNOLOGIES, INC., a Delaware corporation (“SIGA” or the “Issuer”), and PHARMATHENE, INC., a Delaware corporation (together with its successors and assigns, the “Holder”).

### RECITALS

SIGA has requested that the Holder purchase three notes of the Issuer for a purchase price of \$1,000,000 each and the Holders have agreed to purchase such notes, in each case subject to the terms and conditions set forth therein.

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

### ARTICLE I CONSTRUCTION

#### 1.1 **Defined Terms.**

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

“Affiliate”: as to SIGA, (i) any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, the Issuer, including, without limitation, any joint venture of the Issuer, or (ii) any Person who is a director, officer, member or partner of (A) the Issuer, or (B) any Person described in the preceding clause (i). For purposes of this definition, “control” of a Person means the power, directly or indirectly, either to (i) vote 25% or more of the voting securities having ordinary voting power for the election of directors or managers of such Person, or (ii) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Agreement”: this Bridge Note Purchase Agreement, as from time to time amended and in effect.

“Business Day”: a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

“By-laws”: the By-laws of SIGA, as from time to time amended and in effect.

“Capital Expenditure”: any expenditure by the Issuer in respect of the purchase or other acquisition of fixed assets.

“Capital Lease”: any lease of property, real or personal, by the Issuer, the obligations of which are required in accordance with GAAP to be capitalized on a balance sheet of the Issuer.

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“Change of Control”: is deemed to occur if the current holders of greater than 50% of the currently outstanding capital stock of SIGA cease to own 50% or more of the outstanding capital stock of SIGA.

“Closing Date”: March 20, 2006, April 19, 2006 and June 18, 2006 and together, “Closing Dates.”

“Collateral”: as defined in Section 2.3(e).

“Contractual Obligation”: any terms, conditions or provisions of (i) any material agreement, document, instrument, contract, understanding, arrangement, note, indenture, mortgage or lease to which the Issuer is a party or under which the Issuer or any of its material assets is bound or affected, (ii) the Restated Certificate of Incorporation, or (iii) the By-laws.

“Event of Default”: any of the events specified in Sections 6.1 or 6.2.

“Exchange Act”: Securities Exchange Act of 1934, as amended.

“GAAP”: generally accepted accounting principles in the United States of America in effect from time to time.

“GE Capital Agreement”: the Master Security Agreement between General Electric Capital Corporation and SIGA, dated as of April 29, 2005.

“Governmental Authority”: any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Holder”: each Holder and any of its successors or assigns.

“Indebtedness”: (i) all indebtedness for borrowed money or for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business) or which is evidenced by a note, bond, debenture or similar instrument, (ii) all obligations under Capital Leases, (iii) all obligations in respect of letters of credit or acceptances, (iv) all obligations under currency exchange contracts or interest rate swap agreements, and (v) all liabilities secured by any Lien on any property.

“Indemnified Person”: as defined in Section 7.6.

“Interim Balance Sheet”: balance sheet as set forth in most recent filing by SIGA on Form 10-Q for the period ended September 30, 2005 (“Form 10-Q”) with the Securities and Exchange Commission.

“Interim Financial Statements”: financial statements as set forth in Form 10-Q.

“License Agreement”: the proposed License Agreement between PharmAthene and SIGA relating to the current compound under development by SIGA generally referred to as

SIGA - 246 ("SIGA 246") pursuant to the terms described in the Term Sheet attached hereto as Exhibit C.

"Lien": any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any Capital Lease having substantially the same economic effect as any of the foregoing.

"Material Adverse Effect": a material adverse effect on (i) the business, operations, property or, condition (financial or otherwise) or prospects of the Issuer, (ii) the ability of the Issuer to perform its obligations under the Purchase Documents, or (iii) the validity or enforceability of the Purchase Documents or the rights or remedies of the Holders hereunder or thereunder.

"Maturity Date": with respect to each Note the earlier to occur of (i) the date that is two years from the date of such Note, (ii) the closing of a Qualified Financing, or (iii) a Sale Event.

"Merger": the proposed merger of PharmAthene with and into a wholly owned subsidiary of SIGA in accordance with the terms described in the Merger Term Sheet attached to this Agreement as Exhibit B.

"Notes": the 8% promissory notes issued pursuant to this Agreement, substantially in the form attached hereto as Exhibit A and any replacement or substitute note issued in respect of such note.

"Operating Lease": any lease of property, real or personal, which is not a Capital Lease.

"Option Shares": as defined in Section 3.1(b)(i).

"Permitted Liens": (i) Liens set forth on Schedule 1.1, (ii) Liens currently existing as of the date of this Agreement under the GE Capital Agreement, (iii) Liens in favor of the Holder, (iii) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; provided that adequate reserves with respect to such taxes, fees, assessments or other government charges or levies which are being contested are maintained on the books of the Issuer, in conformity with GAAP, (v) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation, (vi) purchase money Liens not relating to any obligations in excess of \$20,000 (A) on assets acquired or held by Issuer incurred for financing the acquisition of such assets, or (B) existing on such asset when acquired; provided that such Liens are in each case confined to the property and improvements and the proceeds of such assets, and (vii) leases or subleases and non-exclusive licenses or sublicenses, not representing obligations of the Issuer in excess of \$20,000 per year, granted in the ordinary course of the Issuer's business.

"Person": an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.



“Purchase Documents”: each of the Notes and the Security Documents.

“Qualified Financing”: any sale of any of the Issuer’s securities whether in a single transaction or a series of transactions in excess of \$1,000,000 excluding sales of securities upon the exercise of stock options to employees, consultants or Directors and the conversion or exercise of any derivative security of the Issuer outstanding as of the date hereof.

“Restated Certificate of Incorporation”: the Restated Certificate of Incorporation of SIGA as publicly filed.

“Sale Event”: (i) the sale or other disposition by the Issuer of all or substantially all of its assets and business, whether by or through the sale of the Issuer’s securities or assets, or any merger, consolidation or joint venture, or otherwise, and whether in a single transaction or a series of related transactions, or (ii) the assignment, licensing or other disposition of any of the Issuer’s intellectual property relating to SIGA 246.

“SEC”: the United States Securities and Exchange Commission.

“Securities Act”: the Securities Act of 1933, as amended.

“Securities Laws”: as defined in Section 3.1(f).

“Security Agreement”: the Security Agreement, of even date herewith, between the Issuer and the Holder, in the form attached hereto as Exhibit D.

“Security Documents”: the Security Agreement, and any and all documents, instruments and agreements necessary to effectuate the transactions contemplated thereby, including any UCC- 1 financing statements.

“Subsidiary”: as to any Person, any other Person of which more than 50% of the shares of stock, or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such Person, are at the time owned, directly or indirectly, through one or more intermediaries, or both, by such Person.

“UCC”: the Uniform Commercial Code, as from time to time in effect in the State of Delaware.

## **1.2 Other Definitional Provisions.**

(a) Unless otherwise specified therein, all capitalized terms used in the Notes or any certificate or other document made or delivered hereunder shall have the meanings given to such terms in this Agreement.

(b) As used herein and in the Notes, and any certificate or other document made or delivered hereunder, accounting terms relating to the Issuer not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. References to Sections, Subsections, Schedules and Exhibits are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms, and masculine words shall include the feminine and the neuter genders, and vice versa.

(e) The word “including” when used in this Agreement shall be deemed to be followed by the words “without limitation.”

## ARTICLE II PURCHASE OF NOTES; TERMS; ADDITIONAL TRANSACTIONS

### 2.1 Sale and Purchase of Notes.

(a) Upon the terms and subject to the conditions set forth herein, the Holder agrees to purchase, and the Issuer agrees to sell to Holder, on each of March 20, 2006, April 19, 2006 and June 18, 2006 (each, a Closing Date), Notes in the amount of \$1,000,000 on each Closing Date. At each Closing, the Issuer shall execute and deliver to the Holder a Note payable in the principal amount.

(b) The Holder shall advance to the Issuer at each Closing, by wire transfer of immediately available funds, 100% of the principal amount of the Note issued to the Holder at such Closing.

### 2.2 Closing.

Upon the terms and subject to the conditions set forth in this Agreement, each closing of the sale and purchase of the Notes (a “Closing”) shall take place at 10:00 a.m. on each Closing Date provided that all of the conditions set forth in Article 4 shall be satisfied in accordance herewith, or at such other time as shall be agreed upon by the parties.

### 2.3 Certain Terms of Notes.

(a) Upon any termination of the Merger Term Sheet attached as Exhibit B, termination of the Definitive Agreement relating to the Merger, or if a Definitive Agreement is not executed by the Holder and the Issuer prior to April 24, 2006, SIGA and PharmAthene will negotiate in good faith with the intention of executing a definitive License Agreement in accordance with the terms set forth in the License Agreement Term Sheet attached as Exhibit C and the Issuer agrees for a period of 90 days during which the definitive license agreement is under negotiation, it shall not, directly or indirectly, initiate discussions or engage in negotiations with any corporation, partnership, person or other entity or group concerning any Competing Transaction without the prior written consent of the other party or notice from the other party that it desires to terminate discussions hereunder. For purposes of this letter, a “Competing Transaction” shall mean lease, exchange, mortgage, pledge, license, transfer or other disposition of any of the intellectual properties of the Issuer relating to SIGA 246. The principal and interest

on the Notes will be repayable, at the option of the Holder, as a credit (in the amount of 110% of such principal and accrued interest) to the license fee payable under the definitive License Agreement. The obligation under this Section 2.3 are independent of this Agreement and shall not be extinguished as a result of the satisfaction of any obligations hereunder or any termination of this Agreement.

(b) Each payment of interest or principal on the Notes shall be allocated among all of the Notes in proportion, as nearly as practicable, to the respective unpaid balances outstanding thereunder at the time such payment is made.

(c) The Issuer shall keep at its principal executive office a register for the registration of ownership and transfer of Notes. The Issuer covenants and agrees to take and cause to be taken all action necessary to effect any transfers and exchanges requested by the Holder. Any such issuance of new Notes shall not be deemed to be the sale of new securities and shall in all respects be subject to compliance with applicable federal and state securities laws. Prior to due presentment for registration of transfer, the Person in whose name any Notes shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Issuer shall not be affected by any notice or knowledge to the contrary. The Issuer shall give to any Holder promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

(d) Upon surrender by a Holder to the Issuer of Notes purchased by the Holder, the Issuer, at its expense but subject to the last sentence of this paragraph, shall issue in exchange therefore, and deliver to such Holder, a new Note or Notes representing the obligations evidenced by the surrendered Notes, in such denominations as may be requested by such Holder. Upon receipt by the Issuer of evidence satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of a Note (and the affidavit of a duly authorized representative of a registered Holder shall be deemed satisfactory to the Issuer), the Issuer, at its own expense shall execute and deliver, in lieu thereof, one or more new Notes, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon. Holder or its assignee or transferee shall be responsible for all taxes associated with or related to such transfer.

(e) The obligations of the Issuer under this Agreement and the Notes are secured by a perfected lien and security interest in all of the assets of the Issuer (the "Collateral"), under the terms of the Security Agreement, which lien and security interest are subordinated to the liens and security interests of holders of Permitted Liens.

## **2.4 Obligations.**

Without impairing or releasing the obligations of the Issuer to the Holder, and without reducing the amount due under the terms of this Agreement or the Notes (except to the extent of amounts actually paid to and legally retained by the Holder), the Holder may at any time and from time to time, without the consent to the Issuer, upon any terms or conditions, and in whole or in part: (i) exercise or refrain from exercising any rights against the Issuer or others or against any security for the obligations under this Agreement or otherwise act or refrain from

acting (other than in breach of its obligations under this Agreement); (ii) settle or compromise any obligations of the Issuer under this Agreement, whether in a proceeding or not, and whether voluntarily or involuntarily, and only upon an Event of Default, dispose of any security therefor (with or without consideration) or settle or compromise any liability incurred directly or indirectly in respect thereof or hereof, and subordinate the payment of all or any part thereof to the payment of any of the obligations under this Agreement, whether or not due, to creditors of the Issuer other than the Holder; (iii) apply any sums it receives, by whomever paid or however realized, to any of the obligations due under this Agreement; (iv) add, release, settle, modify or discharge the obligation of any maker, endorser, guarantor, surety, obligor or any other party who is in any way obligated for any of the obligations under this Agreement; (v) accept any additional security for the obligations under this Agreement; and/or (vi) take any other action which might constitute a defense available to, or a discharge of, the Issuer or any other obligated party in respect of the obligations under this Agreement. The invalidity, irregularity or unenforceability of all or any part of any Purchase Document with respect to the Issuer, or the impairment, loss, failure to obtain or perform any security or guaranty therefor, whether caused by any action or inaction of the Holder, or otherwise, shall not affect, impair or be a defense to the Issuer obligations under this Agreement or the Notes.

2.5      **Additional Terms.**

The terms of the Notes described in this Article II do not include all of the terms applicable to the Notes, and the Notes are subject to such other terms and conditions set forth herein and therein.

2.6      **Use of Proceeds.**

The proceeds from the sale of the Notes hereunder shall be used by the Issuer exclusively for (i) expenses directly related to the development of SIGA 246, (ii) expenses relating to the Merger and (iii) corporate overhead. The proceeds shall not be used to repay indebtedness.

ARTICLE III  
REPRESENTATIONS AND WARRANTIES

3.1      **Representations and Warranties of the Issuer.**

To induce the Holder to enter into this Agreement and to purchase the Notes, the Issuer hereby represents and warrants to each Holder as follows:

(a)      **Organization.** The Issuer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own and lease its property and to carry on its business as presently conducted and as proposed to be conducted. The Issuer is duly qualified to do business as a foreign corporation in the States of New York, Florida and California. The Issuer does not own or lease property or engage in any activity in any other jurisdiction which would require its qualification in such jurisdiction and in which the failure to be so qualified would have a Material Adverse Effect.

(b) **Capitalization.** As more fully described in the capitalization table set forth on Schedule 3.1, the authorized capital stock of the Issuer immediately prior to and immediately following each Closing shall consist of:

- (i) 47,910,223 shares of Common Stock, of which: (i) 26,500,648 shall be validly issued and outstanding, fully paid and nonassessable, (ii) 63,038 shares shall have been duly reserved for issuance upon conversion of the issued and outstanding Preferred Stock, (iii) 11,467,743 shares (the "Option Shares") shall have been duly reserved for issuance upon exercise of options and (v) 9,878,794 shares shall have been duly reserved for issuance upon exercise of outstanding Warrants; and
- (ii) 47,910,223 shares of Common Stock, of which: (i) 26,500,648 shall be validly issued and outstanding, fully paid and nonassessable, (ii) 63,038 shares shall have been duly reserved for issuance upon conversion of the issued and outstanding Preferred Stock, (iii) 11,467,743 shares (the "Option Shares") shall have been duly reserved for issuance upon exercise of options and (v) 9,878,794 shares shall have been duly reserved for issuance upon exercise of outstanding Warrants; and

(c) **Authorization of this Agreement and the Purchase Documents; Conflicts.** The execution, delivery and performance by the Issuer of this Agreement, the Merger Term Sheet and the Purchase Documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Issuer. Each of this Agreement and the Purchase Documents has been duly executed and delivered by the Issuer and constitutes a valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject only to applicable bankruptcy, reorganization, insolvency or similar laws affecting creditors' rights generally and to equitable principles of general application (regardless of whether enforcement is sought in equity or at law). The execution, delivery and performance of this Agreement and the Purchase Documents and the compliance with the provisions hereof and thereof by the Issuer, will not:

- (i) violate any provision of law, statute, ordinance, rule or regulation or any ruling, writ, injunction, order, judgment or decree of any court, administrative agency or other governmental body;
- (ii) conflict with or result in any breach of any of the terms, conditions or provisions of, or constitute (with due notice or lapse of time, or both) a default (or give rise to any right of termination, cancellation or acceleration) under (i) any agreement, document, instrument, contract, understanding, arrangement, note, indenture, mortgage or lease to which the Issuer is a party or under which the Issuer or any of its assets is bound or affected, (ii) the Restated Certificate of Incorporation, or (iii) the By-laws; or
- (iii) result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Issuer other than as contemplated herein.

(d) **Authorization of Notes.** The issuance by the Issuer of the Notes has been duly authorized by all requisite action of the Issuer.

(e) **Consents and Approvals.** Except as set forth in Schedule 3.1(e), no authorization, consent, approval or other order of, or declaration to or filing with, any governmental agency or body (other than filings required to be made under applicable federal and state securities laws) or any other Person is or will be required for: (i) the valid authorization, execution, delivery and performance by the Issuer of this Agreement, the Merger Term Sheet and the Purchase Documents; or (ii) the valid authorization, reservation, issuance, sale and delivery of the Notes. The Issuer has obtained all other consents that are necessary to permit the consummation of the transactions contemplated hereby and thereby.

(f) **Securities Laws.** Neither the Issuer nor anyone acting on its behalf has offered securities of the Issuer for sale to, or solicited any offers to buy the same from, or sold securities of the Issuer to, any Person, in violation of the Securities Act, the Exchange Act, or any state securities or “blue sky” laws (collectively, the “Securities Laws”). The offer, grant, sale and/or issuance of the Notes were not, are not, or, as the case may be, will not be, in violation of the Securities Laws when offered, sold and issued in accordance with this Agreement. The Issuer is not an Investment Company, as such term is defined under the Investment Company Act of 1940, as amended.

(g) **No Change.** Except as set forth in Schedule 3.1(g), since the date of the SIGA SEC Reports, there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect. Since the date of SIGA's most recent report on Form 10-Q as amended by any SIGA SEC Reports filed thereafter but prior to the date of this Agreement or as set forth on Schedule 3.1(g), there has not been any adverse change in the financial condition or operations of the Issuer, and that except to the extent reflected in SIGA's most recent report on Form 10-Q as amended by any SIGA SEC Reports filed thereafter but prior to the date of this Agreement or as set forth on Schedule 3.1(g) and except for liabilities arising in the ordinary course of business, the Issuer has no material accrued or contingent liabilities arising out of any transaction or state of facts existing prior to the date hereof.

(h) **No Material Litigation.** Except as set forth in the SIGA SEC Reports, or as set forth in Schedule 3.1(h), no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Issuer, threatened by or against the Issuer or against any of its respective properties or revenues (i) with respect to this Agreement or the Purchase Documents or any of the transactions contemplated hereby or thereby, or (ii) which could reasonably be expected to have a Material Adverse Effect.

(i) **Solvency.** The Issuer, after giving effect to each purchase and sale of a Note pursuant to this Agreement and the use of the proceeds therefrom, will not be engaged in any business or transaction for which the Issuer has unreasonably small capital (within the meaning of Section 548 of the Federal Bankruptcy Code) and the Issuer has no intent to (i) hinder, delay or defraud any Person to which the Issuer is, or will become, on or after the date hereof, indebted, or (ii) incur debts that would be beyond the Issuer's ability to pay as they mature. After giving effect to the Transactions, Borrower will be solvent, able to pay its debts as they mature, will have capital sufficient to carry on its business and all businesses in which it is

about to engage, and (i) as of the Closing Date, the fair present saleable value of its assets, calculated on a going concern basis, is in excess of the amount of its liabilities and (ii) subsequent to the Closing Date, the fair saleable value of its assets (calculated on a going concern basis) will be in excess of the amount of its liabilities.

(j) **Collateral; Perfection; Security Interest.** The Security Documents create a valid first security interest, and a perfected security interest to the extent that perfection may be accomplished by filing a financing statement pursuant under the UCC, in the Collateral, securing the payment of the Notes, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. The Issuer is the legal and beneficial owner of the Collateral free and clear of any Lien, except for Permitted Liens.

(k) **Accounting Controls and Procedures.** SIGA maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded timely as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since December 31, 2004, there have been no changes in the internal accounting controls or in other factors that could affect SIGA's internal accounting controls.

(l) **SEC Filings.** SIGA has filed all forms, reports and documents required to be filed with the SEC since January 1, 2000 to the extent that the failure to file such would have a Material Adverse Effect on SIGA. All such required forms, reports and documents (including those that SIGA may file subsequent to the date hereof) are referred to herein as the "**SIGA SEC Reports**." As of their respective dates, the SIGA SEC Reports (i) were prepared in accordance with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such SIGA SEC Reports, and (ii) did not at the time they were filed (or if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) **Compliance.** Other than as set forth on Schedule 3.1(m), Issuer is in compliance with all material obligations, agreements and conditions contained in any evidence of indebtedness or any loan agreement or other material contract or agreement (whether or not relating to indebtedness) to which the corporation is a party or is subject (collectively, the "Obligations"), the lack of compliance with which would result in a Material Adverse Effect.

(n) **No Defaults.** The Issuer is not in violation of or default under any provision of (i) its By-Laws or Restated Certificate of Incorporation, (ii) any material contract, instrument, judgment, order, writ or decree to which it is a party or by which it or any of its properties are bound, and (iii) the Issuer is not in violation of any material provision of any

federal or state statute, rule or regulation applicable to the Issuer the result of which, in the case of (ii) or (iii) above, would have a Material Adverse Effect.

(o) **Payment of Taxes.** The Issuer has prepared and filed within the time prescribed by, and in material compliance with, applicable law and regulations, all federal, state and local income, excise or franchise tax returns, real estate and personal property tax returns, sales and use tax returns, payroll tax returns and other tax returns required to be filed by it including giving effect to any permitted extension, and has paid or made provision for the payment of all accrued and unpaid taxes and other charges to which the Issuer is subject and which are not currently due and payable. The federal income tax returns of the Issuer have never been audited by the Internal Revenue Service. Neither the Internal Revenue Service nor any other taxing authority is now asserting nor is threatening to assert against the Issuer any deficiency or claim for additional taxes or interest thereon or penalties in connection therewith, and the Issuer does not know of any such deficiency or basis for such deficiency or claim.

3.2 **Reliance; Knowledge.**

The Issuer acknowledges and agrees that the foregoing representations and warranties shall be deemed material and to have been relied upon by the Holders.

3.3 **Representations and Warranties of the Holder.**

To induce the Issuer to enter into this Agreement and to sell the Notes, the Holder hereby represents and warrants to the Issuer as follows:

(a) **Accredited Investor.** The Holder is an “accredited investor” within the meaning of Rule 501 promulgated under the Securities Act.

(b) **Authorization.** The Holder has the capacity to enter into and perform this Agreement and to purchase the Notes being purchased by the Holder. This Agreement has been duly authorized, executed and delivered by the Holder, and constitutes the legal, valid, and binding obligation of such Holder, enforceable in accordance with its terms, subject only to applicable bankruptcy, reorganization, insolvency or similar laws affecting creditors’ rights generally and to equitable principals of general application (regardless of whether enforcement is sought in equity or at law).

(c) **Investment Knowledge.** The Holder has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the risks and merits of its acquisition of the Notes contemplated hereby.

(d) **Investment Intent.** The Notes purchased hereunder by the Holder are being acquired for the Holder’s own account for the purpose of investment and not with a view to or for resale in connection with any distribution thereof or interest therein in violation of the Securities Act.

(e) **Note Not Registered Under the Securities Act.** The Holder understands that (i) the offer and sale of the Notes has not been registered under the Securities Act or any other Securities Laws, and is being offered and sold pursuant to an exemption



under the Securities Act based in part upon the representations of the Holder contained herein, (ii) the Notes must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration (it being understood that the Issuer has no present intention of registering any disposition of the Notes), (iii) the Notes shall bear a legend to such effect, and (iv) the Issuer will make a notation on its transfer books to such effect.

#### ARTICLE IV CONDITIONS

##### 4.1 Conditions to Holders' Obligations.

The obligations of the Holder to purchase and pay for the Notes on each Closing Date shall be subject to satisfaction of the following conditions precedent:

- (a) **Proceedings.** All proceedings to have been taken and all waivers and consents to be obtained in connection with the transactions contemplated by this Agreement and the Purchase Documents shall have been taken or obtained, and all documents incidental thereto shall be reasonably satisfactory to the Holder and its counsel, and the Holder shall have received copies (executed or certified, as may be appropriate) of all documents which the Holder or its counsel may reasonably have requested in connection with such transactions.
- (b) **Legal Matters.** All legal matters incident to the purchase and acquisition of the Notes shall be satisfactory to the Holders' counsel, and the Holders shall have received from Kramer Levin Naftalis & Frankel, LLC, counsel for the Issuer, such firm's opinion addressed to the Holder as of the Closing Date, substantially in the form attached hereto as Exhibit E.
- (c) **Representations and Warranties.** The representations and warranties of the Issuer set forth herein shall be true and correct in all material respects on and as of each of the Closing Dates with the same force and effect as though such representations and warranties had been made on and as of each such date.
- (d) **Secretary's Certificate.** The Issuer shall have delivered to the Holder a certificate or certificates, dated as of each of the Closing Dates, of the Secretary of the Issuer certifying as to (i) the resolutions of the Issuer's Board of Directors authorizing the execution and delivery of this Agreement, the issuance to the Holder of the Notes, the execution and delivery of the other Purchase Documents and the consummation of the transactions contemplated hereby and thereby, and certifying that such resolutions were duly adopted and have not been rescinded or amended as of said date, and (ii) the name and signature of the officers of the Issuer authorized to sign, as appropriate, this Agreement, the other Purchase Documents and the other certificates to be delivered pursuant to this Agreement by either the Issuer or any of its officers.
- (e) **Officer's Certificate.** The Issuer shall have delivered to the Holder a certificate or certificates, dated as of each of the Closing Dates, of an executive officer of the Issuer certifying as to the accuracy of the representations and warranties made by the Issuer hereunder.

(f) **Security Documents.** The Issuer shall have executed and delivered to the Holder the Security Documents.

(g) **Litigation.** There shall exist no action, suit, investigation, litigation or proceeding affecting either party pending or threatened before any court, governmental or regulators agency or authority or arbitrator that purports to affect the legality, validity or enforceability of this Agreement or the Notes any other document related to the consummation of the transactions contemplated herein.

(h) **Legality.** The execution, delivery and performance of this Agreement and the Purchase Documents and the compliance with the provisions hereof and thereof by the Holder, will not violate any provision of law, statute, ordinance, rule or regulation or any ruling, writ, injunction, order, judgment or decree of any court, administrative agency or other governmental body the effect of which would have a Material Adverse Effect.

#### 4.2 Conditions to SIGA'S Obligations.

The obligations of SIGA to sell and issue the Notes on each of the Closing Dates shall be subject to the satisfaction of the following conditions precedent:

(a) **Representations and Warranties.** The representations and warranties of the Holder contained herein shall be true and correct in all material respects on and as of the Closing Date.

(b) **Payment of Purchase Price.** The Holder shall have delivered to the Issuer, and the Issuer shall have received, payment in full of the purchase price relating to the Notes being purchased by the Holder on each Closing Date.

### ARTICLE V COVENANTS

#### 5.1 Affirmative Covenants.

For so long any amounts are due or payable under the Notes, the Issuer agrees to the following:

(a) The Issuer will punctually pay or cause to be paid the principal of and interest on the Notes at the times and places and in the manner specified in the Notes.

(b) The Issuer shall pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of its material obligations of whatever nature, except where the amount or validity thereof is being contested in good faith, by appropriate proceedings, and reserves, in conformity with GAAP with respect thereto, have been provided on its books and records.

(c) The Issuer shall (i) continue to engage in business of the same general type as now conducted by it, (ii) and preserve, renew and keep in full force and effect its corporate existence, (iii) take all reasonable action to maintain all rights, privileges and

franchises necessary or desirable in the normal conduct of its business; and (iv) comply with all Contractual Obligations and applicable laws except, in each case, to the extent that failure to comply therewith could not, individually or in the aggregate, have a Material Adverse Effect.

(d) The Issuer shall (i) keep all material property useful and necessary in its businesses in good working order and condition; and (ii) maintain with financially sound and reputable insurance companies insurance policies on all its property in such amounts and against such risks (but including in any event environmental and product liability) as are applicable to the policies currently maintained by the Issuer and in place.

(e) The Issuer shall keep proper books of records and accounts in which full, true and correct entries in conformity with GAAP and all applicable laws shall be made in all material respects of all dealings and transactions in relation to its business and activities; permit representatives of any Holder to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time during business hours and as often as may reasonably be required but not so as to materially interfere with the operation of the business, including, without limitation, any such visit, inspection or examination by the Holder in connection with any audit conducted by the Holder, and at which a representative of the Holder may be present from time to time at the Holder's discretion, and to discuss the business, operations, properties and financial and other condition of the Issuer with officers and employees of the Issuer and with their independent certified public accountants.

(f) The Issuer shall promptly give notice to the Holder of:

(i) the occurrence of any Event of Default;

(ii) any (A) default or event of default under any Contractual Obligation of the Issuer, or (B) litigation, investigation or proceeding which may exist at any time between the Issuer and any Governmental Authority; and

(iii) any litigation or proceeding affecting the Issuer in which the amount involved is \$100,000 or more (unless such litigation or proceeding affects, involves or relates to any intellectual property of the Issuer, in which event there shall be no dollar threshold) and which is not covered by insurance or in which injunctive or similar relief is sought.

Each notice pursuant to this Section 5.1(e) shall be accompanied by a statement of an officer of the Issuer setting forth details of the occurrence referred to therein and stating what action the Issuer proposes to take with respect thereto.

(g) Each of the parties shall execute any and all further documents, and take all further action which the other may reasonably request in order to effectuate the transactions contemplated by this Agreement and the Purchase Documents. Without limiting the generality of the foregoing, such further documents and actions shall include the execution of agreements and instruments, and filing UCC financing statements, in order to effectuate the transactions contemplated by this Agreement and the Purchase Documents and in order to grant, preserve,

protect and perfect the validity and priority of the security interests created or intended to be created by this Agreement and the Purchase Documents.

(h) The proceeds from the sale of the Notes hereunder shall be used by the Issuer exclusively for (i) expenses directly related to the development of SIGA 246, (ii) expenses relating to the Merger and (iii) corporate overhead. The proceeds shall not be used to repay indebtedness.

## 5.2 Negative Covenants.

For so long as any amounts are due or payable under the Notes, the Issuer agrees to the following:

(a) The Issuer shall not create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for Permitted Liens. Except with respect to Permitted Liens held by GE Capital, the consent of the Required Holders shall first be obtained before the terms of any indebtedness, obligations or commitments underlying any Permitted Lien are amended, refinanced, increased or in any way changed or before any additional indebtedness, borrowings, advances or loans are incurred thereunder.

(b) The Issuer shall not make any advance, loan, extension of credit or capital contribution to, or purchase any stock, bonds, notes, debentures or other securities of or any assets constituting a business unit of, or make any other investment in, any Person, except for investments in cash and cash equivalents.

(c) Unless approved by the Holder, the Issuer shall not enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliate, unless such transaction is in the ordinary course of, and pursuant to the reasonable requirements of the Issuer's business, is in good faith and is upon fair and reasonable terms no less favorable to the Issuer than it would obtain in a comparable arm's length transaction with a Person not an Affiliate.

(d) The Issuer shall not sell, abandon, transfer, lease or otherwise dispose of any material assets except for (a) collection of Accounts in the ordinary course of business, (b) sales of Inventory in the ordinary course of business, or (c) sales of Equipment which is obsolete and/or not of material value (each as defined in the Security Agreement).

## ARTICLE VI EVENTS OF DEFAULT

### 6.1 Bankruptcy, etc.

If the Issuer shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or

its debts, or (ii) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Issuer shall make a general assignment for the benefit of its creditors; or (iii) there shall be commenced against the Issuer any case, proceeding or other action of a nature referred to in clause (i) or (ii) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iv) there shall be commenced against the Issuer any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (v) the Issuer shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), or (iv) above, then all outstanding principal and accrued and unpaid interest under the Notes, and all other amounts owing under the Notes and this Agreement shall immediately become due and payable in full, without the need for any notice or other action by the Holder.

## 6.2 Other Events.

Unless otherwise waived by the Holder, all outstanding principal and accrued and unpaid interest under the Notes, and all other amounts payable under the Notes and this Agreement, shall become immediately due and payable in full, without the need for any notice or other action by the Holder, if any of the following events shall occur and be continuing:

- (a) The Issuer shall fail to pay (i) any principal of the Notes when due in accordance with the terms thereof or (ii) interest on the Notes or any fees or other amount payable hereunder or thereunder when due in accordance with the terms thereof or hereof, and such default continues for a period of five Business Days; or
- (b) Any representation or warranty made by the Issuer herein or in any other Purchase Document shall prove to have been incorrect in any material respect; or
- (c) The Issuer shall default in the observance or performance of any agreement or covenant contained in this Agreement any other Purchase Document; provided that a default in the observance or performance of any agreement contained in this Agreement or the Notes which is by its nature curable shall not constitute an Event of Default hereunder if such default is fully cured within ten Business Days of the occurrence thereof, it being agreed that Events of Default as a result of a failure to satisfy any of Section 5.1(c)(ii) and 5.1(d)(ii), 5.1(e) (with regard to conformance with GAAP), 5.1(h) and 5.2 are not subject to cure; or
- (d) The Issuer shall default under any of the indebtedness relating to any of the Permitted Liens and such default shall continue (in whole or in part) for a period of ten Business Days; or
- (e) The Issuer shall (i) default in any payment of principal of or interest on any Indebtedness, (provided that the principal amount of such Indebtedness exceeds, individually, or in the aggregate, \$50,000), payable in the instrument or agreement under which such Indebtedness was created; or (ii) default in the observance or performance of any other

agreement or condition relating to any such Indebtedness (provided that the principal amount of such Indebtedness exceeds, individually, or in the aggregate, \$50,000) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the Holders or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity; or

(f) One or more judgments or decrees shall be entered against the Issuer involving in the aggregate a liability (not paid or fully covered by insurance) of \$250,000 or more and (i) all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof or (ii) the judgment creditors with respect to such judgments or their successors or assigns shall have commenced enforcement proceedings, which enforcement proceedings shall have remained unstayed for 10 consecutive days; or

(g) The security interests created by any Purchase Document shall cease for any reason, unless caused by the action or inaction of any Holder, to be enforceable and of the same effect and priority purported to be created thereby.

(h) There occurs a Change of Control of the Issuer.

## ARTICLE VII MISCELLANEOUS

### 7.1 Amendments and Waivers.

No provision of this Agreement, the Notes or any Purchase Documents may be waived, modified or amended except by an instrument in writing executed by the Holder and the Issuer.

### 7.2 Notices.

Any and all notices, requests, demands, consents and other communications required or permitted under this Agreement shall be in writing, signed by or on behalf of the party by which given, and shall be considered to have been duly given when (i) delivered by hand, (ii) sent by telecopier (with receipt confirmed), or (iii) received by the addressee, if sent by Express Mail, Federal Express or other reputable express delivery service (receipt requested), or by first class certified or registered mail, return receipt requested, postage prepaid, in each case to the party for which intended addressed as follows (or to such other addresses and telecopier numbers as a party may from time to time designate as to itself by notice similarly given to the other parties in accordance with this Section 7.2):

Issuer: SIGA Technologies, Inc.  
420 Lexington Avenue  
Suite 408  
New York, New York 10170

Tel: 212-672-9107  
Fax: 212-697-3130  
Attn: Thomas Konatich

With a copy to: Kramer Levin Naftalis & Frankel, LLC  
1177 Avenue of the Americas  
New York, New York 10036  
Tel: (212) 715-9100  
Fax: (212) 715-8000  
Attn: James Grayer, Esq.

Holder PharmAthene, Inc.  
175 Admiral Cochrane Drive  
Suite 101  
Annapolis, Maryland 21401  
Tel: (410) 571-8920  
Fax: (410) 571-8927  
Attn: David P. Wright, President and  
Chief Executive Officer

With a copy to: McCarter & English, LLP  
Four Gateway Center  
100 Mulberry Street  
Newark, NJ 07102  
Tel: (973) 622-4444  
Fax: (973) 634-7070  
Attn: Jeffrey A. Baumel, Esq.

A notice of change of address shall not be deemed given until received by the addressee.

7.3 **No Waiver; Cumulative Remedies.**

No failure to exercise and no delay in exercising, on the part of the Holder, any right, remedy, power or privilege hereunder or under any Purchase Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

#### **7.4 Survival of Representations and Warranties.**

All representations and warranties made hereunder or under any Purchase Document and in any document, certificate or statement delivered hereunder or thereunder or in connection herewith or therewith shall survive the Closing Date until the repayment of the Notes and the extinguishment of all obligations hereunder.

#### **7.5 Payment of Fees, Expenses; Taxes.**

The Issuer shall pay, and hold the Holder harmless against all liability for the payment of, all costs and other expenses incurred by any such Holder in connection with the Issuer's performance of and compliance with all agreements and conditions set forth herein or in any of the Purchase Documents or any of the transactions contemplated hereby or thereby on its part to be performed or complied with. The Issuer further agrees that it shall pay, and hold the Holder harmless from, any and all liability with respect to any stamp or similar taxes which may be determined to be payable in connection with the execution and delivery of this Agreement or any Purchase Document or any modification, amendment or alteration to the provisions hereof or thereof. This Section 7.5 shall survive repayment of the Notes and all other amounts payable hereunder. Notwithstanding the above, Holder or its assignee or transferee shall be responsible for all taxes associated with or related to such transfer.

#### **7.6 Indemnification.**

The Issuer will defend, indemnify, and hold harmless the Holder, its subsidiaries, shareholders, partners, employees, agents, Affiliates, attorneys, officers, and directors (each an "Indemnified Person"), from and against any and all claims, demands, penalties, causes of action, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, foreseen or unforeseen, contingent or otherwise (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, court costs, and litigation expenses) arising out of this Agreement, the other Purchase Documents or the transactions contemplated hereby and thereby; or in any way related to the inaccuracy, breach of or default under any representations, warranties or covenants of the Issuer set forth herein or in any Purchase Document.

#### **7.7 Counterparts.**

This Agreement may be executed in any number of counterparts and by facsimile, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

#### **7.8 Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.



**7.9 Integration.**

This Agreement and the other Purchase Documents represent the agreement of the Issuer and the Holder with respect to the subject matter hereof; and there are no promises, undertakings, representations or warranties by the Holder relative to subject matter hereof not expressly set forth or referred to herein or in the other Purchase Documents.

**7.10 Brokers or Finders.**

The Issuer represents and warrants to the Holder that no Person has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or valid claim against or upon the Issuer or the Holder for any commission, fee or other compensation as a finder or broker because of any act or omission by the Issuer or any of its agents.

**7.11 GOVERNING LAW.**

THIS AGREEMENT AND THE PURCHASE DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT AND THE PURCHASE DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

**7.12 Submission to Jurisdiction; Waivers.**

The Issuer hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to the Purchase Documents, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the State of New York or the Federal Courts for the Southern District of New York;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Issuer at its address set forth in this Agreement or at such other address of which the Holder shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction;

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this subsection any punitive damages; and

(f) knowingly, voluntarily and intentionally waives any rights it may have to a trial by jury in respect of any litigation, proceeding or other action arising under or relating in any manner to this Agreement or any Purchase Document.

7.13 Remedies.

In furtherance, and not in limitation, of the rights of the Holder hereunder, in case any one or more of the representations, warranties, covenants an/or agreements set forth in this Agreement shall have been breached by the Issuer, the Holder may proceed to protect and enforce its rights, whether by suit in equity and/or by action at law, including an action for damages as a result of any such breach and/or any action for specific performance of any such covenant or agreement.

7.14 Successors and Assigns.

Except as otherwise expressly provided herein, this Agreement shall be binding upon and inure to the benefit of the Issuer and the Holder and their respective permitted successors and assigns. This Agreement, and the rights and obligations of the Holders set forth herein, may be assigned, in whole or in part, by the Holder without the prior written approval of the Issuer. Neither this Agreement nor any of the rights or obligations of the Issuer set forth herein may be assigned without the prior written approval of the Holder.

7.15 Captions.

Captions contained herein are inserted as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

7.16 Non-Disclosure.

The Issuer shall not issue any press release or other public statement relating to the transactions set forth in this Agreement, or otherwise disclose to any third-party (other than professional advisors) the terms of the transactions set forth in this Agreement or any Purchase Documents, without, in either case, the prior written consent of the Holder other than as required under the Federal securities laws.

7.17 Acknowledgements.

The Issuer hereby acknowledges that:

- (a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the Purchase Documents;
- (b) the Holder does not have any fiduciary relationship to the Issuer, and the relationship between the Holder, on one hand, and the Issuer, on the other hand, is solely that of debtor and creditor; and
- (c) no joint venture exists between the Holder and the Issuer.

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

**THE ISSUER:**

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas Konatich  
□ 0;Thomas Konatich

Chief Financial Officer

**THE HOLDER:**

PHARMATHENE, INC.

By: /s/ David P. Wright  
David P. Wright, President and  
Chief Executive Officer

SECURITY AGREEMENT

This Security Agreement (this “Agreement”), dated as of March 20, 2006, is by and between SIGA Technologies, Inc., a Delaware corporation with an address at 420 Lexington Avenue, Suite 408, New York, New York 10170 (the “Debtor”), and PharmAthene, Inc., a Delaware corporation with an address at 175 Admiral Cochrane Drive, Suite 101, Annapolis, Maryland 21401 (the “Holder”).

WITNESSETH

A. The Holder has agreed to purchase certain notes (“Notes”) from the Debtor under the terms and conditions set forth in that certain Note Purchase Agreement between the Holder and the Debtor of even date herewith (the “Purchase Agreement”).

B. It is a condition to the effectiveness of the Purchase Agreement that the Debtor provide a security interest to the Holder in certain of its assets under the terms and conditions of this Agreement to secure its obligations thereunder.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the parties hereto agree as follows:

SECTION I  
DEFINITIONS AND OTHER PROVISIONS

1.01 Certain Defined Terms

The following terms have the following meanings:

“Accounts” means all rights to the payment of money for goods sold or leased or for services rendered by the Debtor whether in form of accounts receivable, contract rights, chattel paper, instruments, notes, bills, acceptances, general intangibles and other forms of obligations relating to such rights, together with any property evidencing or relating to such rights, including, without limitation, all books, records, invoices, magnetic tapes, processing software, processing contracts (such as contracts for computer time and services) and any other rights or property of the Debtor that is an “account” within the meaning of the UCC.

“Chattel Paper” means all chattel paper, as that term is defined in the UCC, including without limitation any writings which evidence both a monetary obligation and a security interest in or a lease of specific goods.

“Collateral” means all tangible and intangible personal property of Debtor including without limitation all Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, General Intangibles, Instruments, Inventory, Investment Property, Intellectual Property and Letters of Credit whether presently owned or hereafter acquired together with all supporting obligations with respect thereto and all Proceeds thereof, provided, however, that the Collateral shall not include the property that is subject to the security interest granted in the GE Capital Loan Agreement, which property is listed on Schedule A hereto and provided further that the Collateral shall not include those Material License

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Agreement rights that are listed on Schedule 1.01(b), in which the grant to the Holder of a security interest in those Material License Agreements would result in a breach of the terms thereof.

“Commercial Tort Claims” means tort claims of the Debtor arising from time to time including the commercial tort claims listed on Schedule B.

“Deposit Accounts” means all demand, time, savings, passbook or like accounts maintained with a bank, savings and loan association, credit union or like organization including an account evidenced by a certificate of deposit.

“Documents” means all documents, as that term is defined in the UCC, including but not limited to documents of title (as that term is defined in the UCC) and any and all receipts of the kind described in Article 7 of the UCC.

“Equipment” means all machinery, apparatus, equipment, fittings and other tangible personal property (other than Inventory) of every kind and description owned by the Debtor, whether or not affixed to realty, including without limitation, all motor vehicles, trucks, trailers, handling and delivery equipment, cranes, hoisting equipment, fixtures, office machines and furniture, together with all accessions, replacements, rights under any manufacturer’s warranties relating to the foregoing and any other rights or property of the Debtor that is equipment within the meaning of the UCC.

“GAAP” means generally accepted accounting principles in the United States of America in effect from time to time.

“GE Capital Agreement” means the Master Security Agreement between General Electric Capital Corporation and Debtor, dated as of April 29, 2005.

“General Intangibles” means all general intangibles, as that term is defined in the UCC, including, without limitation, all choses in action, causes in action, designs, plans, goodwill, all intellectual property and tax refunds.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Instruments” means instruments, as that term is defined in the UCC, including without limitation bills of exchange, notes and all negotiable instruments, all certificated securities, all certificates of deposit and any other writing which evidences a right to payment of money and is a type which is in the ordinary course of business transferred by delivery with any necessary endorsement or assignment.

“Intellectual Property” means each patent, patent application, copyright registration or application therefore, mask work registration or application therefore, and trademark, trademark application, trade name, service mark and domain name registration or application therefore owned by the Corporation, licensed by the Corporation or otherwise used by the Corporation, whether presently owned or hereafter acquired, including, without limitation,

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those listed on Schedule 1.01(a) and Schedule 1.01(b) attached hereto, all proceeds thereof, all rights corresponding thereto and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, and the recordings and applications therefore.

“Inventory” means all goods intended for sale or lease by the Debtor, of every nature, kind and description wherever located, including without limitation raw materials, goods, work in process and finished goods and all goods returned or reclaimed from customers, together with any other rights or property of the Debtor that is inventory within the meaning of the UCC.

“Investment Property” means (i) all securities, or securities certificates or uncertificated securities representing the securities, (ii) security entitlements, (iii) securities accounts, (iv) commodity contracts, or (v) commodity accounts.

“Letters of Credit” means all letters of credit including, but not limited to, any written undertaking to pay money conditioned upon the presentation of specified documents and advances of letters of credit, and including all letters of credit rights as defined in the UCC.

“Liens” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the filing of any financing statement under the UCC or comparable law of any jurisdiction in respect of any of the foregoing).

“Noteholders” means at any time and from time to time, the holders of the Notes issued under the Purchase Agreement, their successor, transferees and assigns.

“Permitted Liens” means: “: (i) Liens set forth on Schedule C, (ii) Liens currently existing as of the date of this Agreement under the GE Capital Agreement, (iii) Liens in favor of the Holder, (iii) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; provided that adequate reserves with respect to such taxes, fees, assessments or other government charges or levies which are being contested are maintained on the books of the Debtor, in conformity with GAAP, (v) pledges or deposits in connection with workers’ compensation, unemployment insurance and other social security legislation, (vi) purchase money Liens not relating to any obligations in excess of \$20,000 (A) on assets acquired or held by Debtor incurred for financing the acquisition of such assets, or (B) existing on such asset when acquired; provided that such Liens are in each case confined to the property and improvements and the proceeds of such assets, and (vii) leases or subleases and non-exclusive licenses or sublicenses, not representing obligations of the Debtor in excess of \$50,000 per year, granted in the ordinary course of the Debtor’s business.

“Proceeds” means all proceeds as that term is defined in the UCC including without limitation whatever is received upon the use, lease, sale, exchange, collection, any other utilization of any disposition of any property whether or not in cash, all rental or lease payments, accounts, chattel paper, instruments, documents, general intangibles, equipment, inventory,

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substitutions, additions, accessions, replacements, products and renewals of, for, or to such property and all insurance therefore.

“Purchase Agreement” has the meaning assigned in the Recitals to this Agreement.

“Requirement of Law” as to any person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such person or any of its property or to which such person or any of its material property is subject.

“Secured Obligations” means all present and future obligations of the Debtor arising under the Purchase Agreement, the Notes issued thereunder, this Agreement and any present or future obligations of the Debtor to the Holder or the Noteholders whether direct or indirect, joint or several, secured or unsecured, primary or secondary, absolute or contingent, which are due or that may become due whether contracted, acquired or arising by operation of law including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding.

“UCC” means the Uniform Commercial Code as effect in the State of Delaware from time to time.

## **1.02 Other Definitional Provisions**

a. As used herein and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in Subsection 1.01 shall have the respective meanings given to them under GAAP.

b. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection schedule and exhibit references are to this agreement unless otherwise specified. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms.

## **SECTION II SECURITY INTERESTS**

### **2.01 Grant of Security Interest**

The Debtor hereby grants to the Holder, a first lien on and a security interest in the Collateral to secure the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations.

### **2.02 Failure to Perform Agreements**

If the Debtor fails to perform or comply with any of its agreements contained herein or in the Purchase Agreement then the Holder may, on behalf of the Debtor and on five (5) days advance written notice to the Debtor, perform or comply, or otherwise cause performance or compliance with such agreement in order to provide for protection of the value of the Collateral. Debtor shall reimburse the Holder for all amounts expended in connection with such payment, performance or compliance, together with interest thereon at a rate equal to a rate per annum equal to 3% per annum, such interest to be calculated from the date of such advance to the date of repayment thereof, shall be payable by the Debtor to the Holder ten (10) business days following demand for payment by the Holder.

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## 2.03      **Holder's Appointment as Attorney-in-Fact**

Subject to the agreement of the Holder in the last sentence of this Section 2.03 and only to exercise the following rights during the existence of an Event of Default the Debtor, hereby irrevocably constitutes and appoints the Holder and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Holder's discretion, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, the Debtor hereby gives the Holder the power and right, on behalf of the Debtor without notice to or assent by the Debtor, to do the following:

- a.            to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Holder for the purpose of collecting any and all such moneys due under any Collateral whenever payable;
  - b.            to pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, to effect any repairs or any insurance called for by the terms of this Agreement and to pay all or any part of the premiums therefore and the costs thereof;
  - c.            to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Holder;
  - d.            to ask or demand for, or collect, receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral;
  - e.            to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral;
  - f.            to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral;
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g. to defend any suit, action or proceeding brought against the Debtor with respect to any Collateral;

h. to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Holder may deem appropriate;

i. generally, to sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Holder were the absolute owner thereof for all purposes, and to do, at the Holder's option and the Debtor's expense, at any time, or from time to time, all acts and things which the Holder deems necessary to protect, preserve or realize upon the Collateral and the Security Interests thereon in order to effect the intent of this Agreement, all as fully and effectively as the Debtor might do; and

j. in connection with the sale of Collateral provided for herein, execute any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

This power of attorney is a power coupled with an interest and shall be irrevocable during the existence of an Event of Default and shall be automatically revoked without any action on the part of the Debtor once the Event of Default giving rise to such power of attorney has been cured. The powers conferred on the Holder hereunder are solely to protect the Holder's interest in the Collateral and shall not impose any duty upon the Holder to exercise any such powers. The Holder shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act hereunder, except for its own gross negligence or willful misconduct. The Holder shall only exercise the foregoing power of attorney during the existence of an Event of Default; provided that any person relying on the authority of the Holder under this power of attorney may rely exclusively upon the representation of the Holder as to its authority hereunder and with respect to the Holder's right to exercise the powers granted above, shall not be under any obligation to determine whether an Event of Default exists at the time the Holder attempts to exercise the powers granted above, and may disregard any claim by the Debtor to the contrary. If the Holder transfers the Notes or any portion thereof to any other parties, the Holder will provide for appropriate considerations such that any action of the Holder may be taken either by a majority in interest of the Holders or by a collateral agent to be appointed by the Holder or Holders.

### **SECTION III REPRESENTATIONS AND WARRANTIES**

#### **3.01 Power and Authority**

The Debtor has the power and authority to execute and deliver, to perform its obligations under, this Agreement, and to grant the security interest in and lien on the Collateral pursuant to, this Agreement. The Debtor has taken all necessary action to authorize the execution, delivery and performance of this Agreement, and the grant of the security interest in the Collateral pursuant to this Agreement.

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### **3.02 Title; No Other Liens**

Except for Permitted Liens and as otherwise listed on Schedule D, the Debtor owns each item of Collateral free and clear of any and all Liens or claims of others. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral is on file or of record in any public office except as may have been filed in favor of the Holder, the holders of Permitted Liens or as reflected on such schedule.

### **3.03 Perfected First Security Interest**

To the extent that perfection may be accomplished by filing a UCC financing statement the security interests granted herein will, upon such filing, constitute a first priority perfected security interest in the Collateral in favor of the Holder enforceable against all creditors of the Debtor except the holders of Permitted Liens.

### **3.04 Intellectual Property.**

All the Intellectual Property, if any, owned or licensed by the Debtor, used by the Debtor or in which the Debtor may have an interest and is material to the business of the Debtor is listed on Schedule 1.01(a) and Schedule 1.01(b). Each item of Intellectual Property owned by or licensed to the Debtor or in which the Debtor has a right is (i) valid, subsisting, existing, unexpired, enforceable and has not been abandoned, (ii) not the subject of any holding, decision or judgment by any Governmental Authority which would limit, cancel or question its validity, (iii) not the subject of any action or proceeding (A) seeking to limit, cancel or question its validity, or (B) which, if adversely determined, would have a material adverse effect on its value, and (iv) to the knowledge of the Debtor, the use of the Intellectual Property does not infringe upon the rights of any Person. The Debtor owns all rights to all patents relating to SIGA 246, as defined in the Purchase Agreement. None of the aspects of the use by the Debtor of SIGA 246 are subject to any license or license agreement from any third party, or, to the extent that it would adversely affect the rights of Holder hereunder, to any third party.

## **SECTION IV COVENANTS**

### **4.01 Further Documentation; Financing Statements**

At any time and from time to time, upon the written request of the Holder, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Holder may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, any financing or continuation statements under the law of any jurisdiction with respect to the Liens created hereby or any Patent Assignment of Security Interest or Trademark Collateral Assignment with the United States Patent and Trademark Office with respect tot the Intellectual Property. The Debtor hereby authorizes the Holder to file any such financing or continuation statement without the signature of the Debtor to the extent permitted by applicable law. The Debtor authorizes the Holder to execute and file, in the name of the Debtor or otherwise, UCC-1 financing statements which the Holder in its sole discretion may deem necessary or appropriate to further perfect its security interest in the Collateral. The Debtor agrees and authorizes that a carbon, photographic or other reproduction of this Agreement may be used as a financing statement for filing in any jurisdiction.

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#### **4.02 Intellectual Property.**

a. Upon request of the Holder, the Debtor shall execute and deliver any and all agreements, instruments, documents, and papers as the Holder may request to evidence the Holder's security interests in any patent, trademark or copyright and any goodwill, know-how, trade secrets and general intangibles of the Debtor relating thereto or represented thereby. The agreements evidencing the Holder's security interest in such patents, trademark or copyrights will contain terms reasonably satisfactory to the Holder.

b. The Debtor shall, consistent with its past practices, take whatever action is necessary to protect its rights in any patents, trademarks or copyrights. The Debtor (either itself or through licensees) will take all commercially reasonable steps to not allow any third party to infringe on any of its patents, trademarks or copyrights.

#### **4.03 Maintenance**

Subject to Section 4.07 herein, the Debtor will keep and maintain at its own cost and expense reasonably satisfactory and complete records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Accounts. The Debtor will maintain each item of Equipment in good operating condition, ordinary wear and tear excepted, and will provide all maintenance, service and repairs necessary for such purpose.

#### **4.04 Compliance with Laws, etc.**

The Debtor will comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof or to the operation of the Debtor's business.

#### **4.05 Payment of Obligations**

The Debtor will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including, without limitation, claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if (a) the validity thereof is being contested in good faith by appropriate proceedings, (b) such proceedings do not involve any material danger of the sale, forfeiture or loss of any of the Collateral or any interest therein, and (c) such charge is adequately reserved against on the Debtor's books in accordance with GAAP.

#### **4.06 Limitation on Liens**

The Debtor will not create, incur or permit to exist, will defend the Collateral against, and will take such other action as is reasonably necessary to remove, any Lien or claim on or to the Collateral other than Permitted Liens, and will defend the right, title and interest of the Holder in and to any of the Collateral against the claims and demands of all persons other than the holders of Permitted Liens.

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#### **4.07 Limitations on Disposition of Collateral**

The Debtor will not sell, transfer, lease or otherwise dispose of any of the Collateral, except for (a) collection of Accounts in the ordinary course of business, (b) sales of Inventory in the ordinary course of business, or (c) sales of Equipment which is obsolete and/or not of material value.

#### **4.08 Limitations on Modifications to Accounts**

The Debtor will not (a) amend, modify, terminate or waive any provision of any agreement giving rise to an Account in any manner which could reasonably be expected to materially adversely affect the value of the Collateral as a whole, (b) fail to exercise promptly and diligently material rights giving rise to Accounts (other than any right of termination), or (c) fail to deliver to the Holder a copy of each material demand, notice or document received by it relating in any way to any agreement giving rise to an Account that could reasonably be expected to materially adversely affect the value of the Collateral as a whole.

#### **4.09 Limitations on Discounts, Compromises, Extensions of Accounts**

Other than in the ordinary course of business, the Debtor will not grant any extension of time of payment of any of the Accounts, compromise, compound or settle the same for less than the full amount thereof, release, wholly or partially, any person liable for the payment thereof, or allow any credit or discount whatsoever thereon.

#### **4.10 Insurance**

a. The Debtor will maintain, with financially sound and reputable companies insurance policies (i) insuring any tangible Collateral against loss by fire, explosion, theft and such other casualties as are usually insured against in the same general area by companies engaged in the same or similar business, and (ii) insuring the Debtor and the Holder against liability for personal injury and property damage relating to the Collateral.

b. Subject to the prior rights of any other holders of Permitted Liens and the other holders of any capital leases or purchase money liens and only during the existence of an Event of Default, in the event the Collateral is impaired: (i) the Debtor hereby authorizes and directs payment directly and solely to the Holder of any proceeds of any such policy of insurance; (ii) the Holder is hereby authorized to adjust and compromise any loss under any such policies and to collect and receive all such proceeds; (iii) the Holder is hereby authorized to execute and endorse in the Debtor's name all proofs of loss, drafts, checks and other documents necessary to accomplish such collection and any person making payment to the Holder is hereby relieved from obligation to see to the application of the sums so paid.

c. After deduction from any proceeds of any such insurance of all costs and expenses incurred by the Holder in collection and handling of such proceeds, the net proceeds may be applied, at the Holder's option, either toward replacing or restoring the Collateral or as a credit against the Secured Obligations, whether matured or unmatured.

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#### **4.11 Further Identification of Collateral**

The Debtor will furnish to the Holder from time to time statements and schedules but no more than twice annually further identifying and describing the Collateral and such other reports in connection with the Collateral as the Holder may reasonably request, all in reasonable detail.

#### **4.12 Notices**

The Debtor will advise the Holder promptly, in reasonable detail (a) of any Lien (other than Liens created hereby, Permitted Liens, and any other Liens permitted to exist on the Collateral under the Purchase Agreement) on, or claim asserted against, any of the Collateral in excess of \$25,000; and (b) of the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder.

#### **4.13 Changes in Locations, Name, etc.**

The Debtor will not (a) change the location of its chief executive office/chief place of business from that specified in this Agreement or remove its books and records from the location specified in this Agreement, (b) permit any of the Inventory to be kept at a location other than those listed in this Agreement, or (c) change its name, identity or structure to such an extent that any financing statement filed by the Holder in connection with this Agreement would become seriously misleading, unless it shall have given the Holder at least 5 days prior written notice thereof.

#### **4.14 Commercial Tort Claims**

The Debtor shall notify the Holder of any Commercial Tort Claim that may arise from time to time and execute documents, including a supplementary security agreement and additional financing statements as the Holder may reasonably request so that the Holder is at all times the holder of a perfected security interest (to the extent that such security interest can be perfected by filing a UCC Statement) in such claims.

### **SECTION V**

#### **EVENT OF DEFAULT AND REMEDIES**

##### **5.01 Events of Default**

An "Event of Default" under the terms of the Purchase Agreement shall constitute an "Event of Default" under this Agreement.

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## 5.02 General

During the existence of an Event of Default, the Holder may exercise, in addition to all other rights and remedies granted in this Agreement and in any other instrument or agreement securing, evidencing or relating to the obligations of the Debtor, all rights and remedies of a secured party upon default under the UCC.

### 5.03 With respect to Accounts and General Intangibles

During the existence of an Event of Default:

- a. if the Holder shall so request, the Debtor shall forthwith do one or more of the following: (i) legend, in form and manner acceptable to the Holder, its books, records and documents evidencing or pertaining to its Accounts and General Intangibles with an appropriate reference to the fact that such Collateral has been assigned to the Holder and that the Holder has a security interest therein and notify any person with an obligation with respect to such Collateral of the Holder's security interest therein, (ii) account for and transmit to the Holder, in the same form as received, all proceeds of collection of such Collateral received by the Debtor and, until so transmitted, hold the same in trust for the Holder and not commingle such proceeds with any other of its funds, (iii) deliver, at its own expense, any or all books, record or other documents relating to such Collateral to the Holder at a place designated by the Holder, and (iv) notify the obligors on such Collateral that the Accounts and General Intangibles of the Debtor have been assigned to the Holder and that payments in respect thereof shall be made directly to the Holder.
  - b. the Holder, without notice to, or assent by, the Debtor and in the name of the Debtor or its own name, or otherwise, may (but need not) (i) notify the obligors of any of the Debtor's Accounts or General Intangibles to make payments thereon directly to the Holder; (ii) ask for, demand, collect, receive, compound and give acquittance for such Collateral or any part thereof; (iii) extend the time of payment for such Collateral or compromise or settle any such Collateral for cash, credit or otherwise, and upon any terms and conditions; (iv) endorse the name of the Debtor on any check, draft or other order or instrument for the payment of moneys payable to the Debtor which has been issued in respect of such Collateral; (v) file any claims and commence, maintain or discontinue any action, suits or other proceedings deemed by the Holder necessary or advisable for the purpose of collecting or enforcing payment of any such Collateral; (vi) at the Holder's sole discretion make test verifications of such Collateral or any portion thereof; (vii) execute any instrument and do any and all other things necessary and proper to protect and preserve and realize upon such Collateral and other rights contemplated hereby; and (viii) without obligation to resort to other security, at any time and from time to time, sell, re-sell, assign and deliver all or any of such Collateral, in one or more parcels at the same or different times, and all right, title and interest, claim and demand therein and any right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery and at such price or prices and on such terms as the Holder may determine, with the proceeds thereof to be applied in the manner provided herein.
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The Debtor hereby agrees that the Holder may exercise the rights and remedies provided herein and that the exercise of such rights and remedies by the Holder, including, without limitation, the sale of Accounts or General Intangibles, may be accomplished without demand, advertisement or notice (except as required by law) all of which (to the extent permitted by law) are hereby expressly waived. If any notice of a proposed sale or other disposition of such Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The Holder shall not be obligated to make any sale regardless of notice of sale having been given. The Holder may adjourn any public or private sale from time to time by announcement at the time and place fixed therefore, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Holder shall not be obligated to take any action authorized by this section, but in the event that the Holder elects to take any such action, it shall not be responsible to the Debtor except for its willful misconduct.

**5.04 As to Inventory and Equipment**

During the existence of an Event of Default:

- a. upon notice to such effect, the Debtor shall deliver, at Debtor’s own expense, any or all Inventory and Equipment to the Holder at a place designated by the Holder;
- b. take possession of any or all Inventory and Equipment and, for that purpose, enter, with the aid and assistance of any person or persons, any premises where the Collateral, or any part thereof, is, or may be, placed or assembled, and remove any of the same;
- c. execute any instrument and do all other things necessary and proper to protect and preserve and realize upon such Collateral and other rights contemplated hereby; and
- d. without obligation to resort to other security, at any time and from time to time, sell, assign and deliver at the same or different times, all right, title, interest or claim of the Debtor in such Collateral, and any right of redemption thereof, at public or private sale, in one or more parcels, for cash, upon credit or for future delivery, and at such price or prices and on such terms as the Holder may determine.

The Debtor hereby agrees that the exercise by the Holder of the rights and remedies under this section, including, without limitation, sale of Inventory or Equipment may be accomplished without demand, advertisement or notice (except as required by law), all of which (to the extent permitted by law) are hereby expressly waived. If any notice of a proposed sale or other disposition shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition. The Holder shall not be obligated to make any sale regardless of notice of sale having been given. The Holder may adjourn any public or private sale from time to time by announcement at the time and place fixed therefore, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

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The Holder may offer any Inventory or Equipment for sale in its then present condition and has no duty to repair or clean the Collateral prior to sale and the failure to make such repairs or clean the Collateral shall not effect the commercial reasonableness of the sale. The Holder may disclaim all warranties including warranties of title, possession, quiet enjoyment, merchantability, fitness for a particular and any such disclaimer shall not effect the commercial reasonableness of the sale. The Holder shall not be obligated to take any of the action authorized by this section, but in the event that the Holder elects to take any such action, it shall not be responsible to the Debtor except for its willful misconduct.

**5.05 As to Instruments, Chattel Paper and Investment Property**

During the existence of an Event of Default, subject to the prior rights of any other holders of Permitted Liens:

- a. if the Holder shall so request, the Debtor shall forthwith do one or more of the following: (i) legend, in form and manner acceptable to the Holder, the Debtor’s books, records and documents evidencing or pertaining to any Instruments, Chattel Paper or Investment Property with an appropriate reference to the fact that such assets have been assigned to the Holder and that the Holder has a security interest therein and notify any person with an obligation with respect to such Collateral of the Holder’s security interest therein, (ii) account for and transmit to the Holder, in the same form as received, all proceeds of collection of such Collateral received by it and, until so transmitted, to hold the same in trust for the Holder and not commingle such proceeds with any other of its funds, (iii) deliver, at its own expense, any or all books, records or other documents relating to such Collateral to the Holder at a place designated by the Holder, and (iv) notify the obligors on such Collateral that such assets have been assigned to the Holder and that payments in respect thereof shall be made directly to the Holder.

- b. the Holder, without notice to, or assent by, the Debtor and in the name of the Debtor or its own name, or otherwise, may (but need not) (i) notify the obligors of any of the Debtor’s Instruments, Chattel Paper or Investment Property to make payments thereon directly to the Holder; (ii) ask for, demand, collect, receive, compound and give acceptance for the such Collateral or any part thereof; (iii) extend the time of payment for such Collateral or compromise or settle any such Collateral for cash, credit or otherwise, and upon any terms and conditions; (iv) endorse the name of the Debtor on any check, draft or other order or instrument for the payment of moneys payable to the Debtor which has been issued in respect of such Collateral; (v) file any claims and commence, maintain or discontinue any action, suits or other proceedings deemed by the Holder necessary or advisable for the purpose of collecting or enforcing payment of any such Collateral; (vi) at the Holder’s sole discretion make test verifications of such Collateral or any portion thereof; (vii) execute any instrument and do any and all other things necessary and proper to protect and preserve and realize upon such Collateral and other rights contemplated hereby; and (viii) without obligation to resort to other security, at any time and from time to time, sell, re-sell, assign and deliver all or any such Collateral, in one or more parcels at the same or different times, and all right, title and interest, claim and demand therein and any right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery and at such price or prices and on such terms as the Holder may determine, with the proceeds thereof to be applied in the manner provided herein.
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The Debtor hereby agrees that the Holder may sell such Collateral or any part thereof at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery, and at such price or prices as the Holder may deem satisfactory. The Holder may be the purchaser of any or all of the Collateral so sold at any public sale. The Debtor covenants and agrees that it will execute and deliver such documents and take such other action as the Holder deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale the Holder shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of the Debtor which may be waived, and the Debtor, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted. The Debtor further acknowledges that the Holder may deem it impracticable to effect a public sale of any part of the securities included in the Collateral, and therefore authorizes the Holder in connection with any such private sale, if the Holder deems it advisable to do so, (i) to restrict the prospective bidders on or purchasers of any of the Collateral to a limited number of sophisticated investors who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or sale of any of such securities, (ii) to cause to be placed on certificates for any or all of the Collateral or on any other securities pledged hereunder a legend to the effect that such security has not been registered under the Securities Act of 1933 and may not be disposed of in violation of the provision of said Act, and (iii) to impose such other limitations or conditions in connection with any such sale as the Holder deems necessary or advisable in order to comply with said Act or any other law. The notice (if any) of such sale shall (1) in case of a public sale, state the time and place fixed for such sale, (2) in case of sale at a broker's board or on a securities exchange, state the board or exchange at which such sale is to be made and the day on which the Collateral, or the portion thereof so being sold, will first be offered for sale at such board or exchange, and (3) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Holder may fix in the notice of such sale. At any such sale, the Collateral may be sold in one lot as an entirety or in separate parcels, as the Holder may determine. The Holder shall not be obligated to make any such sale pursuant to any such notice. The Holder may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Holder until the selling price is paid by the purchaser thereof, but the Holder shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice.

**5.06            Application of Proceeds; Deficiency**

a.            The Holder shall apply the net proceeds of any such collection, realization or sale, after deducting all reasonable costs and expenses of every kind incurred thereinor incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Holder hereunder, including, without limitation, reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured Obligations pro rata in proportion to the amounts owed to each of the holders, and only after such application and after the payment by the Holder of any other amount required by any provision of law, need the Holder account for the surplus, if any, to the Debtor.

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b. The Debtor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay the Secured Obligations and the reasonable fees and disbursements of any attorneys employed by the Holder to collect such deficiency.

## **SECTION VI MISCELLANEOUS**

### **6.01 Limitations on Rights and Obligations**

Notwithstanding any of the terms of this Agreement to the contrary, each of the rights of the Holder and the obligations of the Debtor are subject to the rights of the holders of Permitted Liens described herein.

### **6.02 Amendments and Waivers**

The Debtor and the Holder may, from time to time, enter into written waivers, amendments, supplements or modifications hereto for the purpose of adding any provision to this Agreement or enter into written instruments waiving any of the requirements of this Agreement or any Event of Default and its consequences. In the case of any waiver, the Debtor shall be restored to its former positions and rights hereunder and any Event of Default waived shall be deemed to be cured and not existing; but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

### **6.03 Notices**

Unless this Agreement specifically provides otherwise, all notices and communications under this Agreement shall be provided in accordance with the provisions of the Purchase Agreement.

### **6.04 No Waiver; Cumulative Remedies**

No failure to exercise or delay in exercising, on the part of the Holder, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided to the Holder are cumulative and not exclusive of any rights, remedies, powers and privileges provided to the Holder by law. In accordance with this section, the Holder may exercise its rights, remedies, powers or privileges hereunder in any order it deems appropriate.

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## 6.05 Termination; Filing of Termination Statement; Indemnification

This Agreement, any and all security interests and any and all rights and powers granted to the Holder under this Agreement shall automatically terminate and be of no further force and effect upon the earlier of the Maturity Date (as defined in the Purchase Agreement), unless an Event of Default is in existence on that date and then only until such Event of Default has been cured (the “Termination Date”). The Holder hereby irrevocably constitutes and appoints Debtor and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in place and stead of the Holder and in the name of the Holder or in its own name, immediately upon the Termination Date, for the exclusive purpose of filing (a) a Termination Statement on Form UCC 3 (or any successor form) and (b) any other documents necessary or desirable to evidence the termination of any and all security interests held by the Holder. The Debtor agrees to pay, and to hold the Holder harmless from, any and all liabilities, costs and expenses (including, without limitation, reasonable legal fees and expenses) (a) with respect to, or resulting from, any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral, except in connection with any costs resulting from the gross negligence or willful misconduct of the Holder, or (b) with respect to, or resulting from, any delay in complying with any Requirement of Law applicable to any of the Collateral, except in connection with any costs resulting from the gross negligence or willful misconduct of the Holder. In any suit, proceeding or action brought by the Holder under any Account for any sum owing thereunder, or to enforce any provisions of any Account, the Debtor will save, indemnify and keep the Holder harmless from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment or reduction or liability whatsoever of the account debtor or obligor thereunder, arising out of a breach by the Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such account debtor or obligor or its successors.

## 6.06 Governing Law

This Agreement shall be governed by, and construed and interpreted in accordance with the law of the State of New York.

## 6.07 Section Headings

The section headings herein are intended for convenience only and shall be ignored in construing this Agreement.

## 6.08 Entire Agreement

All understandings and agreements heretofore made or exchanged between the Debtor and the Holder with respect to the subject matter hereof are merged into this Agreement, which fully, completely, and integrally expresses the understanding of the Debtor and the Holder concerning the subject matter hereof.

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**6.09 Severability**

If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the parties hereto as nearly as may be possible; and (b) the invalidity or enforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

**6.10 WAIVER OF TRIAL BY JURY**

THE DEBTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATED TO THIS AGREEMENT.

6.11 NOTWITHSTANDING ANY PROVISION HEREOF TO THE CONTRARY, THE HOLDER ACKNOWLEDGES THAT ALL RIGHTS, INTERESTS AND REMEDIES ARE SUBORDINATE TO GE CAPITAL AS FURTHER PROVIDED IN THE SUBORDINATION AGREEMENT.

[signature page follows]

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IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

**THE DEBTOR**

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas Konatich

☐ 0; Thomas Konatich

☐ 0; Chief Financial Officer

**THE HOLDER:**

PHARMATHENE, INC.

By: /s/ David P. Wright

David P. Wright, President and  
Chief Executive Officer

8% NOTE

No. PN-1

\$1,000,000

20, 2006

March

FOR VALUE RECEIVED, the undersigned, SIGA TECHNOLOGIES, INC., a corporation duly formed under the laws of the State of Delaware (the “Issuer”), hereby unconditionally promises to pay to the order of PHARMATHENE, INC., a Delaware corporation, or its registered assigns (the “Holder”), in lawful money of the United States of America and in immediately available funds, the principal sum of ONE MILLION AND 00/100 (\$1,000,000) DOLLARS on the Maturity Date (as hereinafter defined), together with interest thereon calculated and payable as provided below. This 8% Note (this “Note”) is issued pursuant to that certain Bridge Note Purchase Agreement, dated March 20, 2006, between the Issuer and the Holder (the “Purchase Agreement”), and is entitled to the benefits of the Purchase Agreement. Capitalized terms used in this Note and not otherwise defined in this Note shall have the meanings given to such terms in the Purchase Agreement.

1. Interest on the outstanding principal amount of this Note shall be computed on the basis of a 365-day year and actual days elapsed. The principal of this Note shall bear interest at the rate of eight percent (8%) per annum. Interest on the principal amount of this Note shall be payable upon the Maturity Date.
2. The outstanding principal amount of this Note and all accrued and unpaid interest thereon shall be due and payable on the date (the “Maturity Date”) which is the earliest to occur of (x) March 20, 2008, (y) the closing of a Qualified Financing and (z) a Sale Event; provided, however, that the principal and interest hereunder may be credited towards payments due under the License Agreement in accordance with the terms of the Purchase Agreement.
3. Notwithstanding anything in this Note to the contrary, should an Event of Default occur and be continuing, interest on the outstanding principal amount of this Note shall be increased by three percent (3%) per annum, and the outstanding balance of the principal amount, including unpaid interest, shall continue to accrue interest from the date of such Event of Default at such interest rate until such Event of Default is cured or waived.
4. Notwithstanding anything in this Note to the contrary, in case an Event of Default shall occur, payment of this Note shall be accelerated and the entire unpaid principal amount of this Note, and all accrued and unpaid interest thereon, shall become immediately due and payable in full.
5. Payment of the principal and interest on this Note shall be made in money of the United States of America which at the time of payment is legal tender for the payment of public and private debts, by wire transfer in immediately available funds to such account as the Holder shall from time to time have designated to the Issuer in writing, or, if requested by the Holder, by certified or back cashier’s check payable to the Holder, mailed to the Holder at 175 Admiral Cochrane Drive, Suite 101, Annapolis, Maryland 21401, Attn: David P. Wright, President and Chief Executive Officer, or such other address as shall be designated in writing by the Holder to the Issuer.

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6. Any and all payments made by the Issuer in respect of this Note shall be applied first to payment of the fees and charges due under this Note, second to payment of accrued and unpaid interest, and then to payment of the outstanding principal amount of this Note.

7. All calculations and applications of amounts due on any date, whether by acceleration or otherwise, shall be made by the Holder, and the Issuer agrees that all such calculations and applications shall be conclusive and binding absent manifest error.

8. The Issuer may, at its option, at any time and from time to time, prepay all or any part of the principal balance of this Note, without penalty or premium, in whole or in part, together with accrued and unpaid interest through the date of prepayment.

9. This Note is secured by the Collateral and other assets, property rights and interests as described in the Security Documents.

10. The Issuer hereby waives presentment, notice of dishonor, protest and notice of protest, and any or all other notices or demands in connection with the delivery, acceptance, performance, default, endorsement or guarantee of this Note.

11. In case any principal of or interest on this Note is not paid when due, or any other Event of Default shall occur, the Issuer shall be liable for, and agrees to pay, in addition to principal and interest hereunder, all costs of enforcement and collection of this Note incurred by the Holder, including, without limitation, reasonable attorney's fees, disbursements and court costs. In addition, if an Event of Default shall occur, the Issuer shall pay all reasonable attorney's fees and disbursements incurred by the Holder in obtaining advice as to its rights and remedies in connection with such default.

12. The liability of the Issuer hereunder shall be unconditional and shall not be in any manner affected by any indulgence whatsoever granted or consented to by the Holder, including, but not limited to any extension of time, renewal, waiver or other modification. Any failure of the Holder to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time and from time to time thereafter. The Holder may accept late payments, or partial payments, even though marked "payment in full" or containing words of similar import or other conditions, without waiving any of its rights. No amendment, modification or waiver of any provision of this Note or consent to any departure by the Issuer therefrom shall be effective, irrespective of any course of dealing, unless the same shall be in writing and signed by the Holder, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. This Note cannot be changed or terminated orally or by estoppel or waiver or by any alleged oral modification regardless of any claimed partial performance referable thereto.

13. Any notice from the Holder to the Issuer shall be deemed given when delivered in accordance with the Purchase Agreement.

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14. This Note shall be governed by and construed in accordance with the laws of the State of New York applicable to instruments made and to be performed wholly within that state. If any provision of this Note is held to be illegal or unenforceable for any reason whatsoever, such illegality or unenforceability shall not affect the validity of any other provision of this Note.

15. EACH OF THE ISSUER AND THE HOLDER AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS NOTE MAY BE INITIATED AND PROSECUTED IN THE COURTS OF THE STATE OF NEW YORK OR THE FEDERAL COURTS FOR THE SOUTHERN DISTRICT OF NEW YORK. EACH OF THE ISSUER AND THE HOLDER CONSENTS TO AND SUBMITS TO THE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY SUCH COURT HAVING JURISDICTION OVER THE SUBJECT MATTER, WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY REGISTERED MAIL DIRECTED TO THE HOLDER AT ITS ADDRESS SET FORTH ABOVE, AND TO THE ISSUER AT ITS ADDRESS SET FORTH BELOW OR TO ANY OTHER ADDRESS AS MAY APPEAR IN THE HOLDER'S RECORDS AS THE ADDRESS OF THE ISSUER.

16. IN ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS NOTE, EACH OF THE HOLDER AND THE ISSUER WAIVES TRIAL BY JURY, AND THE ISSUER ALSO WAIVES (I) ANY OBJECTION BASED ON FORUM NON CONVENIENS OR VENUE AND (II) ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.

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IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed and delivered.

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas Konatich  
Thomas Konatich  
Chief Financial Officer

Address for Notices:

SIGA Technologies, Inc.  
420 Lexington Avenue  
Suite 408  
New York, New York 10170

Tel: 212-672-9107  
Fax: 212-697-3130  
Attn: Thomas Konatich