SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

Annual Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 1999

Commission File No. 0-23047

SIGA Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	13-3864870
(State or other jurisdiction of incorporation or organization)	(IRS Employer Id. No.)

420 Lexington Avenue, Suite 620
New York, NY 10170
(Address of principal executive offices) (zip code)

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

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

None

(Title of Class)

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

Common Stock, $.0001 par value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|.

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of the Common Stock on March 20, 2000 as reported on the Nasdaq SmallCap Market was approximately $35,358,069 As of March 20, 2000 the registrant had outstanding 6,654,837 shares of Common Stock.

SIGA Technologies, Inc.

Form 10-KSB

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PART I

Item 1. Business

Certain statements in this Annual Report on Form 10-KSB, including certain statements contained in "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words or phrases "can be", "expects", "may affect", "may depend", "believes", "estimate", "project", and similar words and phrases are intended to identify such forward-looking statements. Such forward-looking statements are subject to various known and unknown risks and uncertainties and Siga cautions you that any forward-looking information provided by or on behalf of Siga is not a guarantee of future performance. Siga's actual results could differ materially from those anticipated by such forward-looking statements due to a number of factors, some of which are beyond Siga's control, in addition to those risks discussed below and in Siga's other public filings, press releases and statements by Siga's management, including (i) the volatile and competitive nature of the biotechnology and Internet industries, (ii) changes in domestic and foreign economic and market conditions, and (iii) the effect of federal, state and foreign regulation on Siga's businesses. All such forward-looking statements are current only as of the date on which such statements were made. Siga does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

SIGA Technologies, Inc. is referred to throughout this report as "Siga," "we" or "us."

Introduction

SIGA Technologies, Inc. is a development stage company with interests in biotechnology and the Internet. Siga Research Labs, (SRL), our biotechnology division, is focused on the discovery, development and commercialization of vaccines, antibiotics and novel anti-infectives for serious infectious diseases. SRL's lead vaccine candidate is for the prevention of group A streptococcal pharyngitis or "strep throat." SRL is developing a technology for the mucosal delivery of its vaccines which may allow those vaccines to activate the immune system at the mucus lined surfaces of the body -- the mouth, the nose, the lungs and the gastrointestinal and urogenital tracts -- the sites of entry for most infectious agents. SRL's anti-infectives programs, aimed at the increasingly serious problem of drug resistance, are designed to block the ability of bacteria to attach to human tissue, the first step in the infection process.

We are currently developing, PeerFinder(TM), a third generation instant messenger, which we believe will make the Internet more interactive by enabling meaningful conversation within peer groups or between like-minded individuals. As a complement to users' normal surfing habits, PeerFinder(TM) will provide instant messaging technology for peer-to-peer communication across Web sites, servicing the Internet's rapidly growing collection of online communities. By combining the search for content with real-time conversation, users will be able to easily locate information, transact business, solicit product reviews or simply converse with like-minded individuals on the topics of their interest.

The Company's Technologies

Vaccine Technologies: Mucosal Immunity and Vaccine Delivery

Using proprietary technology licensed from The Rockefeller University ("Rockefeller"), Siga is developing certain commensal bacteria ("commensals") as a means to deliver mucosal vaccines. Commensals are harmless bacteria that naturally inhabit the body's surfaces with different commensals inhabiting different surfaces, particularly the mucosal surfaces. Our vaccine candidates utilize genetically engineered commensals to deliver antigens from a variety of pathogens to the mucosal immune system.

When administered, the genetically engineered ("recombinant") commensals colonize the mucosal surface and replicate. By activating a local mucosal immune response, our vaccine candidates are designed to prevent infection and disease at the earliest possible stage. By comparison, most conventional vaccines are designed to act after infection has already occurred.

Our commensal vaccine candidates utilize gram-positive bacteria, one of two major classes of bacteria. Rockefeller scientists have identified a protein region that is used by gram-positive bacteria to anchor proteins to their surfaces. We are using the proprietary technology licensed from Rockefeller to combine antigens from a wide range of infectious organisms, both viral and bacterial, with the surface protein anchor region of a variety of commensal organisms. By combining a specific antigen with a specific commensal, vaccines can be tailored to both the target pathogen and its mucosal point of entry.

To target an immune response to a particular mucosal surface, a vaccine would employ a commensal organism that naturally inhabits that surface. For example, vaccines targeting sexually transmitted diseases could employ Lactobacillus acidophilus, a commensal colonizing the female urogenital tract. Vaccines targeting gastrointestinal ("GI") diseases could employ Lactobacillus casei, a commensal colonizing the GI tract. We have conducted initial experiments using Streptococcus gordonii ("S. gordonii"), a commensal that colonizes the oral cavity and that can potentially be used in vaccines targeting pathogens that enter through the upper respiratory tract, such as the influenza virus.

By using an antigen unique to a given pathogen, the technology can potentially be applied to any infectious agent that enters the body through a mucosal surface. Our founding scientists have expressed and anchored a variety of viral and bacterial antigens on the outside of S. gordonii, including the M6 protein from group A streptococcus, a group of organisms that cause a range of diseases, including strep throat, necrotizing fasciitis, impetigo and scarlet fever. In addition, proteins from other infectious agents, such as HIV and human papilloma virus have also been expressed using this system. We believe this technology will enable the expression of most antigens regardless of size or shape. In animal studies, we have shown that the administration of a recombinant S. gordonii vaccine prototype induces both a local mucosal immune response and a systemic immune response.

We believe that mucosal vaccines developed using our proprietary commensal delivery technology could provide a number of advantages, including:

- More complete protection than conventional vaccines: Mucosal vaccines in general may be more effective than conventional parenteral (injectable) vaccines, due to their ability to produce both a systemic and local (mucosal) immune response.

- Safety advantage over other live vectors: A number of bacterial pathogens have been genetically rendered less infectious, or attenuated, for use as live vaccine vectors. Commensals, by virtue of their harmless nature, may offer a safer delivery vehicle without fear of genetic reversion to the infectious state inherent in attenuated pathogens.

- Non-injection administration: Oral, nasal, rectal or vaginal administration of the vaccine eliminates the need for painful injections with their potential adverse reactions.

- Potential for combined vaccine delivery: The Children's Vaccine Initiative has called for the development of combined vaccines, specifically to reduce the number of needle sticks per child, by combining several vaccines into one injection, thereby increasing compliance and decreasing disease. We believe our commensal delivery technology can be an effective method of delivery of multi-component vaccines within a single commensal organism that address multiple diseases or diseases caused by multiple strains of an infectious agent.

- Eliminating need for refrigeration: One of the problems confronting the effective delivery of parenteral vaccines is the need for refrigeration at all stages prior to injection. The stability of the commensal

organisms in a freeze-dried state would, for the most part, eliminate the need for special climate conditions, a critical consideration, especially for the delivery of vaccines in developing countries.

- Low cost production: By using a live bacterial vector, extensive downstream processing is eliminated, leading to considerable cost savings in the production of the vaccine. The potential for eliminating the need for refrigeration would add considerably to these savings by reducing the costs inherent in refrigeration for vaccine delivery.

Anti-Infectives Technology: Prevention of Attachment and Infectivity

The bacterial infectious process generally includes three steps: colonization, invasion and disease. The adherence of bacteria to a host's surface is crucial to establishing colonization. Bacteria adhere through a number of mechanisms, but generally by using highly specialized surface structures which, in turn, bind to specific structures or molecules on the host's cells or, as discussed below, to inanimate objects residing in the host. Once adhered, many bacteria will invade the host's cells and either establish residence or continue invasion into deeper tissues. During any of these stages, the invading bacteria can cause the outward manifestations of disease, in some cases through the production and release of toxin molecules. The severity of disease, while dependent on a large combination of factors, is often the result of the ability of the bacteria to persist in the host. These bacteria accomplish this persistence by using surface molecules which can alter the host's nonspecific mechanisms or its highly specific immune responses to clear or destroy the organisms.

Unlike conventional antibiotics, as discussed above, our anti-infectives approaches aim to block the ability of pathogenic bacteria to attach to and colonize human tissue, thereby preventing infection at its earliest stage. Our scientific strategy is to inhibit the expression of bacterial surface proteins required for bacterial infectivity. We believe that this approach has promise in the areas of hospital-acquired drug-resistant infections and a broad range of other diseases caused by bacteria.

Many special surface proteins used by bacteria to infect the host are anchored in the bacterial cell wall. Scientists at Rockefeller University have identified an amino acid sequence and related enzyme, a selective protease, that are essential for anchoring proteins to the surface of most gram-positive bacteria. Published information indicates that this amino acid sequence is shared by more than 50 different surface proteins found on a variety of gram-positive bacteria. This commonality suggests that this protease represents a promising target for the development of a new class of antibiotic products for the treatment of a wide range of infectious diseases. Experiments by our founding scientists at Rockefeller University have shown that without this sequence, proteins cannot become anchored to the bacterial surface and thus the bacteria are no longer capable of attachment, colonization or infection. Such "disarmed" bacteria should be readily cleared by the body's immune system. Our drug discovery strategy is to use a combination of structure-based drug design and high throughput screening procedures to identify compounds that inhibit the protease, thereby blocking the anchoring process. If successful, this strategy should provide relief from many gram-positive bacterial infections, but may prove particularly important in combating diseases caused by the emerging antibiotic resistance of the gram-positive organisms S. aureus, Streptococcus pneumoniae, and the enterococci.

In contrast to the above program, which focuses on gram-positive bacteria, our pilicide program, based upon initial research performed at Washington University, focuses on a number of new and novel targets all of which impact on the ability of gram-negative bacteria to assemble adhesive pili on their surfaces. This research program is based upon the well-characterized interaction between a periplasmic protein -- a chaperone -- and the protein subunits required to form pili. In addition to describing the process by which chaperones and pili subunits interact, this program has developed the assay systems necessary to screen for potential therapeutic compounds, and has provided an initial basis for selecting novel antibiotics that work by interfering with the pili adhesion mechansism.

Surface Protein Expression System ("SPEX")

The ability to overproduce many bacterial and human proteins has been made possible through the use of recombinant DNA technology. The introduction of DNA molecules into E. coli has been the method of choice to express a variety of gene products, because of this bacteria's rapid reproduction and well-understood genetics. Yet despite the development of many efficient E. coli-based gene expression systems, the most important concern continues to be associated with subsequent purification of the product. Recombinant proteins produced in this manner do not readily cross E. coli's outer membrane, and as a result, proteins must be purified from the bacterial cytoplasm or periplasmic space. Purification of proteins from these cellular compartments can be very difficult. Frequently encountered problems include low product yields, contamination with potentially toxic cellular material (i.e., endotoxin) and the formation of large amounts of partially folded polypeptide chains in non-active aggregates termed inclusion bodies.

To overcome these problems, we have taken advantage of our knowledge of gram-positive bacterial protein expression and anchoring pathways. This pathway has evolved to handle the transport of surface proteins that vary widely in size, structure and function. Modifying the approach used to create commensal mucosal vaccines, we have developed methods which, instead of anchoring the foreign protein to the surface of the recombinant gram-positive bacteria, result in it being secreted into the surrounding medium in a manner which is readily amenable to simple batch purification. We believe the advantages of this approach include the ease and lower cost of gram-positive bacterial growth, the likelihood that secreted recombinant proteins will be folded properly, and the ability to purify recombinant proteins from the culture medium without having to disrupt the bacterial cells and liberating cellular contaminants. Gram-positive bacteria may be grown simply in scales from those required for laboratory research up to commercial mass production.

PeerFinder(TM)

PeerFinder(TM) is an Internet-based application that is being developed to allow registered users viewing any given Web site to see and communicate with: (i) all other members of the same peer group wherever they are on the Web, (ii) all other registered users simultaneously viewing the same site and (iii) all of the people in the registered users buddy list. The product will enable both group and private communication in a small discussion box that overlays the Web site being viewed. The product is being designed to facilitate a more natural form of conversation that is both content driven and spontaneous. We believe PeerFinder(TM) will make the Internet more interactive by enabling group or private communication that is not restricted to any particular Web site or chat room, but will complement the users' normal Web browsing habits. PeerFinder(TM) is expected to have the following features:

Peer groups - Users will sign up with a particular peer or interest group when they register. Users will be notified when other members of their peer groups are online and can communicate with them even if they are at a different Web site. Users will be able to converse with their peers simultaneously or in one-on-one environments.

Siteseers - Users will be notified of other PeerFinder(TM) users who are on the same Web site they are on and will be able to communicate with each other in either group or one-to-one discussion.

Buddy list - Users will be notified when their self selected "buddies" are online and will be able to communicate with them no matter where they are on the Web.

Video, Audio, and Multimedia Streaming - Users will be able to select one of several video, audio or multimedia feeds within the PeerFinder(TM) box to watch and/or listen to.

Our Product Candidates and Research and Discovery Programs

Mucosal Vaccines

Development of Our mucosal vaccine candidates involves: (i) identifying a suitable immunizing antigen from a pathogen; (ii) selecting a commensal that naturally colonizes the mucosal point of entry for that pathogen; and (iii) genetically engineering the commensal to express the antigen on its surface for subsequent delivery to the target population.

Strep Throat Vaccine Candidate. Until the age of 15, many children suffer recurrent strep throat infections. Up to five percent of ineffectively treated strep throat cases progress to rheumatic fever, a debilitating heart disease, which worsens with each succeeding streptococcal infection. Since the advent of penicillin therapy, rheumatic fever in the United States has experienced a dramatic decline. However, in the last decade, rheumatic fever has experienced a resurgence in the United States. Part of the reason for this is the latent presence of this organism in children who do not display symptoms of a sore throat, and, therefore, remain untreated and at risk for development of rheumatic fever. Based on data from the Centers for Disease Control and Prevention, there are five to 10 million cases of pharyngitis due to group A streptococcus in the United States each year. There are over 32 million children in the principal age group targeted by us for vaccination. Worldwide, it is estimated that one percent of all school age children in the developing world have rheumatic heart disease. Despite the relative ease of treating strep throat with antibiotics, the specter of antibiotic resistance is always present. In fact, resistance to erythromycin, the second line antibiotic in patients allergic to penicillin, has appeared in a large number of cases.

No vaccine for strep throat has been developed because of the problems associated with identifying an antigen that is common to the more than 100 different serotypes of group A streptococcus, the bacterium that causes the disease. We have licensed from Rockefeller a proprietary antigen which is common to most types of group A streptococcus, including types that have been associated with rheumatic fever. When this antigen was orally administered to animals, it was shown to provide protection against multiple types of group A streptococcal infection. Utilizing this antigen, we are developing a mucosal vaccine for strep throat.

Our technology expresses the strep throat antigen on the surface of the commensal S. gordonii, which lives on the surface of the teeth and gums. We believe that a single oral dose of the vaccine may be adequate to provide protection. Indeed, investigators at other institutions have shown that organisms of this type can safely colonize in the human oral cavity for up to two years. We are currently completing pre-clinical development of its strep throat vaccine candidate. Pre-clinical research in mice and rabbits has established the ability of this vaccine candidate to colonize and induce both a local and systemic immune response. We are collaborating with the National Institutes of Health (the "NIH") and the University of Maryland Center for Vaccine Development on the clinical development of this vaccine candidate. In cooperation with the NIH we filed an Investigational New Drug Application ("IND") with the United States Food and Drug Administration (the "FDA") in December 1997. The first stage of these clinical trials under this IND commenced at the University of Maryland in early 1999. In September 1999 we were awarded a Phase I Small Business Innovation Research Grant (SBIR) from the NIH to help support the research cost of our strep program.

STD Vaccine Candidates. One of the great challenges in vaccine research remains the development of effective vaccines to prevent sexually transmitted diseases (STDs). Three of the principal pathogens which are transmitted via this route are: chlamydia, the most common bacterial STD; Neisseria, the causative agent of gonnorhia; and human papilloma virus (HPV), which is linked to both genital warts and cervical carcinoma. To date, a great deal of effort has been expended, without appreciable success, to develop effective injectable prophylactic vaccines versus these pathogens. Given that each of these pathogens enters the host through the mucosa, we believe that induction of a vigorous mucosal response to bacterial or viral antigens may protect against acquisition of the initial infection. To test this hypothesis, we have expressed newly discovered antigens from these three pathogens in its proprietary mucosal vaccine delivery system. These live recombinant vaccines will be delivered to animals and tested for local

and systemic immune response induction, and whether these responses can block subsequent viral infections. We have licensed technology from Oregon State University and Washington University in support of its chlamydia and Neisseria programs. In February 2000 we entered into an option agreement with the Ross Products Division of Abbott Laboratories (Ross) which will provide funding to further development of an STD vaccine product.

Periodontal Vaccine Candidate. Periodontal disease is characterized by acute soft tissue inflammation and subsequent alveolar bone loss. It is estimated that this condition afflicts up to 50% of the adult population by the time they reach age 65, and is a major cause of tooth loss in the older population. In addition, animal studies conducted at the University of Minnesota show that bacteria from the mouth which enter the blood stream via diseased gums can induce clotting which is the pivotal event in most heart attacks and strokes. Current treatments for periodontal disease include mechanical debridement, tissue resection and/or antibiotic therapy. It is believed that periodontal disease is the result of an interaction between the immune system or the host and a number of oral bacterial pathogens, principally Porphyromonas gingivalis ("P. gingivalis").

The vaccine, as currently constructed, features a surface antigen, fimbrillin from P. gingivalis delivered to the oral cavity via our proprietary mucosal vaccine delivery system. In pre-clinical trials, mucosal immunization with, or direct delivery of, fimbrillin-derived peptides to the oral cavity of germ-free rats blocked the ability of P. gingivalis to colonize in the rats upon subsequent challenge, and dramatically reduced associated periodontal disease and bone loss. Two vaccine candidates are currently being studied in pre-clinical animal colonization and challenge experiments. If we are successful in our efforts to develop a product using its vaccine delivery system, we will need to acquire a license from the State University of New York at Buffalo to use their antigen in such a product.

Mucosal Vaccine Delivery System

We are also developing a proprietary mucosal vaccine delivery system which is a component of our vaccine candidates and which we intend to license to other vaccine developers. Our commensal vaccine candidates utilize gram-positive bacteria as vectors for the presentation of antigens. Scientists at Rockefeller have identified a protein region used by gram-positive bacteria to anchor proteins to their surfaces. We are using proprietary technology licensed from Rockefeller to anchor antigens from a wide range of infectious organisms, both viral and bacterial, to the surface protein anchor region of a variety of commensal organisms. By combining a specific antigen with a specific commensal, we believe that vaccines can be tailored to both the target pathogen and its mucosal point of entry.

We have developed several genetic methods for recombining foreign sequences into the genome of gram-positive bacteria at a number of non-essential sites. Various parameters have been tested and optimized to improve the level of foreign protein expression and its immunogenicity. In pre-clinical studies, recombinant commensals have been implanted into the oral cavities of several animal species with no deleterious effects. The introduced vaccine strains have taken up residence for prolonged periods of time and induce both a local mucosal (IgA) as well as a systemic immune response (IgG and T-cell).

We have completed an early stage clinical evaluation of our mucosal vaccine delivery system based on the commensal bacteria S. gordonii. These clinical studies were designed to test the safety of the formulation, to monitor the extent and duration of colonization of the nasal and oral cavities, and to determine if the delivery system could be eradicated at the end of the study with a regimen of conventional antibiotics. A total of 47 volunteers between the ages of 18 and 40 years completed the studies, in which S. gordonii was delivered to the nasal passage and oral cavity. The results of the studies indicated the delivery system was well-tolerated and that the delivery system spontaneously eradicated or was easily eradicated by conventional antibiotics. The current clinical studies at the University of Maryland are also designed to evaluate S. gordonii as a commensal bacterial vector for our vaccine targeting strep throat.

Anti-Infectives

Our anti-infectives program is targeted principally toward drug-resistant bacteria and hospital-acquired infections. According to estimates from the Centers for Disease Control, approximately two million hospital-acquired infections occur each year in the United States.

Our anti-infectives approaches aim to block the ability of bacteria to attach to and colonize human tissue, thereby blocking infection at the first stage in the infection process. By comparison, antibiotics available today act by interfering with either the structure or the metabolism of a bacterial cell, affecting its ability to survive and to reproduce. No currently available antibiotics target the attachment of a bacterium to its target tissue. By preventing attachment, the bacteria should be readily cleared by the body's immune system.

Gram-Positive Antibiotic Technology. Our lead anti-infectives program is based on a novel target for antibiotic therapy. Our founding scientists have identified an enzyme, a selective protease, utilized by most gram-positive bacteria to anchor certain proteins to the bacterial cell wall. These surface proteins are the means by which certain bacteria recognize, adhere to and colonize specific tissue. Our strategy is to develop protease inhibitors. We believe protease inhibitors will have wide applicability to gram-positive bacteria in general, including antibiotic resistant staphlyococcus and a broad range of serious infectious diseases including meningitis and respiratory tract infections. We have entered into a collaborative research and license agreement with the Wyeth-Ayerst Laboratories Division of American Home Products Corporation ("Wyeth-Ayerst") to identify and develop protease inhibitors as novel antibiotics.

Gram-Negative Antibiotic Technology. We have entered into a set of technology transfer and related agreements with MedImmune, Inc. ("MedImmune"), Astra AB and The Washington University, St. Louis ("Washington University"), pursuant to which we acquired rights to certain gram-negative antibiotic targets, products, screens and services developed at Washington University. In February 2000, we ended our collaborative research and development relationship with Washington University on this technology. (See "Collaborative Research and Licenses") We still maintain a non-exclusive license to technology acquired through these related agreements. We are using this technology in the development of antibiotics against gram-negative pathogens. These bacteria utilize structures called pili to adhere to target tissue, and we plan to exploit the assembly and export of these essential infective structures as novel anti-infective targets.

Research carried out at Washington University has demonstrated that assembly of type P pili on gram-negative bacteria requires the participation of both a periplasmic molecular chaperone and an outer membrane usher. Since the gram-negative pili are the primary mechanism by which these organisms adhere to and colonize host tissue, inhibition of their assembly should effectively inhibit disease caused by this class of organisms. Detailed structural data is available on the molecular chaperone and the usher protein. This information has been used in concert with molecular modeling techniques to identify potential structures that will bind to the conserved residues of the chaperone and usher proteins. With identification of these structures, natural and synthetic molecules that inhibit chaperone/usher function can be screened using high throughput assays developed by scientists at SRL. We believe that this approach is a departure from conventional antibiotics and therefore may afford a method to circumvent the resistance mechanisms already established in many gram-negative bacteria.

Scientists at Washington University have elucidated the role of chaperones - -- a family of periplasmic proteins -- in the formation of pili, which are essential for the virulence of certain gram-negative bacteria, such as E. coli or the Enterobacteriaceae (Salmonella, Shigella, Klebsiella, etc.). The elucidation of this pathway provides several targets for the development of novel anti-infectives: (i) blocking the interaction between chaperones and pilin subunits; (ii) interfering with chaperone-dependent folding of pilin subunits; or (iii) interfering with how pilin subunits exit from the bacteria's outer membrane (through the "usher" component). The chaperone-pilin complex has been examined using x-ray crystallography, and assays

measuring the chaperone interactions have been established. We are reviewing potential compounds which interfere with the chaperone-pilin interaction, as well as seeking alternative intervention sites in the pilus formation pathway. In July 1999 we were awarded a Phase I SBIR grant from the NIH to support our development efforts in this area.

Surface Protein Expression System

Our proprietary SPEX protein expression uses the protein export and anchoring pathway of gram-positive bacteria as a means to facilitate the production and purification of biopharmaceutical proteins. We have developed vectors which allow foreign genes to be inserted into the chromosome of gram-positive bacteria in a manner such that the encoded protein is synthesized, transported to the cell surface and secreted into the medium. This system has been used to produce milligram quantities of soluble antigenically authentic protein that can be easily purified from the culture medium by affinity chromatography. We believe this technology can be extended to a variety of different antigens and enzymes.

We have commenced yield optimization and process validation of this system. This program is designed to transfer the method from a laboratory scale environment to a commercial production facility. Our business strategy is to license this technology on a non-exclusive basis for a broad range of applications.

PeerFinder(TM)

A by-product of the Internet's growth has been the establishment of online communities. Like their traditional counterparts, these virtual communities consist of individuals with common backgrounds or interests. Online communities, however, are unconstrained by geographic and physical boundaries, and provide a continuous forum for the exchange of information and ideas. As traditional communities continue to decline in a complex world, online communities have grown, with each trend likely to continue and accelerate the other. Online communities provide an opportunity to replace, and even enhance, many of the functions of their physical counterparts, giving users the opportunity to meet and converse, share and explore, ask and advise.

The business opportunities created by these online communities are enormous. By definition, these communities have aggregated potential consumers according to pre-selected demographics and the consumers continue to aggregate themselves into affinity groups with each Web site they visit. The financial opportunities lie in the technology that creates these communities--making members instantly accessible to advertisers, and retailers, and immediately capable of purchasing products and services.

The emergence of online communities notwithstanding, the ability to find one's peers on the Web is still often a matter of chance, and this, we believe, has limited the utility and growth of online communities. The Internet's greatest feature, the ability to easily disseminate and retrieve information, leads to one of its greatest limitations. Just as the explosive growth of the Internet has made sorting through all of the available information on any given topic infinitely easier but virtually impossible, it has also made the process of locating one's peers difficult and time consuming. As a result, the number of active chat rooms is vastly outnumbered by the number that are sluggish or dormant.

We are developing PeerFinder(TM) as a third generation instant messenger to enhance peer-to-peer communication and increase the growth of online communities by making it easy to locate and communicate with like-minded individuals in real-time.

The first generation of instant messengers were a breakthrough because they enabled communication across the Internet. As long as one had buddies whose identifying code nickname or user name was known one could converse with them. This generation was based on familiarity. The second generation of instant messengers advanced communication across the Web by adding proximity. Users could now, in addition

to speaking with their buddies, communicate with others at the same Web site at the time they were there. PeerFinder(TM) is the first third generation instant messenger. In addition to familiarity and proximity, PeerFinder(TM) identifies and aggregates registered users by their interests, associations and professions.

PeerFinder(TM) Revenue Opportunities

We are developing PeerFinder(TM) as a platform technology with a continuous presence on the user's desktop. Although the basic version of PeerFinder(TM) will be provided free to users, we believe that the product will offer significant revenue opportunities including:

Advertising - In addition to allowing text advertising in its discussion box, PeerFinder(TM) will include a window space for multimedia advertising. This window could be sold as a radio or TV spot before every requested audio or video feed. On a non-cash basis, any unsold spots could be used to promote the benefits of the product or new features, or could be used as barter with affiliated Web sites or other partners.

Branding - The PeerFinder(TM) product will have room, in addition to the advertising window, to brand itself. This space could be used to brand or co-brand the product as the XYZ PeerFinder(TM) depending on who we enter into agreements with.

Opt-In Marketing - When registering for PeerFinder(TM), users will have the opportunity to sign up to receive email messages from us or selected merchants. They will also be given an opportunity to sign up to receive email newsletters from various partners.

Licensing for Customer Service - A modified version of PeerFinder(TM) could be used as a tool for customer service for any site or suite of sites. As a non Web site resident communications platform, both the customer service representative and the customer will be able to discuss the products or features while looking at one or more Web pages together.

Licensing for Intranet or Business-to-Business Portal Use - PeerFinder(TM) could be used as an intranet, extranet or business-to-business portal application. For corporate intranet and extranet uses the product could be renamed and the focus of the product would be on the benefits of "Instant Collaboration."

Collaborative Research and Licenses

We sponsor research and development activities in laboratories at Rockefeller, Oregon State, and Washington University. We have a research and development facility in Corvallis, Oregon. We have entered into the following license agreements and collaborative research arrangements:

Rockefeller University. Siga and Rockefeller have entered into an exclusive worldwide license agreement whereby we have obtained the right and license to make, use and sell mucosal vaccines based on gram-positive organisms and products for the therapy, prevention and diagnosis of diseases caused by streptococcus, staphylococcus and other organisms. The license covers two issued United States patents and one issued European patent as well as 11 pending United States patent applications and corresponding foreign patent applications. The issued United States patents expire in 2005 and 2014, respectively. The agreement generally requires us to pay royalties on sales of products developed from the licensed technologies and fees on revenues from sublicensees, where applicable, and we are responsible for certain milestone payments and for the costs of filing and prosecuting patent applications.

Oregon State University. Oregon State is also a party to our license agreement with Rockefeller whereby we have obtained the right and license to make, use and sell products for the therapy, prevention and diagnosis of diseases caused by streptococcus. Pursuant to a separate research support agreement with Oregon State, we provided funding for sponsored research through December 31, 1999, with exclusive license rights to all inventions and discoveries resulting from this research. At this time, no additional funding is contemplated under this agreement, however we retain the exclusive licensing rights to the

inventions and discoveries that may arise from this collaboration. During 1999, we acquired an option to enter into a license with the University in which we will acquire the rights to certain technology pertaining to the potential development of a chlamydia vaccine. In February 2000 we exercised our option and will make certain payments to the University as part of our obligation under the option.

National Institutes of Health. We have entered into a clinical trials agreement with the NIH pursuant to which the NIH, with our cooperation, will conduct a clinical trial of our strep throat vaccine candidate. In addition, during 1999, we received two Phase I SBIR grants from the NIH to support our vaccine and anti infectives development programs.

Wyeth-Ayerst. We have entered into a collaborative research and license agreement with Wyeth-Ayerst in connection with the discovery and development of anti-infectives for the treatment of gram-positive bacterial infections. Pursuant to the agreement, Wyeth-Ayerst provided funding for a joint research and development program, subject to certain milestones, through September 30, 1999 and is responsible for additional milestone payments. We are currently negotiating with Wyeth-Ayerst to expand their funding support of the development program.

Washington University. We entered into a research collaboration and worldwide license agreement with Washington University pursuant to which we obtained the right and license to make, use and sell antibiotic products based on gram-negative technology for all human and veterinary diagnostic and therapeutic uses. The license covered five pending United States patent applications and corresponding foreign patent applications. The agreement generally required us to pay royalties on sales of products developed from the licensed technologies and fees on revenues from sublicensees, where applicable, and we were responsible for certain milestone payments and for the costs of filing and prosecuting patent applications. Pursuant to the agreement, we agreed to provided funding to Washington University for sponsored research through February 6, 2001, with exclusive license rights to all inventions and discoveries resulting from this research. During 1999 a dispute arose between the parties regarding their respective performance under the agreement. In February 2000, the parties reached a settlement agreement and mutual release of their obligations under the research collaboration agreement. Under the terms of the settlement, we are released from any further payments to the University and have disclaimed any rights to the patents licensed under the original agreement. As part of the settlement agreement, we entered into a non-exclusive license to certain patents covered in the original agreement.

Chiron. We entered into a collaborative research agreement with Chiron regarding research toward the development of mucosal vaccines against HIV. The agreement expired on December 31, 1999 and has not been renewed.

Abbott Laboratories. In February 2000 we entered into an option agreement with Ross. In the agreement, we granted Ross an exclusive option to negotiate an exclusive license to certain of our technology and patents for use in the treatment of sexually transmitted diseases. In exchange for the option, Ross will make payments to us against certain product development milestones.

Open-i Media. We entered into an agreement with Open-i in October 1999 for the development and acquisition of the source code for a client/server chat and instant messaging Internet application. As development milestones are reached, we will pay Open-i a combination of $200,000 cash and 125,000 shares of common stock. In March 2000 we entered into a second agreement with Open-i for additional Internet development service and consultation. Open-I will receive $280,000 in cash and shares of common stock against certain development milestones that they will achieve during the year 2000. The number of shares Open-i will receive will depend on the closing sales price of the our common shares at the time the milestone is achieve. In the aggregate, they will receive a total of $125,000 in stock at a price equal to the fair market value of our common stock at the time the milestone is achieved.

Intellectual Property and Proprietary Rights

Protection of our proprietary compounds and technology is essential to our business. Our policy is to seek, when appropriate, protection for our lead compounds and certain other proprietary technology by filing patent applications in the United States and other countries. We have licensed the rights to seven issued United States patents and one issued European patent. We have also licensed the rights to one allowed United States patent application, four pending United States patent applications as well as corresponding foreign patent applications. We are joint owner with Washington University of one issued, one allowed application, and one pending application as well as foreign counterparts. We are also exclusive owner of three pending U.S. applications based on research out of our facility in Oregon.

The patents and patent applications licensed us relate to all of the core technology used in the development of our leading product candidates, including the mucosal vaccine delivery system, the SPEX protein expression system for producing biopharmaceutical products, the protective streptococcal antigens and the antibiotic development target, as well as a variety of early stage research projects. Each of our products represented by each of the patents is in a very early stage in its development process.

We also rely upon trade secret protection for our confidential and proprietary information. No assurance can be given that other companies will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or that we can meaningfully protect our trade secrets.

Government Regulation

Regulation by governmental authorities in the United States and other countries will be a significant factor in the production and marketing of any biopharmaceutical products that we may develop. The nature and the extent to which such regulation may apply to us will vary depending on the nature of any such products. Virtually all of our potential biopharmaceutical products will require regulatory approval by governmental agencies prior to commercialization. In particular, human therapeutic products are subject to rigorous pre-clinical and clinical testing and other approval procedures by the FDA and similar health authorities in foreign countries. Various federal statutes and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of such products. The process of obtaining these approvals and the subsequent compliance with appropriate federal and foreign statutes and regulations requires the expenditure of substantial resources.

In order to test clinically, produce and market products for diagnostic or therapeutic use, a company must comply with mandatory procedures and safety standards established by the FDA and comparable agencies in foreign countries. Before beginning human clinical testing of a potential new drug, a company must file an IND and receive clearance from the FDA. This application is a summary of the pre-clinical studies that were conducted to characterize the drug, including toxicity and safety studies, as well as an in-depth discussion of the human clinical studies that are being proposed.

The pre-marketing program required for approval of a new drug typically involves a time-consuming and costly three-phase process. In Phase I, trials are conducted with a small number of patients to determine the early safety profile, the pattern of drug distribution and metabolism. In Phase II, trials are conducted with small groups of patients afflicted with a target disease in order to determine preliminary efficacy, optimal dosages and expanded evidence of safety. In Phase III, large scale, multi-center comparative trials are conducted with patients afflicted with a target disease in order to provide enough data for statistical proof of efficacy and safety required by the FDA and others.

The FDA closely monitors the progress of each of the three phases of clinical testing and may, in its discretion, reevaluate, alter, suspend or terminate the testing based on the data that have been accumulated to that point and its assessment of the risk/benefit ratio to the patient. Estimates of the total time required

for carrying out such clinical testing vary between two and ten years. Upon completion of such clinical testing, a company typically submits a New Drug Application ("NDA") or Product License Application ("PLA") to the FDA that summarizes the results and observations of the drug during the clinical testing. Based on its review of the NDA or PLA, the FDA will decide whether to approve the drug. This review process can be quite lengthy, and approval for the production and marketing of a new pharmaceutical product can require a number of years and substantial funding; there can be no assurance that any approvals will be granted on a timely basis, if at all.

Once the product is approved for sale, FDA regulations govern the production process and marketing activities, and a post-marketing testing and surveillance program may be required to monitor continuously a product's usage and its effects. Product approvals may be withdrawn if compliance with regulatory standards is not maintained. Other countries in which any products developed by us may be marketed could impose a similar regulatory process.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly evolving technology and intense competition. Our competitors include most of the major pharmaceutical companies, which have financial, technical and marketing resources significantly greater than ours. Biotechnology and other pharmaceutical competitors include Cubist Pharmaceuticals, Inc., Corixa Coproration, Microcide Pharmaceuticals, Inc., ID Vaccines Ltd., Actinova PLC, and Antex Biologics, Inc. Academic institutions, governmental agencies and other public and private research organizations are also conducting research activities and seeking patent protection and may commercialize products on their own or through joint venture. There can be no assurance that our competitors will not succeed in developing products that are more effective or less costly than any which are being developed by us or which would render our technology and future products obsolete and noncompetitive.

The Internet is characterized by rapidly evolving technology and intense competition. Our competitors include some of the largest and most successful Internet companies formed to date which have financial, technical and marketing resources significantly greater than those of Siga. These competitors include America Online Inc., Microsoft Corporation, CMGI Inc, Hypernix Technologies Ltd, MultiMate.net Inc. and Cahoots, Inc. There can be no assurance that our competitors will not succeed in developing products that are more effective or less costly than any which are being developed by us or which would render our technology and future products obsolete and non-competitive.

Human Resources and Facilities

As of March 20, 2000 we had 17 full time employees. Our employees are not covered by a collective bargaining agreement and we consider our employee relations to be excellent.

Item 2. Properties

Our headquarters and Internet operation are located in New York, New York and our biopharmaceutical research and development facilities are located in Corvallis, Oregon. In New York, we lease approximately 5,200 square feet under a lease that expires in November 2002. In Corvallis, we lease approximately 10,000 square feet under a lease that expires in December 2004.

Item 3. Legal Proceedings

In February of 1998, we entered into a research collaboration and license agreement with Washington University. Under the terms of the agreement, we were granted an exclusive world-wide license to make, use and sell products derived from the licensed technology, in exchange for royalty payments equal to a certain percentage of net sales of products incorporating the licensed technology, and certain milestone payments. In addition, we agreed to sponsor further research by the University for the development of the licensed technology. In July 1997, we entered into a separate consulting agreement with a faculty member of the University. A dispute arose between Siga and the University and the consultant regarding, among other things, the performance of the parties under the agreements. In May 1999, the University sent us notice of intent to terminate the agreement in 90 days claiming certain payments were not made. It was our position that, among other things, such payments are not owed due to the University's failure to perform. Under the arbitration clause of the agreement, the University, in July 1999, commenced an arbitration seeking an award in the amount of $230,000. We also commenced an arbitration seeking a determination that such amount is not owed the University and seeking our own award of $5 million. In February 2000 the parties reached a settlement agreement and mutual release of their obligations under the research collaboration and licensing agreement entered into in February of 1998. Further, all personal consulting agreements between Siga and Washington University faculty members and employees were also terminated. Under the terms of the settlement agreement any payments owed by Siga under the research collaboration and licensing agreement are cancelled. In addition, all payments owed faculty members under consulting agreements are also cancelled. The University will reimburse Siga $37,037 for certain patent expenses incurred under the research collaboration. We have disclaimed any rights to patents licensed under the February 1998 agreement. however, if the University successfully commercializes any of the patents, they agree to pay Siga licensing revenue arising from products commercialized. As part of the settlement agreement and mutual release Siga and the University entered into a non-exclusive license of certain patents that were part of the research collaboration

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the quarter ended December 31, 1999.

Part II

Item 5. Market For Registrant's Common Equity and Related Stockholder Matters

Price Range of Common Stock

Our common stock has been traded on the Nasdaq SmallCap Market since September 9, 1997 and trades under the symbol "SIGA." Prior to that time there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low closing sales prices for the common stock, as reported on the Nasdaq SmallCap Market.

	Price Range	
1998	High	Low
First Quarter	$4.88	$4.00
Second Quarter	$4.53	$3.88
Third Quarter	$3.63	$1.13
Fourth Quarter	$2.88	$1.06
1999	High	Low
First Quarter	$1.88	$1.03
Second Quarter	$1.44	$0.81
Third Quarter	$1.41	$0.69
Fourth Quarter	$2.09	$0.97

As of March 20, 2000, the closing sales price of our common stock was $6.50 per share. There were 34 holders of record as of March 20, 2000. We believe that the number of beneficial owners is substantially greater than the number of record holders, because a large portion of common stock is held in broker "street names."

We have paid no dividends on our common stock and we do not expect to pay cash dividends in the foreseeable future. We are not under any contractual restriction as to our present or future ability to pay dividends. We currently intend to retain any future earnings to finance the growth and development of our business.

Sales of Unregistered Securities

On January 31, 2000 we completed a private placement of an aggregate principal amount of $1,500,000 6% convertible debentures and 1,043,478 warrants. We received net proceeds of $1,499,674 from the total $1,552,174 gross proceeds. The debentures are convertible into common stock at $1.44 per share. The warrants have a term of five years and are exercisable at $3.41 per share. Under certain circumstances, we can redeem the shares.

On March 28, 2000 we completed a private placement of an aggregate of 600,000 shares of common stock and 450,000 warrants. We received net proceeds of $2,883,000 from the total gross proceeds of $3,000,000. The warrants have a term of three years; 210,000 warrants are exercisable at $5.00 per share, 120,000 are exercisable at $6.375 per share and 120,000 are exercisable at $6.90 per share.

Item 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

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

Overview

We are a development stage, technology company, whose primary focus is in biopharmaceutical product development. Since inception in December 1995 our efforts have been principally devoted to research and development, securing patent protection, obtaining corporate relationships and raising capital. In October of 1999, we began the development of a strategic alternative outside the biotechnology area with an agreement with Open-i Media, Inc. ("Open-i"), a New York based software and web developer to develop an instant messenger product. Since inception through December 31, 1999, we have sustained cumulative net losses of $14,651,980, including non-cash charges in the amount of $1,457,458 for the write-off of research and development expenses associated with the acquisition of certain technology rights acquired from a third party in exchange for our common stock. In addition, a non-cash charge of $450,450 was incurred for stock option and warrant compensation expense. Our losses have resulted primarily from expenditures incurred in connection with research and development, patent preparation and prosecution and general and administrative expenses. From inception through December 31, 1999, research and development expenses amounted to $7,666,981, patent preparation and prosecution expenses totaled $1,130,844, general and administration expenses amounted to $7,413,056. From inception through December 31, 1999 revenues from research and development agreements and government grants totaled $1,644,561.

In October of 1999, we entered into an agreement with Open-i for the development and acquisition of the source code for a client/server chat and instant messaging application. Through December 31, 1999, we have paid Open-i $100,000 of the total $200,000 cash development cost and 25,000 shares of the total 125,000 shares due under the terms of the agreement. Through December 31, 1999 we have incurred expenses of approximately $316,547, including payments to Open-i, for the development of our instant messenger product. We expect to continue to incur substantial costs in the future associated with the development and marketing of our Internet product. General and administrative expenses needed to support the product development and marketing effort are also expected to be substantial.

At the time we announced our decision to develop our instant messenger product, we also announced that we would consolidate our biotechnology assets and operations in our research facility in Corvallis Oregon. Our goal is to fund our ongoing vaccine and antibiotic programs through a combination of government grants, corporate partnerships and strategic alliances. No assurance can be given that we will be successful in obtaining funds from these sources. Until such relationships are established, we expect to continue to incur significant research and development costs and cost associated with the manufacturing of product for use in clinical trials and pre-clinical testing. It is expected that general and administrative costs, including patent and regulatory costs, necessary to support clinical trials, research and development will continue to be significant in the future.

To date, we have not marketed, or generated revenues from the commercial sale of any products. Our biopharmaceutical product candidates are not expected to be commercially available for several years if at all. Accordingly, we expect to incur operating losses for the foreseeable future. There can be no assurance that we will ever achieve profitable operations.

Results of Operations

Twelve Months ended December 31, 1999, December 31, 1998 and December 31, 1997

Revenues from grants and research and development contracts were $519,561 for the twelve months ended December 31, 1999 compared to $450,000 for the same period of 1998, and $675,000 for the twelve months ended December 31, 1997. The approximate 15.5% increase in revenue is due to the receipt of two Small Business Innovation Research (SBIR) grants from the National Institutes of Health (NIH) that generated $182,061 in revenue for 1999. The receipt of grant income more than offset the $112,500 decline in revenues received under an agreement entered into in July of 1997 with Wyeth-Ayerst, under which we received certain payments for research and development activities sponsored by Wyeth-Ayerst. The approximate 33.3% decline in revenue for the twelve months ended December 31, 1998 compared to the same period of 1997 reflects a $300,000 one time up front payment made by Wyeth-Ayerst at the time the agreement was entered into in July of 1997.

Research and development expenses decreased to $1,672,778 for the twelve months ended December 31, 1999 from $4,385,213 for the same period in 1998. Research and development spending in the twelve months ended December 31, 1997 were $946,785. The approximate 61.9% decrease in spending from 1998 compared to 1999, is primarily the result of a reduction in activity with higher cost third party entities, including sponsored research at universities, in favor of performing the work at our research facility in Corvallis, Oregon. We also incurred a non-cash charge for the twelve months ended December 31, 1998 of $1,457,458 for research and development costs associated with the acquisition of certain technology from MedImmune, Inc. in exchange for 335,530 shares of our common stock. In the year ended December 31, 1999, we spent approximately $137,500 in development spending on Internet product development. The $3,438,428 increase in spending in 1998 compared to 1997 reflects the non-cash charge for research and development costs associated with the acquisition of technology, combined with the high level of activity of sponsored research programs with universities, the start-up costs of our research facility, higher levels of third party production of product for clinical trials and the clinical management expenses associated with those trials.

General and administrative expenses decreased approximately 18% for the twelve months ended December 31, 1999 to $2,284,790 from $2,784,763 for the twelve months ended December 31, 1998. The reduction in spending is the result of a reduction in general and administrative compensation combined with a decline in the use of consultants and lower reduced travel expense. In 1999 approximately $179,047 of the expenses incurred were associated with our initial efforts in developing our instant messenger product. General and administrative expenses for the twelve months ended December 31, 1998 were 79% above the $1,554,686 level for the twelve month period ending December 31, 1997. The increase was due to an increase in staff, higher accounting and legal expenses associated with being a public company, and higher spending levels needed to support our expanded research and development effort.

Patent preparation expense of $193,567 for the twelve months ended December 31, 1999 was 1.8% lower than the $197,071 incurred for the twelve months ending December 31, 1998. The relatively flat spending is primarily the result of maintenance of the existing technology patent portfolio rather than the addition of new technology. Patent expenses for the year ended December 31, 1998 were approximately 31% below the spending levels for 1997. The decline from 1997 to 1998 reflects the redirection of our activity away from technology and patent acquisition to the development of potential products from the patents and technology acquired by us in prior years. Our patent efforts are directed at supporting the existing technology and development of patents on technology developed directly by us.

In the twelve months ended December 31, 1999 we incurred expenses of $97,696 resulting from the settlement of litigation with a university where we had been sponsoring research. The settlement expenses are for the transfer of title to the university of certain fixed assets as part of the settlement agreement. No such expenses were incurred in 1998 or 1997.

Total operating loss for the twelve months ended December 31, 1999 was $3,729,543, an approximate 46% decrease from the $6,931,453 loss incurred for the twelve months ended December 31, 1998. The decrease in the operating loss is the result of a modest increase in revenue combined with a material reduction in research and development spending as well as lower general and administrative expenses as described above. Excluding the $1,457,458 the one-time charge associated with our purchase of certain technology from MedImmune, the decrease in the 1999 operating loss was approximately 32% from 1998. The approximate $6.9 million operating loss incurred in the twelve months ended December 31, 1998 was 218% greater than the approximately $2.2 million loss for 1997. The increased loss was primarily the result of higher research and development expenses along with an increase in general and administration spending to support the increased level of research and development activity.

Net interest income for the twelve months ended December 31, 1999 was $26,383 an approximate 93% decrease from income of $379,788 in the twelve months ended December 31, 1998. The lower level of net interest income is the result of the decrease in the cash available for investment in the current year period as the funds raised in our September 1997 initial public offering (IPO) were expended in accordance with our development plan combined with higher levels of interest expense associated with the equipment leases. For the twelve months ended December 31, 1997 we incurred net interest expense of $12,378. The improvement to interest income of $379,788 for the twelve months ended December 31, 1998 is the result of repayment of debt outstanding at the time of our IPO and the investment of the proceeds of the offering. We recorded a net gain of $66,660 for the twelve months ended December 31, 1999 from the sale of certain securities held for investment purposes. No such income was received in the years ending December 31, 1998 and 1997.

Net loss per common share of $.55 for the twelve months ended December 31, 1999 was 45% less than the $1.00 loss per share for the twelve months ended December 31, 1998. The improvement in the loss per share is the result of increased revenues, lower research and development and general and administrative expenses. The $1.00 loss for 1998 was approximately 92% greater than the net loss per share of $.52 incurred for 1997. The increase in the loss per share in 1998 was the result of lower revenues, and higher levels of spending as described above, partially offset by the 55% increase in the weighted average number of shares outstanding due to the IPO and the issuance of the 335,530 shares to MedImmune. Excluding the one-time write-off of in-process research and development associated with the MedImmune transaction, the increase in the net loss per share is reduced to 48%.

Liquidity and Capital Resources

As of December 31, 1999 we had $1,758,541 in cash and cash equivalents and $1,163,214 of net working capital. In July, August and September of 1998 we sold certain laboratory equipment, computer equipment and furniture to a third party, for $493,329, $385,423 and $260,333, respectively, under sale/leaseback arrangements. The leases have a term of 42 months and require minimum monthly payments of $13,171, $10,290 and $6,950, respectively. We have an option to purchase the equipment for Fair Market Value (defined in the agreement as 15% of original cost) at the end of the lease. In July of 1997 we entered into a collaborative research and license agreement with Wyeth-Ayerst. Under the terms of the agreement, we have granted Wyeth-Ayerst an exclusive worldwide license to develop, make, use and sell products derived from specified technologies. If certain milestones are met, the agreement requires Wyeth-Ayerst to sponsor further research by us for the development of the licensed technologies for a period of two years from the effective date of the agreement, in return for payments to Siga. Through December 31, 1999 we have received a total of $1,462,500 from Wyeth-Ayerst. In July and October of 1999 we were awarded SBIR grants from the NIH. The grant received in July was for a six month program for a total of $109,072. As of December 31, 1999 we had received $86,243. The October grant is a twelve month program for a total of $293,466, of which, $48,248 was received at December 31, 1999. The remaining $268,047 due under the grants is scheduled to be received during the twelve months ending December 31, 2000.

In January of 2000 we sold an aggregate principal amount of $1,500,000 6% convertible debentures due January 2002 with warrants to purchase 1,043,478 shares of common stock. We received net proceeds of $1,499,674 from the total $1,552,174 gross proceeds. The interest on the debentures is payable in either cash or stock at our discretion. The debentures are convertible into common stock at $1.44 per share. The warrants have a term of five years and are exercisable at $3.41 per share. Under certain circumstances, we can redeem the warrants.

In February of 2000 we entered into an Option Agreement with the Ross Products Division of Abbott Laboratories (Ross). The Agreement grants Ross an exclusive option to negotiate an exclusive license to certain Siga technology and patents. In exchange for the Option, Ross will make payments to us totaling $120,000, $40,000 of which was paid upon signing. The remainder will be paid in $40,000 installments against certain milestones.

On March 28, 2000 we completed a private placement of an aggregate of 600,000 shares of common stock and 450,000 warrants. We received net proceeds of $2,883,000 from the total gross proceeds of $3,000,000. The warrants have a term of three years; 210,000 warrants are exercisable at $5.00 per share, 120,000 are exercisable at $6.375 per share and 120,000 are exercisable at $6.90 per share

We anticipate that our current resources will be sufficient to finance our currently anticipated needs for operating and capital expenditures approximately through the end of the second quarter of 2001. In addition, we will attempt to generate additional working capital through a combination of collaborative agreements, strategic alliances, research grants, equity and debt financings. However, no assurance can be provided that additional capital will be obtained through these sources or if obtained on commercially reasonable terms.

Our working capital and capital requirements will depend upon numerous factors, including progress of the development of our instant messenger product and the success of the product in the market, pharmaceutical research and development programs; pre-clinical and clinical testing; timing and cost of obtaining regulatory approvals; levels of resources that we devote to the development of manufacturing and marketing capabilities; technological advances; status of competitors; and our ability to establish collaborative arrangements with other organizations.

The Year 2000

To date, we have not experienced any disruptions in our operations as a result of the impact of the year 2000 on the ability of our computerized information systems to accurately process information that may be date sensitive. In addition, there has not been any impact on our operations from disruptions that may have occurred at third parties due to the year 2000.

Risk Factors That May Affect Results of Operations and Financial Condition

We have incurred operating losses since our inception and expect to incur net losses and negative cash flow for the foreseeable future. We incurred net losses of $2.2 million for the year ended December 31, 1997, $6.6 million for the year ended December 31, 1998 and $3.6 million for the year ended December 31, 1999. As of December 31, 1999 and December 31, 1998, our accumulated deficit was $14.7 million and $11.0 million, respectively. We expect to continue to incur significant operating and capital expenditures and, as a result, we will need to generate significant revenues to achieve and maintain profitability.

We cannot guarantee that we will achieve sufficient revenues for profitability. Even if we do achieve profitability, we cannot guarantee that we can sustain or increase profitability on a quarterly or annual basis in the future. If revenues grow slower than we anticipate, or if operating expenses exceed our expectations or cannot be adjusted accordingly, our business, results of operations and financial condition will be materially and adversely affected. Because our strategy includes acquisitions of other businesses, acquisition expenses and any cash used to make these acquisitions will reduce our available cash.

We are in various stages of product development and there can be no assurance of successful commercialization. Our research and development programs are at an early stage of development. The United States Food and Drug Administration has not approved any of our biopharmaceutical product candidates. Any drug candidates developed by us will require significant additional research and development efforts, including extensive pre-clinical and clinical testing and regulatory approval, prior to commercial sale. We cannot be sure our approach to drug discovery will be effective or will result in the development of any drug. We cannot expect that any drugs that do result from our research and development efforts will be commercially available for many years.

We have limited experience in conducting pre-clinical testing and clinical trials. Even if we receive initially positive pre-clinical results, such results do not mean that similar results will be obtained in the later stages of drug development, such as additional pre-clinical testing or human clinical trials. All of our potential drug candidates are prone to the risks of failure inherent in pharmaceutical product development, including the possibility that none of our drug candidates will or can:

- be safe, non-toxic and effective;
- otherwise meet applicable regulatory standards;
- receive the necessary regulatory approvals;
- develop into commercially viable drugs;
- be manufactured or produced economically and on a large scale;
- be successfully marketed;
- be reimbursed by government or private consumers; and
- achieve customer acceptance.

In addition, third parties may preclude us from marketing our drugs through enforcement of their proprietary rights. Or, third parties may succeed in marketing equivalent or superior drug products. Our

failure to develop safe, commercially viable drugs would have a material adverse effect on our business, financial condition and results of operations.

We face difficulties typically encountered by development stage companies in new and rapidly evolving markets because of our new Internet initiative. We have recently begun developing PeerFinder(TM), a third generation instant messenger. An investor purchasing our common stock must therefore consider the risks and difficulties frequently encountered by early stage companies in new and rapidly evolving markets, such as online commerce. These risks include our ability to:

- develop our web site;
- acquire rights to content for our web site;
- create a customer base;
- respond to changes in a rapidly evolving and unpredictable business environment;
- maintain current and develop new strategic relationships;
- manage growth;
- continue to develop and upgrade our technology; and
- attract, retain and motivate qualified personnel.

We cannot assure you that any services or products developed by us, independently or with collaborative partners, will achieve market acceptance.

We may be subject to additional litigation and infringement claims. The technology that we use to develop our products, and those that we incorporate in our products, may be subject to claims that they infringe the patents or proprietary rights of others. The risk of this occurring will tend to increase as the biotechnology and software industries expand, more patents are issued and other companies attempt to develop mucosal vaccines and anti-infectives programs.

As is typical in the biotechnology and software industries, we have received, and we will probably receive in the future, notices from third parties alleging patent infringement. We believe that we are not infringing the patent rights of any such third party.

We may, however, be involved in future lawsuits alleging patent infringement or other intellectual property rights violations. In addition, litigation may be necessary to:

- assert claims of infringement;
- enforce our patents;
- protect our trade secrets or know-how; or
- determine the enforceability, scope and validity of the proprietary rights of others.

We may be unsuccessful in defending or pursuing these lawsuits. Regardless of the outcome, litigation can be very costly and can divert management's efforts. An adverse determination may subject us to significant liabilities or require us to seek licenses to other parties' patents or proprietary rights. We may also be restricted or prevented from manufacturing or selling our products. Further, we may not be able to obtain the necessary licenses on acceptable terms, if at all.

We may have difficulty managing our growth. We expect to continue to experience significant growth in the number of our employees and the scope of our operations. This growth has placed, and may continue to place, a significant strain on our management and operations. Our ability to manage this growth will depend upon our ability to broaden our management team and our ability to attract, hire and retain skilled employees. Our success will also depend on the ability of our officers and key employees to continue to implement and improve our operational and other systems and to hire, train and manage our employees.

We depend on key employees in a competitive market for skilled personnel. We are highly dependent on the principal members of our management, operations and scientific staff, including Joshua D. Schein, our Chief Executive Officer. The loss of any of these persons' services would have a material adverse effect on our business. We have entered into employment agreements with seven individuals who we consider to be "Key Employees." We do not maintain a key person life insurance policy on the life of any employee.

Our future success also will depend in part on the continued service of our key scientific, software, bioinformatics and management personnel and our ability to identify, hire and retain additional personnel, including customer service, marketing and sales staff. We experience intense competition for qualified personnel. We may not be able to continue to attract and retain personnel necessary for the development of our business.

Our activities involve hazardous materials and may subject us to environmental regulatory liabilities. Our biopharmaceutical research and development involves the controlled use of hazardous and radioactive materials and biological waste. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these materials and certain waste products. Although we believe that our safety procedures for handling and disposing of these materials comply with legally prescribed standards, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of an accident, we could be held liable for damages, and this liability could exceed our resources.

We believe that we are in compliance in all material respects with applicable environmental laws and regulations and currently do not expect to make material additional capital expenditures for environmental control facilities in the near term. However, we may have to incur significant costs to comply with current or future environmental laws and regulations.

We could still face problems related to the year 2000 issue. To date, we have not experienced any impairment in our internal operations with the year 2000 issue. Nevertheless, computer experts have warned that there may still be residual consequences stemming from the change in centuries and, if these consequences become widespread, they could result in claims against us, increased operating expenses and other business interruptions. We have not developed any specific contingency plan for year 2000 issues.

Item 7. Financial Statements and Supplementary Data

The financial statements required by Item 7 are included in this Annual Report beginning on Page F-1.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 9. Directors and Executive Officers of the Registrant

Name	Age	Position
Joshua D. Schein, Ph.D.	39	Chief Executive Officer, Secretary and Director
Judson A. Cooper	41	Chairman of the Board, Executive Vice President
Thomas N. Konatich	54	Chief Financial Officer and Treasurer
Dennis E. Hruby, Ph.D.	48	Vice President of Research
Scott Eagle	40	Director
Thomas Lanier	40	Director
Jeffrey Rubin	32	Director

Joshua D. Schein, Ph.D. has served as our Chief Executive Officer since August 1998 and as acting Chief Executive Officer from April 1998 to August 1998. Dr. Schein has also served as Secretary and a Director since December 1995. Dr. Schein served as Chief Financial Officer from December 1995 until April 1998. From December 1995 to June 1998, Dr. Schein was a Director of DepoMed, Inc. a publicly traded biotechnology company. From January 1996 to August 1998, Dr. Schein was an executive officer and a director of Virologix Corporation, a private biotechnology company. From June 1996 to September 1998, Dr. Schein was an executive officer and a director of Callisto Pharmaceuticals, Inc. From 1994 to 1995, Dr. Schein served as a Vice President of Investment Banking at Josephthal, Lyon and Ross, Incorporated, an investment banking firm. From 1991 to 1994, Dr. Schein was a Vice President at D. Blech & Company, Incorporated, a merchant and investment banking firm focused on the biopharmaceutical industry. Dr. Schein received a Ph.D. in neuroscience from the Albert Einstein College of Medicine and an MBA form the Colombia Graduate School of Business. Dr. Schein is a principal of Prism Ventures LLC ("Prism"), a privately held limited liability company.

Judson A. Cooper has served as our Chairman of the Board of Directors since August 1998 and as acting Chairman of the Board from April 1998 to August 1998. Mr. Cooper has also served as a Director since December 1995 and Executive Vice President since November 1996. From December 1995 until November 1996 Mr. Cooper served as President. From August 1995 to June 1998, Mr. Cooper was a Director of DepoMed, Inc., a publicly traded biotechnology company. From January 1996 to August 1998, Mr. Cooper was an executive officer and a director of Virologix Corporation, a private biotechnology company. From June 1996 to September 1998, Mr. Cooper was an executive officer and a director of Callisto Pharmaceuticals, Inc. Mr. Cooper was a private investor from September 1993 to December 1995. From 1991 to 1993, Mr. Cooper served as a Vice President of D. Blech & Company, Incorporated. Mr. Cooper is a graduate of the Kellog School of Management. Mr. Cooper is a principal of Prism Ventures LLC ("Prism"), a privately held limited liability company.

Thomas N. Konatich has served as Chief Financial Officer and Treasurer since April 1, 1998. From November 1996 through March 1998, Mr. Konatich served as Chief Financial Officer and a Director of Innapharma, Inc., a privately held pharmaceutical development company. From 1993 through November 1996, Mr. Konatich served as Vice President and Chief Financial Officer of Seragen, Inc., a publicly traded biopharmaceutical development company. From 1988 to 1993, he was Treasurer of Ohmicron Corporation, a venture capital firm. Mr. Konatich has an MBA from the Columbia Graduate School of Business.

Dennis F. Hruby, Ph.D. has served as Vice-President of Research since April 1,1997. From January 1996 through March 1997, Dr. Hruby served as a senior scientific advisor to Siga. Dr. Hruby is a Professor of Microbiology at Oregon State University, and from 1990 to 1993 was Director of the Molecular and Cellular Biology Program and Associate Director of the Center for Gene Research and Biotechnology. Dr. Hruby specializes in virology and cell biology research, and the use of viral and bacterial vectors to produce recombinant vaccines. He is a member of the American Society of Virology, the American Society for Microbiology and a fellow of the American Academy of Microbiology. Dr. Hruby received a Ph.D. in microbiology from the University of Colorado Medical Center and a B.S. in microbiology from Oregon State University.

Scott Eagle has been a Director since January 2000. Mr. Eagle has been, since November 1998, Vice President of Marketing at Gator.com, where he manages the marketing team and oversees business development and partnership activities. Prior to joining Gator.com, Mr. Eagle was the Vice President of Marketing at Concentric Network Corporation from 1996 to 1998. Before Concentric, from 1993 to 1996, Mr. Eagle served as Vice President of Marketing at MFS Communications where he launched regional marketing campaigns for the start-up MFS Intelnet subsidiary. Mr. Eagle began his career at Proctor and Gamble in marketing and new product development for the consumer package goods, managing brands such as Formula 44 and Chloraseptic. Mr. Eagle holds a B.S. from the University of Pennsylvania, Wharton School.

Thomas Lanier has been a Director since January 2000. Since 1996, Mr. Lanier has been an International Advisor for the U.S. Department of the Treasury during which time he co-wrote the U.S. Treasury's guide to external debt issuance for emerging market borrowers. From 1988 until 1996 Mr. Lanier worked for Chemical Bank as a U.S. Government Bond Trader (1988-1993), Emerging Markets Salesperson (1993-1994) and Emerging Markets Debt Trader (1994-1996). In 1981 Mr. Lanier graduated form the United States Military Academy at West Point with a Bachelor of Science Degree and prior to leaving the Army in 1986, also graduated from the U.S. Army Airborne School and the U.S. Army Flight School as well as planning, organizing and controlling logistical operations on an international project for the Army Chief of Staff. In 1998, Mr. Lanier received a Masters of Business Administration with an emphasis in finance and marketing from the Fuqua School of Business, Duke University.

Jeffrey Rubin has been a director since November 1998. Mr. Rubin is Principal and Managing Director of The Whitestone Group, an asset management and investment banking firm he formed in January 1998. From 1994 to 1997, Mr. Rubin was founder and a director of the Fastcast Corporation, a company specializing in optical technologies. From 1989 to 1994, Mr. Rubin was a Vice President of American European Corporation, an import/export company. Mr. Rubin received a Bachelor of Arts degree in 1989 from the University of Michigan.

Item 10. Executive Compensation

The following table sets forth the total compensation paid or accrued for the years ended December 31, 1999, 1998 and 1997 for Siga's Chief Executive Officer and its four most highly compensated executive officers, other than its Chief Executive Officer, whose salary and bonus for the fiscal year ended December 31, 1999 were in excess of $100,000.

Summary Compensation Table

		Annual Compensation		Long-Term Compensation Securities Underlying Options(#)
Name and Principal Position	Year	Salary ($)	Other Annual Compensation ($)	
Joshua D. Shein, Ph.D., Chief Executive Officer and Director	1999	225,000	--	150,000
	1998	170,940	--	16,667
	1997	154,616	--	16,667
Judson A. Cooper, Executive Vice President and Director	1999	225,000	--	150,000
	1998	170,939	--	16,667
	1997	154,616	--	16,667
Dennis E. Hruby, Ph.D., Vice President of Research	1999	170,000	--	--
	1998	167,148	--	40,000
	1997	78,549	27,366 (1)	10,000
Thomas N. Konatich, Chief Financial Officer	1999	170,000	--	--
	1998	120,172	--	95,000

(1) Consisting of the value of common stock issued at fair market value.

Option Grants for the Year Ended December 31, 1999

The following table sets forth grants of stock options to Siga's Chief Executive Officer and its four most highly compensated executive officers, other than its Chief Executive Officer, for the year ended December 31, 1999. The exercise price per share of each option was equal to the fair market value at the time of the grant. The potential realizable value is calculated based on the term of the option at its time of grant ,10 years. It is calculated assuming that the fair market value of common stock on the date of grant appreciates at the indicated annual rate compounded annually for the entire term of the option and that the option is exercised and sold on the last day of its term for the appreciated stock price. These numbers are calculated based on the requirements of the Securities and Exchange Commission and do not reflect Siga's estimate of future stock price growth.

Option Grants in Last Fiscal Year

	Individual Grants					
Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year (%)(1)	Exercise Price per Share ($/SH)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term 5%($)	10%($)
Joshua D. Schein	150,000	25.0	1.125	11/11/09	274,876	437,694
Judson A. Cooper	150,000	25.0	1.125	11/11/09	274,876	437,694

(1) Based on options to purchase an aggregate of 600,000 shares of common stock granted under the Amended 1996 Incentive and Non-Qualified Stock Option Plan.

Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table provides certain summary information concerning stock options held as of December 31, 1999 by Siga's Chief Executive Officer and its four most highly compensated executive officers, other than its Chief Executive Officer. No options were exercised during fiscal 1999 by any of the officers.

	Number of Securities Underlying Unexercised Options#		Value of Unexercised In-The-Money Options at Fiscal Year-End($)(1)	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable
Joshua D. Schein	87,501	112,500	18,750	56,250
Judson A. Cooper	87,501	112,500	18,750	56,250
Dennis Hruby	15,000	35,000	0	0
Thomas N. Konatich	23,750	71,250	0	0

(1) Based upon the closing price on December 31, 1999 as reported on the Nasdaq SmallCap Market and the exercise price per option.

Stock Option Plan

As of January 1, 1996, we adopted our 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan"), pursuant to which stock options may be granted to key employees, consultants and outside directors.

The Plan is administered by a committee (the "Committee") comprised of disinterested directors. The Committee determines persons to be granted stock options, the amount of stock options to be granted to each such person, and the terms and conditions of any stock options as permitted under the Plan. The members of the Committee are Scott Eagle and Jeffrey Rubin.

Both Incentive Options and Nonqualified Options may be granted under the Plan. An Incentive Option is intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Any Incentive Option granted under the Plan will have an exercise price of not less than 100% of the fair market value of the shares on the date on which such option is granted. With respect to an Incentive Option granted to an employee who owns more than 10% of the total combined voting stock of Siga or of any parent or subsidiary of Siga, the exercise price for such option must be at least 110% of the fair market value of the shares subject to the option on the date the option is granted. A Nonqualified Option (i.e., an option to purchase common stock that does not meet the Code's requirements for Incentive Options) must have an exercise price of at least the fair market value of the stock at the date of grant.

The Plan, as amended, provides for the granting of options to purchase 1,500,000 shares of common stock, of which 1,130,561 options were outstanding as of December 31, 1999.

Employment Contracts and Directors Compensation

Dr. Joshua Schein, our Chief Executive Officer, was employed under an agreement through December 31, 1999 which had a base annual salary of $225,000 and granted him 16,667 options per year, exercisable at the fair market value on the date of the grant. In January 2000 he entered into a new employment agreement with Siga which expires January 2005 and is cancelable by Siga only for cause, as defined in the agreement. The agreement is renewable for additional one year terms unless cancelled by either party in writing 180 days prior to cancellation. Dr. Schein receives an annual base salary of $250,000 and he was granted 500,000 fully vested stock options upon signing the new agreement. The options are exercisable at $2.00 per share, the fair market value on the date of grant. He is eligible to receive additional stock options and bonuses at the discretion of the Board of Directors. In addition, Dr. Schein will receive a cash payment equal to 1.5% of the total consideration received by Siga in a transaction resulting in a change of ownership of at least 50% of the outstanding Siga common stock.

Judson Cooper, our Chairman of the Board of Directors, was employed under an employment agreement through December 31, 1999 which had a base annual salary of $225,000 and granted him 16,667 options per year, exercisable at the fair market value on the date of the grant. In January 2000 he entered into a new employment agreement which expires January 2005 and is cancelable by Siga only for cause, as defined in the agreement. The agreement is renewable for additional one year terms unless cancelled by either party in writing 180 days prior to cancellation. Mr. Cooper receives an annual base salary of $250,000 and he was granted 500,000 fully vested stock options upon signing the new agreement. The options are exercisable at $2.00 per share, the fair market value on the date of grant. He is eligible to receive additional stock options and bonuses at the discretion of the Board of Directors. In addition, Mr. Cooper will receive a cash payment equal to 1.5% of the total consideration received by Siga in a transaction resulting in a change of ownership of at least 50% of the outstanding Siga common stock.

Thomas Konatich, Chief Financial Officer, is employed by Siga under an employment agreement that was to expire April 1, 2000. On January 19, 2000 the employment agreement was amended, the amended agreement expires on January 19, 2002 and is cancelable by Siga only for cause, as defined in the agreement. Mr. Konatich receives an annual base salary of $170,000. He received options to purchase 95,000 shares of common stock, at $4.44 on April 1, 1998. The options vest on a pro rata basis on the first, second, third and fourth anniversaries of the agreement. On January 19, 2000 he received an additional grant to purchase 100,000 shares at an exercise price of $2.00 per share. The options vest on a pro rata basis each quarter through January 19, 2002. Mr. Konatich is also eligible to receive additional stock options and bonuses at the discretion of the Board of Directors.

Dr. Dennis Hruby, Vice President of Research, has an employment agreement with Siga which expires on December 31, 2000 except that it may be terminated upon 90 days notice. Dr. Hruby received options to purchase 40,000 shares of common stock at an exercise price of $4.63 per share. The options become exercisable on a pro rata basis on the first, second, third and fourth anniversaries of the agreement. Dr. Hruby is eligible to receive additional stock options and bonuses at the discretion of the Board of Directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of the common stock as of December 31, 1999 of (i) each person known to Siga to beneficially own more than 5% of the common stock, (ii) each director of Siga, (iii) each executive officer of Siga for whom information is given in the Summary Compensation Table, and (iv) all directors and executive officers of Siga as a group.

Name and Address of Beneficial Owner (1)	Amount of Beneficial Ownership (2)	Percentage of Total
Judson Cooper	569,117(3)	8.5%
Joshua D. Schein, Ph.D	566,017(3)	8.4%
Steven M. Oliveira 129 Post Road East Westport, CT 06880	421,516	6.4%
Richard B. Stone 135 East 57th Street 11th Floor New York, NY 10022	414,915	6.3%
MedImmune Inc.	335,530	5.1%
Jeffrey Rubin	0	*
Thomas Lanier	0	*
Scott Eagle	0	*
Dennis Hruby	65,000	*
Thomas N. Konatich	23,750	*
All Officers and Directors as a group (seven persons)(4)	1,223,884	17.9%

* Less than 1% of the outstanding shares of common stock.

(1) Unless otherwise indicated the address of each beneficial owner identified is 420 Lexington Avenue, Suite 620, New York, NY 10170.

(2) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given dated which such person has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above on a given date, any security which such person or persons has the right to acquire within 60 days after such date is deemed to be outstanding for the purpose of computing the percentage ownership of such person or persons, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(3) Includes currently exercisable options to purchase 87,501 shares of common stock owned directly and 50% beneficial ownership of 12,500 additional options held by Prism Ventures LLC, an entity jointly owned by Mr. Cooper and Dr. Schein.

(4) Includes an aggregate of 226,252 currently exercisable options to purchase shares of common stock.

Item 12. Certain Relationships and Related Transactions

Effective January 15, 1998, we entered into a consulting agreement with Prism Ventures LLC pursuant to which Prism has agreed to provide certain business services to Siga, including business development, operations and other advisory services, licensing, strategic alliances, merger and acquisition activity, financings and other corporate transactions. Pursuant to the terms of the agreement, Prism receives an annual fee of $150,000 and 16,667 stock options per year. The agreement expires on January 15, 2001, and is cancelable by Siga only for cause as defined in the agreement. Mr. Cooper and Dr. Schein are the members of Prism. In October of 1998, Siga and Prism agreed to suspend the agreement for as long as the two principals are employed by Siga under the provisions of their amended employment agreements. During 1999, Prism received no payments pursuant to the agreement.

Effective September 9, 1999 we entered into a consulting agreement with Stefan Capital, LLC pursuant to which Stefen has agreed to provide certain business services to Siga. Pursuant to the terms of the agreement, Stefen received five year warrants to purchase 100,000 shares of our common stock at an exercise price of $1.00. None of the warrants may be exercised before September 9, 2000, at which time 50,000 warrants can be exercised. Mr. Jeffrey Rubin, one of our directors, is a principal of Stefen.

Effective January 19, 2000 we entered into a consulting agreement with Mr. Scott Eagle, one of our directors. Mr. Eagle will provide consulting services concerning our strategic review and development of alternate internet and related technologies. The agreement will expire on January 19, 2001. Pursuant to the terms of the agreement, Mr. Eagle has received five year warrants to purchase 50,000 shares of our common stock at an exercise price of $1.00 per share. None of the warrants may be exercised before January 19, 2001.

PART IV

Item 13. Exhibits, Material Agreements and Reports on Form 8-K

3(a) Articles of Incorporation of the Company (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

3(b) Bylaws of the Company (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

4(a) Form of Common Stock Certificate (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

4(b) 1996 Incentive and Non-Qualified Stock Option Plan (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

4(c) Warrant Agreement dated as of September 15, 1996 between the Company and Vincent A. Fischetti (1) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

4(d) Warrant Agreement dated as of November 18, 1996 between the Company and David de Weese (1) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

4(e) Stock Purchase Agreement between the Company and MedImmune, Inc., dated as of February 10, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

4(f) Registration Rights Agreement between the Company and MedImmune, Inc., dated as of February 10, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(a) License and Research Support Agreement between the Company and The Rockefeller University, dated as of January 31, 1996; and Amendment to License and Research Support Agreement between the Company and The Rockefeller University, dated as of October 1, 1996(2) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(b) Research Agreement between the Company and Emory University, dated as of January 31, 1996(2) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(c) Research Support Agreement between the Company and Oregon State University, dated as of January 31, 1996(2) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)). Letter Agreement dated as of March 5, 1999 to continue the Research Support Agreement.

10(d) Options Agreement between the Company and Oregon State University, dated as of November 30, 1999 and related Amendments to the Agreement.

10(e) Employment Agreement between the Company and Dr. Joshua D. Schein, dated as of January 19, 2000

10(f) Employment Agreement between the Company and Judson A. Cooper, dated as of January19,2000.

10(g) Employment Agreement between the Company and Dr. Kevin F. Jones, dated as of January 1, 1996 (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(h) Employment Agreement between the Company and David de Weese, dated as of November 18, 1996(1) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(i) Consulting Agreement between the Company and CSO Ventures LLC, dated as of January 1, 1996 (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(j) Consulting Agreement between the Company and Dr. Vincent A. Fischetti, dated as of January 1, 1996 (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(k) Consulting Agreement between the Company and Dr. Dennis Hruby, dated as of January 1, 1996 Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(l) Letter Agreement between the Company and Dr. Vincent A. Fischetti, dated as of March 1, 1996 Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(m) Employment Agreement between the Company and Dr. Dennis Hruby, dated as of April 1, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(n) Clinical Trials Agreement between the Company and National Institute of Allergy and Infectious Diseases, dated as of July 1, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(o) Research Agreement between the Company and The Research Foundation of State University of New York, dated as of July 1, 1997(2) (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(p) Collaborative Research and License Agreement between the Company and American Home Products Corporation, dated as of July 1, 1997(2) (Incorporated by reference to Amendment No. 3 to Form SB-2 Registration Statement of the Company dated September 2, 1997 (No. 333-23037)).

10(q) Collaborative Evaluation Agreement between the Company and Chiron Corporation, dated as of July 1, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(r) Consulting Agreement between the Company and Dr. Scott Hultgren, dated as of July 9, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(s) Letter of Intent between the Company and MedImmune, Inc., dated as of July 10, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(t) Research Collaboration and License Agreement between the Company and The Washington University, dated as of February 6, 1998 (2). (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997.

10(u) Settlement Agreement and Mutual Release between the Company and The Washington University, dated as of February 17, 2000.

10(v) Technology Transfer Agreement between the Company and MedImmune, Inc., dated as of February 10, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(w) Employment Agreement between the Company and Dr. Dennis Hruby, dated as of January 1, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997). Amendment to the Agreement, dated as of October 15, 1999.

10(x) Employment Agreement between the Company and Dr. Walter Flamenbaum, dated as of February 1, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(y) Employment Agreement between the Company and Thomas Konatich, dated as of April 1, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997). Extension and Amendment of the Agreement, dated as of January 19, 2000.

10(z) Consulting Agreement between the Company and Prism Ventures LLC, dated as of January 15, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(aa) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated June 21, 1999.

10(bb) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated September 27, 1999.

10(cc) Software Application Development Services Agreement between the Company and Open-I Media, Inc., dated October 15, 1999

10(dd) Media Development Agreement Services Agreement between the Company and Open-I Media, Inc., dated March 15, 2000

10(ee) Option Agreement between the Company and Ross Products Division of Abbott Laboratories, dated February 28, 2000.

10(ff) Consulting Agreement between the Company and Stefan Capital, dated September 9, 1999.

10(gg) Warrant Agreement between the Company and Stefan Capital, dated September 9, 1999

27 Financial Data Schedule

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(1) These agreements were entered into prior to the reverse split of the Company's Common Stock and, therefore, do not reflect such reverse split.

(2) Confidential information is omitted and identified by a * and filed separately with the SEC pursuant to a request for Confidential Treatment.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the registrant during the fourth quarter of 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGA Technologies, Inc.
(Registrant)

Date: March 30, 2000

By: /s/ Joshua D. Schein

Joshua D. Schein, Ph. D.
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Joshua D. Schein - ---------- Joshua D. Schein, Ph.D.	Chief Executive Officer Secretary and Director	March 30, 2000
/s/ Judson A. Cooper - ---------- Judson A. Cooper	Chairman of the Board and Executive Vice President	March 30, 2000
/s/ Thomas N. Konatich - ---------- Thomas N. Konatich	Chief Financial Officer	March 30, 2000
- ---------- Jeffrey Rubin	Director	_____, 2000
/s/ Scott Eagle - ---------- Scott Eagle	Director	March 30, 2000
- ---------- Thomas Lanier	Director	_____, 2000

SIGA Technologies, Inc.
(A development stage company)
Financial Statements
December 31, 1999 and 1998

SIGA Technologies, Inc.
(A development stage company)
Index to Financial Statements

Report of Independent Accountants

To the Board of Directors and Stockholders
of SIGA Technologies, Inc.

In our opinion, the accompanying balance sheet and related statements of operations, of cash flows and of changes in stockholders' equity present fairly, in all material respects, the financial position of SIGA Technologies, Inc. (a development stage company) at December 31, 1999 and 1998, and the results of its operations and cash flows for the years ended December 31, 1999 and 1998, and for the period from December 28, 1995 ("Inception") through December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

New York, NY
February 18, 2000, except as to Note 13
which is as of March 30, 2000

SIGA Technologies, Inc.
(A development stage company)
Balance Sheet

	December 31, 1999	December 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 1,758,541	$ 4,966,873
Accounts receivable	47,570	--
Prepaid expenses and other current assets	38,279	134,969
Total current assets	1,844,390	5,101,842
Equipment, net	1,366,362	1,696,404
Investments	--	132,220
Other assets	147,002	147,002
Total assets	$ 3,357,754	$ 7,077,468
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 248,962	$ 266,371
Accrued expenses	104,096	143,364
Current portion of capital lease obligations	280,092	369,288
Total current liabilities	633,150	779,023
Capital lease obligations, net of current portion	520,424	650,659
Commitments and contingencies (see Notes 6, 9, 10 and 11)	--	--
Stockholders' equity:		
Preferred stock ($.0001 par value, 10,000,000 shares authorized, none issued and outstanding)	--	--
Common stock ($.0001 par value, 25,000,000 shares authorized, 6,602,712 and 6,577,712 shares issued and outstanding at December 31, 1999 and December 31, 1998 respectively)	661	658
Additional paid-in capital	16,855,499	16,697,424
Unrealized losses on available for sale securities	--	(34,816)
Deficit accumulated during the development stage	(14,651,980)	(11,015,480)
Total stockholders' equity	2,204,180	5,647,786
Total liabilities and stockholders' equity	$ 3,357,754	$ 7,077,468

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

SIGA Technologies, Inc.
(A development stage company)
Statement of Operations

	Year Ended December 31,		For the Period December 28, 1995 (Date of Inception) to December 31,
	1999	1998	1999
Revenue:			
Research and development contracts	$ 519,561	$ 450,000	$ 1,644,561
Operating expenses:			
General and administrative	2,284,790	2,784,763	7,413,056
Research and development (including amounts to related parties of $75,000, $81,750 and $309,581 for the years ended December 31, 1999 and 1998, and for the period from the date of inception to December 31, 1999, respectively)	1,672,778	4,385,213	7,666,981
Patent preparation fees	193,567	197,071	1,130,844
Settlement of litigation	97,969	--	97,969
Stock option and warrant compensation	--	14,407	450,450
Total operating expenses	4,249,104	7,381,454	16,759,300
Operating loss	(3,729,543)	(6,931,454)	(15,114,739)
Interest income, net	26,383	379,788	396,099
Net gain on sale of securities	66,660	--	66,660
Net loss	(3,636,500)	(6,551,666)	(14,651,980)
Basic and diluted loss per share	$ (0.55)	$ (1.00)	
Weighted average common shares outstanding used for basic and diluted loss per share	6,579,424	6,540,022	
Comprehensive loss:			
Net loss	$ (3,636,500)	$ (6,551,666)	$(14,651,980)
Unrealized gains (losses) on available for sale securities	34,816	(34,816)	--
Total comprehensive income/(loss)	$ (3,601,684)	$ (6,586,482)	$(14,651,980)

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

SIGA Technologies, Inc.
(A development stage company)
Statement of Changes in Stockholders' Equity

	Shares	Par Value	Additional Paid-in Capital	Stock Subscriptions Outstanding	Deficit Accumulated During the Development Stage	Unrealized Gains (Losses) on Available for Sale Securities	Total Stockholders' Equity (Deficit)
Issuance of common stock at inception	2,079,170	$ 208	$ 1,040	$ (1,248)		$ --	
Net loss	--	--	--	--	$ (1,000)	--	$ (1,000)
Balances at December 31, 1995	2,079,170	208	1,040	(1,248)	(1,000)	--	(1,000)
Net proceeds from issuance and sale of common stock ($1.50 per share)	1,038,008	104	1,551,333	--	--	--	1,551,437
Net proceeds from issuance and sale of common stock ($3.00 per share)	250,004	25	748,985	--		--	749,010
Receipt of stock subscriptions outstanding	--	--	--	1,248	--	--	1,248
Issuance of compensatory options and warrants	--	--	367,461	--	--	--	367,461
Net loss	--	--	--	--	(2,268,176)	--	(2,268,176)
Balances at December 31, 1996	3,367,182	337	2,668,819	--	(2,269,176)	--	399,980
Net proceeds from issuance and sale of common stock ($5.00 per share)	2,875,000	287	12,179,322				12,179,609
Issuance of warrants with bridge notes	--	--	133,000	--	--	--	133,000
Stock option and warrant compensation	--	--	68,582	--	--	--	68,582
Net loss	--	--	--	--	(2,194,638)	--	(2,194,638)
Balance at December 31, 1997	6,242,182	624	15,049,723	--	(4,463,814)	--	10,586,533
Issuance of common stock to acquire third party's right to certain technology ($4.34 per share)	335,530	34	1,457,424				1,457,458
Issuance of compensatory options and warrants	--	--	175,870	--	--	--	175,870
Stock option and warrant compensation	--	--	14,407	--	--	--	14,407
Unrealized losses on available for sale securities	--	--	--	--	--	(34,816)	(34,816)
Net loss	--	--	--	--	(6,551,666)	--	(6,551,666)
Balance at December 31, 1998	6,577,712	658	16,697,424	--	(11,015,480)	(34,816)	5,647,786
Issuance of common stock for software development ($1.25 per share)	25,000	3	31,247				31,250
Issuance of compensatory common stock, options and warrants			51,550				51,550
Stock option and warrant compensation			75,278				
Unrealized gains on available for sale securities							
Net loss					(3,636,500)		
Balance at December 31, 1999	6,602,712	$ 661	$16,855,499	$ --	$ (14,651,980)		

Stock option and warrant compensation		75,278
Unrealized gains on available for sale securities	34,816	34,816
Net loss		(3,636,500)
Balance at December 31, 1999	$ --	$ 2,204,180

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

SIGA Technologies, Inc.
(A development stage company)
Statement of Cash Flows

	Year Ended		For the Period December 28, 1995 (Date of Inception) to
	December 31, 1999	December 31, 1998	December 31, 1999
Cash flows from operating activities:			
Net loss	$ (3,636,500)	$ (6,551,666)	$(14,651,980)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	366,816	211,520	594,797
Stock, option and warrant compensation	158,078	190,277	784,398
Loss on write-off of capital equipment	97,969	--	97,969
Amortization of debt discount	--	--	133,000
Purchase of rights to certain technology	--	1,457,458	1,457,458
Realized gain on sale of marketable securities	(66,660)	--	(66,660)
Changes in assets and liabilities:			
Accounts receivable	(47,570)	150,000	(47,570)
Prepaid sponsored research	--	11,684	--
Prepaid expenses and other current assets	96,690	(91,271)	(38,279)
Other assets	--	(4,161)	(147,002)
Accounts payable and accrued expenses	(56,677)	(55,873)	353,058
Net cash used in operating activities	(3,087,854)	(4,682,032)	(11,530,811)
Cash flows from investing activities:			
Capital expenditures	(134,743)	(1,878,110)	(2,059,128)
Sale (purchase) of investment securities	233,696	(167,036)	66,660
Net cash used in investing activities	98,953	(2,045,146)	(1,992,468)
Cash flows from financing activities:			
Net proceeds from issuance of common stock	--	--	14,480,056
Receipt of stock subscriptions outstanding	--	--	1,248
Proceeds from bridge notes	--	--	1,000,000
Repayment of bridge notes	--	--	(1,000,000)
Proceeds from sale and leaseback of equipment	--	1,139,085	1,139,085
Principle payments on capital lease obligations	(219,431)	(119,138)	(338,569)
Net cash provided from financing activities	(219,431)	1,019,947	15,281,820
Net increase in cash and cash equivalents	(3,208,332)	(5,707,231)	1,758,541
Cash and cash equivalents, beginning of period	4,966,873	10,674,104	--
Cash and cash equivalents, end of period	$ 1,758,541	$ 4,966,873	$ 1,758,541

There were no cash payments for income taxes for the periods ended December 31, 1999 and 1998.

Cash paid for interest was $145,507 and $28,851 for the periods ended December 31, 1999 and 1998, respectively.

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

1. Organization and Basis of Presentation

Organization

SIGA Technologies, Inc. ("SIGA" or the "Company") was originally incorporated in the State of Delaware on December 28, 1995 ("Inception") as SIGA Pharmaceuticals, Inc. The Company is engaged in the discovery, development and commercialization of vaccines, antibiotics, and novel anti-infectives for the prevention and treatment of infectious diseases. The Company's technologies are licensed from third parties. In 1998 the Company opened its research facility in the State of Oregon, reducing the Company's dependency on third parties to conduct research on its behalf. In 1999, the Company launched an Internet initiative as a separate line of business from its biomedical product development. The initial product of this initiative will enable peer-to-peer communication and facilitate the building of on-line communities on the Internet. In January 2000, as a result of this new initiative, the shareholders of the Company agreed changed its name to SIGA Technologies, Inc.

Basis of presentation

The Company's activities since inception have consisted primarily of sponsoring and performing research and development, performing business and financial planning, preparing and filing patent applications and raising capital. Accordingly, the Company is considered to be a development stage company.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Since inception the Company has incurred cumulative net operating losses of $14,651,980 and expects to incur additional losses to perform further research and development activities. These conditions raise substantial doubts about the Company's ability to continue as a going concern. The Company does not have commercial biomedical products, and does not expect to have such for several years, if at all. In the current year, the Company introduced a new business strategy and launched an Internet initiative, the outcome of which is not assured. The Company's ability to continue as a going concern is dependent upon its ability to meet its obligations as they become due, and obtain additional funding to support its future operations.

In January and March 2000, the Company raised $1,500,000 and $3,000,000, respectively, in private placements. See Note 13. Management believes that the current resources will be sufficient to support its planned operations through the end of 2000.

The Company anticipates that it will need additional funds to complete the development of its biomedical products and the successful launch of its Internet initiative.

2. Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents consist of short term, highly liquid investments, with original maturities of less than three months when purchased and are stated at cost. Interest is accrued as earned.

Investments

The Company accounts for investments under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity

Securities" ("SFAS 115"). At December 31, 1998 the Company classified its investments in marketable securities as available for sale and reported them at fair market value, with the unrealized holding gains and losses, net of tax effect, reported as a separate component of stockholders' equity. Any gains or losses from the sale of these securities were recognized using the specific identification method. During 1999, the Company sold its available for sale securities for $233,696, recognizing a gain of $66,660.

Equipment

Equipment is stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, which are as follows:

Laboratory equipment	5 years
Leasehold improvements	Life of lease
Computer equipment	3 years
Furniture and fixtures	7 years

Revenue recognition

The Company has been awarded government research grants from the National Institutes of Health ("NIH"). The NIH grants are used to subsidize the Company's research projects. NIH revenue is recognized on a pro rata basis as subsidized research costs are incurred. Such method approximates the straight-line basis over the lives of the grants.

Payments from Wyeth-Ayerst for contract research and development are used to subsidize the Company's research and development efforts. Such amounts are recognized as revenue as the related services are performed by the Company, provided the collection of the resulting receivables is probable. In situations where the Company receives payments in advance of performance of services, such amounts are deferred and recognized as revenue as the related services are performed.

Upon the achievement of defined events, Wyeth-Ayerst is required to make milestone payments to the Company. Such amounts are included in contract research and development revenue and are recognized as revenue upon the achievement of the event and when the collection of the resulting receivable is probable.

Research and development

Research and development costs are expensed as incurred and include costs of third parties who conduct research and development, pursuant to development and consulting agreements, on behalf of the Company. Costs related to the acquisition of technology rights, for which development work is still in process, and that have no alternative future uses, are expensed as incurred and considered a component of research and development costs.

Income taxes

Income taxes are accounted for under the asset and liability method prescribed by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Deferred income taxes are recorded for temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets and liabilities reflect the tax rates

expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax asset will not be realized.

Net loss per common share

Effective December 31, 1997 the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128") which requires presentation of basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS") by all entities that have publicly traded common stock or potential common stock (options, warrants, convertible securities or contingent stock arrangements). Basic EPS is computed by dividing income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period. The computation of Diluted EPS does not assume conversion, exercise or contingent exercise of securities that would have an antidilutive effect on earnings.

At December 31, 1999 and 1998, outstanding options to purchase 1,130,561 and 540,561 shares of common stock, respectively, with exercise prices ranging from $1.00 to $5.50 have been excluded from the computation of diluted loss per share as they are antidilutive. Outstanding warrants to purchase 896,724 and 734,724 shares of common stock, at December 31, 1999 and 1998, respectively, with exercise prices ranging from $1.00 to $5.50 were also antidilutive and excluded from the computation of diluted loss per share.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments

The carrying value of cash and cash equivalents, and accounts payable and accrued expenses approximates fair value due to the relatively short maturity of these instruments.

Concentration of credit risk

The Company has cash in bank accounts that exceed the FDIC insured limits. The Company has not experienced any losses on its cash accounts. No allowance has been provided for potential credit losses because management believes that any such losses would be minimal.

Accounting for stock based compensation

The Company has adopted Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). As provided for by SFAS 123, the Company has elected to continue to account for its stock-based compensation programs according to the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, compensation expense has been recognized to the extent of employee

or director services rendered based on the intrinsic value of compensatory options or shares granted under the plans. The Company has adopted the disclosure provisions required by SFAS 123.

Reclassifications

Certain prior year amounts have been reclassified to conform with the 1999 presentation.

New accounting pronouncements

On December 6, 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101, Revenue Recognition ("SAB 101"), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. Management believes that its revenue recognition policies and practices are in conformance with SAB 101.

Effective January 1, 1998 the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131"), which requires disclosure of information about operating segments in annual financial statements for reporting period beginning subsequent to December 15, 1997. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The adoption of FAS 131 did not have a material impact on the Company's financial statements.

In July 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of the FASB Statement No. 133, an Amendment of FASB Statement No. 133" ("SFAS 137"). SFAS No. 137 defers the effective date of SFAS 133, which establishes accounting and reporting standards for derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variability in cash flows attributable to a particular risk, or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available for sale security and a forecasted transaction. As a result of SFAS 137, the Company will be required to implement SFAS 133 for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company does not expect the adoption of this pronouncement to have a material effect on the Company's results of operations, financial position or cash flows.

3. Equipment

Equipment consisted of the following at December 31, 1999 and 1998

	December 31, 1999	1998
Laboratory equipment	$ 785,888	$ 865,053
Leasehold improvements	618,315	618,315
Computer equipment	225,803	159,380
Furniture and fixtures	291,637	291,637
	1,921,643	1,934,385
Less - Accumulated depreciation	(555,281)	(237,981)
Equipment, net	$ 1,366,362	$ 1,696,404

Depreciation expense for the years ended December 31, 1999 and December 31, 1998 was $366,541 and $221,520, respectively.

On December 31, 1999, title to fixed assets of $147,210, with accumulated depreciation of $49,241, was transferred to Washington University as part of the settlement agreement and mutual release with Washington University. See Note 9.

At December 31, 1999 and 1998, laboratory equipment, computer equipment and furniture included approximately $730,500, $117,000 and $291,600, respectively, of equipment acquired under capital leases. Accumulated depreciation related to such equipment approximated $246,000, $66,000 and $66,000 respectively, at December 31, 1999, and $100,000, $27,000 and $24,200 respectively, at December 31, 1998.

4. Stockholders' Equity

In September and October 1997, The Company completed an initial public offering of 2,875,000 shares of its common stock at an offering price of $5.00 per share. The Company realized gross proceeds of $14,375,000 and net proceeds, after deducting underwriting discounts and commissions, and other offering expenses payable by the Company, of $12,179,609.

Stock option plan and warrants

In January 1996, the Company implemented its 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan") whereby options to purchase up to 333,333 shares of the Company's common stock may be granted to employees, consultants and outside directors of the Company. In October 1998, the Company increased the number of options to purchase the Company's common shares available for grant under the plan to 833,333. In October 1999, the Company increased the number of options to purchase the Company's common shares available for grant under the plan to 1,500,000. The exercise period for options granted under the Plan, except those granted to outside directors, is determined by a committee of the Board of Directors. Stock options granted to outside directors pursuant to the Plan must have an exercise price equal to or in excess of the fair market value of the Company's common stock at the date of grant and become exercisable over a period of three years with a third of the grant being exercisable at the

completion of each year of service subsequent to the grant. The fair market value of the Company's common stock before its initial public offering in September 1997, was determined by a committee of the Board of Directors. The committee was comprised entirely of employees who receive stock options under the Plan.

Transactions under the Plan are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 1997	117,061	$ 3.74
Granted	556,834	3.98
Forfeited	(133,334)	4.14
Outstanding at December 31, 1998	540,561	3.88
Granted	612,500	1.12
Forfeited	(22,500)	1.37
Total outstanding at December 31, 1999	1,130,561	$ 2.42
Options available for future grant	369,439	
Weighted average fair value of options granted during 1998	$ 2.45	
Weighted average fair value of options granted during 1999	$ 0.87	

The following table summarizes information about options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
	Number Outstanding December 31, 1999	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at December 31, 1999	Weighted Average Exercise Price
$ 1.13	600,000	9.83	$1.13	75,000	$1.13
1.50	33,334	6.00	1.50	33,334	1.50
2.00 - 4.66	296,834	8.46	3.41	114,584	3.72
5.00 - 5.50	200,393	4.56	5.01	145,393	5.01
	1,130,561			368,311	

On December 31, 1999, there were a total of 876,724 warrants outstanding.

In November 1999, 16,000 shares of the Company's common stock were granted in exchange for professional services. The Company recognized non-cash compensation expense of $21,500 for the year ended December 31, 1999 based upon the fair value of the stock on the date of grant. The Company expects to issue the shares in 2000.

In September 1999 the Company entered into a consulting agreement with one of its directors under which the director will provide the Company with business valuation services in exchange for warrants to purchase 100,000 shares of the Company's common stock, at an exercise price of $1.00 per share. Of these warrants, 50,000 vested on the date of grant and the remaining 50,000 will vest on the first anniversary of the consulting agreement. The warrants become exercisable one year after they vest. The Company recognized non-cash compensation expense of $46,848 for the year ended December 31, 1999, based upon the fair value of such warrants.

In June 1998 the Company granted a consultant options to purchase 150,000 shares of the Company's common stock at an exercise price of $5.00 per share. 50,000 options vested immediately, and the remaining 100,000 vest pro rata over a period of ten quarters. The Company recognized non-cash compensation expense of $58,480 and $102,340 for the years ended December 31, 1999 and 1998, respectively, based upon the fair value of the options on the date of the grant.

In May 1998, the Company granted a consultant options to purchase 5,000 shares of the Company's common stock, at an exercise price of $4.25. The Company recognized non-cash compensation expense of $15,655 for the year ended December 31, 1998 based upon the fair value of such options on the date of the grant.

In January 1998 the Company issued warrants to a third party to purchase 16,216 shares of the Company's common stock, at an exercise price of $4.60 per share. The Company recognized non-cash compensation expense of $57,875 for the year ended December 31, 1998 based upon the fair value of such warrants on the date the grant.

In September 1997, in connection with the Company's IPO, the Company issued the underwriters warrants to purchase 225,000 shares of common stock at an exercise price of $8.25 per share. All the warrants, which have a term of five years, are exercisable at December 31, 1999.

In November 1996, the Company entered into an employment agreement with its former President and Chief Executive Officer. Under the terms of the agreement, the employee received warrants to purchase 461,016 shares of common stock at $3.00 per share (see Note 6). These warrants expire on November 18, 2006. Upon termination of the employment agreement on April 21, 1998, 230,508 warrants were surrendered to the Company.

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for warrants issued to employees and stock options granted under the Plan. During the year ended December 31, 1998 compensation expense of $14,407 was recognized for warrants issued to employees. Compensation expense was calculated based upon the difference between the exercise price of the warrant or option and the fair market value of the Company's common stock on the date of grant. Had compensation cost for warrants issued and stock options granted been determined based upon the fair value at the grant date for awards, consistent with the methodology prescribed under SFAS 123, the Company's net loss and loss per share would have been increased by approximately $245,400, or $0.04 per share for the year ended

December 31, 1999, and approximately $199,000, or $0.03 per share for the year ended December 31, 1998.

The fair value of the options and warrants granted to employees and consultants during 1999 and 1998 ranged from $0.73 to $3.47 on the date of the respective grant using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for 1999: no dividend yield, expected volatility of 100%, risk free interest rates of 5.78%-5.83%, and an expected term of 5 years. The following weighted-average assumptions were used for 1998: no dividend yield, expected volatility of 100%, risk free interest rates of 5.46%-5.55%, and an expected term of 5 years.

5. Income Taxes

The Company has incurred losses since inception which have generated net operating loss carryforwards of approximately $7,087,000 and $4,718,000, respectively, at December 31, 1999 and 1998 for federal and state income tax purposes. These carryforwards are available to offset future taxable income and begin expiring in 2010 for federal income tax purposes. As a result of a previous change in stock ownership, the annual utilization of the net operating loss carryforwards is subject to limitation.

The net operating loss carryforwards and temporary differences, arising primarily from deferred research and development expenses result in a noncurrent deferred tax asset at December 31, 1999 and December 31, 1998 of approximately $5,631,000 and $4,343,000, respectively. In consideration of the Company's accumulated losses and the uncertainty of its ability to utilize this deferred tax asset in the future, the Company has recorded a valuation allowance of an equal amount on such date to fully offset the deferred tax asset.

For the years ended December 31, 1999 and December 31, 1998, the Company's effective tax rate differs from the federal statutory rate principally due to net operating losses and other temporary differences for which no benefit was recorded, state taxes and other permanent differences.

6. Related Parties

Consulting agreements

In 1998 the Company entered into a two year consulting agreement, expiring January 15, 2000, with Prism Ventures LLC ("Prism") under which Prism was to provide the Company business development, operations and other advisory services. Pursuant to the agreement Prism was to receive an annual consulting fee of $150,000 and an annual stock option grant to purchase 16,667 of the Company's common shares. The Chief Executive Officer and Chairman of the Company are principals of Prism. In October 1998 the Company and Prism agreed to suspend the agreement for as long as the two principals are employed by the Company under the provisions of their amended employment agreements. During the year ended December 31, 1998, the Company incurred expense of $112,500 pursuant to the agreement.

In connection with the development of its licensed technologies the Company entered into a consulting agreement with the scientist who developed such technologies, under which the consultant serves as the Company's Chief Scientific Advisor. The scientist, who is a stockholder, shall be paid an annual consulting fee of $75,000. The agreement, which commenced in January 1996 and is only cancelable by the Company for cause, as defined in the agreement, had an initial term of two years and provided for automatic renewals of three additional one year periods unless either party notifies the other of its intention not to renew. Research and development expense incurred under the agreement amounted to $75,000 and $81,570 for the years ended December 31, 1999 and 1998, respectively.

Employment agreements

In November 1999, the Company entered into two year employment agreements with three newly-hired Vice Presidents ("VPs"), of Business Development, Investor Relations, and Marketing, at annual salaries of $95,000, $100,000, and $120,000, respectively. Each VP was also granted options to purchase 100,000 shares of the Company's common stock at an exercise price of $1.125 per share, to vest ratably over two years.

In September 1998 the Company and its Chief Executive Officer and Chairman ("EVPs") entered into employment agreements commencing October 1, 1998 and expiring on December 31, 2000. Under the agreements, the EVPs were each to be paid an annual minimum compensation of $225,000, and to be granted a minimum of 16,666 options to purchase shares of the Company's common stock per annum. In addition, one EVP was appointed as the Company's Chairman and the other was appointed as the Chief Executive Officer. The Company incurred $450,000 and $352,002 of expense for the years ended December 31, 1999 and 1998, respectively, pursuant to these agreements.

In November 1999, the EVPs were each granted non-qualified stock options to purchase 150,000 shares under the Company's 1996 Incentive and Non-Qualified Stock Option Plan, at an exercise price of $1.30, to expire in ten years. 37,500 options vested immediately. 75,000 will vest in November 2000, and the remaining 37,500 will vest in November 2001.

In January 2000, the Company signed new employment agreements with the EVPs expiring in January 2005. The new agreements provide for a base salary of $250,000, with annual increases of at least 5%. In addition, both of the EVP's were granted fully-vested options to purchase 500,000 shares of the Corporations' common stock at $2.00 per share. Under the provisions of the agreements the EVPs would each receive a cash payment equal to 1.5% of the total consideration received by the Company in a transaction resulting in a greater than 50% change in ownership of the outstanding common stock of the Company.

In November 1996, the Company entered into an employment agreement, expiring in November 1999, with its former President and Chief Executive Officer. Under the terms of the agreement, the employee was to receive annual base compensation of $225,000 and options to purchase 16,667 shares of the Company's common stock, exercisable at the fair market value on the date of grant. Upon execution of the agreement, the Company granted the employee options to purchase 16,667 shares of its common stock at an exercise price of $3.00 per share. In addition,

the employee was issued warrants to purchase 461,016 shares of common stock at $3.00 per share (see Note 4). During the year ended December 31, 1998 the Company incurred $77,050 of expense pursuant to the agreement. The agreement was terminated on April 21, 1998.

7. Technology Purchase Agreement

In February 1998, the Company entered into an agreement with a third party pursuant to which the Company acquired the third party's right to certain technology, intellectual property and related rights in the field of gram negative antibiotics in exchange for 335,530 shares of the Company's common stock . Research and development expense related to this agreement amounted to $1,457,458 for the year ended December 31, 1998.

8. Collaborative Research and License Agreement

In July 1997, the Company entered into a collaborative research and license agreement with Wyeth-Ayerst (the "Collaborator"). Under the terms of the agreement, the Company has granted the collaborator an exclusive worldwide license to develop, make, use and sell products derived from specified technologies. The agreement required the collaborator to sponsor further research by the Company for the development of the licensed technologies for a period of two years from the effective date of the agreement, in return for payments totaling $1,200,000. In consideration of the license grant the Company is entitled to receive royalties equal to specified percentages of net sales of products incorporating the licensed technologies. The royalty percentages increase as certain cumulative and annual net sales amounts are attained. The Company could receive milestone payments, under the terms of the agreement of up to $13,750,000 for the initial product and $3,250,000 for the second product developed from a single compound derived from the licensed technologies. Such milestone payments are contingent upon the Company making project milestones set forth in the agreement, and, accordingly, if the Company is unable to make such milestones, the Company will not receive such milestone payments. During 1999 and 1998, the Company recognized $337,500 and $450,000, respectively, in revenue related to this agreement. The Company is currently in negotiations with the collaborator to extend research payments beyond the initial two years. No assessment can be made as to the outcome of these negotiations.

9. License and Research Support Agreements

In February of 1998, the company entered into a research collaboration and license agreement with Washington University (the "University"). Under the terms of the agreement, the Company was granted an exclusive world-wide license to make, use and sell products derived from the licensed technology, in exchange for royalty payments equal to a certain percentage of net sales of products incorporating the licensed technology, and certain milestone payments. Prior to this agreement, in July 1997 the company had entered into a separate consulting agreement with a faculty member of the University. A dispute arose between the Company and the University and the consultant regarding, among other things, the performance of the parties under the agreements. In May 1999, the University sent the Company notice of intent to terminate the agreement in 90 days claiming certain payments were not made. It was the Company's position that, among other things, such payments are not owed due to the University's failure to perform.

Under the arbitration clause of the agreement, the University, in July 1999, commenced an arbitration seeking an award in the amount of $230,000. The Company also commenced an arbitration seeking a determination that such amount is not owed the University and seeking its own award of $5 million. In February of 2000 the parties reached a settlement agreement and mutual release of their obligations under the research collaboration and licensing agreement entered into in February of 1998. Further, all personal consulting agreements between the Company and Washington University faculty members and employees were also terminated. Under the terms of the settlement agreement any payments owed by the Company under the research collaboration and licensing agreement are cancelled. In addition, all payments owed faculty members under consulting agreements are also cancelled. The University will reimburse the Company $37,037 for certain patent expenses incurred under the research collaboration, and the Company transferred title to equipment with a net book value of $98,000 to the University. The Company recognized the write-off of fixed assets during 1999. The Company has disclaimed any rights to patents licensed under the February 1998 agreement. However, if the University successfully commercializes any of the patents, it agrees to pay the Company licensing revenue arising from products commercialized. Also as part of settlement agreement and mutual release the Company and the University entered into an agreement granting the Company a nonexclusive license to one of the University's patents. Under the research collaboration and license agreement, the Company incurred sponsored research expense of approximately $187,000 during the year ended December 31, 1998. For the quarter ended March 31, 1999, June 30, 1999, and September 30, 1999, the Company recorded research and development expense payable to the University under the research collaboration and license agreement in the amounts of $25,000, $98,778, and $104,300, respectively. As a result of the mutual settlement and release, these amounts were reversed as of December 31, 1999.

In July and September, 1999 the Company was awarded two Phase I research grants by the Small Business Innovation Research Program (SBIR) of $109, 072 and $293,446 respectively. The first grant was to help support the Company's antibiotic discovery efforts for the period July 1, 1999 through December 31, 1999. The second grant provides support for the Company's effort to develop a vaccine targeting strep throat, in collaboration with the National Institutes of Health (NIH). The grant award is for a period of twelve months beginning on October 1, 1999. As of December 31, 1999 the Company had recognized revenue from the two grants of $109,072 and $72,989 respectively.

In January 1996, the Company entered into a license and research support agreement with Rockefeller University ("Rockefeller"). The Company agreed to sponsor research by Rockefeller for the development of licensed technologies for a period of two years from the date of the agreement, in return for a payment of $725,000. The agreement expired in January 1998. However, the Company has continued its relationship with Rockefeller under similar terms. Sponsored research related to this third party amounted to $125,000 and $360,000 for the years ended December 31, 1999 and 1998, respectively.

10. Product Development Agreement

In October 1999 the Company entered into an agreement with Open-iMedia, a software and web development company ("Development Company"). Under the terms of the agreement the

Company will acquire and the Development Company will continue to develop, the source code for a client/server chat and instant messaging application. The application is designed to enable peer-to-peer communication and facilitate the building of on-line communities. In exchange, the Company will pay the Development Company $200,000, payable in three installments, and a grant of 125,000 shares of common stock. As of December 31, 1999 the Development Company had received $100,000 and 25,000 shares of the Company's common stock.

In March 2000, the Company entered into an additional agreement with the Development Company for creative and technical services, and for business strategy consulting. In exchange, the Company will pay the Development Company $280,000 and grant it 13,605 shares, each payable in three installments.

11. Commitments and Contingencies

Operating lease commitments

The Company leases certain facilities and office space under operating leases. Minimum future rental commitments under operating leases having noncancelable lease terms in excess of one year are as follows:

Year ended December 31,	
2000	$ 231,789
2001	234,672
2002	226,333
2003	105,002
2004 and thereafter	108,152
	$ 905,948

Capital lease commitments

In July, August and September 1998, the Company sold certain laboratory equipment, computer equipment and furniture to a third party for $493,329, $385,422 and $260,333, respectively, under sale-leaseback agreements. The leases have terms of 42 months and require minimum monthly payments of $13,171, $10,290 and $6,950, respectively. The Company has an option to purchase the equipment at 15% of the original cost at the end of the lease term.

Future minimum lease payments for assets under capital leases at December 31, 1999 are as follows:

Year ended December 31,	
2000	$ 364,933
2001	438,931
2002	131,342
Total minimum lease payments	935,206
Less: amounts representing interest	134,690
Present value of future minimum lease payments	800,516
Less: current portion of capital lease obligations	280,092
Capital lease obligations, net of current portion	$ 520,424

12. Segments

Since the announcement in September 1999 that the Company intends to pursue its Internet initiative, the Company has operated the Internet initiative as a separate segment. The Internet segment generated operating expenses of approximately $317,000 during 1999 and has identifiable assets of approximately $81,000 at December 31, 1999.

13. Subsequent Events

In January 2000 the shareholders of the Company voted at the Annual Meeting to change the name of the Company to Siga Technologies, Inc., and to increase the number of authorized shares to 50,000,000.

In January 2000 the Company sold $1,500,000 of 6% Convertible debentures due January 2002 with warrants to purchase 1,043,478 shares of common stock in the Company to a group of private investors. The warrants had a purchase price of $0.05 per warrant. The Company received net proceeds of $1,499,674 from the total $1,552,174 raised. The interest on the debentures is payable in either cash or stock at the Company's discretion. The debentures are convertible into common stock at $1.44 per share. The warrants have a term of five years and are exercisable at a price of $3.41 per share. Under certain circumstances the Company can force exercise of the warrants. An additional 275,000 warrants, with a term of five years and exercisable at a price of $1.45 per share, were issued for professional services related to the sale of debentures.

In January 2000, the Company and its Chief Financial Officer ("CFO") entered into an amendment to the CFO's employment agreement, extending his employment until April 2002. Under this amendment, the CFO received options to purchase 100,000 shares of the Company's common stock at $2.00 per share. The options vest ratably over two years and expire in January 2010.

In March 2000 the Company entered into an option agreement with the Ross Products Division of Abbott Laboratories (Ross). The Agreement grants Ross an exclusive option to negotiate an exclusive license to certain Company technology and patents. In exchange for the option, Ross will make payments to the Company amounting to $120,000 in three installments of $40,000.

In March 2000 the Company raised $3,000,000 in a private offering of common stock and warrants to purchase common stock. The Company sold 600,000 shares of common stock and 450,000 warrants. 210,000, 120,000 and 120,000 of the warrants are exercisable at $5.00, $6.38 and $6.90, respectively. The warrants are redeemable by the Company upon meeting certain conditions.

[LETTERHEAD OF SIGA PHARMACEUTICALS]

March 5, 1999

Oregon State University
Office of Contract Administration
306 Kerr Administration
Corvallis, Oregon 97331-2147
Attn: Mr. Clem LaCava

Dear Mr. LaCava:

This letter is to confirm Siga Pharmaceuticals, Inc.'s intent to continue sponsored research at Oregon State University in the laboratory of Dr. Dennis Hruby, (Contract # J0262A). The term of the renewal is for the period January 1, 1999 through December 31, 1999. Payment for the year will be $100,000 payable in monthly installments of $8,333.33. The University will bill Siga at the end of each month.

Siga Pharmaceuticals, Inc. has the option to cancel this agreement on thirty days written notice.

If the terms of this agreement are acceptable to the University, please sign one copy of this letter and return it to Siga.

Sincerely,

/s/ Joshua D. Schein

Joshua D. Schein, Ph.D.
Chief Executive Officer

Cc: Dr. Dennis Hruby

Accepted: /s/ Clem LaCava

CLEM LaCAVA

Print Name: Asst Contract Administrator

Date: 3-9-99

[LETTERHEAD OF OREGON STATE UNIVERISTY OFFICE OF TECHNOLOGY TRANSFER]

November 30, 1999

Mr. Joshua Schein, CEO
SIGA Pharmaceuticals, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

RE: Oregon State University Docket No. 97-24
Chlamydia Vaccine
Option Agreement Extension

Dear Mr. Schein:

I am pleased to enclose a fully executed amendment to the option agreement for your files. The exclusive option will be extended to January 13, 2000, and can be extended an additional three months if SIGA needs more time to work with this technology.

Please send the $2,500 option extension fee to:

Director of Technology Transfer
312 Kerr Administration Bldg.
Oregon State University
Corvallis, Oregon 97331

If you have any questions, don't hesitate to call me at 541-737-4437.

Sincerely,

/s/ Laurel Halfpap

Laurel Halfpap
Sr. Licensing Associate

Enclosures

cc: Dr. Dan Rockey
Dr. Dennis Hruby

AMENDMENT TO AGREEMENT

This Amendment To Agreement is effective upon the date of last signature by the parties and is by and between SIGA Pharmaceuticals (hereinafter "Licensee"), having its principal office at 420 Lexington Avenue, Suite 620, New York, New York 10170 (hereafter "Company"), and The State of Oregon Acting by and through the State Board of Higher Education on Behalf of Oregon State University, an educational institution having a campus at Corvallis, Oregon 97331 (hereafter "University").

WHEREAS:

Company and University are parties to an April 13, 1998, Exclusive Option Agreement relating to a Chlamydia Vaccine, Oregon State University Docket No. 97-24, (hereafter the "Agreement"); and

Company and University wish to amend the Agreement as set forth herein.

NOW THEREFORE, Company and University agree as follows:

1. Under Section 3.3

The exclusive option period shall be extended for an additional three (3) month period, from October 13, 1999 to January 13, 2000.

2. Under Section 3.2

Company shall pay a $2,500 option extension fee, due upon execution of this Amendment to Agreement. The option extension fee should be made payable to Oregon State University and should be mailed to the Director of Technology Transfer at the address in Section 5.4.

3. Except as expressly set forth herein, the Agreement remains in full force and effect.

ACCEPTED AND AGREED TO:

STATE OF OREGON, Acting by and through the STATE BOARD OF HIGHER EDUCATION on behalf of OREGON STATE UNIVERSITY	SIGA PHARMACEUTICALS
/s/ Benjamin E. Rawlins 22 Nov 99	/s/ Joshua Schein 11/11/99
Benjamin E. Rawlins Date	Joshua Schein Date
Director of Legal Services	CEO
/s/ Wilson C. Hayes 10/29/99	
Wilson C. "Toby" Hayes Date	
Vice Provost for Research	

[LETTERHEAD OF OREGON STATE UNIVERISTY OFFICE OF TECHNOLOGY TRANSFER]

March 6, 2000

Mr. Joshua Schein, CEO
SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

RE: Oregon State University Docket No. 97-24
Chlamydia Vaccine
Second Amendment to the Option Agreement

Dear Josh:

Enclosed is an original fully executed second amendment to the option agreement for your files. Please make the check for the $2,500 extension fee payable to Oregon State University and mail it to the Director of Technology Transfer at 312 Kerr Administration Bldg., Oregon State University, Corvallis, OR 97331. I look forward to completing our pending license agreement.

Sincerely,

/s/ Laurel Halfpap

Laurel Halfpap
Sr. Licensing Associate

Enclosures

cc: Dr. Dan Rockey, OSU
Dr. Dennis Hruby, SIGA Technologies

SECOND AMENDMENT TO AGREEMENT

This Amendment To Agreement is effective upon the date of last signature by the parties and is by and between SIGA Technologies, Inc. (hereinafter "Licensee"), having its principal office at 420 Lexington Avenue, Suite 620, New York, New York 10170 (hereafter "Company"), and The State of Oregon Acting by and through the State Board of Higher Education on Behalf of Oregon State University, an educational institution having a campus at Corvallis, Oregon 97331 (hereafter "University").

WHEREAS:

Company and University are parties to an April 13, 1998, Exclusive Option Agreement relating to a Chlamydia Vaccine, Oregon State University Docket No. 97-24, (hereafter the "Agreement"); and

Company and University wish to amend the Agreement as set forth herein.

NOW THEREFORE, Company and University agree as follows:

1. Under Section 3.3

   The exclusive option period shall be extended for an additional three (3) month period, from January 14, 2000, 1999 to April 14, 2000.

2. Under Section 3.2

   Company shall pay a $2,500 option extension fee, due upon execution of this Amendment to Agreement. The option extension fee should be made payable to Oregon State University and should be mailed to the Director of Technology Transfer at the address in Section 5.4.

3. Except as expressly set forth herein, the Agreement remains in full force and effect.

ACCEPTED AND AGREED TO:

STATE OF OREGON, Acting by and through the STATE BOARD OF HIGHER EDUCATION on behalf of OREGON STATE UNIVERSITY	SIGA Technologies, Inc
/s/ Wendy A. Robinson for 3/3/00	/s/ Joshua Schein 2/18/00
Benjamin E. Rawlins Date	Joshua Schein Date
Director of Legal Services	CEO
580-300-920129-00	
/s/ Wilson C. "Toby" Hayes 02/28/00	
Wilson C. "Toby" Hayes Date	
Vice Provost for Research	

[LETTERHEAD OF OREGON STATE UNIVERISTY OFFICE OF TECHNOLOGY TRANSFER]

March 6, 2000

Mr. Joshua Schein, CEO
SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

RE: Oregon State University Docket No. 97-24
Chlamydia Vaccine
License Agreement for Signature

Dear Josh:

Enclosed are three original license documents for your signature. Please sign all three and be sure to date them March 6, 2000 which is the date you signed the faxed signature page. Please return them to my attention, and I will get them signed by Wendy Robinson in the Oregon Department of Justice. One original will be returned for your files.

I am delighted that SIGA has decided to license this technology, and I am looking forward to a mutually rewarding partnership between OSU and SIGA Technologies, Inc. Please call me at 541-737-4437 if you need anything in the future.

Sincerely,

/s/ Laurel Halfpap

Laurel Halfpap
Sr. Licensing Associate

Enclosures

cc: Dr. Dan Rockey, OSU
Dr. Dennis Hruby, SIGA Technologies

EXCLUSIVE LICENSE AGREEMENT

This Agreement, effective the date of last signature, is between SIGA Technologies, Inc having a principal place of business at 420 Lexington Avenue, Suite 620, New York, New York 10170, hereafter referred to as "Company", and the State of Oregon Acting by and through the State Board of Higher Education on Behalf of Oregon State University, an institution of higher education in the State of Oregon, located at Corvallis, Oregon, hereafter referred to as "University".

WITNESSETH:

WHEREAS, University is the owner by assignment from Drs. Daniel D. Rockey and John P. Bannantine of their entire right, title and interest in the invention entitled "Chlamydia Vaccine" which is the subject of three provisional United States Patent Applications, Serial Numbers 60/082,438 filed April 20, 1998, 60/082,588 filed April 21, 1998, and 60/086,450 filed May 22, 1998, and one PCT Application No. US99/08744, filed April 20, 1999, comprising Oregon State University Docket Number 97-24, hereafter referred to as the "Invention", and

WHEREAS, University is committed to a policy that ideas and creative works produced at University should be used for the greatest possible public benefit; and

WHEREAS, University accordingly believes that every reasonable incentive should be provided for the prompt introduction of such ideas into public use, all in a manner consistent with public interest; and

WHEREAS, Company is desirous of obtaining a worldwide license in order to practice the above-identified Invention, and to manufacture, use and sell in the commercial marketplace the products made in accordance therewith; and

WHEREAS, University is desirous of granting such license to Company in accordance with the terms of this agreement; and

NOW, THEREFORE, in consideration of the foregoing premises, the parties agree as follows:

Article I
Definitions

A. Patent Rights shall mean three provisional United States Patent Applications, Serial Numbers 60/082,438 filed April 20, 1998, 60/082,588 filed April 21, 1998, and 60/086,450 filed May 22, 1998, and one PCT Application No. US99/08744, filed April 20, 1999, all divisions and continuations of these applications, all US and foreign patents issuing from such application, divisions, and continuations, and any reissues, reexaminations and extensions of all such patents.

B. Licensed Products shall mean products claimed in Patent Rights or products made in accordance with or by means of Licensed Processes.

C. Licensed Processes shall mean the processes claimed in Patent Rights.

D. Licensed Services shall mean all services that utilize the Patent Rights.

E. Licensed Combination Products shall mean any product that is comprised in part of a Licensed Product and in part of one or more other biologically active diagnostic, preventive or therapeutic agents which are not themselves Licensed Products (the "Other Agents"). "Other Agents" excludes diluents and vehicles of Licensed Products.

F. Know-How shall mean unpatented discoveries, inventions, and improvements, proprietary information, trade secrets, drawings, plans, designs, or specifications provided by University pertaining to Licensed Products.

G. Net Sales with respect to Licensed Products shall mean the amount billed or invoiced on sales of Licensed Products, Licensed Processes or Licensed Services less:

1) Customary trade, quantity or cash discounts and commissions actually allowed and taken;

2) Amounts repaid or credited by reason of rejection or return; or

3) To the extent separately stated on purchase orders, invoices or other documents of sales, taxes levied on and/or other governmental charges made as to production, sale, transportation, delivery or use, and paid by or on behalf of Company.

H. Net Sales with respect to Licensed Combination Products shall mean the amount billed or invoiced on sales of Licensed Combination Products, less the deductions set forth in section G.l through G.3 above, multiplied by a fraction having (i) a numerator of the gross sales price of the Licensed Product included in such Licensed Combination Product as if sold separately or, if such sales price is not available, the fair market value of such Licensed Product(s), and (ii) a denominator of the gross sales price of such Licensed Combination Product, or if such sales price is not available, the sum of the fair market values of the Other Agents and the Product(s) contained in such Licensed Combination Product, The "fair market value" for any Licensed Product or Other Agent shall be determined for a quantity comparable to that included in the Licensed Combination Product and of substantially comparable class, purity and potency, and shall be mutually agreed to by University and Company. When no fair market value is available, the fraction set forth above shall be changed to a fraction having (x) a numerator of the cost to Company, its affiliates or sublicensees, of the Licensed Product(s) included in such Licensed Combination Product, and (y) a denominator of the sum of such cost plus the cost to Company, its affiliates or sublicensees of the Other Agents contained in such Licensed Combination Product, provided that in no event shall the fraction be less than (A) one-half (1/2), if only one Other Agent is included with a Licensed Product(s) in such Licensed Combination Product, (B) one-third (1/3), if two Other Agents are included with a Licensed Product(s) in such Licensed Combination Product, and (C) one-quarter (1/4), if three or more Other Agents are included with a Licensed Product(s) in such Licensed Combination Product. "Cost" as used above means the actual cost paid by Company, and/or its affiliates or sublicensees in an arm's length transaction, if purchased, or if not purchased but actually manufactured by any such entity, the sum of the direct manufacturing cost as determined by such entity's internal cost accounting system consistently applied.

I. Field of Use shall mean all fields of use.

J.Subsidiary shall mean any corporation, company or other entity fifty percent (50%) or more of whose voting stock is owned or controlled, directly or indirectly, by Company.

Article II
Grant

A. Subject to the terms and conditions of this agreement, University hereby grants to Company a worldwide, exclusive license with right to sublicense, to use Patent Rights and Know-How, to make, use, sell and have made Licensed Products, Licensed Combination Products, Licensed Processes, and Licensed Services in the Field of Use. Sublicensees shall be subject to the terms and conditions of this Agreement.

B.Company and sublicensees shall alone have the obligation to ensure that any Licensed Products or Licensed Combination Products it makes, uses, sells, leases, or otherwise disposes of is not defective and that any Licensed Product or Licensed Combination Product satisfies all applicable government regulations.

C. The University retains an irrevocable, nonexelusive and nontransferable right to practice for its own educational and research purposes the Patent Rights and Know How. University reserves the right to supply the Patent Rights and Know How to academic research scientists, with such supply subject to limitation of use by such scientists for research purposes and restriction upon further distribution.

Article III
Diligence

A. Company shall use its best efforts, consistent with sound and reasonable business practices and judgment, to effect commercialization of Licensed Products, Licensed Combination Products, Licensed Processes or Services as soon as practicable and to maximize these sales. "Best efforts" under this clause shall mean satisfying the following goals:

Development Plan -- Chlamydia Research

SIGA Research Laboratories, hereafter "Company", and Oregon State University (hereafter "University") Collaborative Project
Starting in 2/29/00

In collaboration with Dr. Dan Rockey at University, Company intends to push forward research and development of vaccines for the prevention of disease caused by one or more of the following: Chlamydia trachomatis, Chlamydia pneumoniae, and Chlamydia psittaci. This work is based on Dr. Rockey's discovery of the family of proteins involved in the formation of inclusion bodies which are crucial in the Chlamydia life cycle -- IncA, IncB, and IncC -- as well as TroA. To accomplish this goal, Company will work closely with Dr. Rockey in formulating several vaccine delivery strategies for these proteins. To further develop the

concept, promising early work by Dr. Rockey on the C. psittaci proteins will be repeated in a guinea pig model to show that significant protection can be achieved. In parallel, proteins from C. trachomatis have already been cloned and will be developed using Company's proprietary vaccine delivery technology, as well as other delivery systems in a mouse model.

Company's commitment to this technology includes both financial and personnel resources. In meeting this responsibility, Company will use all reasonable means to accomplish the proposed goals financially, including, but not limited to: applications for Small Business Innovation Research Grants (one is currently pending at NIH), review of and application to other appropriate government and private Requests for Proposals/Applications, and active pursuit of corporate partnerships (one such collaborative partnership has just been established).

Article IV
Annual License Fee

University shall have the right to terminate this license in the event that Company does not pay to University a nonrefundable annual license fee in the sum of ten thousand dollars ($10,000) one year from the effective date of this Agreement and every year thereafter with the following exceptions; Company may omit this annual license fee during the years the milestones, Phase I IND, Phase II IND, Phase III IND and the Product License Approval (PLA) are paid. The annual license fee may be deducted from royalties due University during the calendar year in which the annual license fee is paid.

Article V
Royalties

A. In addition to the terms of Article IV, Company agrees to pay University a royalty of two percent (2%) of Net Sales of Licensed Products, Licensed Combination Products, Licensed Processes or Services sold by Company, its distributors, affiliates, and its sublicensees.

B. In the case of sublicenses, Company shall also pay to University twenty percent (20%) of non-royalty sublicense income (e.g., license issue fees, license maintenance fees, etc.) excluding research and development support and milestone payments, to an aggregate maximum of one million ($1,000,000) dollars.

C. Licensed Products, Licensed Combination Products and Licensed Processes or Services shall be deemed to have been sold when invoiced, or if not invoiced, then when delivered, shipped or paid for, whichever is first.

D. Company agrees to pay University a royalty of one percent (1%) of Net Sales of Licensed Products, Licensed Combination Products, and Licensed Processes or Services sold or licensed for exclusive use within foreign countries in which no patent has been applied for, until such time that Company can show there exists some competing products which incorporate a material aspect of the Licensed Product.

Article VI
Milestone Payments

As further consideration for the license grant provided in Article II, Company agrees to pay the University the following amounts in the nature of milestone payments:

A. Seventy-five Thousand ($75,000) Dollars within sixty (60) days of FDA approval of a Phase I Investigational New Drug Application (IND) on a Licensed Product, Licensed Combination Product or Licensed Processes.

B. One Hundred Thousand ($100,000) Dollars within sixty (60) days of FDA approval of a Phase II IND on a Licensed Product, Licensed Combination Product or Licensed Process.

C. One Hundred and Twenty-five Thousand ($125,000) Dollars within sixty (60) days of FDA approval of a Phase III IND on a Licensed Product, Licensed Combination Product or Licensed Process.

D. One Hundred and Fifty Thousand ($150,000) Dollars within sixty (60) days of a Product License Approval (PLA) from the FDA on a Licensed Product, Licensed Combination Product or Licensed Process.

Article VII
Reports and Accounting

A. Prior to sales, Company shall provide written annual development reports within thirty (30) days after each calendar year which shall include, but not be limited to: reports of progress on research and development, regulatory approvals, manufacturing, sublicensing, or marketing during the preceding twelve (12) months as well as plans for the coming year. After sales of Licensed Products, Licensed Combination Products, Licensed Processes or Services begins, Company shall provide written quarterly royalty reports within thirty (30) days after each calendar quarter which shall include, but not be limited to: reports of progress on research and development, regulatory approvals, manufacturing, sublicensing, marketing and sales during the preceding three (3) months as well as plans for the coming quarter. If progress differs from that anticipated in the plan provided under Article III, Company shall explain the reasons for the difference and propose a modified plan for University's review and approval. Company shall also provide any reasonable additional data University requires to evaluate Company's performance.

B. In order to minimize Company time spent on royalty reports, a brief one-page royalty report form is provided in Appendix A that will satisfy the University's reporting requirements. With each royalty report, Company shall pay the amount of royalty due, if any. Such report shall be signed by an officer of Company and shall include a detailed listing of all deductions from royalties as specified herein. If no royalties are due to University for any reporting period, the written report shall so state.

C. Any payments to University shall be made payable to Oregon State University and be tendered to the Director of Technology Transfer, Oregon State University for distribution in keeping with State Board of Higher Education policies.

D. All payments due hereunder shall be payable in United States dollars. Conversion of foreign currency to US dollars shall be made at the conversion rate existing in the United States (as reported in the New York Times or, if not in the Times, then in the Wall Street Journal) on the last working day of each royalty period. Such payments shall be without deduction or exchange, collection or other charges.

E. Late payments shall be subject to an interest charge of one and one half percent (1.5%) per month.

Article VIII
Record Keeping

A. Company shall keep, and shall require sublicensees to keep accurate and correct records of Licensed Products, Licensed Combination Products or Licensed Processes or Services made, used or sold under this Agreement, appropriate to determine the amount of royalties due hereunder to University. Such records shall be retained for at least three (3) years following a given reporting period. They shall be available during normal business hours for inspection at the expense of University by University's Internal Audit Department, or by a Certified Public Accountant selected by University and approved by Company for the sole purpose of verifying reports and payments hereunder. Such accountant shall not disclose to University any information other than information relating to accuracy of reports and payments made under this Agreement. In the event that any such inspection shows an under reporting and under payment in excess of five percent (5%) for any twelve (12) month period, then Company shall pay the cost of such examination as well as any additional sum that would have been payable to University had the Company reported correctly, plus interest.

Article IX
Domestic and Foreign Patent Filing and Maintenance

A. Company shall reimburse University for all reasonable out of pocket expenses University incurs for the preparation, filing, prosecution and maintenance of Patent Rights upon execution of this Agreement, however, expenses previously reimbursed by Company as part of an earlier option agreement will not be included. Company shall reimburse University for all such future expenses within thirty (30) days of Company's receipt of invoices. University shall take responsibility for the preparation, filing, prosecution and maintenance of any and all patent applications and patents included in Patent Rights, provided however that University shall first consult with Company as to the preparation, filing, prosecution and maintenance of such patent applications and patents and shall furnish to Company copies of documents relevant to any such preparation, filing, prosecution or maintenance,

B. University and Company shall cooperate fully in the preparation, filing, prosecution and maintenance of Patent Rights and of all patents and patent applications licensed to Company hereunder, executing all papers and instruments or requiring members of University to execute such papers and instruments so as to enable University to apply for, to prosecute and to maintain patent applications and patents in University's name in any country. Each party shall provide to the other prompt notice as to all matters which come to its attention and which may affect the preparation, filing, prosecution or maintenance of any such patent applications or patents.

C. If Company elects to no longer pay the expenses of a patent application or patent included within Patent Rights, Company shall notify University not less than sixty (60) days prior to such action and shall thereby surrender its rights under such patent or patent application.

Article X
Infringement

A. With respect to any licensed Patent Rights under which Company is exclusively licensed pursuant to this Agreement, Company or its sublicensee shall have the right to prosecute in its own name and at its own expense, any infringement of such patent, so long as such license is exclusive at the time of the commencement of such action. University agrees to notify Company promptly of each infringement of such patents of which University is or becomes aware. Before Company or its sublicensee commences an action with respect to any such infringement, Company shall contact University to obtain University's view concerning any potential effects such an action may bring and shall report such views to the sublicensee.

B. If Company or its sublicensee elects to commence an action as described above and University is a legal party to such action, University shall have the right to assign to Company all of University's rights, title and interest in licensed Patent Rights (subject to all University's obligations to the government and others having rights in such licensed Patent Rights). In this event, such assignment shall be irrevocable and such action by Company on that patent shall thereafter be brought or continued in the name of Company. Notwithstanding any such assignment to Company by University, University shall cooperate fully with Company in connection with any such action. Regardless of any licensed Patent Rights assigned to Company by this clause, Company shall be required to continue to meet its obligations to University under this Agreement as if licensed Patent Rights were still licensed in the name of University.

C. If Company or its sublicensee elects to commence an action described above and University is a legal party to such action, University may join the action as a co-plaintiff. Upon so doing, University shall jointly control the action with Company or its sublicensee.

D.Company shall reimburse University for any costs it incurs as part of an action brought by Company or its sublicensee, irrespective of whether University shall become a party to such action.

E. If Company or its sublicensee elects to commence an action as described above Company may reduce, by up to fifty percent (50%), the royalty due to University earned under the patent subject to suit by fifty percent (50%) of the amount of the expenses and costs of such action, including attorney fees. In the event that such fifty percent (50%) of such expenses and costs exceed the amount of royalties withheld by Company for any calendar year, Company may, to that extent, reduce the royalties due to University from Company in succeeding calendar years, but never by more than fifty percent (50%) of the royalty due in any one year.

F. No settlement, consent judgment or voluntary final disposition of the suit may be entered into without the consent of University, which consent shall not be unreasonably withheld.

G. Recoveries or reimbursements from such action shall first be applied to reimburse Company and University for litigation costs not paid from royalties and then to reimburse University for royalties withheld. Any remaining recoveries or reimbursements shall be shared equally by Company and University.

H. In the event that Company and its sublicensee, if any, elect not to exercise their right to prosecute an infringement of Licensed Patent Rights pursuant to the above clauses, University may do so at its own expense, controlling such action and retaining all recoveries therefrom.

I. If a declaratory judgment action alleging invalidity of any Licensed Patent Rights shall be brought against Company or University, then University, at its sole option, shall have the right to intervene and take over the sole defense of the action at its own expense.

Article XI
Term

A. The term of this Agreement shall be five (5) years or the life of the last to issue patent in Licensed Patent Rights whichever is greater.

Article XII
Termination

A. In the event an order for relief is entered against Company under the Federal Bankruptcy Code, or an order appointing a receiver for substantially all of Company's assets is entered by a court of competent jurisdiction, or Company makes an assignment for the benefit of creditors, or a levy of execution is made upon substantially all of the assets of Company and such levy is not quashed or dismissed within thirty (30) days, this Agreement shall automatically terminate effective the date of such order or assignment or in the case of such levy, the expiration of such thirty (30) day period, provided, however, that such termination shall not impair or prejudice any other right or remedy that University might have under this Agreement.

B.Upon any material breach or default of this agreement by Company, University shall have the right to terminate this Agreement and the rights, privileges and licenses granted hereunder by ninety (90) days notice to Company. Such termination shall become effective unless Company shall have cured any such breach or default prior to the expiration of the ninety (90) day period.

C. Company shall have the right to terminate this Agreement at any time on ninety (90) days notice to University and upon payment of all amounts due and payable to University through that date.

D. If at any time prior to the first commercial sale of Licensed Product under this agreement Company shall cease to pursue commercial development of Licensed Product as contemplated in Article III herein, Company shall be obligated to so notify University and this Agreement shall automatically terminate without obligation on the part of University to refund any of the fees which may have been paid by Company prior to such termination.

E. If Company stops development efforts as outlined in Article III A, during any consecutive 12 month period, University shall have the right to terminate this Agreement or make this Agreement non-exclusive by giving Company written notice of termination or conversion to a non-exclusive license to take effect thirty (30) days after notification as described in Article XVI.

F. Upon termination of this Agreement under this Article XII, but subject to the provisions of Article XII Section G, Company shall either return to University Licensed Products or Licensed Combination Products in its possession or certify to University in writing that Licensed Products or Licensed Combination Products in its possession have been destroyed.

G. Termination of this Agreement for any reason shall not be construed to release either party from any obligation that matured prior to the effective date of such termination. Company and any sublicensee thereof may, however, after the effective date of such termination, have six (6) months to sell all Licensed Product or Licensed Combination Products completed and in inventory.

H. Within thirty (30) days of the termination of this Agreement, Company shall duly account to University for the sale of Licensed Product or Licensed Combination Products and inventory in Company possession as of the date of termination.

I. Upon termination of this Agreement for any reason, each sublicense then in effect of any of the rights, privileges and licenses granted hereunder shall continue in effect, provided that there then exists no circumstance that, with the giving of notice or the lapse of time or both, constitutes an event of default under any provisions of the sublicense Agreement permitting termination of such sublicense for default. Company's rights under all sublicenses continues in effect by the provisions of this clause shall be deemed assigned to University upon termination of the Agreement and Company agrees to execute any instrument reasonably requested to confirm such assignment. Such assignment of rights to University shall not impose any obligation on University other than to permit the exercise of the licenses granted by such sublicenses.

Article XIII
Indemnification, Insurance and Limitation of Warranties

A. Company shall, at all times during the term of this Agreement, indemnify, defend and hold University, its members, agents, officers, employees and affiliates harmless against all claims and expenses, including legal expenses and reasonable attorney fees arising out of the death or injury to any person or persons or out of any damage to property and against any other claim, proceeding, demand, expense and liability of any kind whatsoever resulting from sale, use, lease or distribution of Licensed Product, Licensed Combination Product, Licensed Processes and Licensed Services by Company and its sublicensees or arising from any obligations of Company hereunder, except for any claims or expenses arising out of the negligence or willful actions of University or its officers, members, agents or employees.

B. Company shall maintain in effect insurance in the combined amount of one million dollars ($1,000,000) per occurrence for bodily injury and property damages, including reasonable attorney fees, arising out of any alleged defects in Licensed Product, Licensed Combination Product, Licensed Processes and Licensed Services or in the use thereof. The policy (ies) shall include an endorsement naming University as an additional insured insofar as the Agreement is concerned and provide that notice shall be given to University at least thirty (30) days prior to

cancellation or material change in the form of such policy(ies). The insurance carrier must be authorized to do business in the State of Oregon. Any sublicense to this Agreement shall provide insurance as provided in this Article XIII.

C. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, UNIVERSITY MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, WITH REGARD TO ANY LICENSED PATENT RIGHTS HEREUNDER OR ANY PARTS THEREOF, AND UNIVERSITY EXPLICITLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE.

Article XIV
University's Name

A. Company agrees not to use the name of University or any of its employees, in any advertisement or sales promotion relating to any Licensed Product, Licensed Combination Product, Licensed Processes and Licensed Services without prior written approval by University. University will allow Company to use University's name as holder of Patent Rights and developer of Licensed Products.

Article XV
Transfer of Rights and Obligations

A. This Agreement shall not be assignable by either party hereto without the prior written consent of the other party, except to the successor or assignee of all or substantially all of the assignor's business to which this Agreement relates. When duly assigned in accordance therewith, this Agreement shall be binding on and inure to the benefit of the assignee.

Article XVI
Notices

A. All notices, demands, payments, reports or other writings provided for in this Agreement shall be deemed to have been fully given, made or sent when made in writing and delivered by hand or deposited in the U.S. mail, first class, postage paid, and addressed as follows (unless another address has been provided by the party affected):

To University:

Director of Technology Transfer
Research Office
312 Kerr Administration Building
Oregon State University
Corvallis, Oregon 97331-2140
Telephone: 503-737-0674
Facsimile: 503-737-3093

With a copy to:

Director of Legal Services
Oregon University System
Susan Campbell Hall
P.O. Box 3175
Eugene, Oregon 97403
Telephone: 541-346-5767
Facsimile: 541-346-5790

To Company: President/CEO
SIGA Technologies, Inc.
420 Lexington Avenue -- Suite 620
New York, New York 10170
Telephone: 212-672-9100
Facsimile: 212-697-3130

B. Any notice or communication given in conformity with this Article shall be deemed to be effective when received by the addressee, if delivered by hand or upon transmission, if delivered by facsimile, and five (5) days after mailing, if mailed. The address to which any notice, demand, payment or report or other writing may be given, made or sent to any party may be changed upon written notice given by such party as above provided.

Article XVII
Miscellaneous Provisions

A. This agreement shall be construed in accordance with the laws of the State of Oregon. Any action brought hereunder shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon.

B. In the event that any provision hereof is found to be invalid or unenforceable pursuant to a final judgement or decree, the remainder of this agreement shall remain valid and enforceable according to its terms.

C. Nothing contained in this Agreement shall be construed as creating a joint venture, partnership or employment relationship between the parties hereto. Except as specified herein, neither party shall have the right, power or implied authority to create any obligation or duty, express or implied, on behalf of the other party hereto.

D. This document represents the entire Agreement between the parties as to the matters set forth and integrates all prior discussions or understandings between them. This Agreement may only be modified or amended in writing by a document signed by an authorized representative of University and Company.

E. The failure of either party to assert a right hereunder or to insist upon compliance with any term or condition of the Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals and duly executed this Agreement effective as of the date of last signature.

STATE OF OREGON, Acting by and through the STATE BOARD OF HIGHER EDUCATION on behalf of OREGON STATE UNIVERSITY	SIGA Technologies, Inc.
	/s/ Joshua Schein 3/6/00
- ----------	----------
Benjamin E. Rawlins Date	Joshua Schein Date
Director of Legal Services	CEO
/s/ William [Illegible] for 3/6/00	
- ----------	
Wilson C. "Toby" Hayes Date	
Vice Provost for Research	

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement"), effective as of January 19, 2000, between SIGA TECHNOLOGIES, INC., a Delaware corporation (with its successors and assigns, referred to as the "Corporation") and Joshua D. Schein (referred to as "Schein").

Preliminary Statement

The Corporation desires to employ Schein, and Schein wishes to be employed by the Corporation, upon the terms and subject to the conditions set forth in this Agreement. The Corporation and Schein also wish to enter into the other agreements set forth in this Agreement, all of which are related to Schein's employment under this agreement.

Agreement

Schein and the Corporation therefore agree as follows:

1. Employment for Term. The Corporation hereby employs Schein and Schein hereby accepts employment with the Corporation for the period beginning on the date of this Agreement and ending January 19, 2005. (the "Initial Term"), or upon the earlier termination of the Term pursuant to Section 6. This Agreement shall be automatically renewed for additional one-year periods (the "Renewal Terms;" together with the Initial Term, the "Term") unless either party notifies the other in writing of its intention not to so renew this Agreement no less than 180 days prior to the expiration of the Initial Term or a Renewal Term. The termination of Schein's employment under this Agreement shall end the Term but shall not terminate Schein's or the Corporation's other agreements in this Agreement, except as otherwise provided herein.

2. Position and Duties. During the Term, Schein shall serve as Chief Executive Officer of the Corporation. During the Term, Schein shall also hold such additional positions and titles as the Board of Directors of the Corporation (the "Board") may determine from time to time. During the Term, Schein shall devote as much time as is necessary to satisfactorily perform his duties as an employee of the Corporation.

3. Compensation.

(a) Base Salary. The Corporation shall pay Schein a base salary, beginning on the first day of the Term and ending on the last day of the Term, of not less than $250,000 per annum, payable at least monthly on the Corporation's regular pay cycle for professional employees.

(b) Stock Options. Pursuant to the Corporation's stock option plan and subject to stockholder approval of the Corporation's Amended 1996 Incentive and Non-Qualified Stock Option Plan, the Corporation shall grant to Schein fully-vested options to purchase 500,000 shares of the Corporation's Common Stock exercisable at $2.00 per share, the closing bid price of the Common Stock of the Corporation on the date hereof. The options shall expire on the tenth anniversary of this Agreement.

(c) Annual Increases. The Base Salary shall be increased at the end of each year of service by the greater of (i) 5% or (ii) a percentage equal to the increase, if any, in the United States Department of Labor Consumer Price Index (or comparable index, if available) for the New York metropolitan area over the previous 12 months.

(d) Other and Additional Compensation. The preceding sections establish the minimum compensation during the Term and shall not preclude the Board from awarding Schein a higher salary or any bonuses or stock options in the discretion of the Board during the Term at any time. The Company will adopt a bonus plan and Schein will be eligible to participate in such plan. The Corporation shall pay Schein a monthly car allowance of $500.

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

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

6. Termination.

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

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

(c) Effective Termination by the Corporation. If the Corporation reassigns Schein's base of operations outside of New York City, or materially reduces Schein's duties during the term, including replacing Schein as Chief Executive Officer, then, at his option, Schein may treat such reduction in duties as a termination of the Term without Cause by the Corporation.

7. Severance Benefits.

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

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

(c) Termination. If the Corporation ends the Term for Cause or Disability, or if Schein resigns as an employee of the Corporation for reasons other than a material breach by the Corporation of its obligations under this Agreement or a material reduction of Schein's duties as provided in Section 6(c), or if Schein dies, then the Corporation shall have no obligation to pay Schein any amount, whether for salary, benefits, bonuses, or other compensation or expense reimbursements of any kind, accruing after the end of the Term, and such rights shall, except as otherwise required by law, be forfeited immediately upon the end of the Term, except that payments under 3(a) shall continue unless the Corporation ends the Term for Cause or if Schein resigns for reasons other than a material breach by the Corporation of its obligations under this Agreement or a material reduction of his duties as provided in Section 6(c). If the Corporation ends the Term without Cause, then the Corporation will be obligated to continue to pay Schein's salary and all other amounts due hereunder for the remainder of the Term. In addition, in the event of a change in the ownership of greater than fifty percent (50%) of the Corporation's outstanding voting stock or any transaction described in Section 9(b), Schein may elect to terminate this agreement as if it were a termination by the Corporation without Cause, and the Corporation shall be obligated to pay Schein's salary for the remainder of the Term.

8. Confidentiality, Ownership, and Covenants.

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

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

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

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

agencies. The Corporation shall have all right, title and interest in all research and work product produced by Schein as an employee of the Corporation, including, but not limited to, all research materials and lab books.

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

(e) Covenants Regarding the Term and Non-Competition Period. Schein acknowledges and agrees that his services pursuant to this Agreement are unique and extraordinary; that the Corporation will be dependent upon Schein for the development of its products; and that he will have access to and control of confidential information of the Corporation. Schein further acknowledges that the business of the Corporation is international in scope and cannot be confined to any particular geographic area. For the foregoing reasons and to induce the Corporation to enter this Agreement, Schein covenants and agrees that, subject to Section 8(h), during the Term and the Non-Competition Period Schein shall not unless with written consent of the Corporation:

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

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

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

(f) Remedies. Schein hereby acknowledges that the covenants and agreements contained in Section 8 are reasonable and valid in all respects and that the Corporation is entering into this Agreement, inter alia, on such acknowledgement. If Schein breaches, or threatens to commit a breach, of any of the Restrictive Covenants, the Corporation shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Corporation under law or in equity: (i) the right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Corporation and that money damages will not provide an adequate remedy to the Corporation; (ii) the right and remedy to require Schein to account for and pay over to the Corporation such damages as are recoverable at law as the result of any transactions constituting a breach of any of the Restrictive Covenants; (iii) if any court determines that any of the Restrictive Covenants, or any part thereof is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions; and (iv) if any court construes any of the Restrictive Covenants, or any part thereof, to be unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

(g) Jurisdiction. The parties intend to and hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such Covenants. If the courts of any one or more such jurisdictions hold the Restrictive Covenants wholly unenforceable by

reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Corporation's right to the relief provided above in the courts of any other jurisdiction, within the geographical scope of such Covenants, as to breaches of such Covenants in such other respective jurisdiction such Covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Schein's agreements and covenants under Section 8(e) shall automatically terminate if the Corporation ends the Terms without Cause or Schein resigns due to a material breach by the Corporation of its obligations under this Agreement or a material reduction of Schein's duties as provided in Section 6(c).

9. Successors and Assigns.

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

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

10. Change in Control. Upon the completion of a transaction resulting in a Change in Control of the Corporation or any transaction described in Section 9(b), the Corporation shall pay to Schein, in consideration of his work on behalf of the Corporation, a one time cash payment equal to one and one-half percent (1.5%) of the total consideration received by the Corporation. "Change in Control" shall mean any merger or consolidation of the Corporation into or with another corporation, or any reorganization, recapitalization or like transaction or series of transactions having substantially equivalent effect and purpose, at the conclusion of which such merger, consolidation, reorganization, recapitalization or like transaction the holders of the voting capital stock of the Corporation immediately prior to such transaction or series of transactions own less than a majority of the voting capital stock of the acquiring entity or entity surviving or resulting from such transaction or series of transactions immediately thereafter, or any sale, transfer or other disposition of all or substantially all of the assets or capital stock of the Corporation.

11. Sale, Merger or Spin-out of Subsidiary. Upon the sale, merger or public spin-out of any wholly-owned or partially-owned subsidiary of the Corporation, or of any material asset of the Corporation, Schein shall receive a success fee equal to one and one-half percent (1.5%) of the value of SIGA's shares of the subsidiary, or of the value of the material asset, upon the sale, merger or spin-out. In the event the subsidiary or material asset is sold for cash, the 1.5% success fee shall be paid for in cash. In the event the subsidiary or material asset is sold for equity in another company, the 1.5% success fee shall be paid for in the form of equity received by the Corporation. In the event of a merger or public spin-out of

the subsidiary or of any material asset of the Corporation, the 1.5% success fee shall be paid for in the form of shares of the subsidiary or in the form of equity received by the Corporation.

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

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

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

If to Schein:
Joshua D. Schein
420 Lexington Avenue
Suite 620
New York, NY 10170
Fax: 212-697-3130

If to the Corporation:
SIGA TECHNOLOGIES, INC.
420 Lexington Avenue
Suite 620
New York, NY 10170
Fax: 212-697-3130
Attention: Judson Cooper

with a copy to:
Orrick, Herrington and Sutcliffe
666 Fifth Avenue
New York, NY 10103
Attention: Jeffrey Fessler

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

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

having the maximum enforceable area, time period and such other constraints or conditions (although not greater than those contained currently contained in this Agreement) as shall be valid and enforceable under the applicable law.

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

SIGA TECHNOLOGIES INC

By: /s/ Judson Cooper

Judson Cooper
Chairman of the Board

/s/ Joshua D. Schein

Joshua D. Schein

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement"), effective as of January 19, 2000, between SIGA TECHNOLOGIES, INC., a Delaware corporation (with its successors and assigns, referred to as the "Corporation") and Judson Cooper (referred to as "Cooper").

Preliminary Statement

The Corporation desires to employ Cooper, and Cooper wishes to be employed by the Corporation, upon the terms and subject to the conditions set forth in this Agreement. The Corporation and Cooper also wish to enter into the other agreements set forth in this Agreement, all of which are related to Cooper's employment under this agreement.

Agreement

Cooper and the Corporation therefore agree as follows:

1. Employment for Term. The Corporation hereby employs Cooper and Cooper hereby accepts employment with the Corporation for the period beginning on the date of this Agreement and ending January 19, 2005. (the "Initial Term"), or upon the earlier termination of the Term pursuant to Section 6. This Agreement shall be automatically renewed for additional one-year periods (the "Renewal Terms;" together with the Initial Term, the "Term") unless either party notifies the other in writing of its intention not to so renew this Agreement no less than 180 days prior to the expiration of the Initial Term or a Renewal Term. The termination of Cooper's employment under this Agreement shall end the Term but shall not terminate Cooper's or the Corporation's other agreements in this Agreement, except as otherwise provided herein.

2. Position and Duties. During the Term, Cooper shall serve as Chairman and Executive Vice President of the Corporation. During the Term, Cooper shall also hold such additional positions and titles as the Board of Directors of the Corporation (the "Board") may determine from time to time. During the Term, Cooper shall devote as much time as is necessary to satisfactorily perform his duties as an employee of the Corporation.

3. Compensation.

(a) Base Salary. The Corporation shall pay Cooper a base salary, beginning on the first day of the Term and ending on the last day of the Term, of not less than $250,000 per annum, payable at least monthly on the Corporation's regular pay cycle for professional employees.

(b) Stock Options. Pursuant to the Corporation's stock option plan and subject to stockholder approval of the Corporation's Amended 1996 Incentive and Non-Qualified Stock Plan, the Corporation shall grant to Cooper fully-vested options to purchase 500,000 shares of the Corporation's Common Stock exercisable at $2.00 per share, the closing bid price of the Common stock of the Corporation on the date hereof. The options shall expire on the tenth anniversary of this Agreement.

(c) Annual Increases. The Base Salary shall be increased at the end of each year of service by the greater of (i) 5% or (ii) a percentage equal to the increase, if any, in the United States Department of Labor Consumer Price Index (or comparable index, if available) for the New York metropolitan area over the previous 12 months.

(d) Other and Additional Compensation. The preceding sections establish the minimum compensation during the Term and shall not preclude the Board from awarding Cooper a higher salary or any bonuses or stock options in the discretion of the Board during the Term at any time. The Company will adopt a bonus plan and Cooper will be eligible to participate in such plan. The Corporation shall pay Cooper a monthly car allowance of $500.

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

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

6. Termination.

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

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

(c) Effective Termination by the Corporation. If the Corporation reassigns Cooper's base of operations outside of New York City, or materially reduces Cooper's duties during the term, including replacing Cooper as Chief Executive Officer, then, at his option, Cooper may treat such reduction in duties as a termination of the Term without Cause by the Corporation.

7. Severance Benefits.

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

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

(c) Termination. If the Corporation ends the Term for Cause or Disability, or if Cooper resigns as an employee of the Corporation for reasons other than a material breach by the Corporation of its obligations under this Agreement or a material reduction of Cooper's duties as provided in Section 6(c), or if Cooper dies, then the Corporation shall have no obligation to pay Cooper any amount, whether for salary, benefits, bonuses, or other compensation or expense reimbursements of any kind, accruing after the end of the Term, and such rights shall, except as otherwise required by law, be forfeited immediately upon the end of the Term, except that payments under 3(a) shall continue unless the Corporation ends the Term for Cause or if Cooper resigns for reasons other than a material breach by the Corporation of its obligations under this Agreement or a material reduction of his duties as provided in Section 6(c). If the Corporation ends the Term without Cause, then the Corporation will be obligated to continue to pay Cooper's salary and all other amounts due hereunder for the remainder of the Term. In addition, in the event of a change in the ownership of greater than fifty percent (50%) of the Corporation's outstanding voting stock or any transaction described in Section 9(b), Cooper may elect to terminate this agreement as if it were a termination by the Corporation without Cause, and the Corporation shall be obligated to pay Cooper's salary for the remainder of the Term.

8. Confidentiality, Ownership, and Covenants.

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

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

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

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

agencies. The Corporation shall have all right, title and interest in all research and work product produced by Cooper as an employee of the Corporation, including, but not limited to, all research materials and lab books.

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

(e) Covenants Regarding the Term and Non-Competition Period. Cooper acknowledges and agrees that his services pursuant to this Agreement are unique and extraordinary; that the Corporation will be dependent upon Cooper for the development of its products; and that he will have access to and control of confidential information of the Corporation. Cooper further acknowledges that the business of the Corporation is international in scope and cannot be confined to any particular geographic area. For the foregoing reasons and to induce the Corporation to enter this Agreement, Cooper covenants and agrees that, subject to Section 8(h), during the Term and the Non-Competition Period Cooper shall not unless with written consent of the Corporation:

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

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

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

(f) Remedies. Cooper hereby acknowledges that the covenants and agreements contained in Section 8 are reasonable and valid in all respects and that the Corporation is entering into this Agreement, inter alia, on such acknowledgement. If Cooper breaches, or threatens to commit a breach, of any of the Restrictive Covenants, the Corporation shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Corporation under law or in equity: (i) the right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Corporation and that money damages will not provide an adequate remedy to the Corporation; (ii) the right and remedy to require Cooper to account for and pay over to the Corporation such damages as are recoverable at law as the result of any transactions constituting a breach of any of the Restrictive Covenants; (iii) if any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions; and (iv) if any court construes any of the Restrictive Covenants, or any part thereof, to be unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

(g) Jurisdiction. The parties intend to and hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such Covenants. If the courts of any one or more such jurisdictions hold the Restrictive Covenants wholly unenforceable by

reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Corporation's right to the relief provided above in the courts of any other jurisdiction, within the geographical scope of such Covenants, as to breaches of such Covenants in such other respective jurisdiction such Covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Cooper's agreements and covenants under Section 8(e) shall automatically terminate if the Corporation ends the Terms without Cause or Cooper resigns due to a material breach by the Corporation of its obligations under this Agreement or a material reduction of Cooper's duties as provided in Section 6(c).

9. Successors and Assigns.

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

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

10. Change in Control. Upon the completion of a transaction resulting in a Change in Control of the Corporation or any transaction described in Section 9(b), the Corporation shall pay to Cooper, in consideration of his work on behalf of the Corporation, a one time cash payment equal to one and one-half percent (1.5%) of the total consideration received by the Corporation. "Change in Control" shall mean any merger or consolidation of the Corporation into or with another corporation, or any reorganization, recapitalization or like transaction or series of transactions having substantially equivalent effect and purpose, at the conclusion of which such merger, consolidation, reorganization, recapitalization or like transaction the holders of the voting capital stock of the Corporation immediately prior to such transaction or series of transactions own less than a majority of the voting capital stock of the acquiring entity or entity surviving or resulting from such transaction or series of transactions immediately thereafter, or any sale, transfer or other disposition of all or substantially all of the assets or capital stock of the Corporation.

11. Sale, Merger or Spin-out of Subsidiary. Upon the sale, merger or public spin-out of any wholly-owned or partially-owned subsidiary of the Corporation, or of any material asset of the Corporation, Cooper shall receive a success fee equal to one and one-half percent (1.5%) of the value of SIGA's shares of the subsidiary, or of the value of the material asset, upon the sale, merger or spin-out. In the event the subsidiary or material asset is sold for cash, the 1.5% success fee shall be paid for in cash. In the event the subsidiary or material asset is sold for equity in another company, the 1.5% success fee shall be paid for in the form of equity received by the Corporation. In the event of a merger or public spin-out of

the subsidiary or of any material asset of the Corporation, the 1.5% success fee shall be paid for in the form of shares of the subsidiary or in the form of equity received by the Corporation.

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

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

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

If to Cooper: Judson Cooper
420 Lexington Avenue
Suite 620
New York, NY 10170
Fax: 212-697-3130

If to the Corporation: SIGA TECHNOLOGIES, INC.
420 Lexington Avenue
Suite 620
New York, NY 10170
Fax: 212-697-3130
Attention: Joshua D. Schein

with a copy to: Orrick, Herrington and Sutcliffe
666 Fifth Avenue
New York, NY 10103
Attention: Jeffrey Fessler

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

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

having the maximum enforceable area, time period and such other constraints or conditions (although not greater than those contained currently contained in this Agreement) as shall be valid and enforceable under the applicable law.

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

SIGA TECHNOLOGIES INC

By: /s/ Joshua D. Schein

Joshua D. Schein
Chief Executive Officer

/s/ Judson Cooper

Judson Cooper

SETTLEMENT AGREEMENT

AND

MUTUAL GENERAL RELEASE

This Settlement Agreement and Mutual General Release (hereinafter "Agreement") is entered into this 17th day of February, 2000 between Washington University (hereinafter "WU"), having its principal office at One Brookings Drive, Saint Louis, Missouri 63130 and Scott Hultgren, Ph.D., Professor of Molecular Microbiology at WU, and SIGA Pharmaceuticals, Inc. (hereinafter "SIGA"), a corporation duly organized and existing under the laws of the State of Delaware and having its principal office at 420 Lexington Avenue, Suite 620, New York, New York 10170.

Recitals

WHEREAS, WU through its research funded in part by WU, SIGA and others have developed intellectual property comprising patent rights, copyrights, know-how and technical data;

WHEREAS, SIGA is in the business of researching, developing, and commercializing products based upon such intellectual property rights;

WHEREAS, on or about July 9, 1997 Dr. Hultgren and SIGA entered into a personal consulting agreement (hereinafter "PCA") under which Dr. Hultgren agreed to provide consulting services to SIGA regarding, among other things, providing scientific scrutiny of programs funded by SIGA with respect to the appropriateness of its research and development

programs and potential impact of alternative technologies, advising SIGA concerning developments in research and the potential of such developments as a basis for developing new products and recommending persons who might be appropriate as consultants or scientific staff for SIGA;

WHEREAS, on or about February 6, 1998 WU and SIGA entered into a Research Collaboration and Licensing Agreement which was amended by letter agreement on October 21, 1998 (hereinafter "RCLA") regarding the intellectual property rights associated and generated under a research collaboration between SIGA and WU with Dr. Hultgren as the primary investigator under the agreement;

WHEREAS, on or about July 23, 1999, WU made a demand for arbitration regarding disputes arising from the RCLA pursuant to the rules of the American Arbitration Association as required under the RCLA, and on July 26, 1999, SIGA made a counter-demand for arbitration;

WHEREAS, on or about July 28, 1999 SIGA brought suit against Dr. Hultgren in the United States District Court for the Southern District of New York alleging various causes of action relating to the subject matter of both the PCA and the RCLA;

WHEREAS, the parties hereto wish to settle the disputes regarding the RCLA and the PCA, and any other disputes which exist or may exist between them on the terms stated herein;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all the parties hereto, the parties agree as follows:

Covenants and Conditions

1. Research Collaboration and Licensing Agreement. The Research Collaboration and Licensing Agreement (hereinafter "RCLA") between WU and SIGA and all rights granted therein (except as specifically noted below) are terminated effective February 6, 1999. No obligations imposed on either party under the RCLA, except for the maintenance of confidentiality regarding the other party's confidential information under Article 7 of the RCLA, will survive termination. Title to all equipment purchased under the RCLA and physically maintained by WU hereby vests in WU.

2. Personal Consulting Agreements. All personal consulting agreements between SIGA and any WU faculty members and/or employees, including the PCA between SIGA and Dr. Hultgren, are hereby terminated. SIGA will neither propose nor enter into any new consulting agreements with WU faculty members and/or employees without first receiving WU's written consent.

3. Mutual Releases. Except with respect to the obligations created by or arising out of this Agreement, SIGA for itself and on behalf of its parent, subsidiary, and other affiliated corporations, divisions, directors, officers, employees, agents, affiliates, representatives, and assigns who may claim through it hereby release, acquit and forever discharge and covenant not to sue individually or collectively WU, Dr. Hultgren and/or their agents, employees, insurers,

directors, officers, successors and assigns for, of and from any and all claims, demands, damages, debts, liabilities, accounts, reckonings, obligations, costs, expenses, liens, actions and causes of action of every kind and nature whatsoever, including right to contribution or indemnification, equitable or declaratory relief, whether now known or unknown, suspected or unsuspected, which SIGA or its related parties either now has, owns or holds or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, resulting or to result from occurrences that happened at any time up until the signing of this agreement, including, but not limited to, those relating to, based upon or arising out of the RCLA, the PCA, or any other personal consulting agreement with WU faculty members and/or employees, or any of the facts or transactions asserted in the aforesaid arbitration proceedings and suit by any of the parties. (All of which released claims are hereinafter referred to as "SIGA's Released Matters"), SIGA and Dr. Hultgren will promptly file after the effective date of this Agreement a Stipulation of Discontinuance with Prejudice of SIGA's action against Dr. Scott Hultgren in Action no. 99 Civ, 6017 (DAB) pending in the United States District Court for the Southern District of New York.

Except with respect to the obligations created by or arising out of this Agreement, WU, Dr. Hultgren, for themselves and an behalf of their agents, employees, insurers, directors, officers, successors, assigns and others who may claim through them hereby release, discharge and covenant not to sue individually or collectively SIGA, its parent, subsidiary and other affiliated corporations, divisions, directors, officers, employees, agents, insurers and its successors and assigns for, of and from any and all claims, demands, damages, debts, liabilities, accounts, reckonings, obligations, costs, expenses, liens, actions and causes of action of every kind and nature whatsoever, including right to contribution or indemnification, equitable or declaratory relief, whether now known or unknown, suspected or unsuspected, which WU, Dr.

Hultgren or their related parties either now has, owns or holds or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, or own or hold, resulting or to result from occurrences that happened at any time prior to the signing of this agreement, including, but not limited to, those relating to, based upon or arising out of the RCLA, the PCA, or any other personal consulting agreement with WU faculty members and/or employees, or any of the facts or transactions which were or could have been asserted in the aforesaid arbitration proceedings and suit by any of the parties. (All of which released claims are hereinafter referred to as "WU's Released Matters").

The parties shall promptly file a mutual termination notice with the American Arbitration Association concluding such proceedings in accordance with this settlement.

It is the intention of the parties that this Agreement shall be effective as a full and final accord and satisfaction and mutual release of and from all of SIGA's Released Matters and WU's Released Matters.

4. Contract Construction. The parties hereby agree that this Agreement shall be construed, interpreted, and applied in accordance with the following:

a. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision of this Agreement.

b. This Agreement contains the entire agreement among the parties hereto and supersedes and cancels all previous agreements, negotiations, commitments and writings with respect to the subject matter hereof, and may not be released, discharged, abandoned, changed, or modified in any manner, orally or in writing, except by an instrument in writing signed by a duly

authorized officer of each of the parties hereto. Any attempt to modify this Agreement orally or in writing not duly executed by all parties hereto shall be void.

c. This Agreement shall be deemed executed and delivered within the state of Missouri, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of Missouri.

d. No waiver of any breach of any term or provision of this Agreement shall be construed to be, nor shall be, a waiver of any other breach of this Agreement.

5. Effective date. The effective date of this Agreement shall be the date on which this Agreement is finally executed by all parties hereto.

6. Confidentiality of the Agreement. Each party agrees to keep secret and confidential the terms of this agreement except as follows. WU and its related parties may disclose this Agreement and its terms to the extent necessary to negotiate rights in the technology and related intellectual property to prospective or future existing licensees or other recipients of such rights, or to the extent necessary for it to comply with requirements for financial grant applications or other funding agreements related to the technology. SIGA may disclose this Agreement and its terms to the extent necessary for it to comply with its reporting obligations as a public company, to the extent necessary for it to comply with requirements for financial grant applications or other funding agreements related to the technology, to the extent necessary to make required bona fide disclosures to prospective investors in SIGA and to the extent necessary to negotiate rights in

technology and related intellectual property to prospective clients regarding pharmaceutical transactions when such disclosure should reasonably be made. All parties may disclose portions of this Agreement as necessary for each party to comply with a valid Court Order, federal and/or state agency or private action subpoenas, provided reasonable notice is given to the other party of the Order or subpoena prior to responding thereto.

7. Warranty of Persons executing this Agreement. Each person whose signature appears below warrants and guarantees, on behalf of him or herself, and on behalf of the party for whom he or she is executing this Agreement, that such person had been duly authorized and has full authority to execute this Agreement on behalf of the party for whom he or she is executing this Agreement.

8. Publicity. Notwithstanding any provisions of this Agreement:

a. Neither WU nor Dr. Hultgren may use the name or marks of SIGA or of any of its employees or subcontractors in advertising, publicity or otherwise without the prior written approval of SIGA; or

b. Neither SIGA nor any of its affiliates or employees may use the name or marks of WU, nor the name of Dr. Hultgren, nor the names of other investigators or employees of WU in advertising, publicity or otherwise without the prior written approval of WU.

9. Patent Expenses. WU will reimburse SIGA the cost of patent expenses arising from the RCLA in the amount of $37,037.04 within thirty (30) days of the execution of this agreement.

10. Patent Rights. SIGA disclaims any rights, title or interest in and hereby expressly assigns any rights, title and interest it has or may claim to have in any proprietary technology, patents, patent applications, inventions and improvements related to the RCLA project as defined in sections 1.8, 1.11 (as amended, 10/21/98), 1.12, 1.17, and 1.18 of the RCLA to WU, whether developed by WU employees or contractors and/or by SIGA employees or contractors. This agreement does not encompass certain rights, title or interest SIGA has or claims in certain patents and/or patent applications not arising from the RCLA and which are specifically set forth in Appendix A attached hereto. In particular, as to the patent rights associated with U.S. patent application serial no. 60/140,990 (DegP Periplasmic Protease), Washington University and SIGA each claim rights in said application based on inventorship by their respective employees or agents. As to the remaining patents and/or patent applications set forth in Appendix A, Washington University and SIGA each claim rights in said patents or applications, on Washington University's part, based on inventorship by its employees or agents, and on SIGA's part, based on inventorship by employees or agents of Symbicom (AB) and on a written assignment of Symbicom's patent rights therein to SIGA. Unless otherwise indicated by subsequent agreement, WU and SIGA will equally share responsibility for the administration and the expenses for the prosecution of patent applications and/or patents specifically set forth in Appendix A attached hereto.

WU and SIGA have entered into a licensing agreement regarding U.S. Patent Number 5,834,591 entitled "Polypeptides and Antibodies Useful for the Diagnosis and Treatment of Pathogenic Neisseria and Other Micro Organisms having Type IV Pilin" which technology was incorporated into the RCLA by letter amendment dated October 21, 1998. The licensing agreement is attached hereto as Appendix B and is hereby incorporated into this agreement.

11. Licensing Revenues. WU agrees to pay SIGA a licensing revenue of 20% of the first $2,000,000.00 of net licensing revenues (that is, up to $400,000.00) that derive from the commercialization of products covered by valid claims under any patent rights of section 10 of this Agreement, and 10% of the next $1,0O0,000.00 of the net licensing revenues (that is, up to an additional $100,000.00) that derive from the commercialization of products covered by valid claims under any patent rights of section 10 of this Agreement, with the total payment of licensing revenues to SIGA not to exceed $500,000.00 under any circumstances. WU and SIGA agree that "net licensing revenues" includes licensing fees, license maintenance fees, milestone payments and royalties, but that "net licensing revenues" expressly excludes any research support funds.

12. Government Rights. This Agreement is subject to any rights pursuant to research funding from the Federal Government, if any, and will be modified as necessary to conform to government regulations.

13. Admissions. Nothing in this Agreement or the settlement of this dispute shall constitute or be construed as an admission with respect to the merits of any claim or cause of action, or of any other matter of law or fact heretofore asserted in any proceeding by any party hereto. The parties further agree that no representation of fact or opinion has been made by one of them to the other with respect to the extent or nature of the claims or damages in order to induce this compromise.

[SENNIGER, POWERS, LEAVITT & ROEDEL LETTERHEAD]

February 18, 2000

Sigmund S. Wissner-Gross, Esq.
Heller, Horowitz & Feit, P.C.
292 Madison Avenue
New York, NY 10017

Re: Washington University vs. SIGA Pharmaceuticals, Inc.
Our File WSHU 2007

Dear Sigmund:

Enclosed please find fully executed originals of the Settlement Agreement and Release and Nonexclusive License Agreement.

I will call you soon to discuss matters related to the pending patent estate.

Yours truly,

/s/ G. Harley Blosser

G. Harley Blosser

GHB/bk
Enclosures
cc: Andrew Neighbour (via fax)

14. Agent. No party shall be deemed to be an agent of another party as a result of any transaction under or related to this Agreement, and shall not in any way pledge the other party's credit or incur any obligation on behalf of the other party.

15. Advice of Counsel. Each party has had the advice of counsel of their own choosing before executing this Agreement. Each party also acknowledges that they have reviewed this Agreement prior to execution and the execution hereof is their free act and deed.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed in their respective corporate names by their duly authorized officers, or in their individual capacity, as of the dates indicated.

/s/ Scott Hultgren

Dr. Scott Hultgren

Date: 2/17/00

SIGA Pharmaceuticals, Inc.

By: /s/ Joshua D. Schein

Name: Joshua D. Schein

Title: Chief Executive Officer

Date: 2/14/00

Washington University

By: /s/ Theodore J. Cicero

Name: Theodore J. Cicero, Ph.D.

Title: Vice Chancellor for Research

Date: 2/17/00

APPENDIX A

Patent Rights

1. U.S. Serial Number 60/140,990

   DegP Periplasmic Protease, a New Anti-Infective Target and an In Vivo Assay for DegP Protease Function.

2. New Zealand Application 311902:

   Treatment or Prophylaxis of Diseases Caused by Pilus-Forming Bacteria.

3. Japanese Application Number 514666

   Treatment or Prophylaxis of Diseases Caused by Pilus-Forming bacteria

4. Australian Patent Number 704114

   Compounds and Pharmaceutical Compositions for the Treatment and Prophylaxis of Bacterial Infections.

5. Canadian Application Number 2176808

   Compounds and Pharmaceutical Compositions for the Treatment and Prophylaxis of Bacterial Infections.

6. European Patent Application Number 95902653

   A New Method for the Treatment and Prophylaxis of Bacterial Infection.

7. U.S. Serial Number 08/154,035 - Abandoned

   Treatment or Prophylaxis of Diseases Caused by Pilus-Forming Bacteria.

8. U.S. Serial Number O8/462,436

   Method for Treatment and Prophylaxis of Bacterial Infections.

9. U.S. Serial Number 08/465,275

   Treatment or Prophylaxis of Diseases Caused by Pilus-Forming Bacteria.

10. U.S. Serial Number 08/640,877

    Compounds and Pharmaceutical Compositions for the Treatment and Prophylaxis of Bacterial Infections.

11. PCT/US94/13455 - Abandoned

    Treatment or Prophylaxis of Diseases Caused by Pilus-Forming Bacteria.

APPENDIX B

NONEXCLUSIVE LICENSE AGREEMENT

Between

Washington University in St. Louis
Licensor

And

SIGA Pharmaceuticals, Inc.
Licensee

Introduction: This Agreement is made and entered into this ___ day of February, 2000 by and between Washington University in St. Louis, a corporation established by special act of the Missouri General Assembly approved February 22, 1853 and acts amendatory thereto, having its principal office at One Brookings Drive, St. Louis, Missouri 63130 (hereinafter "WU") and SIGA Pharmaceuticals, Inc., having its principal office at 420 Lexington Ave, Suite 620, New York, NY 10120 (hereinafter "SIGA"). WU and SIGA may be referred to individually as a "Party" or collectively as the "Parties".

1. Background. WU is the owner of certain Patent Rights, Tangible Research Property and Technical Information (collectively, Intellectual Property, all as hereinafter defined) relating to polypeptides and antibodies useful for the diagnosis and treatment of pathogenic Neisseria and other organisms having Type IV pilin, and WU has the right to grant licenses thereto. WU wishes to allow the Intellectual Property to be used to further scientific research and for new product development and other applications in the public interest and is willing to grant a license for such uses. SIGA represents to WU that it has the necessary product development, manufacturing and marketing capabilities to commercialize products based on such Intellectual Property. SIGA desires to obtain a license to use these properties and information for its own commercial research and development endeavors upon the terms and conditions set forth in this Agreement. In consideration of these premises and the mutual promises contained herein, the Parties further agree as follows.

2. Definitions. For the purposes of this Agreement, the following words and phrases will have the meanings assigned to them below.

2.1 Agreement: This nonexclusive license agreement.

2.2 Calendar Half/Year: Each six months period or portion thereof beginning on January 1 or July 1; or each twelve month period, or portion thereof, beginning on January 1.

2.3 Combination Product: Any product that is comprised in part of a Licensed Product and in part of one or more other components which are not themselves Licensed Products (the "Other Components"). Other Components do not include surfactants, diluents and carriers.

2.4 Effective Date: [The day, month and year written in the Introduction].

2.5 Field: Human and veterinary antimicrobial therapeutic and prophylactic compounds and vaccines.

2.6 First Commercial Sale: The date of first transfer by SIGA or its Sublicensees to an unrelated third party of a Licensed Product for compensation (including equivalent cash value for trades or other non-cash payments). The transfer of Licensed Products by SIGA and its Sublicensees strictly for its own laboratory research and development purposes, beta-testing and/or clinical testing does not constitute a First Commercial Sale for the purposes of this Agreement, provided that SIGA receives no payment for such Licensed Product in excess of the fully burdened (i.e., direct and indirect) costs of producing and transporting such materials.

2.7 Intellectual Property: Patent Rights patents and patent applications, trademarks, service marks, copyrights, mask works, trade secrets, Tangible Research Property and Technical Information.

2.8 Licensed Product: Any product or service which is made, made for, used, sold or imported by SIGA and/or its Sublicensees which (a) in the absence of this license Agreement would infringe at least one valid claim, (b) uses, is used in, or is made using a process covered by a valid claim, or (c) is made with or derived from a compound or composition covered by a valid claim. Licensed Product includes any product made, and method or process used, in whole or in part using Tangible Research Property or Technical Information.

2.9 Net Sales: For purposes of computing royalties, gross amounts received by SIGA or its Sublicensees for Sales of Licensed Products less qualifying costs, taxes and discounts, as set forth below, which are

actually invoiced and borne by SIGA and its Sublicensees. Deductions for calculating Net Sales are limited to the following:

2.9.1 Trade, quantity and cash discounts

2.9.2 Credits, allowances or refunds, not exceeding the original invoice amount, for claims, damaged goods, rejections or returns.

2.9.3 Prepaid outbound transportation expenses and freight insurance premiums

2.9.4 Excise, sale, use, value added or other taxes levied by a governmental agency, other than income taxes.

2.10 Patent Rights: US Patent No. 5,834,591 and all foreign counterparts, continuations, continuations-in-part, divisions, extensions, reexaminations and reissues thereof, which trace their earliest priority filing date by unbroken lineage to this patent and its parent applications.

2.11 Sale: Any transaction in which a Licensed Product is exchanged for value. A Sale of a Licensed Product will be deemed to have been made at the time SIGA or its Sublicensee invoices, ships, or receives value for, whichever occurs first, a Licensed Product.

2.12 Sublicensee: A person or entity to which SIGA has granted a sublicense under the license rights granted to SIGA in Article 3 of this Agreement.

2.13 Sublicensing Revenue: All fees and cash equivalent for securities, equipment and other property received by SIGA from its Sublicensees for the grant of any sublicense. Said Sublicensing Revenue will exclude any research payments made to SIGA by any Sublicensee.

2.14 Tangible Research Property: The physical embodiments of Patent Rights and Technical Information, including all progeny and derivatives thereof.

2.15 Technical Information: All ideas, data, know-how, trade secrets, research information, methods, procedures or processes, biological or chemical materials, owned by WU, resulting from research performed by or under the direction of Dr. Stephan Normark et al, which contribute to the practice of the inventions in the Patent Rights and the commercialization of Licensed Products.

2.16 Term: Commences on the Effective Date and continues until the expiration of the last of the patents included in the Patent Rights to expire, unless earlier terminated in accordance with this Agreement. A patent will be understood to expire at midnight on the day of its expiration.

2.17 Territory: Anywhere in the world except for countries to which export of technology or goods is prohibited by applicable U.S. export control laws or regulations.

2.18 Valid Claim: A claim (a) of a pending Patent Rights patent application which claim has not been pending for longer than seven years, or (b) of an issued and unexpired Patent Rights patent which has not been held invalid or unenforceable by a court or other governmental agency of competent jurisdiction in a decision or order that is not subject to an appeal.

3. License Grant. Subject to the terms and conditions set forth in this Agreement, WU hereby grants to SIGA and SIGA hereby accepts, the following license during the Term in the Territory:

3.1 A nonexclusive, fee- and royalty-bearing license, including the right to grant sublicenses, under the Intellectual Property, to make, have made, sell, offer for sale, use, and import Licensed Products in the Field.

3.2 The right to grant sublicenses granted to SIGA under this Agreement is subject to the following conditions:

3.2.1 In each sublicense, SIGA must prohibit the Sublicensee from further sublicensing and require that the Sublicensee is subject to the terms and conditions of the license granted to SIGA under this Agreement.

3.2.2 Within thirty days of the effective date of any sublicense, SIGA must send to WU a complete copy of the sublicense. If the original sublicense is written in a language other than English, then SIGA must also send to WU within the allotted time a translation of the sublicense written in English.

3.2.3 If SIGA enters bankruptcy or receivership, voluntarily or involuntarily, Sublicensing Revenue then or thereafter due to SIGA will, upon notice from WU to any Sublicensee, become owed directly to WU for the account of SIGA. WU will remit to SIGA any amounts received that exceed the sum actually owed by SIGA to WU.

3.2.4 Any sublicense granted by SIGA under this Agreement will remain in effect in the event that this Agreement is terminated prior to expiration. Any Sublicensee will automatically become a direct licensee of WU under the rights originally sublicensed to it by SIGA provided the

Sublicensee did not cause the termination of this Agreement and the Sublicensee agrees to comply with all the terms of this Agreement and to fulfill all the responsibilities of SIGA hereunder.

3.2.5 SIGA will be primarily liable to WU for all of SIGA's obligations contained in this Agreement. Any act or omission by a Sublicensee that would be a breach of this Agreement if imputed to SIGA will be deemed to be a breach by SIGA of this Agreement.

3.3 The license "to have made" granted in Section 3.1 means that SIGA or its Sublicensee may contract with a third party or parties to manufacture Licensed Products for SIGA or its Sublicensee. SIGA will require any contractors to assume confidentiality obligations consonant with Article 6 of this Agreement.

3.4 SIGA and its Sublicensees have no ownership rights of any kind in the Intellectual Property licensed under this Agreement. All ownership rights remain the property of WU. WU will retain all original versions of Tangible Research Property and Technical Information licensed and will retain control over the same at all times. The delivery of Tangible Research Property and Technical Information and grant of license rights thereto under this Agreement do not constitute a sale of the same.

3.5 In accordance with Public Laws 96-517, 97-256 and 98-620, codified at 35 U.S.C. section section 200-212, the United States government retains certain rights to inventions arising from federally supported research or development. Under these laws and implementing regulations, the government may impose requirements on such Inventions. Licensed Products embodying inventions subject to these laws and regulations sold in the United States must be substantially manufactured in the United States. The license rights granted in this Agreement are expressly made subject to these laws and regulations as they may be amended from time to time. SIGA agrees to abide by these laws and regulations.

3.6 SIGA will ensure that where applicable "Patent Pending" or the Patent Rights patent number or application serial number appears on all Licensed Products or their labels.

4. Fees, Payments and Royalties.

4.1 License Maintenance Payments. SIGA must pay to WU non-refundable, non-creditable license maintenance payments as follows:

4.1.1 Payment equal to $10,000 per each Calendar Year Beginning on January 1, 2001 and each year thereafter.

4.1.2 The payments required in Sections 4.1.1 must be made no later than January 31 of each respective Calendar Year. License maintenance payments cease the Calendar Year following the Year in which the First Commercial Sale in the U.S. of a Licensed Product occurs.

4.2 SIGA will pay WU ten percent (10%) of all Sublicensing Revenue received from its Sublicensees within 30 days of receipt by SIGA.

4.3 Milestone Payments. SIGA will pay the following milestone payments for each discrete molecule that is a Licensed Product under this Agreement as follows:

i. Completion of Phase I IND clinical trials - $50,000;

ii. Completion of Phase II IND clinical trials - $50,000;

iii. Completion of Phase III IND clinical trials - $200,000; and

iv. Product approval (PLA) - $250,000

4.4 Minimum Royalty. SIGA must pay to WU a non-refundable minimum royalty of $50,000 for each Licensed Product sold by SIGA and/or its Sublicensees. The first calendar period for which the minimum royalty will be paid will begin on the first day of the Calendar Half following the Calendar Half in which the First Commercial Sale in the U.S. of that Licensed Product occurs.

4.5 Earned Royalty. SIGA must pay to WU an earned royalty of one percent (1%) of the Net Sales of Licensed Product(s) made, made for, used, imported or sold by SIGA or its Sublicensees.

4.5.1 Earned royalties paid are fully creditable against minimum royalties called for in Section 4.4 for the period in which the earned royalties are accumulated and reported.

4.5.2 Earned royalties will be accumulated and reported each Calendar Half. SIGA will pay to WU earned royalties accumulated during a Calendar Half on the January 31 or July 31 immediately following the end of that Calendar Half.

4.6 Licensed Products may be made, used, imported or sold in combination with or as part of other products which are covered by a claim of a third party's patent or by other intellectual property rights of a third party, requiring a license to enable

SIGA to make, use, sell or offer for sale, or import Combination Products. To calculate the value of Net Sales of Combination Products, the gross sales of such Products will be multiplied by the fraction A/(A + B) where A is the fair market value of the Licensed Product when sold separately, and B is the fair market value of the Other Component when sold separately. Allowed deductions may then be subtracted from the proportion of gross sales attributable to the Licensed Product to compute Net Sales.

4.7 When a Licensed Product or its manufacture, use, sale or importation is covered by more than one Valid Claim or patent or patent application within the Patent Rights licensed hereunder, SIGA will only be obligated to pay royalties and fees or make payments as if there were only one Valid Claim.

4.8 Patent expenses will be borne equally by WU and SIGA. SIGA will reimburse WU within thirty (30) days of receipt of invoices for one half of incurred patent expenses. If WU grants additional nonexclusive licenses, then future costs will be borne pro rata by WU, SIGA, and all such licensees.

5. Place and Method of Payment; Reports and Records; Audit; Interest.

5.1 All dollar ($) amounts referred to in this Agreement are expressed in United States dollars. All payments to WU under this Agreement must be made in United States dollars by check or electronic transfer payable to "Washington University". Any Sales revenues for Licensed Products received by SIGA in currency other than United States dollars will be converted to United States dollars at the conversion rate for the foreign currency as published in the eastern edition of The Wall Street Journal as of the last business day in the United States of the applicable Calendar Half.

5.2 Checks will be dispatched to WU's correspondence address given in Article 14 below. Electronic transfers will be made to a bank account designated by WU.

5.3 SIGA must deliver to WU within the time provided in Article 4 for making the respective payment after the end of each Calendar Half in which earned royalties are owed and payable, a written report setting forth the calculation of the payments made to WU for that Calendar Half, including at least the following:

5.3.1 The number of Licensed Products manufactured, sold, used or imported and volume of Sales by country.

5.3.2 Gross receipts for Sales of Licensed Products including total amounts invoiced, billed or received.

5.3.3 Allowed deductions as defined in Section 2.9, giving totals by each type.

5.3.4 Net Sales of Licensed Products by country.

5.3.5 Royalties, fees and payments due to WU giving totals for each category.

5.3.6 Earned royalty amounts credited against minimum royalty payments or vice versa.

5.4 SIGA must maintain, and require its Sublicensees to maintain, complete and accurate books of account and records which would enable an independent auditor to verify the amounts paid as royalties, fees and payments under this Agreement. The books and records must be maintained for five years following the Calendar Half after submission of the reports required by this Article. Upon reasonable notice by WU, SIGA must give WU (or auditors or inspectors appointed by and representing WU) access to all books and records relating to Sales of Licensed Products by SIGA to conduct an audit or review of those books and records. This access must be available at least once during each Calendar Half, for a reasonable time, during regular business hours, during the Term of the Agreement and for the five calendar years following the year in which termination or expiration occurs. If the independent auditor determines that amounts paid to WU as royalties, fees and payments by SIGA differ by 5% or more from amounts actually owed for any Calendar Half, then SIGA must pay WU the costs and expenses of its accountants and auditors in connection with the review and audit.

5.5 Any amounts that are not paid by SIGA to WU within thirty (30) days of the due date will accrue interest from the due date until payment is made at an annual rate equal to two percent above the prime rate published in the Eastern edition of The Wall Street Journal during the period of arrearage (or the maximum allowed by law, if less than prime.) This provision applies to all payments that SIGA must make under this Agreement.

6. Confidentiality.

6.1 All Patent Rights patent applications, Tangible Research Property and Technical Information designated by WU representatives as confidential at the time of delivery to SIGA, or within a reasonable period after said delivery, and all of Articles 4 and 5 of this Agreement, are Confidential Information.

6.2 SIGA will maintain in secrecy and not disclose to any third party any of WU's Confidential Information after it has been so designated. SIGA will ensure that its employees have access to WU's Confidential Information only on a need-to-know basis and are obligated by written agreement to keep SIGA's confidentiality obligations under this Agreement.

6.3 The obligations of confidentiality specified in this Article will not extend to Confidential Information which:

6.3.1 Becomes part of the public domain through no fault of SIGA.

6.3.2 Was known to SIGA before disclosure to SIGA by WU as established by clear and convincing documentary evidence;

6.3.3 Comprises identical subject matter to that which had been originally and independently developed by SIGA personnel without knowledge or use of any WU Confidential Information; or

6.3.4 Was disclosed to SIGA by a third party, having a right to make the disclosure.

6.4 Notwithstanding the other terms of this Article 6, SIGA may, to the extent necessary, use Confidential Information to secure governmental approval to clinically test or market a Licensed Product, to comply with a court order or governmental rule or regulation, or to show to a potential contractor subject to an appropriate confidentiality agreement. SIGA will, in any such use, take all reasonably available steps to maintain confidentiality of the disclosed information and to guard against any further disclosure.

7. Representations and Warranties.

7.1 WU represents and warrants that:

7.1.1 WU is a corporation organized, existing and in good standing under the laws of Missouri.

7.1.2 It has the authority to enter into this Agreement and that the person signing on its behalf has the authority to do so.

7.1.3 To the best of its knowledge, it is the owner (subject to any rights retained by the U.S. government by operation of law of the Intellectual Property licensed in this Agreement and that it has the authority to grant the licenses set forth herein.

7.2 SIGA represents and warrants that:

7.2.1 It is a corporation duty organized, existing, and in good standing under the laws of Delaware.

7.2.2 The execution, delivery and performance of this Agreement have been authorized by all necessary corporate action on the part of SIGA and that the person signing the Agreement on behalf of SIGA has the authority to do so.

7.2.3 The making or performance of this Agreement would not violate any separate agreement it has with any other person or entity.

7.2.4 It is not a party to any agreement or arrangement that would prevent it from performing its duties and fulfilling its obligations to WU under this Agreement.

7.2.5 Has the insurance coverage called for in Article 10.

7.2.6 Is unaware of any pending litigation or claims against SIGA that could impair its ability or capacity to perform and fulfill its duties and obligations under this Agreement.

7.3 Nothing in this Agreement is or will be construed as:

7.3.1 A warranty or representation by WU as to the validity or scope of its Patent Rights, Tangible Research Property or Technical Information.

7.3.2 Granting by implication, estoppel or otherwise any licenses or rights under patents or other intellectual property rights of WU or other persons, other than the rights expressly granted above to Intellectual Property identified on the attached Exhibits.

7.3.3 An obligation to furnish any technology or technological information other than that identified in the attached Exhibits.

7.3.4 A grant of rights to either Party to use the name of the other in advertising, publicity, or otherwise, except as expressly authorized herein, without the permission of the other Party.

7.4 THE INTELLECTUAL PROPERTY IS PROVIDED "AS IS" AND WU MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS OF ANY LICENSED PRODUCT FOR A PARTICULAR PURPOSE, OR THAT THE USE OF ANY

LICENSED PRODUCT WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER RIGHTS, OR ANY OTHER EXPRESS OR IMPLIED WARRANTIES. WU WILL NOT BE LIABLE TO SIGA ITS SUCCESSORS, ASSIGNS, CONTRACTORS OR SUBLICENSEES OR ANY THIRD PARTY REGARDING ANY CLAIM ARISING FROM SIGA's USE OF LICENSED INTELLECTUAL PROPERTY OR ANY LICENSED PRODUCT OR FROM THE MANUFACTURE, USE, IMPORTATION OR SALE OF LICENSED PRODUCTS, OR ANY CLAIM FOR LOSS OF PROFITS, LOSS OR INTERRUPTION OF BUSINESS, OR FOR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND.

8. Infringement, Enforcement, and Defense.

8.1 This license includes the right, revocable by WU, to bring actions in WU's name to enforce the Intellectual Property rights against third parties or to defend the same in WU's name against claims by third parties, subject to the terms and conditions set forth in this Agreement

8.2 WU and SIGA will immediately give to the other written notice of any known or suspected infringement of the Patent Rights or unauthorized use of the Tangible Research Property or Technical Information by third parties.

8.3 SIGA at its sole expense, if SIGA is the sole licensee (or prorated with other licensees if any), will attempt to abate any infringement of the Patent Rights or unauthorized use of Tangible Research Property or Technical Information by third parties. SIGA has the right to institute and conduct actions against third parties for infringement and unfair trade practices through outside counsel of its choice who are reasonably acceptable to WU. SIGA will keep WU informed of all proceedings and provide copies of all pleadings and other papers related to such actions. WU will provide reasonable assistance to SIGA in prosecuting any such actions.

8.4 SIGA at its sole expense will defend third party claims of patent or intellectual property infringement and injury, death or product liability brought against SIGA and/or WU. SIGA will have the right to conduct the defense of such actions through outside counsel of its choice who are reasonably acceptable to WU. WU will provide all reasonable assistance for the defense of such claims and SIGA will keep WU informed of all proceedings and provide copies of all pleadings and other papers related to such actions.

8.5 If more than one nonexclusive licensee participates in bringing or defending an action under this Article, then the costs and fees for such action will be shared pro-rata among such licensees.

8.6 Notwithstanding anything stated herein to contrary, SIGA will not be permitted to settle or compromise any claim or action in a manner that may impose restrictions or obligations on WU or grant rights or concessions to Intellectual Property or Licensed Products without WU's prior written consent.

8.7 SIGA will be entitled to offset 50% of its attorney's fees and expenses incurred in abating third party infringement or unfair trade practices or bringing or defending any action against third parties under this Article, against the royalties due under Sections 4.4 and 4.5.

9. Indemnification. SIGA and its Sublicensees will indemnify, defend and hold harmless WU, its trustees, faculty, staff, students and agents from and against any and all liability, loss, damage, action, claim or expense (including attorney's fees and costs at trial and appellate levels) in connection with any claim, suit, action, demand or judgment arising out of (a) the use of any Intellectual Property in the design, development, production, manufacture, sale or offer for sale, use, importation, lease, marketing or promotion of any Licensed Product by SIGA or its Sublicensees, contractors or agents or (b) injury or death to any person, or damage to property caused or allegedly caused by or relating in any way to any person's use of any Licensed Products, or (c) any third party claim that any use or licensing of the Intellectual Property under this Agreement violates or infringes that party's intellectual property rights. In legal actions undertaken or defended by SIGA pursuant to this indemnification provision, SIGA may select counsel of its own choice who are reasonably acceptable to WU.

10. Insurance.

10.1 SIGA and its Sublicensees will at all times comply, through insurance or self-insurance, with all statutory workers' compensation and employers' liability requirements covering all employees with respect to activities undertaken in performance of this Agreement. This requirement may be met by insurance or self-insurance coverage provided to SIGA by a Sublicensee.

10.2 In addition to the foregoing, SIGA and any Sublicensees as appropriate, will at appropriate times obtain and maintain occurrence-based Broad Form Comprehensive General Liability (BFCGL) insurance with a reputable and financially secure insurance carrier(s) having at least an "A" rating and An A.M. Best Class Size of at least X. Deviations from the rating or class size must be approved in advance by WU. The BFCGL insurance will include, among all other coverages standing in

such BFCGL policies, coverage for product liability and contractual liability.

10.3 The insurance will provide to SIGA or each Sublicensee minimum annual limits of $2 million in liability insurance for the WU Licensed Products, and list WU as an additional insured.

10.4 All policies will be purchased and kept in force during the term of the Agreement.

10.5 SIGA or any Sublicensee as appropriate, will provide WU with a certificate of insurance and will provide a complete copy of the insurance policy to WU as soon as one becomes available and notices or subsequent renewals. The certificate must provide that SIGA's carrier will notify WU in writing at least thirty days prior to cancellation or material change in coverage.

10.6 WU may periodically evaluate the adequacy of the minimum coverages of insurance specified in this Article. WU reserves the right to require SIGA to adjust the insurance coverages. The specified minimum coverages do not constitute a limitation on SIGA's or its Sublicensees' obligation to indemnify WU under this Agreement.

11. Termination.

11.1 SIGA may terminate this Agreement with or without cause on ninety days written notice to WU. The license rights granted hereunder terminate at the end of the ninety day period.

11.2 WU may terminate on thirty days written notice to SIGA upon breach by SIGA of the Agreement. The termination becomes effective at the end of the thirty day period unless SIGA has fully cured the breach within the thirty days.

11.3 If SIGA enters bankruptcy or receivership, voluntarily or involuntarily, all obligations of WU and all rights (but not obligations) of SIGA and this Agreement terminate immediately without the need for either WU or SIGA to take any action.

11.4 Upon termination of this Agreement for any reason, SIGA must return to WU all Confidential Information (as defined in Article 6) received from WU during the Term of this Agreement.

11.5 On termination by either Party for any reason, the license rights granted to SIGA under Article 3 terminate when termination of the Agreement is effective. SIGA's obligations to pay fees, royalties or other payments accruing prior to termination survive termination.

12. Use of Names. Neither Party may use the name of the other for any commercial, advertisement, or promotional purpose without the written consent of the other.

13. Assignment or Pledge of Agreement. Neither this Agreement nor any portion of it may be assigned by either Party to anyone else without the written consent of the other Party, and such consent will not be unreasonably withheld. Notwithstanding this, SIGA may assign the entire Agreement, without WU's consent, to an entity that succeeds to substantially all of its business or assets by way of merger, sale, acquisition or otherwise, provided that the successor agrees in writing to assume all the obligations and liabilities of SIGA to WU. The rights granted in this Agreement may not be pledged in any way by SIGA or any Sublicensee to secure any purchase, lease or loan.

14. Notice. Any required or permissive notice under this Agreement will be sufficient if in writing and delivered personally, by recognized national overnight courier, or by registered or certified mail, postage prepaid and return receipt requested, to the address below and will be deemed to have been given as of the date shown on the receipt if by certified or registered mail, or the day following dispatch if by overnight courier.

If to WU:

Washington University
Center of Technology Management
Campus Box 8013
660 South Euclid Avenue
St. Louis MO 63110

If to SIGA:

Joshua D. Schein
SIGA Pharmaceuticals, Inc.
420 Lexington Avenue
Suite 620
New York, NY 10120

15. General Provisions.

15.1 This Agreement will be governed and interpreted according to the laws of Missouri.

15.2 None of the terms or this Agreement can be waived except by mutual written consent of the Parties.

15.3 This Instrument comprises the entire agreement and understanding of the Parties relating to the subject matter of the Agreement.

15.4 This Agreement cannot be changed, modified or amended except by a written instrument subscribed by authorized representatives of the respective Parties.

15.5 Neither Party is an agent or contractor of the other as a result of any transaction under or related to this Agreement. Neither Party may in any way pledge the other party's credit or incur any obligation on behalf of the other Party.

15.6 Each Party is liable to the other only for actual damages for breach of this Agreement or any warranty contained herein, and not for any special, consequential, incidental, or indirect damages arising out of this Agreement, however caused, under any theory of liability.

15.7 The provisions of this Agreement are severable in that if any provision in the Agreement is determined to be invalid or unenforceable under any controlling body of law, that will not affect the validity or enforceability of the remaining provisions of the Agreement.

15.8 If the performance of any obligation under this Agreement is prevented or impaired by acts of war, riot, acts or defaults of common carriers, or governmental laws or regulations, a Party will be excused from performance so long as such cause continued to prevent or impair that Party's performance. The Party claiming force majeure excuse must promptly notify the other Party of the existence of the cause and must at all times use diligent efforts to resume and complete performance. This Section 15.8 will not excuse SIGA's obligation to pay fees, payments and royalties under Article 4 of the Agreement.

15.9 WU has no responsibility for product design and development, servicing, distribution, or marketing, or any decisions made or strategies devised in areas related to Licensed Products.

15.l0 Articles 4, 5, 6, 9, 10, and 12 above will survive expiration or termination of this Agreement.

15.11 This Agreement will be executed in two original versions, one belonging to each Party. The originals are valid counterparts of each other.

Witness: The parties have caused this Agreement to be executed in duplicate by their duly qualified representatives.

For SIGA	For WU:
- ----------	----------
Signature	Signature
Name	Name
Title	Title
- ----------	----------
Date	Date

NON EXCLUSIVE LICENSE AGREEMENT

Between

Washington University in St. Louis
Licensor

And

SIGA Pharmaceuticals, Inc.
Licensee

Introduction: This Agreement is made end entered into this 17th day of February, 2000 by and between Washington University in St. Louis, a corporation established by special act of the Missouri General Assembly approved February 22, 1853 and acts amendatory thereto, having its principal office at One Brookings Drive, St. Louis, Missouri 63130, (hereinafter "WU") and SIGA Pharmaceuticals, Inc., having its principal office at 420 Lexington Ave, Suite 620, New York, NY 10120 (hereinafter "SIGA"). WU and SIGA may be referred to individually as a "Party" or collectively as the "Parties".

1. Background. WU is the owner of certain Patent Rights, Tangible Research Property and Technical Information (collectively, Intellectual Property, all as hereinafter defined) relating to polypeptides and antibodies useful for the diagnosis and treatment of pathogenic Nelsseria and other organisms having type IV plln, and WU has the right to grant licenses thereto. WU wishes to allow the Intellectual Property to be used to further scientific research end for new product development and other applications in the public interest and is willing to grant a license for such uses. SIGA represents to WU that it has the necessary product development, manufacturing and marketing capabilities to commercialize products based on such Intellectual Property. SIGA desires to obtain a license to use these properties and information for its own commercial research and development endeavors upon the terms and conditions set forth in this Agreement, In consideration of these premises and the mutual promises contained herein, the Parties further agree as follows.

2. Definitions. For the purposes of this Agreement, the following words and phrases will have the meanings assigned to them below.

2.1 Agreement: This nonexclusive license agreement.

2.2 Calendar Half/Year: Each six month period or portion thereof beginning on January 1 or July 1; or each twelve month period, or portion thereof, beginning on January 1.

2.3 Combination Product: Any product that is comprised in part of a Licensed Product and in part of one or more other components which are not themselves Licensed Products (the "Other Components"). Other Components do not include surfactants, diluents and carriers.

2.4 Effective Date: [The day, month and year written in the Introduction].

2.5 Field: Human and veterinary antimicrobial therapeutic and prophylactic compounds and vaccines.

2.6 First Commercial Sale: The date of first transfer by SIGA or its Sublicensees to an unrelated third party of a Licensed Product for compensation (including equivalent cash value for trades or other non-cash payments). The transfer of Licensed Products by SIGA and its Sublicensees strictly for its own laboratory research and development purposes, beta-testing and/or clinical testing does not constitute a First Commercial Sale for the purposes of this Agreement, provided that SIGA receives no payment for such Licensed Product in excess of the fully burdened (i.e., direct and indirect) costs of producing end transporting such materials.

2.7 Intellectual Property: Patent Rights patents and patent applications, trademarks, service marks, copyrights, mask works, trade secrets, Tangible Research Property and Technical Information.

2.8 Licensed Product: Any product or service which is made, made for, used, sold or imported by SIGA and/or its Sublicensees which (a) in the absence of this license Agreement would infringe at least one valid claim, (b) uses, is used in, or is made using a process covered by a valid claim, or (c) is made with or derived from a compound or composition covered by a valid claim. Licensed Product includes any product made, and method or process used, in whole or in part using Tangible Research Property or Technical Information.

2.9 Net Sales: For purposes of computing royalties, gross amounts received by SIGA or its Sublicensees for Sales of Licensed Products less qualifying costs, taxes and discounts, as set forth below, which are

actually invoiced and borne by SIGA and its Sublicensees. Deductions for calculating Net Sales are limited to the following:

2.9.1 Trade, quantity and cash discounts

2.9.2 Credits, allowances or refunds, not exceeding the original invoice amount, for claims, damaged goods, rejections or returns.

2.9.3 Prepaid outbound transportation expenses and freight insurance premiums

2.9.4 Excise, sale, use, value added or other taxes levied by a governmental agency, other than income taxes.

2.10 Patent Rights: US Patent No. 5,834,591 and all foreign counterparts, continuations, continuations-in-part, divisions, extensions, reexaminations and reissues thereof, which trace their earliest priority filing date by unbroken lineage to this patent and its parent applications.

2.11 Sale: Any transaction in which a Licensed Product is exchanged for value. A Sale of a Licensed Product will be deemed to have been made at the time SIGA or its Sublicensee Invoices, ships, or receives value for, whichever occurs first, a Licensed Product.

2.12 Sublicensee: A person or entity to which SIGA has granted a sublicense under the license rights granted to SIGA in Article 3 of this Agreement.

2.13 Sublicensing Revenue: All fees and cash equivalent for securities, equipment and other property received by SIGA from its Sublicensees for the grant of any sublicense. Said Sublicensing Revenue will exclude any research payments made to SIGA by any Sublicensee.

2.14 Tangible Research Property: The physical embodiments of Patent Rights Information, including all progeny and derivatives thereof.

2.15 Technical Information: All ideas, data, know-how, trade secrets, research information, methods, procedures or processes, biological or chemical materials, owned by WU, resulting from research performed by or under the direction of Dr. Stephan Normark et al, which contribute to the practice of the inventions in the Patent Rights and the commercialization of Licensed Products.

2.16 Term: Commences on the Effective Date and continues until the expiration of the last of the patents included in the Patent Rights to expire, unless earlier terminated in accordance with this Agreement. A patent will be understood to expire at midnight on the day of its expiration.

2.17 Territory: Anywhere in the world except for countries to which export of technology or goods is prohibited by applicable U.S. export control laws or regulations.

2.18 Valid Claim: A claim (a) of a pending Patent Rights patent application which claim has not been pending for longer than seven years, or (b) of an issued and unexpired Patent Rights patent which has not been held Invalid or unenforceable by a court or other governmental agency of competent jurisdiction in a decision or order that is not subject to an appeal.

3. License Grant. Subject to the terms and conditions set forth in this Agreement, WU hereby grants to SIGA and SIGA hereby accepts, the following license during the Term in the Territory:

3.1 A nonexclusive, fee- and royalty-bearing license, including the right to grant sublicenses, under the Intellectual Property, to make, have made, sell, offer for sale, use, and import Licensed Products in the Field.

3.2 The right to grant sublicenses granted to SIGA under this Agreement is subject to the following conditions:

3.2.1 In each sublicense, SIGA must prohibit the Sublicensee from further sublicensing and require that the Sublicensee is subject to the terms and conditions of the license granted to SIGA under this Agreement.

2.9.1 Trade, quantity and cash discounts

3.2.2 Within thirty days of the effective date of any sublicense, SIGA must send to WU a complete copy of the sublicense. If the original sublicense is written in a language other than English, then SIGA must also send to WU within the allotted time a translation of the sublicense written in English.

3.2.3 If SIGA enters bankruptcy or receivership, voluntarily or involuntarily, Sublicensing Revenue then or thereafter due to SIGA will, upon notice from WU to any Sublicensee, become owed directly to WU for the account of SIGA. WU will remit to SIGA any amounts received that exceed the sum actually owed by SIGA to WU.

3.2.4 Any sublicense granted by SIGA under this Agreement will remain in effect in the event that this Agreement is terminated prior to expiration. Any Sublicensee will automatically become a direct licensee of WU under the rights originally sublicensed to it by SEGA provided the

Sublicensee did not cause the termination of this Agreement and the Sublicensee agrees to comply with all the terms of this Agreement and to fulfill all the responsibilities of SIGA hereunder.

3.2.5 SIGA will be primarily liable to WU for all of SIGA's obligations contained in this Agreement. Any act or omission by a Sublicensee that would be a breach of this Agreement if imputed to SIGA will be deemed to be a breach by SIGA of this Agreement.

3.3 The license "to have made" granted in Section 3.1 means that SIGA or its Sublicensee may contract with a third party or parties to manufacture Licensed Products for SIGA or its Sublicensee. SIGA will require any contractors to assume confidentiality obligations consonant with Article 6 of this Agreement.

3.4 SIGA and its Sublicensees have no ownership rights of any kind in the Intellectual Property licensed under this Agreement. All ownership rights remain the property of WU. WU will retain all original versions of Tangible Research Property and Technical Information licensed and will remain control over the same at all times. The delivery of Tangible Research Property and Technical Information and grant of license rights thereto under this Agreement do not constitute a sale of the same.

3.5 In accordance with Public Laws 96-517, 97-256 and 98-620, codified at 35 U.S.C. ss.ss. 200-212, the United States government retains certain rights to Inventions arising from federally supported research or development. Under these laws and implementing regulations, the government may impose requirements on such inventions. Licensed Products embodying inventions subject to these laws and regulations sold in the United States must be substantially manufactured in the United States. The license rights granted in this Agreement are expressly made subject to these laws and regulations as they may be amended from time to time. SIGA agrees to abide by these laws and regulations.

3.6 SIGA will ensure that where applicable "Patent Pending" or the Patent Rights patent number or application serial number appears on all Licensed Products or their labels.

4. Fees, Payments and Royalties.

4.1 License Maintenance Payments. SIGA must pay to WU non-refundable, non-creditable license maintenance payments as follows:

4.1.1 Payments equal to $10,000 per each Calendar Year beginning January 1, 2001 and each year thereafter.

4.1.2 The payments required in Sections 4.1.1 must be made no later than January 31 of each respective Calendar Year. License maintenance payments cease the Calendar Year following the Year in which the First Commercial Sale in the U.S. of a Licensed Product occurs.

4.2 SIGA will pay WU ten percent (10%) of all Sublicensing Revenue received from its Sublicensees within 30 days of receipt by SIGA.

4.2 Milestone Payments. SIGA will pay the following milestone payments for each discrete molecule that is a Licensed Product under this Agreement as follows:

i. Completion of Phase I IND clinical trials - $50,000;
ii. Completion of Phase II IND clinical trials - $50,000;
iii. Completion of Phase III IND clinical trials - $200,000; and
iv. Product approval (PLA) - $250,000

4.4 Minimum Royalty. SIGA must pay to WU a non-refundable minimum royalty of $50,000 for each Licensed Product sold by SIGA and/or its Sublicensees. The first calendar period for which the minimum royalty will be paid will begin on the first day of the Calendar Half following the Calendar Half in which the First Commercial Sale in the U.S. of that Licensed Product occurs.

4.5 Earned Royalty. SIGA must pay to WU an earned royalty of one percent (1%) of the Net Sales of Licensed Product(s) made, made for, used, imported or sold by SIGA or its Sublicensees.

4.5.1 Earned royalties paid are fully creditable against minimum royalties called for in Section 4.4 for the period in which the earned royalties are accumulated and reported.

4.5.2 Earned royalties will be accumulated and reported each Calendar Half. SIGA will pay to WU earned royalties accumulated during a Calendar Half on the January 31 or July 31 immediately following the end of that Calendar Half.

4.6 Licensed Products may be made, used, imported or sold in combination with or as part of other products which are covered by a claim of a third party's patent or by other intellectual property rights of a third party, requiring a license to enable

SIGA to make, use, sell or offer for sale, or import Combination Products. To calculate the Value of Net Sales of Combination Products, the gross sales or such Products will be multiplied by the fraction A/(A + B) where A is the fair market value of the Licensed Product when sold separately, and B is the fair market value of the Other Component when sold separately. Allowed deductions may then be subtracted from the proportion of gross sales attributable to the Licensed Product to compute Net Sales.

4.7 When a Licensed Product or its manufacture, use, sale or importation is covered by more than one Valid Claim or patent or patent application, within the Patent Rights licensed hereunder, SIGA will only be obligated to pay royalties and fees or make payments as if there were only one Valid Claim.

4.8 Patent expenses will be borne equally by WU and SIGA. SIGA will reimburse WU within thirty (30) days of receipt of invoices for one half of incurred patent expenses. If WU grants additional non-exclusive licenses, then future costs will be borne pro rata by WU, SIGA, and all such licensees.

5. Place and Method of Payment; Reports and Records; Audit; Interest.

5.1 All dollar ($) amounts referred to in this Agreement are expressed in United States dollars. All payments to WU under this Agreement must be made in United States dollars by check or electronic transfer payable to "Washington University". Any Sales revenues for Licensed Products received by SIGA in currency other than United States dollars will be converted to United States dollars at the conversion rate for the foreign currency as published in the Eastern edition of The Wall Street Journal as of the last business day in the United States of the applicable Calendar Half.

5.2 Checks will be dispatched to WU's correspondence address given in Article 14 below. Electronic transfers will be made to a bank account designated by WU.

5.3 SIGA must deliver to WU within the time provided in Article 4 for making the respective payment after the end of each Calendar Half in which earned royalties are owed and payable, a written report setting forth the calculation of the payments made to WU for that Calendar Half, including at least the following:

5.3.1 The number of Licensed Products manufactured, sold, used or imported and volume of Sales by country.

5.3.2 Gross receipts for Sales of Licensed Products including total amounts invoiced, billed or received.

5.3.3 Allowed deductions as defined in Section 2.9, giving totals by each type.

5.3.4 Net Sales of Licensed Products by country.

5.3.5 Royalties, fees and payments due to WU giving totals for each category.

5.3.6 Earned royalty amounts credited minimum royalty payments or vice versa.

5.4 SIGA must maintain, and require its Sublicensees to maintain, complete and accurate books of account and records which would enable an independent auditor to verify the amounts paid as royalties, fees and payments under this Agreement. The books and records must be maintained for five years following the Calendar Half after submission of the reports required by this Article. Upon reasonable notice by WU, SIGA must give WU (or auditors or inspectors appointed by and representing WU) access to all books end records relating to Sales of Licensed Products by SIGA to conduct an audit or review of those books and records. This access must be available at least once during each Calendar Half, for a reasonable time, during regular business hours, during the Term of the Agreement and for the five calendar years following the year in which termination or expiration occurs. If the independent auditor determines that amounts paid to WU as royalties, fees and payments by SIGA differ by 5% or more from amounts actually owed for any Calendar Half, then SIGA must pay WU the costs and expenses of its accountants and auditors in connection with the review and audit.

5.5 Any amounts that are not paid by SIGA to WU within thirty (30) days of the due date will accrue interest from the due date until payment is made at an annual rate equal to two percent above the prime rate published in the Eastern edition of The Wall Street Journal during the period of arrearage (or the maximum allowed by law, if less than prime.) This provision applies to all payments that SIGA must make under this Agreement.

6. Confidentiality.

6.1 All Patent Rights patent applications, Tangible Research Property and Technical Information designated by WU representatives as confidential at the time of delivery to SIGA, or within a reasonable period after said delivery, and all of Articles 4 and 5 of this Agreement, are Confidential Information.

6.2 SIGA will maintain in secrecy and not disclose to any third party any of WU's Confidential Information after it has been so designated. SIGA will ensure that its employees have access to WU's Confidential Information only on a need-to-know basis and are obligated by written agreement to keep SIGA's confidentiality obligations under this Agreement.

6.3 The obligations of confidentiality specified in this Article will not extend to Confidential Information which:

6.3.1 Becomes part of the public domain through no fault of SIGA.

6.3.2 Was known to SIGA before disclosure to SIGA by WU as established by clear and convincing documentary evidence;

6.3.3 Comprises identical subject matter to that which had been originally and independently developed by SIGA personnel without knowledge or use of any WU Confidential Information; or

6.3.4 Was disclosed to SIGA by a third party having a right to make the disclosure.

6.4 Notwithstanding the other terms of this Article 6, SIGA may, to the extent necessary, use Confidential Information to secure governmental approval to clinically test or market a Licensed Product, to comply with a court order or governmental rule or regulation, or to show to a potential contractor subject to an appropriate confidentiality agreement. SIGA will, in any such use, take all reasonably available steps to maintain confidentiality of the disclosed Information and to guard against any further disclosure.

7. Representations and Warranties.

7.1 WU represents and warrants that:

7.1.1 WU is a corporation organized, existing and in good standing under the laws of Missouri.

7.1.2 It has the authority to enter into this Agreement and that the person signing on its behalf has the authority to do so.

7.1.3 To the best of its knowledge, it is the owner (subject to any rights retained by the U.S. government by operation of law) of the Intellectual Property licensed in this Agreement and that it has the authority to grant the licenses set forth herein.

7.2 SIGA represents and warrants that:

7.2.1 It is a corporation duly organized, existing, and in good standing under the laws of Delaware.

7.2.2 The execution, delivery and performance of this Agreement have been authorized by all necessary corporate action on the part of SIGA and that the person signing the Agreement on behalf of SIGA has the authority to do so.

7.2.3 The making or performance of this Agreement would not violate any separate agreement it has with any other person or entity.

7.2.4 It is not a party to any agreement or arrangement that would prevent it from performing its duties and fulfilling its obligations to WU under this Agreement.

7.2.5 Has the insurance coverage called for in Article 10.

7.2.6 Is unaware of any pending litigation or claims against SIGA that could impair its ability or capacity to perform and fulfill its duties and obligations under this Agreement.

7.3 Nothing in this Agreement is or will be construed as:

7.3.1 A warranty or representation by WU as to the validity or scope of its Patent Rights, Tangible Research Property or Technical Information.

7.3.2 Granting by implication, estoppel or otherwise any licenses or rights under patents or other intellectual property rights of WU or other persons, other than the rights expressly granted above to Intellectual Property identified on the attached Exhibits.

7.3.3 An obligation to furnish any technology or technological information other than that identified in the attached Exhibits.

7.3.4 A grant of rights to either Party to use the name of the other in advertising, publicity, or otherwise, except as expressly authorized herein, without the permission of the other Party.

7.4 THE INTELLECTUAL PROPERTY IS PROVIDED "AS IS" AND WU MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS OF ANY LICENSED PRODUCT FOR A PARTICULAR PURPOSE, OR THAT THE USE OF ANY

LICENSED PRODUCT WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER RIGHTS, OR ANY OTHER EXPRESS OR IMPLIED WARRANTES. WU WILL NOT BE LIABLE TO SIGA ITS SUCCESSORS, ASSIGNS, CONTRACTORS OR SUBLICENSEES OR ANY THIRD PARTY REGARDING ANY CLAIM ARISING FROM SIGA's USE OF LICENSED INTELLECTUAL PROPERTY OR ANY LICENSED PRODUCT OR FROM THE MANUFACTURE, USE, IMPORTATION OR SALE OF LICENSED PRODUCTS, OR ANY CLAIM FOR LOSS OR PROFITS, LOSS OR INTERRUPTION OF BUSINESS, OR FOR INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OF ANY KIND.

8. Infringement, Enforcement, and Defense.

8.1 This license includes the right, revocable by WU, to bring actions in WU's name to enforce the Intellectual Property rights against third parties or to defend the same in WU's name against claims by third parties, subject to the terms and conditions set forth in this Agreement.

8.2 WU and SIGA will immediately give to the other written notice of any known or suspected infringement of the Patent Rights or unauthorized use of the Tangible Research Property or Technical Information by third parties.

8.3 SIGA at its sole expense, if SIGA is the sole licensee (or prorated with other licensees if any), will attempt to abate any infringement of the Patent Rights or unauthorized use of Tangible Research Property or Technical Information by third parties. SIGA has the right to institute and conduct actions against third parties for Infringement and unfair trade practices through outside counsel of its choice who are reasonably acceptable to WU. SIGA will keep WU informed of all proceedings and provide copies of all pleadings and other papers related to such actions. WU will provide reasonable assistance to SIGA in prosecuting any such actions.

8.4 SIGA at its sole expense will defend third party claims of patent or intellectual property infringement and injury, death or product liability brought against SIGA and/or WU. SIGA will have the right to conduct the defense of such actions through outside counsel of its choice who are reasonably acceptable to WU. WU will provide all reasonable assistance for the defense of such claims and SIGA will keep WU informed of all proceedings and provide copies of all pleadings and other papers related to such actions.

8.5 If more than one nonexclusive licensee participates in bringing or defending an action under this Article, then the costs and fees for such action will be shared pro-rata among such licensees.

8.6 Notwithstanding anything stated herein to contrary, SIGA will not be permitted to settle or compromise any claim or action in a manner that may impose restrictions or obligations on WU or grant rights or concessions to Intellectual Property or Licensed Products without WU's prior written consent.

8.7 SIGA will be entitled to offset 50% of its attorney's fees end expenses incurred in abating third party infringement or unfair trade practices or bringing or defending any action against third parties under this Article, against the royalties due under Sections 4.4 and 4.5.

9. Indemnification. SIGA and its Sublicensees will indemnify, defend and hold harmless WU, its trustees, faculty, staff, students and agents from and against any and all liability, loss, damage, action, claim or expense (including attorney's fees and costs at trial and appellate levels) in connection with any claim, suit, action, demand or judgment arising out of (a) the use of any Intellectual Property in the design, development, production, manufacture, sale or offer for sale, use, importation, lease, marketing or promotion of any Licensed Product by SIGA or its Sublicensees, contractors or agents or (b) injury or death to any person, or damage to property caused or allegedly caused by or relating in any way to any person's use of any Licensed Products, or (c) any third party claim that any use or licensing of the Intellectual Property under this Agreement violates or infringes that party's intellectual property rights. In legal actions undertaken or defended by SIGA pursuant to this indemnification provision, SIGA may select counsel of its own choice who are reasonably acceptable to WU.

10. Insurance.

10.1 SIGA and its Sublicensees will at all times comply, through insurance or self-insurance, with all statutory workers' compensation and employers' liability requirements covering all employees with respect to activities undertaken in performance of this Agreement. This requirement may be met by insurance or self-insurance coverage provided to SIGA by a Sublicensee.

10.2 In addition to the foregoing, SIGA and any Sublicensees as appropriate, will at appropriate times obtain and maintain occurrence-based Broad Form Comprehensive General Liability (BFCGL) insurance with a reputable and financially secure insurance carrier(s) having at least an "A" rating and an A.M. Best Class Size of at least X. Deviations from the rating or class size must be approved in advance by WU. The BFCGL insurance will include, among all other coverages standing in

such BFCGL policies, coverage for product liability and contractual liability.

10.3 The Insurance will provide to SIGA or each Sublicensee minimum annual limits of $2 million in liability insurance for the WU Licensed Products, and list WU as an additional insured.

10.4 All policies will be purchased and kept in force during the term of the Agreement.

10.5 SIGA or any Sublicensee as appropriate, will provide WU with a certificate of insurance and will provide a complete copy of the insurance policy to WU as soon as one becomes available and notices of subsequent renewals. The certificates must provide that SIGA's carrier will notify WU in writing at least thirty days prior to cancellation or material change in coverage.

10.6 WU may periodically evaluate the adequacy of the minimum coverages of insurance specified in this Article. WU reserves the right to require SIGA to adjust the insurance coverages. The specified minimum coverages do not constitute a limitation on SIGA's or its Sublicensees' obligation to indemnify WU under this Agreement.

11. Termination.

11.1 SIGA may terminate this Agreement with or without cause on ninety days written notice to WU. The license rights granted hereunder terminate at the end of the ninety day period.

11.2 WU may terminate on thirty days written notice to SIGA upon breach by SIGA of the Agreement. The termination becomes effective at the end of the thirty day period unless SIGA has fully cured the breach within the thirty days.

11.3 If SIGA enters bankruptcy or receivership, voluntarily or involuntarily, all obligations of WU and all rights (but not obligations) of SIGA and this Agreement terminate immediately without the need for either WU or SIGA to take any action.

11.4 Upon termination of this Agreement for any reason, SIGA must return to WU all Confidential Information (as defined in Article 6) received from WU during the Term of this Agreement.

11.5 On termination by either Party for any reason, the license rights granted to SIGA under Article 3 terminate when termination of the Agreement is effective. SIGA's obligations to pay fees, royalties or other payments accruing prior to termination survive termination.

12. Use of Names. Neither Party may use the name of the other for any commercial, advertisement, or promotional purpose without the written consent of the other.

13. Assignment or Pledge of Agreement. Neither this Agreement nor any portion of it may be assigned by either Party to anyone else without the written consent of the other Party, and such consent will not be unreasonably withheld. Notwithstanding this, SIGA may assign the entire Agreement, without WU's consent, to an entity that succeeds to substantially all of its business or assets by way of merger, sale, acquisition or otherwise, provided that the successor agrees in writing to assume all the obligations and liabilities of SIGA to WU. The rights granted in this Agreement may not be pledged in any way by SIGA or any Sublicensee to secure any purchase, lease or loan.

14. Notice. Any required or permissive notice under this Agreement will be sufficient if in writing and delivered personally, by recognized national overnight courier, or by registered or certified mail, postage prepaid and return receipt requested, to the address below and will be deemed to have been given as of the date shown on the receipt if by certified or registered mail, or the day following dispatch if by overnight courier.

If to WU:

Washington University
Center of Technology Management
Campus Box 8013
660 South Euclid Avenue
St. Louis MO 63110

If to SIGA:

Joshua D. Schein
SIGA Pharmaceuticals, Inc.
420 Lexington Avenue
Suite 620
New York, NY 10120

15. General Provisions.

15.1 This Agreement will be governed and interpreted according to the laws of Missouri.

15.2 None of the terms of this Agreement can be waived except by mutual written consent of the Parties.

15.3 This instrument comprises the entire agreement and understanding of the Parties relating to the subject matter of the Agreement.

15.4 This Agreement cannot be changed, modified or amended except by a written instrument subscribed by authorized representatives of the respective Parties.

15.5 Neither Party is an agent or contractor of the other as a result of any transaction under or related to this Agreement. Neither Party may in any way pledge the other Party's credit or incur any obligation on behalf of the other Party.

15.6 Each Party is liable to the other only for actual damages for breach of this Agreement or any warranty contained herein, and not for any special, consequential, incidental, or indirect damages arising out of this Agreement, however caused, under any theory of liability.

15.7 The provisions of this Agreement are severable in that if any provision in the Agreement is determined to be invalid or unenforceable under any controlling body of law, that will not affect the validity or enforceability of the remaining provisions of the Agreement.

15.8 If the performance of any obligation under this Agreement is prevented or impaired by acts of war, riot, acts or defaults of common carriers, or governmental laws or regulations, a Party will be excused from performance so long as such cause continues to prevent or impair that Party's performance. The Party claiming force majeure excuse must promptly notify the other Party of the existence of the cause and must all times use diligent efforts to resume and complete performance. This Section 15.8 will not excuse SIGA's obligation to pay fees, payments and royalties under Article 4 of the Agreement

15.9 WU has no responsibility for product design and development, servicing, distribution, or marketing, or any decisions made or strategies devised in areas related to Licensed Products.

15.l0 Articles 4, 5, 6, 9, 10, and 12 above will survive expiration or termination of this Agreement.

15.11 This Agreement will be executed in two original versions, one belonging to each Party. The originals are valid counterparts of each other.

Witness: The parties have caused this Agreement to be executed in duplicate by their duly qualified representatives.

For SIGA	For WU:
/s/ Joshua D. Schein	/s/ Andrew Neighbour
Signature	Signature
Name Joshua D. Schein	Name Andrew Neighbour, Ph.D.
Title Chief Executive Officer	Title Associate Vice Chancellor For Technology Management
2/14/00	2/17/00
Date	Date

AMENDMENT TO EMPLOYMENT AGREEMENT BETWEEN SIGA PHARMACEUTICALS, INC. AND DENNIS E. HRUBY DATED JANUARY 1, 1998

Paragraph 2 of the above Agreement shall be deleted in its entirety and replaced with the following:

The Corporation hereby employs Hruby and Hruby hereby accepts employment with the Corporation for the period beginning on the date of this Agreement and ending on December 31, 2000 (the "Initial Term"), or upon the earlier termination of the Term pursuant to Section 7. The foregoing notwithstanding, Corporation shall have the right to terminate Hruby's employment under this Agreement upon 90 days written notice and such termination will be treated as Termination with Cause pursuant to Section 8 of this Agreement. Corporation also agrees that the Term will not terminate prior to March 31, 2000. The termination of Hruby's employment under this Agreement shall end the Term but shall not terminate Hruby's or the Corporation's other agreements in this Agreement, except as otherwise provided in this Agreement.

AGREED AND ACCEPTED:

SIGA PHARMACEUTICALS, INC.

By: /s/ Joshua D. Schein

Joshua D. Schein
Its: Chief Executive Officer

Date: 10/15/99

By: /s/ Dennis E. Hruby

Dennis E. Hruby

Date: 10/18/99

AMENDMENT TO EMPLOYMENT AGREEMENT BETWEEN SIGA TECHNOLOGIES, INC. (FORMERLY SIGA PHARMACEUTICALS, INC.) AND THOMAS KONATICH DATED APRIL 1, 1998

Effective January 19, 2000, the above Employment Agreement shall be amended as follows:

Section 1. Employment for Term. shall be deleted in its entirety and replaced with the following:

The Corporation hereby employs Konatich and Konatich hereby accepts employment with the Corporation for the period beginning on the date of this Agreement and ending on April 1, 2002 (the "Initial Term"), or upon the earlier termination of the Term pursuant to Section 6. The termination of Konatich's employment under this Agreement shall end the Term but shall not terminate Konatich's or the Corporation's other agreements in this Agreement, except as otherwise provided herein.

Section 3. Compensation. (b) Stock Options. shall remain in its entirety and the following shall be added:

In addition to the above options to purchase 95,000 shares of the Corporation's Common Stock, Konatich is hereby granted additional options as follows: Pursuant to the Corporation's stock option plan and subject to stockholder approval of the Corporation's Amended 1996 Incentive and Non-Qualified Stock Option Plan, Konatich is hereby granted options to purchase 100,000 shares at an exercise price of $2.00 per share, the closing bid price of the Common Stock of the Corporation on January 19, 2000, the date of this Amendment. The options shall expire on January 19, 2010. These 100,000 options will vest in eight equal installments on every three month anniversary of the date of this Amendment, January 19, 2000. All unvested options shall automatically vest upon the closing of a transaction in which at least 50.1% of all outstanding shares are acquired by a person or entity in a change of control transaction. In the event the closing bid price of the Company's common stock is at least $10.00 per share for twenty consecutive trading days prior to January 19, 2001, the first four installments, or the unvested portion of the balance thereof, shall immediately vest. Similarly, an additional 25,000 options shall immediately vest if the closing bid price for such twenty day period is $15.00 per share, and an additional 25,000 options if the closing bid price equals or exceeds $20.00 per share. The Company will provide a stock option agreement providing, among other things, that all vested and non-vested stock options will terminate immediately upon termination for Cause. In the event of termination for any other reason, all vested options must be exercised within ninety (90) days of termination and all non-vested options will terminate immediately.

AGREED AND ACCEPTED:

SIGA TECHNOLOGIES, INC.

By: /s/ Joshua D. Schein

Joshua D. Schein
Its: Chief Executive Officer

By: /s/ Thomas Konatich

Thomas Konatich

- -------------------------- NOTICE OF GRANT AWARD ------------------------------
SMALL BUSINESS INNOVATION RESEARCH PROG Issue Date: 06/21/1999

Department of Health and Human Services
National Institutes Of Health
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES
- ---

Grant Number: 1 R43 AI46043-01
Principal Investigator: HRUBY, DENNIS E MD
Project Title: BETA-LACTAM INHIBITOR OF PILUS BIOGENESIS

TOM KONATICH - CHIEF FINANCIAL 0
SIGA PHARMACEUTICALS, INC
420 LEXINGTON AVENUE, SUITE 620
NEW YORK, NY 10170

Budget Period: 07/01/1999 - 12/31/1999
Project Period: 07/01/1999 - 12/31/1999

Dear Business Official:

The National Institutes of Health hereby awards a grant in the amount of $109,072 (see "Award Calculation" in Section I) to SIGA PHARMACEUTICALS, INC. in support of the above referenced project. This award is pursuant to the authority of 42 USC 241 42 CFR PART 52 15 USC 638 and is subject to attached terms and conditions.

Acceptance of this award including attached Terms and Conditions is acknowledged by the grantee when funds are drawn down or otherwise obtained from the grant payment system.

Award recipients are responsible for appropriate acknowledgment of NIH support when preparing publications, or issuing statements, press releases, request for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with NIH support.

If you have any questions about this award, please contact the individual(s) referenced in the attachments.

Sincerely yours,

/s/ Annette Hanopole

Annette Hanopole
Grants Management Officer
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

Attachments

SECTION I - AWARD DATA - 1 R43 AI46043-01

AWARD CALCULATION (U.S. Dollars):

Salaries and Wages	$ 42,000
Personnel Costs	$ 42,000
Consultant Services	$ 10,000
Supplies	$ 15,000
Travel Costs	$ 1,500
Other Costs	$ 5,000
Direct Costs	$ 73,500
F&A Costs	$ 29,400
APPROVED BUDGET	$102,900
Fee	$ 6,172
TOTAL	$109,072

FISCAL INFORMATION:
CFDA Number: 93.856
EIN: 1133864870A1
Document Number: R3AI46043A
IC / CAN / FY1999

AI / 8425710 / 109,072

NIH ADMINISTRATIVE DATA:

PCC: M52 / OC: 41.4A / Processed: HANOPOLEA 990617 0201

SECTION II - PAYMENT/HOTLINE INFORMATION - 1 R43 AI46043-0l

For Payment and HHS Office of Inspector General Hotline Information, see the NIH Home Page at http://www.nih.gov/grants/policy/awardconditions.htm

SECTION III - TERMS AND CONDITIONS - 1 R43 AI46043-0l

This award is based on the application submitted to, and as approved by, the NIH on the above-titled project and is subject to the terms and conditions incorporated either directly or by reference in the following:

a. The grant program legislation and program regulation cited in this Notice of Grant Award.

b. The restrictions on the expenditure of federal funds in appropriations acts, to the extent those restrictions are pertinent to the award.

c. 45 CFR Part 74 or 45 CFR Part 92 as applicable.

d. The NIH Grants Policy Statement, including addenda in effect as of the beginning date of the budget period.

e. This award notice, INCLUDING THE TERMS AND CONDITIONS CITED BELOW.

(see NIH Home Page at http://www.nih.gov/grants/policy/awardconditions.htm for certain references cited above.)

This grant is included under Expanded Authorities.

This grant is excluded from Streamlined Noncompeting Award Procedures (SNAP).

Treatment of Program Income:
Additional Costs

None of the funds appropriated in this title for the National Institutes of Health and the

Alcohol, Drug Abuse, and Mental Health Administration shall be used to pay the salary of an individual, through a grant or other extramural mechanism, at a rate in excess of $125,900 per year.

The fee or profit provided as part of this grant award is in addition to allowable direct and indirect costs. If the total amount of direct and indirect costs awarded is not spent, a proportionate amount of the fee or profit must be shown as an unobligated balance on the Financial Status Report.

PAYMENT INFORMATION: The awardee organization will receive information and forms from the Payment Management System of the Department of Health and Human Services regarding requests for cash, manners of payment, and associated reporting requirements. Payment may be made on a cost-reimbursement or advance basis. Cost reimbursements may be requested monthly, quarterly, or at other periodic intervals. Advance payments may be requested on a monthly basis only. The telephone number for the Payment Management System Office is (301) 443-1660.

The total fixed fee for your Phase II project is $6,174 and is included in the maximum allowable total costs. This fee is incrementally funded proportionately for each budget period. $6,174 are allotted for payment of fixed fee for the budget period covered by this Notice of Grant Award. Additional funds for the remainder of the total fixed fee are intended to be allotted by a future Notice(s) of Grant Award, and is reflected in the future year total cost commitment base on this Notice of Grant Award. Unless and until such future Notice(s) of Grant Award is (are) issued, the Government will not be obligated to reimburse the grantee organization for more than the funds currently allotted for payment of the fixed fee. An adjustment of the fee will be made in the event the grant is terminated or future support is withheld. The fee allotted under this Notice of Grant Award is to be drawn down from the HHS Payment System in increments proportionate to the draw down of funds for costs.

Normally, the awardee organization retains the principal worldwide patent rights to any invention developed with United States government support. Under Title 37 Code of Federal Regulations Part 401, the Government receives a royalty-free license for its use, reserves the right to require the patent holder to license others in certain circumstances, and requires that anyone exclusively licensed to sell the invention in the United States must normally manufacture it substantially in the United States. To the extent authorized by Title 35 United States Code Section 205, the Government will not make public any information disclosing a Government-supported invention for a 4-year period to allow the awardee organization a reasonable time to file a patent application, nor will the Government release any information that is part of that application.

When purchasing equipment or products under this SBIR award, the grantee shall use only American-made items whenever possible.

The above referenced grant is scheduled to expire on December 31, 1999. Unless an application for competitive renewal is funded, grant closeout documents must be submitted within 90 days of the expiration of the grant. Grant closeout documents consist of a Financial Status Report (OMB 269) , Final Invention Statement (HHS 568) and a Final Progress Report.

The Final Progress Report may be typed on plain white paper and should include, at a minimum, a summary statement of progress toward the achievement of the originally stated aims, a list of results (positive and/or negative) considered significant, and a list of publications resulting from the project as well as plans for further publications. An original and one copy are required.

Please send the Final Progress Report and Final Invention Statement & a copy of the Financial Status Report to the following address:

ATTENTION: CLOSEOUT
NIH, NIAID, Division of Extramural Activities
Grants Management Branch
Room 2200, Rockledge Drive, MSC-7614
Bethesda, Maryland 20892-7614

The Financial Status Report should be sent to:

Division of Financial Management, NIH

9000 Rockville Pike, MSC-2052
Building 31, Room B1B05A
Bethesda, Maryland 20892-2052

Program Official Contact:
Christopher Tseng, Ph.D.
(301) 496-7453

Grants Management Contact:
Annette Hanopole
(301) 402-5937
ahanopole@niaid.nih.gov

Karen McVay, Grants Specialist

SPREADSHEET

GRANT NUMBER: 1 R43 AI46043-0l

P.1.: HRUBY, DENNIS E

INSTITUTION: SIGA PHARMACEUTICALS, INC.

	YEAR 01
Salaries and Wages	42,000
Personnel Costs	42,000
Consultant Services	10,000
Supplies	15,000
Travel Costs	1,500
Other Costs	5,000
TOTAL DC	73,500
TOTAL F&A	29,400
TOTAL COST	102,900
FEE	6,172

- ---------- NOTICE OF GRANT AWARD ----------
SMALL BUSINESS INNOVATION RESEARCH PROG Issue Date: 09/27/1999

Department of Health and Human Services
National Institutes Of Health
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES
- ---

Grant Number: 1 R43 AI46176-01
Principal Investigator: HRUBY, DENNIS E MD
Project Title: DEVELOPMENT OF A GROUP A STREP SUBUNIT VACCINE

CHIEF FINANCIAL OFFICER
SIGA PHARMACEUTICALS INC
420 LEXINGTON AVE
SUITE 620
NEW YORK, NY 10170

Budget Period: 09/30/1999 - 09/29/2000
Project Period: 09/30/1999 - 09/29/2000

Dear Business Official:

The National Institutes of Health hereby awards a grant in the amount of $293,446 (see "Award Calculation" in Section I) to SIGA PHARMACEUTICALS, INC. in support of the above referenced project. This award is pursuant to the authority of 42 USC 241 42 CFR PART 52 15 USC 638 and is subject to attached terms and conditions.

Acceptance of this award including attached Terms and Conditions is acknowledged by the grantee when funds are drawn down or otherwise obtained from the grant payment system.

Award recipients are responsible for reporting inventions derived or reduced to practice in the performance of work under this grant. Rights to inventions vest with the grantee organization provided certain requirements are met and there is acknowledgement of NIH support. In addition, recipients must ensure that patent and license activities are consistent with their responsibility to make unique research resources developed under this award available to the scientific community, in accordance with NIH policy. For additional information, please visit http://www.iedison.gov.

If you have any questions about this award, please contact the individual(s) referenced in the attachments.

Sincerely yours,

/s/ Annette Hanopole

Grants Management Officer
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

Attachments

SECTION I - AWARD DATA - 1 R43 AI46176-01

AWARD CALCULATION (U.S. Dollars):

Salaries and Wages	$132,340
Personnel Costs	$132,340
Consultant Services	$ 10,000
Supplies	$ 48,400
Travel Costs	$ 2,000
Other Costs	$ 5,000
Direct Costs	$197,740
F&A Costs	$ 79,096
APPROVED BUDGET	$276,836
Fee	$ 16,610
TOTAL	$293,446

FISCAL INFORMATION:
CFDA Number: 93.856
EIN: 1133864870A1
Document Number: R3AI46176A

IC / CAN / FY1999
AI / 8425710 / 293,446

NIH ADMINISTRATIVE DATA:
PCC: M58 / OC: 41.4A / Processed: NORWOODL 990923 0500

SECTION II - PAYMENT / HOTLINE INFORMATION - 1 R43 AI46176-0l

For Payment and HHS Office of Inspector General Hotline Information, see the NIH Home Page at http://www.nih.gov/grants/policy/awardconditions.htm

SECTION III - TERMS AND CONDITIONS - 1 R43 AI46176-0l

This award is based on the application submitted to, and as approved by, the NIH on the above-titled project and is subject to the terms and conditions incorporated either directly or by reference in the following:

a. The grant program legislation and program regulation cited in this Notice of Grant Award.

b. The restrictions on the expenditure of federal funds in appropriations acts, to the extent those restrictions are pertinent to the award.

c. 45 CFR Part 74 or 45 CFR Part 92 as applicable.

d. The NIH Grants Policy Statement, including addenda in effect as of the beginning date of the budget period.

e. This award notice, INCLUDING THE TERMS AND CONDITIONS CITED BELOW.

(see NIH Home Page at http://www.nih.gov/grants/policy/awardconditions.htm for certain references cited above.)

This grant is excluded from Expanded Authorities.

Treatment of Program Income:

Additional Costs

The fee or profit provided as part of this grant award is in addition to allowable direct and indirect costs. If the total amount of direct and indirect costs awarded is not spent, a proportionate amount of the fee or profit must be shown as an unobligated balance on the Financial Status Report.

The total cost (direct, indirect, and fixed fee) for Phase I of this SBIR may not exceed $300,000.

PAYMENT INFORMATION: The awardee organization will receive information and forms from the Payment Management System of the Department of Health and Human Services regarding requests for cash, manners of payment, and associated reporting requirements. Payment may be made on a cost-reimbursement or advance basis. Cost reimbursements may be requested monthly, quarterly, or at other periodic intervals. Advance payments may be requested on a monthly basis only. The telephone number for the Payment Management System Office is (301) 443-1660.

The fixed fee provided as part of this grant award is included in the maximum allowable total costs. An adjustment of the fee will be made in the event the grant is terminated. The fee is to be drawn down from the HHS Payment Management System in increments proportionate to the drawdown of funds for costs.

Normally, the awardee organization retains the principal worldwide patent rights to any invention developed with United States government support. Under Title 37 Code of Federal Regulations Part 401, the Government receives a royalty-free license for its use, reserves the right to require the patent holder to license others in certain circumstances, and requires that anyone exclusively licensed to sell the invention in the United States must normally manufacture it substantially in the United States. To the extent authorized by Title 35 United States Code Section 205, the Government will not make public any information disclosing a Government-supported invention for a 4-year period to allow the awardee organization a reasonable time to file a patent application, nor will the Government release any information that is part of that application.

When purchasing equipment or products under this SBIR award, the grantee shall use only American-made items whenever possible.

Grants Management Contact:
Lesia A. Norwood
Tel: (301) 402-6581 email: ln5t@nih.gov

Program Official Contact:
Fran A. Rubin, Ph.D.
Tel: (301) 496-9655

Lesia Norwood, Grants Specialist

SPREADSHEET
GRANT NUMBER: 1 R43 AI46176-0l
P.I.: HRUBY, DENNIS E
INSTITUTION: SIGA PHARMACEUTICALS, INC.

	YEAR 01
Salaries and Wages	132,340
Personnel Costs	132,340
Consultant Services	10,000
Supplies	48,400
Travel Costs	2,000
Other Costs	5,000
TOTAL DC	197,740
TOTAL F&A	79,096
TOTAL COST	276,836

Software Application Development

Services Agreement

Between

Open-i Media, Inc.

and

SIGA PHARMACEUTICALS, INC.

This AGREEMENT (the "Agreement") is hereby entered as of this 11th day of October, 1999 (the "Effective Date"), by and between Open-i Media, Inc., a corporation with offices at 73 Franklin Street, New York, New York 10013 ("Open-i") and, SIGA PHARMACEUTICALS, INC., a corporation with offices at 420 Lexington Avenue, Suite 620, New York, New York 10017, ("CLIENT"), under the following terms and conditions:

WHEREAS. Open-i is in the business of providing Internet World Wide Web development, programming and related services, including technical and creative services;

WHEREAS, CLIENT wishes to retain the services of Open-i to perform certain Internet world wide web development, programming and related services, including, technical and creative services as described herein; and

WHEREAS, Open-i wishes to provide CLIENT with such services;

NOW, THEREFORE, in consideration of the conditions and covenants set forth hereinafter, it is agreed as follows:

1. DEFINITIONS

1.1. "Deliverable" shall mean the Internet World Wide Web site ("Web Site") and Dynamic Community Application ("Client Application(s)") for CLIENT, which is the Content, Software and other materials to be produced by Open-i pursuant to the specifications.

1.2. "Confidential Information" shall mean any information of either party whether or not developed by the other, marked in writing as "Confidential," including but not limited to preexisting or new information which relates to all ideas, designs, methods, discoveries, improvements, products, Software, Content, or other results of consulting or development services, trade secrets, product data and specifications, proprietary rights, business affairs, product developments, customer information or employee information, however, Confidential Information shall not include any of these items that are already known to that party, in the public domain or has not been previously received from a third party not bound by a confidentiality agreement.

1.3. "Content" shall mean all text, graphics, photographs, animation, images, digital and/or audio clips, including that which is posted on or found in a bulletin board, banner advertisement, hypertext link, chat room, or discussion forum.

1.4. "Software" shall mean everything except Content. By way of examply only, Software includes, but is not limited to, all computer code (both source and object) including, but not limited to, all interfaces navigational devices, menus, menu structures or arrangements, icons, help, operational instructions, scripts, information, HTML, JavaScript, Java, Visual Basic, C++, SQL or any other programming or procedural language, commands syntax, graphical designs, audio and/or digital slide Components and the literal and non-literal expressions of ideas that operate, cause, create, direct, manipulate, access or otherwise affect the Content whether created or licensed from third Parties by Open-i including is without limitation, and copyrights, trade secrets and other intellectual or industrial property rights therein Open-i to develop an operational corporate web site and client application as per the Specifications and install on a web server selected by the CLIENT the Deliverables.

1.6. "Phase(s)" when used in this Agreement, refers to a portion or portion(s) of the entire Project, which includes but is not limited to the Web Sites and Client Applications conceptual design, programming, and testing.

1.7. "Specifications," when used in this Agreement, shall refer to the final document(s) created by Open-i and submitted to CLIENT for CLIENT's approval, that shall:

1.7.1. provide detailed requirements for the Deliverable;

1.7.2. sets forth the Phases for delivery of the Deliverable;

1.7.3. sets forth the fees and fee payment schedule for the Project, and

1.7.4. when approved by CLIENT, it shall be incorporated into this Agreement.

1.8. "Web Site and Client Application Proposal," when used in this Agreement, shall mean the document created by Open-i and submitted to CLIENT for the purpose of outlining the Project, which includes but is not limited to estimated Phases, fees, and related services that upon the parties execution of this Agreement will be superseded by the Specifications.

2. STATEMENT OF SERVICES

2.1. CLIENT hereby retains Open-i as an Internet web development and services provider, effective as of the Effective Date, and Open-i hereby accepts such retention by CLIENT.

2.2. Open-i will complete the Project, and deliver the Deliverable in Phases. Each Phase will require Acceptance by the CLIENT prior to Open-i's commencement of the succeeding Phase.

2.3. Approval of the Specifications shall proceed as follows.

2.3.1. Open-i will consult with CLIENT for the purpose of creating the Specifications.

2.3.2. Open-i shall submit for CLIENT's review the proposed Specifications.

2.3.3 CLIENT within ten (10) business days receipt of the Specifications will either approve or reject the Specifications, in writing and such approval shall not be unreasonably withheld.

2.3.4. If CLIENT does not reject the Specifications in writing within ten (10) business days receipt then approval is automatic on the sixth business day, and Open-i shall invoice CLIENT for the amount specified for the first Phase.

2.3.5. If CLIENT rejects the Specifications, Open-i shall have ten (10) business days within which to resubmit the Specifications.

2.3.6. If CLIENT rejects the resubmitted Specifications, Open-i and CLIENT will negotiate in good faith one of the following courses of action: (i) Re-negotiate the terms of the Specifications; or (ii) Terminate this Agreement.

2.3.7. If at anytime during this Agreement Specifications, such modifications will be in writing signed by the parties, and attached to this Agreement as an amendment to the Specifications.

2.4. Upon CLIENT's approval of the Specifications, Open-i will invoice CLIENT in the amount specified for the Phase, and will thereafter invoice CLIENT in accordance with the payment schedule. All invoices are payable to Open-i within thirty (30) days following receipt of invoice by CLIENT.

2.5. "Acceptance" for each Phase stated in the Specifications and for the completed Deliverable shall be as follows:

2.5.1. Open-i will only commence services for a subsequent Phase when CLIENT has Accepted and paid for the preceding Phase.

2.5.2. Upon Open-i's completion of a particular Phase, CLIENT shall evaluate that portion of the Project and submit Open-i with written approval.

2.5.3. If CLIENT does not reject the particular Phase in writing within ten (10) business days receipt then Acceptance will be automatic on the sixth business day, and Open-i shall proceed with the next Phase.

2.5.4. If CLIENT rejects the Phase, Open-i shall have ten (10) business days within which to correct. If CLIENT thereafter withholds approval, Open-i and CLIENT will negotiate in good faith one of the following courses of action: (i) Re-negotiate the terms of the Specifications; or (ii) Terminate this Agreement.

2.6. Acceptance of Deliverable: CLIENT shall be deemed so have Accepted the Deliverable for all purposes under this Agreement upon the earlier of any one of the following events: 1) use of the Deliverable on the Internet, 2) licensing or distribution of the Deliverable to any third party; or 3) no written notice of rejection from CLIENT within fifteen (15) days from the date of CLIENT's receipt of the Deliverable.

2.7. Any delays attributable to CLIENT'S failure to respond with Acceptance will extend any and all deadlines for an amount of time equal to CLIENT's delay.

3. OWNERSHIP OF RIGHTS

3.1. Provided that Open-i has received all compensation provided for under this Agreement:

3.1.1 Open-i hereby irrevocably assigns, conveys and otherwise transfers to CLIENT all rights, title, and interests worldwide in and to the Deliverable and all proprietary rights therein, including, without limitation, all copy rights, trademarks design patents, trade secret rights, moral rights, and all contract and licensing rights, and all claims and causes of action of any kind with respect to and of the foregoing, whether now known or hereafter to become known. In the event that it has rights in and to the Deliverable that cannot be assigned to CLIENT, Open-i hereby unconditionally and irrevocably waives the enforcement of all such rights, and all claims and causes of action of any kind with respect to any of the foregoing against CLIENT, its distributors and customers, whether now known or hereafter to become known and agrees, at the request and expense of CLIENT to consent to and

join in any action to enforce such rights and to procure a waiver of such rights from the holders of such rights.

3.1.2. Open-i shall retain no rights to use the Deliverable and agrees not to challenge the validity of the ownership by CLIENT of the Deliverable.

4. CLIENT'S RESPONSIBILITIES FOR CONTENT

4.1. CLIENT shall furnish Content and other related information requested by Open-i that is necessary for Open-i to fulfill its responsibilities under this Agreement. CLIENT shall provide adequate access to Open-i personnel necessary for Open-i to fulfill its responsibilities under this Agreement.

4.2. CLIENT assumes sole responsibility for (a) acquiring any authorization(s) necessary for hypertext links to third party web sites, (b) the accuracy of materials, including, without limitation, Content, descriptive claims, warranties, guarantees, nature of business, and address where business is conducted, and (c) ensuring that the CLIENT Content does not infringe or violate any right of any third party.

4.3. CLIENT shall not place or cause to be placed Content that contains any communication, or materials which are obscene, threatening, malicious, which infringe on or violate any applicable laws or regulation or any proprietary, contract, privacy or other third party right, or which otherwise exposes Open-i to civil or criminal liability. Any such materials which do not satisfy the foregoing requirements shall be deemed to be a material breach of this Agreement.

4.4. If notified of allegedly infringing, defamatory, damaging, obscene, illegal, or offensive Content, Open-i's sole obligation will be to inform CLIENT of such allegations. Open-i shall not be liable for any damages incurred by CLIENT because of any such claim or action. CLIENT shall hold Open-i harmless from any damages resulting from CLIENT's acts or omissions with regard thereto.

5. EXPENSES

5.1. Open-i will be reimbursed by CLIENT for all reasonable out-of-pocket expenditures that are incurred solely for the purpose of providing the Included Services under this Agreement. For all related expenses aggregating in excess of $1,000.00, Open-i will obtain CLIENT's prior written approval. Open-i will maintain all receipts for all expenses.

6. DOMAIN NAME REGISTRATION

6.1. As part of CLIENT's responsibilities, CLIENT shall provide Open-i with a registered domain name, which it will own. In the event CLIENT does not provide Open-i with a registered domain name, Open-i shall register, at CLIENT's written request, a domain name(s) selected by CLIENT, which CLIENT will own, provided that such domain name is available for registration and does not violate InterNIC's or any other registration services' policies, or any law or regulation. CLIENT agrees to promptly reimburse Open-i for all fees incurred by Open-i in connection with the registration and maintenance of such domain name.

7. TERM OF AGREEMENT

7.1. The term of this Agreement ("Term") shall begin upon execution of this Agreement, and unless terminated earlier by mutual agreement of the parties, the Term shall end upon the earlier of:

7.1.1. Acceptance of all Phases contemplated for the Project; or

7.1.2. the termination of this Agreement in accordance with its terms.

8. TERMINATION

8.1. Either party may terminate this Agreement if a bankruptcy proceeding is instituted against the other party which is acquiesced in and not dismissed within ninety (90) days, or results in an adjudication of bankruptcy, or the other party materially breaches any of its representations, warranties or obligations under this Agreement, and such breach is not cured within thirty (30) days of the breaching party's receipt of notice specifying the breach.

8.2. In the event that CLIENT fails to pay its fees within thirty (30) days from the date of issue, or applicable due date, such non-payment shall be deemed a material breach of this Agreement, and will be sufficient cause for termination of this Agreement by Open-i if CLIENT cannot cure such breach within five (5) business days. CLIENT shall be liable for any costs associated with such collection, including, but not limited to, legal costs, attorneys' fees, court costs, and collection agency fees.

8.3. Upon termination or expiration of this Agreement, for any reason:

8.3.1. CLIENT shall pay all outstanding fees up to the date of the effective date of termination or effective date of expiration of this Agreement. Upon payment in full of all outstanding invoices, client shall own all deliverables.

9. CONFIDENTIAL INFORMATION

9.1. Each party will (i) keep in confidence the other party's Confidential Information made available to it, (ii) not use the other party's Confidential Information other than for the aforesaid purposes provided herein and (iii) not disclose to any third party any Confidential Information, except as required by order of a court or other government entity.

9.2 Each party shall notify its respective employees, representatives, and agents of their confidentiality obligations with respect to the Confidential Information and shall require its employees to comply with these obligations. The confidentiality obligations of each party and its respective employees, representatives, and agents shall survive the expiration or termination of this Agreement.

9.3. The provisions of this Section shall survive termination of this Agreement.

10. REPRESENTATIONS, WARRANTIES AND LIMITATIONS

10.1. The following representations and warranties are provided solely for the benefit of the parties to this Agreement, and no other person or entity.

10.2. Open-i warrants, represents and covenants that:

10.2.1. The Software hereunder shall perform in accordance with the Specifications, and all services provided hereunder shall be provided in a professional manner.

10.2.2. neither the Software nor the services hereunder infringe any copyright or misappropriate any trade secrets of a third party.

10.3. CLIENT warrants, represents and covenants that

10.3.1. it has the right to disclose the Content it provides to Open-i, that authorization is not required from any third party in order for Open-i to provide the services requested by CLIENT under this Agreement, and that the services Open-i will provide under this Agreement does not violate the rights of any third party.

10.4. Open-i DOES NOT WARRANT ANY SOFTWARE OR INCLUDED SERVICES AGAINST FAILURE OF PERFORMANCE DUE TO FAILURE OF COMPUTER HARDWARE OR COMMUNICATIONS SYSTEM. Open-i DOES NOT PROVIDE ANY GOODS OR SERVICES UNDER THIS AGREEMENT, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT. Open-i HEREBY DISCLAIMS WITH RESPECT TO ALL SERVICES AND OBLIGATIONS PROVIDED HEREUNDER, ALL IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE, OR FITNESS FOR A PARTICULAR PURPOSE.

10.5. The parties acknowledge that the following provisions have been negotiated by them and reflect a fair allocation of risk:

10.5.1. Remedies. In addition to its right of termination and excluding remedies for any breach of the representations and warranties contained herein, CLIENT's sole and exclusive remedies for Open-i's default hereunder shall be to obtain the repair, replacement or correction of the defective services or Deliverable to the extent warranted under this Agreement. If such remedy is not economically or technically feasible or effective, then CLIENT may obtain an equitable partial or full credit or refund of amounts paid with respect to the defective services or deliverable, subject to the limitation set forth immediately below.

10.5.2. Limitation of Liability. IN NO EVENT SHALL Open-i BE LIABLE TO CLIENT OR ANY THIRD PARTY, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR OTHERWISE, FOR (i) ANY AMOUNT IN EXCESS OF THE AMOUNT PAID BY CLIENT TO Open-i FOR ANY SERVICES DURING THE TWELVE MONTHS PRIOR TO THE EVENT GIVING RISE TO THE ALLEGED CLAIM, OR (ii) ANY

DIRECT. INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOST PROFIT OR BUSINESS INTERRUPTION EVEN IF NOTIFIED IN ADVANCE OF SUCH POSSIBILITY) ARISING OUT OF OR RELATING TO THIS AGREEMENT.

10.5.3. CLIENT, at its own expense, shall defend, indemnify, and hold harmless Open-i, its agents, affiliates, successors, and assigns with respect to any damages, expenses (including but not limited to attorney's fees), claim, or action brought against Open-i, its agents, affiliates, successors, and assigns that arises out of or in connection with CLIENT's representations, acts or omissions under this Agreement, including, but not limited to: (1) the Content; (2) unauthorized use of the Software; (3) any use of Internet facilities conducted or permitted by CLIENT; (4) the conduct of any business, advertising, marketing or sales in connection therewith; and, (5) any negligent or illegal act or omission of CLIENT or any of its agents, contractors, servants, employees, or other users or accesses. Open-i shall promptly notify CLIENT of any claim or action, shall provide reasonable assistance in connection with the defense and/or settlement thereof, and shall permit CLIENT to control the defense and/or settlement thereof.

10.6. Open-i agrees to indemnify, hold harmless, and defend CLIENT from and against any and all damages, costs, and expenses, including reasonable attorneys' fees incurred in connection with a claim which, if true, would constitute a breach of the foregoing warrantees in this Section (a "Claim"); provided Open-i is notified promptly in writing of such Claim and has sole control over its defense or settlement, and CLIENT provides reasonable assistance in the defense of such Claim. Following notice of a Claim, Open-i may at its expense, without obligation to do so, procure for CLIENT the right to continue to use the Software or, without obligation to do so, may replace or modify the Software to make it non-infringing. If Open-i elects to replace or modify the Software, such replacement shall substantially meet the specifications of the Software that is accused of infringement.

10.7. Notwithstanding anything to the contrary herein, neither party shall settle or compromise any claim subject to this Section without the other party's prior written consent, not to be unreasonably withheld or delayed.

10.7.1. The provisions of this Section shall survive termination of this Agreement.

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11. MISCELLANEOUS

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11.1. DEVELOPMENT CREDIT AND PUBLICITY. Neither party shall use any trademarks, service marks, nor properties owned, controlled, licensed or otherwise proprietary to either party, whether or not such materials are incorporated into the CLIENT Web Site, without the other party's prior written consent.

11.2 INJUNCTIVE RELIEF. Both parties acknowledge that the disclosure of any aspect of the Confidential Information of the other party shall immediately give rise to continuing irreparable injury to the non-disclosing party inadequately compensable in damages at law and without prejudice to any other remedy available to the non-disclosing party, and shall entitle the non-disclosing party to obtain injunctive relief.

11.3. INDEPENDENT CONTRACTOR Neither party shall have the power to bind the other party, nor shall either party make any such representation. The parties' relation to the other shall be that of an independent contractor solely responsible for the manner and means by which the duties hereunder are carried out. Neither party shall be construed for any purpose to be an employee subject to the control and direction of the other party.

11.4. FORCE MAJEURE Except for CLIENT's payment obligations, if the performance of any part of this Agreement by either party is prevented, hindered, delayed or otherwise made impracticable by reason of any flood, riot, fire, judicial or governmental action, labor disputes, act of God or any other causes beyond the control of either party, that party shall be excused from such to the extent that it is prevented, hindered or delayed by such causes.

11.5. NOTICE Any notice provided pursuant to this Agreement, if specified to be in writing, shall be in writing and shall be deemed given (i) if by hand delivery, upon receipt thereof, (ii) if by mail, five (5) days after deposit in the United States mails, postage prepaid, certified mail, return receipt requested, (iii) if by facsimile transmission, upon electronic confirmation thereof, or (iv) if by next day delivery service, upon such delivery. All notices shall be addressed as follows (or such other address as either party may in the future specify in writing to the other):

To James Chong:
Open-i Media. Inc
Address first listed

To Josh Schein

SIGA PHARMACEUTICALS, INC
Address first listed

11.6. WAIVER. The waiver by either party of any breach or failure to enforce any of the terms and conditions of this Agreement at any time shall not in any way affect, limit or waive either party's rights thereafter to enforce and compel strict compliance with every term and condition of this Agreement.

11.7. SEVERABILITY. If any provision of this Agreement is determined to be invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted, and the balance of the Agreement shall remain enforceable.

11.8. COUNTERPARTS. This Agreement may be executed in several counterparts, all of which taken together shall constitute the entire agreement between the Parties hereto.

11.9. HEADINGS AND RECITALS. The section headings used herein are for reference and convenience only and shall not enter into the interpretation hereof. The entire recitals portion (the Whereas statements) of this Agreement are incorporated into this Agreement by reference.

11.10. ENTIRE AGREEMENT. This Agreement, including any and all Exhibits, or invoices annexed hereto, sets forth the entire agreement between the parties on this subject and supersedes all prior negotiations, understandings, and agreements between the parties concerning the subject matter. No amendment or modification hereof shall be binding unless in writing and duly executed by both parties.

11.11. MEDIATION. Any dispute between the parties arising from this Agreement must first be referred to non-binding mediation by a mediator from the American Arbitration Association with knowledge of web development services, the costs of whom shall be paid jointly by both parties. Each party shall cooperate in such mediation, but may terminate mediation at any time after the expiration of ninety (90) days from commencement thereof. Nothing in this paragraph shall preclude either party from exercising any and all legal rights available to it in a court of competent jurisdiction for injunctive relief. No offer, finding, action, inaction, or recommendation made or taken in or as a result of mediation shall be considered for any purpose an admission of a party, nor shall it be offered or entered into evidence in any legal proceeding.

11.12. CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICT OF LAW PROVISIONS) OF THE STATE OF NEW YORK AND SHALL BENEFIT AND BE BINDING UPON THE PARTIES HERETO AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS LITIGATION.

11.13. Any controversy or claim arising out of or relating to this contract, or the breach of thereof not resolved by Mediation, shall be resolved in litigation in the appropriate State or Federal District Court venued in the State of New York. Both parties consent to jurisdiction and venue in such courts in New York

IN WITNESS WHEREOF, for adequate consideration and intending to be legally bound, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

Open-i Media, Inc.

BY: /s/ James Chong

James Chong, President

SIGA PHARMACEUTICALS, INC.

BY: /s/ Josh O. Schein

Josh O. Schein, CEO

Media Development
Services Agreement

Between

Open-i Media, Inc.

And

SIGA Technologies, Inc.

SERVICE AGREEMENT

This Agreement is made as of March 9, 2000, ("Effective Date") by and between SIGA Technologies, Inc., a corporation with its principal place of business at 420 Lexington Ave., Suite 620, New York, NY 10017 ("SIGA") and Open-i Media, Inc., a corporation with offices at 73 Franklin Street, New York, NY 10013 ("Open-i").

RECITALS

A. SIGA is engaged in the development of internet-based multimedia tools and products for use by its clients and customers.

B. Open-i is a multimedia development firm with experience in the design and production of media appropriate to SIGA's business. SIGA wishes to engage Open-i to provide such services.

C. This Agreement shall establish the terms and conditions for services performed by Open-i for SIGA. These terms govern the general conduct of contracting including disclosure of information and intellectual property rights and, where a conflict may occur, supersede the terms of any purchase order issued for such services.

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

1. Services. Open-i shall provide the services set forth on the attached Exhibit A (the "Scope of Work"), or as otherwise agreed upon by the parties.

2. Fees and Expenses. As compensation for the services provided under this Agreement, SIGA shall pay to Open-i fees for services rendered ("Fees"), in accordance with the schedule set forth on the attached Exhibit B. For all Fees payable in stock, the stock shall be common stock of SIGA Technologies, Inc. and shall be valued at the closing price on the Effective Date, which is $9.1875 per share. Open-i shall be entitled to reimbursement for all reasonable ordinary and necessary expenses directly incurred in connection with the performance of the consulting services provided hereunder ("Expenses"). Any expense in excess of Five Hundred Dollars ($500.00) shall be subject to the prior written approval of SIGA. Travel and living expenses and Consultant's overhead (i.e. office rent and insurance) are not reimbursable expenses.

3. Invoices and Payment. Within ten (10) business days following the end of each calendar month. Open-i shall submit to SIGA an invoice, setting forth Fees accrued (hours billed, if applicable), and Expenses incurred by Open-i. during the preceding month, specifying dates, time spent. and a description of the billable activity, during the preceding month. Invoices shall include documentary evidence for all Expenses, in form and content reasonably satisfactory to SIGA. All fees payable by SIGA for a given month shall be paid within 30 days following the date when each monthly invoice is submitted.

4. Term and Termination. This Agreement shall be effective as of the Effective Date. This agreement may be terminated by SIGA with or without cause, upon fifteen (15) days written notice of the termination. Open-i shall have the right to terminate this Agreement in the event of a material breach by the other party, provided that written notice has been given and SIGA has not cured the material breach within thirty (30) days of receipt of the notice. SIGA may terminate this agreement immediately upon written notice, if the material breach by Open-i constitutes a violation of Section 7, which notice shall specify such breach. Upon expiration or earlier termination of this Agreement prior to completion of the services outlined in Exhibit A, Open-i shall deliver to SIGA copies of all work in progress and other materials developed for SIGA hereunder. The following provisions shall survive expiration or earlier termination of this Agreement: Sections 2 and 3 (with respect only to services rendered to SIGA by Open-i prior to the date of termination), and Sections 5, 6, 7, 8, 9, and 11.

5. Reporting Requirements and Records. Open-i shall keep the designated representative of SIGA apprised of all material developments in Consultant's tasks, and shall regularly provide oral summaries of Consultant's progress. SIGA may, from time to time, request written summaries, which Open-i shall provide to SIGA in a timely fashion. Upon the request of SIGA, Open-i shall make available to SIGA finished or completed draft documents, work in progress, and other data maintained or developed by Open-i in connection with Open-i's performance under this Agreement. Open-i agrees to retain such records, documents and data for a period of not less than one (1) year from termination or expiration of this Agreement. All materials prepared by' Open-i under this Agreement for the benefit of SIGA shall become the sole property of SIGA upon delivery, and shall not be used by Open-i for any other purposes.

6. Status of Open-i as an Independent Contractor. Open-i shall at all times be and be deemed to be an independent contractor with SIGA. SIGA is interested only in the results obtained by Open-i, and Open-i shall have sole control of the manner and means of performing Open-i's obligations hereunder. Open-i hereby acknowledges that SIGA will not be required to withhold state and Federal income taxes, or to make payments for FICA, unemployment insurance or any other payroll taxes, and that Open-i will report such earnings as corporate earnings when he files his state and Federal income tax returns. Open-i shall be obligated to pay federal and state income tax, if any, on any money earned pursuant to this Agreement. Open-i will not be entitled to workers compensation, or be covered by any benefits or compensation plans provided for SIGA employees. Open-i is neither an employee nor an agent of SIGA and shall not, under any circumstances, have authority to create any contract or obligation, express or implied, on behalf of, in the name of or binding upon SIGA.

7. Confidentiality Requirement. It is agreed during Open-i's retention and thereafter that both SIGA and Open-i shall maintain as confidential any and all information obtained from SIGA the other, whether oral or stored in any media, including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, software, models, data models, object models, class libraries, architectures, devices, methods, techniques, drawings, processes, financial and customer data, product plans, and templates, or developed in the course of Open-i's services under this Agreement, which information is of a confidential and proprietary nature and was not previously known to to the other or publicly available, prior to disclosure of such information to the parties by SIGA the other or prior to development of such information under this Agreement. This obligation shall cease only when such information becomes publicly available through publication by either party SIGA or rightful publication by others.

7.1 Notwithstanding anything else contained in this Agreement to the contrary, SIGA and Open-i shall be free to use the "Residuals" for any purpose, including use in development, manufacture, marketing, and maintenance of its own or third parties' products and services; provided that neither party may avoid its confidentiality obligations in this Agreement for item of confidential information merely by having a person commit such item to memory so as to reduce it to intangible form. "Residuals" shall mean anything in non-tangible form (as opposed to

written or documentary form, which includes disk, tape, paper or electronic form) which may be retained by any party having had rightful access to the Confidential Information during the term of this Agreement; provided, however, that it shall not include any trade secret nor any patents, copyrights, or trademarks of either of the parties or a client of SIGA.

8. Assignment of Intellectual Property Rights. It is agreed that all right, title and interest Open-i may have in and to any intellectual property (conceived either individually or jointly), including any inventions, whether patentable or not, any mask work rights, trademarks, or copyrights and which arise out of Open-i's performance under this Agreement, shall be the property of SIGA, and Open-i shall execute all papers necessary for obtaining or perfecting any patents, trademarks or copyrights or other similar rights in any such intellectual property. Where applicable, works of authorship created by Open-i for SIGA in the performance of this Agreement shall be considered "works made for hire" as defined under U.S. Copyright Law.

8.1 Open-i has non-exclusive, non-transferable, irrevocable, perpetual, royalty-free right and license to reproduce, distribute, perform, display, and create derivative works any of the materials delivered by Open-i under this Agreement for Open-i's business, provided that Open-i removes all SIGA materials therein provided to Open-i under this Agreement.

9. Information of Contractor or Third Parties. Open-i warrants that work performed under this Agreement will or have been original to Open-i, and will not infringe upon any rights of others or contain libelous material. In performance of its obligations under this Agreement, Open-i shall, to the best of its knowledge and ability, avoid infringement of any patent, copyright, mask work right, or trademark, or the disclosure of any trade secret or other confidential and proprietary of other any third party. Even when permission has been obtained from the affected third party(ies) Open-i agrees that it shall not knowingly furnish or use any such patented or copyrighted information or any such mask work or trademarks in the performance of this Agreement, nor shall Open-i knowingly use the trade secrets or other confidential and proprietary information of Open-i or others, without the prior written consent of SIGA. Open-i shall indemnify SIGA in the event of an infringement action by any third party against SIGA arising out of Open-i's use of any patents, copyrights, mask work rights, trademarks, trade secrets, or other confidential and proprietary information.

10. Representations of the parties. As a material inducement for both parties to enter into this Agreement, the parties hereby represent to the other and agree as follows: (a) each party holds any and all required and necessary rights and licenses in order for Open-i to undertake the services to be provided hereunder; (b) Consultant, and all contractors employed by either party to complete work hereunder, shall be fully capable of performing the obligations required to complete such work in a professional, safe and workmanlike manner; (c) each party shall at all times comply with all Federal, State and local laws and ordinances applicable to its obligations under this Agreement; and (d) each party shall acquire and maintain in good standing its own insurance, including unemployment compensation, disability insurance, automobile insurance, and general liability insurance.

11. General Provisions.

(a) Waivers. Any waiver of any right under this Agreement must be in writing and signed by the waiving party.

(b) Written Agreement to Govern. This Agreement is the entire understanding between the parties relating to the subjects it covers and supersedes all other prior agreements, representations and covenants, oral or written. Amendments to this Agreement must be in writing and signed by both parties.

(c) Attorneys' Fees. The prevailing party in any arbitration, action or other proceeding brought to enforce this Agreement shall be entitled to recover its reasonable attorneys' fees, costs, and expenses in connection with such action or proceeding from the either party.

(d) Severability. If any term or provision of this Agreement is deemed unenforceable for any reason, such provision shall be severed from this Agreement and shall not affect the remainder of this Agreement.

(e) Governing Law. This Agreement shall be governed in accordance with the laws of the State of California.

(f) Dispute Resolution. Any disputes between the parties which cannot be resolved among themselves or shall be resolved in the state or federal courts located in New York, NY. Open-i hereby agrees and submits to the jurisdiction of these courts for the purpose of this Agreement.

(g) Further Assurances. In addition to the actions specifically mentioned in this Agreement, the parties shall each do whatever may be reasonably necessary to accomplish the transactions contemplated in this Agreement. Wherever this Agreement requires the consent of the other party, unless otherwise specified, such consent shall not be unreasonably withheld or delayed.

(h) Counterparts. This Agreement may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same agreement.

(i) Recitals and Attachments. The recitals set forth above and the attached Schedule(s) shall be deemed to be a part of this Agreement as though such provisions had been set forth in full in this Agreement.

(j) Notices and Other Communications. Every notice required by this Agreement shall be delivered either by (i) personal delivery, (ii) overnight courier requiring the signature of the recipient (e.g. Federal Express), (iii) postage prepaid return receipt requested certified mail, or (iv) by facsimile transmission confirmed by delivery of a copy in accordance with the methods described in (i), (ii) or (iii), above, addressed to the party for whom intended at the addresses appearing below the recipient's signature, below, or at such other address as the intended recipient shall have designated by written notice.

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

SIGA:	Open-i:
SIGA Technologies, Inc. a Delaware corporation	Open-i Media, Inc. A New York corporation
By: /s/ [Illegible] ----------	By: /s/ [Illegible] ----------
Its: Chief Executive Officer	Its: President
Address:	Address:
420 Lexington Ave. Suite 620 New York, NY 10017 Attn: Joshua Schein Fax: (212)697-3130	73 Franklin Street Ground Floor New York, NY 10013 Attn: James Chong Fax: (212)343-1065

[LETTERHEAD OF ROSS PRODUCTS DIVISION o ABBOTT LABORATORIES]

OPTION AGREEMENT

This Agreement, effective as of the date signed by both parties, is between ROSS PRODUCTS DIVISION of Abbott Laboratories, with principal offices at 625 Cleveland Avenue, Columbus, Ohio 43215 ("Abbott") and SIGA TECHNOLOGIES having an office at 420 Lexington Ave. Suite 620, New York, New York 10170 (hereinafter SIGA).

1. SIGA has developed new technology for expressing peptides on the surface of gram positive bacteria. SIGA plans to administer these genetically modified bacteria to individuals as a vehicle for delivering peptides.

2. Oregon State University has discovered a new group of peptides capable of producing an antigenic response to Chlamydia.

3. SIGA has licensed this technology from Oregon State University and is interested in determining if it can express these chlamydia peptides on the surface of a gram positive organism, thereby creating a vaccine.

4. Abbott is interested in potentially obtaining a chlamydia vaccine and is willing to fund SIGA's R&D program, in exchange for being offered rights to future products.

By execution and delivery of this Agreement, the parties agree as follows:

1.0 DEFINITIONS

Where used in this Agreement, the following terms shall have the meanings as described below and the singular shall be deemed to include the plural and vice versa;

1.1 "Affiliate" shall mean any corporation or other entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the designated party, but only for so long as such relationship exists. For the purposes of this section, "Control" shall mean ownership of at least fifty percent (or such lesser percent as may be the maximum that may be owned by foreign interests pursuant to the laws of the country of incorporation) of the shares of stock entitled to vote for directors in the case of a corporation and at least fifty percent (or such lesser percent as may be the maximum that may be owned by foreign interests pursuant to the laws of the country of

domicile) of the interests in profits in the case of a business entity other than a corporation.

1.2 Agreement means this Agreement, including all Exhibits attached hereto.

1.3 Compound means proteins, or fragments thereof, encoded by the Inc. or Tro genes of Chlamydia spp., as well as any other substance developed by, acquired by or licensed to SIGA that is capable of producing a protective response against the etiologic agent of a sexually transmitted diseases in mammals.

1.4 Expression Vector means a recombinant gram positive bacteria that expresses, is capable of expressing, or contains Compound.

1.5 FDA means the United States Food and Drug Administration or any successor entity thereto.

1.6 Research Project refers to a study in which SIGA and Abbott will determine if: 1) the Inc A, B and/or C peptides can be expressed on the surface of a gram positive bacteria, and 2) if the transformed bacteria will confer immunity against infection by chlamydia, in test animals. The specific milestones to be achieved in the Research Project, the time for their completion, and the manner by which they should be evaluated and documented have been mutually agreed upon by the research personnel of SIGA and Abbott and are outlined in Exhibit B.

1.7 Final ReDort means the report provided to Abbott by SIGA, providing all requested data, observations, Know-How, technical information, samples, results, etc., at the conclusion of the Research Project, as outlined in Exhibit B.

1.8 Confidential Information means any information including, but not limited to, ideas, proposals, plans, Know-How, reports, drawings, designs, data, discoveries, inventions, Improvements, suggestions, specifications, samples, components and materials relating to the Product, Expression Vector or Compound and all information relating to the manufacture, formulation, analysis, stability, pharmacology, toxicology, pathology, clinical data, results of clinical efficacy studies, clinical effects and indications for use of the Product, Expression Vector, or Compound which a party discloses to the other party, except for any information which:

(i) is known to the receiving party at the time of disclosure;

(ii) is disclosed to the receiving party, by a third party, who has a right to make such disclosure;

(iii) is in the public domain as a result of acts by a third person obtaining such information as a matter of right; or information which is independently developed by or for the receiving party.

1.9 Effective Date means the date on which the Agreement has been signed by both parties.

1.10 Exclusive License means a license whereby Abbott's rights shall be sole and exclusive and shall operate to exclude all others, including SIGA.

1.11 Improvements means any and all new developments relating to the Compound, Expression Vector, Product or Know-How made by SIGA, including improved methods of manufacture and production techniques, and shall include, but not be limited to, developments intended to enhance the safety and efficacy of the Compound, Expression Vector, or Product in the health care field.

1.12 Know-How means that proprietary technology developed by SIGA for manufacturing, using, or formulating Compound, Expression Vector, or Product including, but not limited to, manufacturing data, formulation or production technology, methods of synthesis, isolation and purification methods and other manufacturing information required to manufacture Compound, Expression Vector or Product and that proprietary data developed by SIGA related to pharmacology, toxicology, pathology, clinical data, results of clinical efficacy studies, clinical effects and indications for use of the Product, Expression Vector or Compound.

1.13 Patents means: (i) any patent or patent application listed in Exhibit A; (ii) any patent or patent application hereafter filed or acquired by SIGA and any patent or patent application under which SIGA becomes licensed (and has a right to sublicense), during the term of this Agreement and within the scope of this Agreement regarding the Compound, Expression Vector, Product, their manufacture, use or sale, including methods of use and screening or processes that use the Compound; (iii) all patents arising from applications identified in (i) or (ii) and any divisions, continuations and continuations-in-part defined in (i) or (ii); (iv) any extension, renewal or reissue of a patent identified in (i), (ii) or (iii); and (v) any counterparts wherever issued of any patents identified in (i) through (iv). SIGA shall promptly notify Abbott of any such patent or patent application hereafter acquired or filed by SIGA and any patent or patent application under which SIGA becomes licensed and with the right to sublicense to Abbott, and such patent or patent application shall be added to Exhibit A.

1.14 Product means any composition, preparation, admixture, dosage form, delivery vehicle, etc., which contains Compound, Expression Vector, or a combination of Compound and Expression Vector.

1.15 Proprietary Rights means all of SIGA's property rights (except Patent Rights) and all of SIGA's interests of every nature in, to, or covering the Compound, Expression Vector, Product or preparations containing the Compound and/or Expression Vector, or the manufacture or use of them or any of them, to the extent that such property rights and interests are of such legal status and nature as to permit the same to be lawfully licensed and, without limiting the generality thereof, specifically include unpatented inventions, ideas, data, Know-How, technology, trade secrets, and Confidential Information.

1.16 Territory means the entire world.

1.17 SIGA Intellectual Property shall mean all inventions, improvements, technical information, data, or discoveries, whether patentable or not, which are conceived and reduced to practice solely by employees of SIGA in carrying out the Research Project. For the purposes of this Agreement, SIGA Intellectual Property shall be considered to be an Improvement as detailed in section 1.11. SIGA Intellectual Property shall belong to SIGA.

1.18 Joint Intellectual Property shall mean all inventions, data, technical information, or discoveries, whether patentable or not, which are: 1) jointly conceived or jointly reduced to practice by an employee of SIGA and an employee of ABBOTT, or 2) conceived of by an employee of SIGA or ABBOTT and reduced to practice by an employee of the other party, in carrying out the Research Project. For the purposes of this Agreement, SIGA's rights in Joint intellectual Property shall be considered Improvement as detailed in section 1.11. Joint Intellectual Property shall belong jointly to SIGA and Abbott.

1.19 ABBOTT Intellectual Property shall mean all inventions, data, technical information or discoveries, whether patentable or not, which are conceived and reduced to practice solely by employees of ABBOTT in carrying out the Research Project. Abbott Intellectual Property shall belong to Abbott and shall not be subject to the terms and conditions of this Agreement.

1.20 Field shall mean sexually transmitted diseases (STD's).

2.0 EXCLUSIVE OPTION TO NEGOTIATE

2.1 Grant SIGA hereby grants to Abbott the exclusive option to negotiate an Exclusive License, to SIGA's Patents and Proprietary Rights in the Field, as more fully set forth in sections 3 and 4, upon the terms and conditions set forth in this Agreement.

2.2 Exercise Abbott may exercise its option by written notice to SIGA at any time during the Option Period. Unless the option is exercised during the Option Period, the parties shall have no further rights or obligations under this Agreement, except as provided in section 9 regarding Confidential Information.

2.3 Period a.) Option Period for Chlamydia: The option period for Chlamydia ("Chlamydia Option Period") shall commence on the Effective Date and shall terminate six (6) months after Abbott's acceptance of the Final Report (the "Termination Date"), unless extended by the mutual consent of the parties. In the event that Abbott exercises its option, then the Chlamydia Option Period shall be extended for an additional six (6) months after the Termination Date, to allow the parties to negotiate the remaining terms of the license agreement (i.e. twelve (12) months after the receipt of the Final Report).

b.) Option Period for STD's other than Chlamydia: The option period for STD's other than Chlamydia ("STD Option Period" and together with the Chlamydia Option Period, the "Option Period") shall commence on the Effective Date and shall terminate on March 31, 2001, unless extended by the mutual consent of the parties. In the event that Abbott exercises its option, then the option shall be extended until September 30, 2001 to allow the negotiation of the remaining terms of the license agreement. The expiration of the broader option for STD's shall have no adverse impact upon Abbott's option relating to chlamydia as described in Section 2.3(a) above.

2.4 Payments In consideration for this option, Abbott shall pay to SIGA, one hundred and twenty thousand dollars ($120,000.00) contingent upon the completion of the milestones listed below:

a) Forty Thousand Dollars ($40,000.00) upon the execution of this Agreement by both parties;

b) Forty Thousand Dollars ($40,000.00) upon the completion by SIGA of Milestone #1, and

c) Forty Thousand Dollars ($40,000.00) upon the completion of Milestone #2 by SIGA, and acceptance by Abbott of the Final Report.

2.5 Extension of Option Period With SIGA's consent, Abbott may extend the Option Periods described above in Section 2.3(a) and (b) by providing SIGA, prior to the Termination Date, additional funding to further its research efforts directed to the development of a chlamydia vaccine. Abbott's Option Period shall automatically be extended until six (6) months after Abbott's acceptance of the Final Report for such additional research. If Abbott exercises its option, then as described in Section 2.3, the Option Period shall be extended an additional six (6) months after exercise, to allow the parties to negotiate the remaining terms of the license agreement (i.e. twelve (12) months after the acceptance of the Final Report).

3.0 TERMS OF LICENSE

The specific terms of the license agreement shall be negotiated by the parties upon Abbott's exercise of its option granted hereunder. However any such license shall at a minimum contain the following terms:

3.1 Scope SIGA shall grant to Abbott an Exclusive License in the Territory to make, have made, import, export, use, offer for sale, and sell Compound, Expression Vectors, and Product under the Patents and Proprietary Rights in the Field, with the right to grant sublicenses to Affiliates and third persons. Any such license shall be irrevocable.

3.2 Improvements SIGA shall grant to Abbott a royalty-free, (other than the underlying royalty to be negotiated pursuant to this paragraph) irrevocable Exclusive License in the Territory to make, have made, import, export, use, offer to sell and sell any Improvements, under the Patents and Proprietary Rights in the Field, with the right to grant sublicenses to Affiliates and Third Parties.

4.0 LICENSE NEGOTIATION

4.1 Good Faith In the event that Abbott exercises its option hereunder, each party agrees to negotiate in good faith the remaining terms of the license agreement.

4.2 Negotiation with Third Party During the Option Period, SIGA shall not offer or grant to any person or entity (other than Abbott) any right under the Patents and Proprietary Rights in the Field, and shall not discuss or negotiate with, or consider or accept any offer from, any person or entity (other than Abbott) concerning any rights relating to the Patents or Proprietary Rights in the Field.

5.0 RESEARCH PROJECT

5.1 SIGA shall use all reasonable efforts to conduct and complete the Research Project as outlined in Exhibit B. SIGA warrants that all work shall be conducted according to scientifically accepted standards and all applicable laws, rules and regulations. SIGA further agrees that all applicable NIH guidelines regarding the handling and disposal of genetic materials shall be observed.

5.2 SIGA shall use all reasonable efforts to meet the Completion Dates specified in Exhibit B for the Research Project.

5.3 The parties shall keep each other advised of the status of the Research Project. This shall be done by telephone conferences and/or written correspondence between

personnel of Abbott and SIGA at least once monthly, and up to weekly, if requested by either party. SIGA shall communicate to Abbott and provide copies as requested of all data, information, discoveries, etc. generated in the Research Project.

5.4 SIGA shall allow the personnel of Abbott associated with the Research Project, the opportunity to inspect the facilities and laboratories where the Research Project is being carried out. Abbott shall give an advance notice of at least five (5) business days. Abbott shall conduct such inspection during normal business hours. SIGA shall make their personnel working on the Research Project available for consultations during any such inspection, provided that such consultations do not interfere in a material manner with the Research Project. SIGA shall allow personnel of Abbott to inspect notebooks, reports, and other documentation relating to the Research Project.

5.5 SIGA shall not subcontract or delegate any of the work associated with the Research Project, to a third party, without the prior written consent of Abbott.

5.6 In addition to the updates described above for the chlamydia project, SIGA shall keep Abbott apprised of all research and development efforts in other STD diseases within the scope of its option. The updates shall be carried out in the same manner as described in sections 5.3 and 5.4 above.

6.0 TERM AND TERMINATION

6.1 Term Unless otherwise terminated as herein provided, this Agreement shall commence on the Effective Date and shall terminate at the conclusion of the Option Period or any extension thereof.

6.2 Early Termination

(i) Bankruptcy or Material Breach. A party may terminate this Agreement by giving to the other party sixty (60) days prior written notice as follows:

(A) To the extent permitted by law, upon the bankruptcy or the insolvency of the other party; or

(B) Upon the material breach of this Agreement by the other party, if the breach is not cured within sixty (60) days after written notice thereof to the party in default.

6.3 Consequences of Termination

(i) Survival of Liability. Termination or expiration of this Agreement shall not relieve the parties of any obligation accruing prior thereto and shall be without prejudice to the rights and remedies of either party with respect to any antecedent breach of any of the provisions of this Agreement.

7.0 REPRESENTATIONS AND WARRANTIES

SIGA represents and warrants that:

(a) SIGA has the full right and power to perform the obligations and grant the option to the Exclusive License in the Field set forth in this Agreement and there are no outstanding agreements, assignments or encumbrances in existence in conflict with the provisions of this Agreement;

(b) to the best of SIGA's knowledge, there are no actions, threatened or pending, before any court relating to the Patents and/or Proprietary Rights;

(c) SIGA has not authorized others to practice the Patents and/or Proprietary Rights in the Field;

(d) SIGA owns and possesses all right, title and interest in and to the Patents and the Proprietary Rights, or has obtained an exclusive license to the Patents and the Proprietary Rights (with the right to grant sublicenses) and, to the best of SIGA's knowledge, no third person has acquired, owns or possesses any right, title or interest in or to the Patents and/or Proprietary Rights that is in conflict with the rights granted to Abbott herein;

(e) SIGA has no agreement with any third person which:

(i) gives any rights to such third person; or

(ii) imposes obligations upon SIGA or gives any rights to SIGA which, in either case, would materially adversely affect the rights of Abbott or the obligations of SIGA under this Agreement; and

(f) All of the inventors named in the patents and patent applications listed in Exhibit A have assigned, or are under an obligation to assign, to SIGA, or to its licensor, all of their right, title and interest in the inventions claimed.

(g) To the best of SIGA's knowledge, there are no other patents or patent applications that SIGA is the owner or licensee of, or has an interest in, that would dominate Abbott's commercialization of the Compound, Expression Vector, or Product.

8.0 PATENT MATTERS

8.1 Unless otherwise agreed to by the parties, during the Option Period and any extension thereof, SIGA shall diligently prosecute all Patents. SIGA shall consult with Abbott regarding the prosecution of the Patents. This shall include: 1) providing Abbott with a copy of any communication received from the United States Patent and Trademark Office, or any foreign equivalent, regarding one of the Patents, 2) providing Abbott with a copy of any response SIGA is planning to file in response to such communication, and 3) providing Abbott an opportunity to review and comment upon such proposed response, SIGA shall be responsible for all the costs associated with filing, prosecuting and maintaining licensed patents.

8.2 At the conclusion of the Research Project, counsel for the respective parties shall confer and determine how to protect the SIGA Intellectual Property and Joint Intellectual property. If the parties decide that patent filings should be made, then each party agrees to make available to the other all information in its possession required to complete the patent filing and prosecution. Each party shall cooperate with the other and execute those documents required to complete the patent filing and prosecution thereof. SIGA shall be responsible for preparing and filing all such patent applications. SIGA shall provide Abbott ample opportunity to review and comment on such patent applications prior to their filing. The costs and prosecution of such applications shall be handled as described in Section 8.1.

9.0 CONFIDENTIALITY

9.1 Confidentiality Neither party, their respective officers, directors, stockholders, consultants, agents and advisors, shall use or disclose any Confidential Information received by it pursuant to this Agreement without the prior written consent of the other. This obligation will continue for a period of five (5) years after expiration or prior termination of this Agreement or any extension thereof.

9.2 Disclosure Nothing contained in this Article shall be construed to restrict the parties from disclosing Confidential Information or this Agreement as required:

(i) for regulatory, tax or customs reasons;

(ii) for securities' law purposes;

(iii) for audit purposes;

(iv) by Court order or other government order or request, as long as reasonable efforts have been made to assure its confidentiality or the other party is timely notified to make such efforts; or

(iv) from using such Confidential Information as is reasonably necessary to perform acts permitted by this Agreement.

10.0 NO PUBLICITY

No party shall issue any publicity, news release or other public announcement, written or oral, whether to the public press, stockholders or otherwise, relating to this Agreement or performance hereunder, or use the name of the other in any publicity, news release or other public announcement, except with the prior written consent of the other party.

11.0 ASSIGNMENT

This Agreement may not be assigned or transferred by either party. Either party may assign this Agreement in the event that all, or substantially all, of the business and assets of such party, are sold or transferred.

12.0 SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and permitted assigns.

13.0 RELATIONSHIPS OF PARTIES

The relationship of the parties under this Agreement is that of independent contractors. Nothing contained in this Agreement is intended, or is to be construed, so as to constitute the parties as partners, joint ventures, or either party as an agent or employee of the other. Neither party has any express or implied rights under this Agreement to assume or create any obligation on behalf of, or in the name of, the other, or to bind the other party to any contract, agreement, or undertaking with any third party, and no conduct of the parties shall be deemed to imply such a right.

14.0 EXHIBITS

All exhibits referenced herein are hereby made a part of this Agreement. No Exhibit may be modified without the mutual consent of both parties, which must be in writing. (Except that new patents or patent applications may be added to Exhibit A.)

15.0 WAIVER

No waiver by either party of any default, right, or remedy shall be effective unless in writing. Nor shall any such waiver operate as a waiver of any other or of the same default, right, or remedy respectively, on a future occasion.

16.0 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between Abbott and SIGA with respect to the subject matter hereof and shall not be modified, amended or terminated except as herein provided, or except by another agreement in writing executed by the parties hereto.

17.0 SEVERABLE

The provisions of this Agreement are severable, and in the event that any provisions of this Agreement are determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions hereof.

18.0 NOTICES

Any and all notices provided for hereunder shall be sent to the respective parties at the following addresses by certified or registered mail, return receipt requested, or sent by an internationally recognized overnight delivery service:

If to ABBOTT: Senior Counsel
Department 108150
625 Cleveland Avenue
Columbus, Ohio 43215

If to SIGA: CEO
SIGA TECHNOLOGIES
420 Lexington Ave.
Suite 620
New York, New York 10170

The effective date of such notice shall be the date it is received by the receiving party.

19.0 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, not including its conflicts of law principals.

20.0 Alternative Dispute Resolution.

In the event of a dispute between the parties regarding this Agreement the parties agree to amicably try to settle the dispute. Further, the parties agree that any dispute that arises in connection with this Agreement shall first be presented to the respective presidents of the Ross Products Division of Abbott and of SIGA for resolution. If no resolution is reached, then such dispute shall be resolved by binding Alternative Dispute Resolution ("ADR") in the manner described in Exhibit C.

The parties hereto have caused this Agreement to be duly executed by their duly authorized representatives as of the date first written above.

ACCEPTED:	ACCEPTED:
ROSS PRODUCT DIVISION	SIGA TECHNOLOGIES, INC,
By:/s/ Arthur L. Hecker Arthur L. Hecker, Ph.D. Vice President Research & Development	By: /s/ Joshua D. Schein Joshua D. Schein, PH.D. CHIEF EXECUTIVE OFFICER
Date: 3/4/00	Date: 2/28/00

As of September 9, 1999

Stefan Capital, LLC
1500 Hempstead Turnpike
East Meadow, NY 11554
Attention: Jeffrey Rubin

Dear Jeff:

We are pleased you have agreed to serve as a consultant to SIGA Pharmaceuticals, Inc. (the "Company"). In this letter, I would like to present the terms of your engagement with the Company.

1. Duties and Term. In connection with your engagement, you will consult with the Company concerning its strategic review and development of alternative internet and related technologies, as requested from time to time by its Chairman or President. You agree to be reasonably available to meet with or discuss with the senior officers of the Company as well as to evaluate potential strategic acquisitions or transactions.

2. Compensation. In consideration for your services, the Company will issue to you warrants (the "Warrants") to purchase an aggregate of 100,000 shares of the Company's Common Stock at an exercise price of $1.00 per share, of which 50,000 warrants are immediately vested, and will become exercisable on the first anniversary of the date hereof. The other 50,000 warrants will vest as of the date of grant, and will become exercisable on the second anniversary of the date hereof. The Warrants will have cashless exercise provisions and will be represented by a Warrant Agreement dated as of the date hereof and have certain registration rights, as reflected in a Registration Rights Agreement dated as of the date hereof, which have been executed by the Company and by you.

3. Additional Compensation. In addition to the compensation referred to above, if you introduce the Company to a person or entity with whom the Company enters into a transaction involving a merger or acquisition, asset acquisition or sale, strategic alliance or joint venture, or equity or debt financing transaction involving the issuance of securities and/or the borrowing of money, the Company will pay to you an agreed-upon fee, which may consist of cash and/or securities, based upon the size of the transaction and your involvement therein.

4. Other Benefits. You will not be entitled to any other compensation or benefits for your services, regardless of the compensation or benefits offered by the Company to its employees or other consultants. The Company will reimburse you for actual out-of-pocket expenses incurred by you in the performance of your services

provided that such expenditures have been approved in advance by an officer of the Company in writing.

5. Confidentiality. As a consultant to the Company, you may have access to information about the Company and third parties which is confidential in nature. You agree that you will not disclose any such information to any other person or entity, nor shall you use such information for any purpose other than the performance of your duties with the Company.

6. Miscellaneous. The agreements set forth in this letter are personal, and your rights set forth above may not be transferred or assigned by you without the Company's prior written consent. This letter agreement represents the entire agreement between you and the Company concerning your consulting and supersedes all prior negotiations and agreements, whether written or oral, relating to your engagement.

This letter agreement may not be amended or waived unless pursuant to a writing signed by you and an officer of the Company. No waiver or any term of this letter agreement or of any breach of any condition or provision to be performed under this letter agreement shall be deemed a waiver or a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

You will bear full and complete liability for the payment of all applicable income, payroll, withholding and other taxes and deductions required to be paid on account of amounts received by you pursuant to this Agreement by any law, rule or regulation of any federal, state or local authority.

The laws of the State of New York shall govern the interpretation, validity and performance of the terms of this letter agreement, without reference to conflicts of laws rules.

You agree that you are an independent contractor to, and not an employee or agent of, the Company, and that you do not have any authority or right to enter into any agreements or binding obligations on behalf of the Company.

To acknowledge your agreement to the terms of your engagement set forth above, please sign a copy of this letter where indicated and return it to me at your earliest convenience. We look forward to working with you.

Very truly yours,

SIGA PHARMACEUTICALS, INC.

By: [ILLEGIBLE]

An authorized officer
Chairman

ACCEPTED AND AGREED AS OF
THE DATE FIRST WRITTEN ABOVE

STEFAN CAPITAL, LLC

By: /s/ Jeffrey Rubin

Jeffrey Rubin, Managing Member

WARRANT AGREEMENT

WARRANT AGREEMENT, dated as of September 9, 1999, between SIGA PHARMACEUTICALS, INC, a Delaware corporation (the "Company"), and Stefan Capital, LLC ("Holder").

W I T N E S S E T H:

WHEREAS, Holder, in connection with and consideration for its provision of financial advisory consulting services pursuant to a Consulting Agreement dated as of the date hereof between the Company and Holder, shall be issued warrants (the "Warrants") to purchase an aggregate of 100,000 shares of Common Stock of the Company ("Shares") at an exercise price of $1.00 per Share.

NOW, THEREFORE, in consideration of the premises herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Issue. The Company hereby issues to Holder a certificate (the "Warrant Certificate") dated as of the date hereof providing Holder with the right to purchase 100,000 Shares (subject to adjustment as provided in Section 8 hereof) at an initial exercise price (subject to adjustment as provided in Section 8 hereof) equal to $1.00 per Share (collectively, all of such shares shall be referred to herein as the "Warrant Shares").

2. Warrant Certificate. The Warrant Certificate to be delivered pursuant to this Agreement shall be in the form set forth in Exhibit X, attached hereto and made a part hereof, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Agreement.

3. Exercisability of Warrants. Fifty thousand (50,000) Warrants granted hereunder shall be exercisable commencing on the first anniversary of the date hereof and the remaining fifty thousand (50,000) Warrants shall be exercisable on the second anniversary of the date hereof provided, however, that in the event of a sale of all, or substantially all, of the assets or capital stock of the Company or the licensing of all or substantially all of the Company's technology, then, upon the occurrence of such event, the Warrants shall all become exercisable immediately. All Warrants must be exercised on or prior to 5:30 p.m., New York time, on September 9, 2004.

4. Procedure for Exercise Warrants.

4.1 Cash Exercise. The Warrants are exercisable at an aggregate initial exercise price per Share set forth in Section 7 hereof payable by certified check or official bank check in New York Clearing House funds. Upon surrender of a Warrant Certificate with the annexed Form of Election to Purchase duly executed, together with payment of the Exercise Price (as hereinafter defined) for

the Warrant Shares purchased, at the Company's principal offices in New York (presently located at 420 Lexington Avenue, Suite 620, New York, NY 10170). Holder shall be entitled to receive a certificate for the Warrant Shares so purchased. The purchase rights represented by the Warrant Certificate are exercisable at the option of the Holder thereof, in whole or in part (but not as to fractional Shares underlying the Warrants). In the case of the purchase of less than all the Warrant Shares purchasable under the Warrant Certificate, the Company shall cancel said Warrant Certificate upon the surrender thereof and shall execute and deliver a new Warrant Certificate of like tenor for the balance of the Warrant Shares purchasable thereunder.

4.2 Cashless Exercise. In addition to the exercise of all or a portion of the Warrants by the payment of the Exercise Price in cash or check as set forth in Section 4.1 above, and in lieu of any such payment, the Holder has the right to exercise the Warrants, in full or in part, by surrendering the Warrant Certificate with the annexed Form of Election to Purchase duly executed, in exchange for the number of Shares equal to the product of (x) the number of Shares as to which the Warrants are being exercised multiplied by (y) a fraction, the numerator of which is the Current Market Price of the Shares (as defined below) less the Exercise Price then in effect and the denominator of which is the Current Market Price.

4.3 Current Market Price. The term "Current Market Price" shall mean (i) if the Shares are traded in the over-the-counter market or on the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ"), the average per Share closing bid prices on the 5 consecutive trading days immediately preceding the date of exercise, as reported by NASDAQ or an equivalent generally accepted reporting service, or (ii) if the Shares are traded on a national securities exchange, the average for the 20 consecutive trading days immediately preceding the exercise date of the daily per Share closing prices on the principal stock exchange on which the Shares are listed, as the case may be. The closing price referred to in clause (ii) above shall be the last reported sales price or, if no such reported sale takes place on such day, the average of the reported closing bid and asked prices, in either case on the national securities exchange on which the Shares are then listed.

5. Issuance of Certificate. Upon the exercise of the Warrants, the issuance of a certificate for Warrant Shares shall be made forthwith (and in any event within five (5) business days thereafter) without charge to the Holder thereof including, without limitation, any tax which may be payable in respect of the issuance thereof, and such certificate shall (subject to the provisions of Sections 6 and 8 hereof) be issued in the name of, or in such names as may be directed by, the Holder thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in a name other

than that of the Holder and the Company shall not be required to issue or deliver such certificate unless or until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

The Warrant Certificate and the certificate representing the Warrant Shares shall be executed on behalf of the Company by the manual or facsimile signature of the then present Chairman or Vice

Chairman of the Board of Directors or President or any Vice President of the Company under its corporate seal reproduced thereon, attested to by the manual or facsimile signature of the then present Secretary or any Assistant Secretary of the Company. The Warrant Certificate shall be dated the date of execution by the Company upon initial issuance, division, exchange, substitution or transfer.

6. Transfer of Warrants. The Holder of the Warrant Certificate, by its acceptance thereof, covenants and agrees that the Warrants are being acquired as an investment and not with a view to the distribution thereof. The Warrants may be sold, transferred, assigned, hypothecated or otherwise disposed of, in whole or in part, without restriction, subject to compliance with applicable securities laws.

7. Exercise Price.

7.1 Initial and Adjusted Exercise Price. Except as otherwise provided in Section 7 hereof, the initial exercise price of each Warrant shall be the price set forth in Section 1 hereof per Warrant Shares issued thereunder. The adjusted exercise price shall be the price which shall result from time to time from any and all adjustments of the initial exercise price in accordance with the provisions of Section 9 hereof.

7.2 Exercise Price. The term "Exercise Price" herein shall mean the initial exercise price or the adjusted exercise price, depending upon the context.

8. Registration Under the Securities Act of 1933. Subject to the Registration Rights Agreement between the Company and the Holder dated as of the date hereof, the Warrants, the Warrant Shares and any of the Other Securities issuable upon exercise of the Warrants have not been registered under the Securities Act of 1933, as amended (the "Act"). Upon exercise, in whole or in part, of the Warrants, a certificate representing the Warrant Shares underlying the Warrants, and any of the Other Securities issuable upon exercise of the Warrants (collectively, the "Warrant Securities") shall bear the following legend unless such Warrant Shares previously have been registered under the Act in accordance with the terms hereof.

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT") AND MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO (i) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, (ii) TO THE EXTENT APPLICABLE, RULE 144 UNDER THE ACT (OR ANY SIMILAR RULE UNDER THE ACT RELATING TO THE DISPOSITION OF SECURITIES), OR (iii) AN OPINION OF COUNSEL, IF SUCH OPINION SHALL BE REASONABLY SATISFACTORY TO COUNSEL TO THE ISSUER, THAT AN EXEMPTION FROM REGISTRATION UNDER THE ACT IS AVAILABLE.

9. Adjustments to Exercise Price and Number of Securities The Exercise Price and, in some cases, the number of Warrant Shares purchasable upon the exercise of the Warrants, shall be subject

to adjustment from time to time Upon the occurrence of certain events described in this Section 9.

9.1 Subdivision or Combination of Shares and Share Dividend. In case the Company shall at any time subdivide its outstanding Shares into a greater number of Shares or declare a dividend upon its Shares payable solely in Shares, the Exercise Price in effect immediately prior to such subdivision or declaration shall be proportionately reduced, and the number of Warrant Shares issuable upon exercise of the Warrants shall be proportionately increased. Conversely, in case the outstanding Shares of the Company shall be combined into a smaller number of Shares, the Exercise Price in effect immediately prior to such combination shall be proportionately increased, and the number of Warrant Shares issuable upon exercise of the Warrants shall be proportionately reduced.

9.2 Dilutive Issuances. In the event that the Company shall sell or issue at any time after the date of this Warrant and prior to its termination, Shares (other than Excluded Shares, as defined in Section 9.2.5) at a consideration per Share less than the Exercise Price then in effect, then the Exercise Price shall be adjusted to a new Exercise Price (calculated to the nearest cent) determined by dividing

(a) an amount equal to (i) the total number of Shares Outstanding (as defined below and subject to adjustment in the manner set forth in Section 9.1) on the date of issuance of this Warrant multiplied by the Exercise Price in effect on the date of issuance of this Warrant (subject, however, to adjustment in the manner set forth in Section 9.1), plus (ii) the aggregate of the amount of all consideration, if any, received by the Company for the issuance or sale of Shares since the date of issuance of this Warrant, by

(b) the total number of Shares Outstanding immediately after such issuance or sale.

In no event shall any such adjustment be made pursuant to this Section 9.2 if it would increase the Exercise Price in effect immediately prior to such adjustment, except as provided in Sections 9.2.3 and 9.2.4. Upon each adjustment of the Exercise Price pursuant to this Section 9.2, the holder of this Warrant shall thereafter be entitled to purchase, at the Exercise Price resulting from such adjustment, the number of Warrant Shares obtained by multiplying the Exercise Price in effect immediately prior to such adjustment by the number of Warrant Shares purchasable pursuant hereto immediately prior to such adjustment, and dividing the product thereof by the Exercise Price resulting from such adjustment.

9.2.1 Definitions. For purposes of this Section 9.2, the following definitions shall apply:

(a) "Convertible Securities" shall mean any indebtedness or securities convertible into or exchangeable for Shares.

(b) "Options" shall mean any rights, warrants or options to subscribe for or purchase Shares or Convertible Securities other than rights, warrants or options to purchase Excluded Securities (as defined in Section 9.2.5).

(c) "Shares Outstanding" shall mean the aggregate of all Shares outstanding and all Shares issuable upon exercise of all outstanding Options and conversion of all outstanding Convertible Securities.

9.2.2 For the purposes of this Section 9.2, the following provisions shall also be applicable:

9.2.2.1 Cash Consideration. In case of the issuance or sale of additional Shares for cash, the consideration received by the Company therefor shall be deemed to be the amount of cash received by the Company for such Shares (or, if such Shares are offered by the Company for subscription, the subscription price, or, if such Shares are sold to underwriters or dealers for public offering without a subscription offering, the public offering price), without deducting therefrom any compensation or discount paid or allowed to underwriters or dealers or others performing similar services or for any expenses incurred in connection therewith.

9.2.2.2 Non-Cash Consideration. In case of the issuance (otherwise than upon conversion or exchange of Convertible Securities) or sale of additional Shares, Options or Convertible Securities for a consideration other than cash or a consideration a part of which shall be other than cash, the fair value of such consideration as determined by the Board of Directors (if any, otherwise by the Managers) of the Company in the good faith exercise of its business judgment, irrespective of the accounting treatment thereof, shall be deemed to be the value, for purposes of this Section 9, of the consideration other than cash received by the Company for such securities.

9.2.2.3 Options and Convertible Securities. In case the Company shall in any manner issue or grant any Options or any Convertible Securities, the total maximum number of Shares of issuable upon the exercise of such Options or upon conversion or exchange of the total maximum amount of such Convertible Securities at the time such Convertible Securities first become convertible or exchangeable shall (as of the date of issue or grant of such Options or, in the case of the issue or sale of Convertible Securities other than where the same are issuable upon the exercise of Options, as of the date of such issue or sale) be deemed to be issued and to be outstanding for the purpose of this Section 9.2 and to have been issued for the sum of the amount (if any) paid for such Options or Convertible Securities and the amount (if any) payable upon the exercise of such Options or upon conversion or exchange of such Convertible Securities at the time such Convertible Securities first become convertible or exchangeable; provided that, subject to the provisions of Section 9.2.3, no further adjustment of the Exercise Price shall be made upon the actual issuance of any such

Shares or Convertible Securities or upon the conversion or exchange of any such Convertible Securities.

9.2.3 Change in Option Price or Conversion Rate. In the event that the purchase price provided for in any Option referred to in subsection 9.2.2.3, or the rate at which any Convertible Securities referred to in subsection 9.2.2.3 are convertible into or exchangeable for Shares shall change at any time (other than under or by reason of provisions designed to protect against dilution), then, for purposes of any adjustment required by Section 9.2, the Exercise Price in effect at the time of such event shall forthwith be readjusted to the Exercise Price that would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed purchase price, additional consideration or conversion rate, as the case may be, at the time initially granted, issued or sold, provided that if such readjustment is an increase in the Exercise Price, such readjustment shall not exceed the amount (as adjusted by Sections 9.1 and 9.2) by which the Exercise Price was decreased pursuant to Section 9.2 upon the issuance of the Option or Convertible Security. In the event that the purchase price provided for in any such Option referred to in subsection 9.2.2.3, or the additional consideration (if any) payable upon the conversion or exchange of any Convertible Securities referred to in subsection 9.2.2.3, or the rate at which any Convertible Securities referred to in subsection 9.2.2.3 are convertible into or exchangeable for Shares, shall be reduced at any time under or by reason of provisions with respect thereto designed to protect against dilution, then in case of the delivery of Shares upon the exercise of any such Option or upon conversion or exchange of any such Convertible Security; the Exercise Price then in effect hereunder shall, upon issuance of such Shares, be adjusted to such amount as would have obtained had such Option or Convertible Security never been issued and had adjustments been made only upon the issuance of the Shares delivered as aforesaid and for the consideration actually received for such Option or Convertible Security and the Shares, provided that if such readjustment is an increase in the Exercise Price, such readjustment shall not exceed the amount (as adjusted by Sections 9 1 and 9.2) by which the Exercise Price was decreased pursuant to Section 9.2 upon the issuance of the Option or Convertible Security.

9.2.4 Termination Of Option or Conversion Rights, In the event of the termination or expiration of any right to purchase Shares under any Option granted after the date of this Warrant or of any right to convert or exchange Convertible Securities issued after the date of this Warrant, the Exercise Price shall, upon such termination, be readjusted to the Exercise Price that would have been in effect at the time of such expiration or termination had such Option or Convertible Security, to the extent outstanding immediately prior to such expiration or termination, never been issued, and the Shares issuable thereunder shall no longer be deemed to be Shares Outstanding, provided that if such readjustment is an increase in the Exercise Price, such readjustment shall not exceed the amount (as adjusted by Sections 9.1 and 9.2) by which the Exercise Price was decreased pursuant to Section 9.2 upon the issuance of the Option or Convertible Security. The termination or expiration of any right to purchase Shares under any Option granted prior to the date of this Warrant or of any right to convert or exchange Convertible Securities issued prior to the date of this Warrant shall not trigger any adjustment to the Exercise Price, but the Shares issuable under such Options or Convertible Securities shall no longer be counted in determining the number of

Shares Outstanding on the date of issuance of this Warrant for purposes of subsequent calculations under this Section 9.2.

9.2.5 Excluded Shares. Notwithstanding anything herein to the contrary, the Exercise Price shall not be adjusted pursuant to this Section 9,2 by virtue of the issuance and/or sale of Excluded Shares, which shall mean the following: (a) Shares issuable upon the exercise of the Warrants; (b) Shares, Options or Convertible Securities to be issued and/or sold to employees, advisors (including, without limitation, financial, technical and legal advisers), directors, or officers or consultants to, the Company or any of its subsidiaries pursuant to a share grant, share option plan, share purchase plan, pension or profit sharing plan or other share agreement or arrangement existing as of the date hereof or approved by the Company's Board of Directors; (c) the issuance of Shares, Options and/or Convertible Securities pursuant to Options and Convertible Securities outstanding as of the date of this Warrant; and (d) the issuance of Shares, Options or Convertible Securities as a share dividend or upon any subdivision or combination of Shares or Convertible Securities (for which appropriate adjustments are to be made pursuant to Section 9.1 hereof). For all purposes of this Section 9.2, all Shares of Excluded Shares shall be deemed to have been issued for an amount of consideration per Share equal to the initial Exercise Price (subject to adjustment in the manner set forth in Section 9.1). In addition, if the amount of any adjustment pursuant to this Section 9 shall be less than two cents (2 (cents)) per Warrant Share no adjustment to the Exercise Price or to the number of Warrant Shares issuable upon the exercise of the Warrants shall be made; provided, however, that in such case any adjustment that would otherwise be required then to be made shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to at least two cents (2 (cents)) per Warrant Share.

9.3 Notice of Adjustment. Promptly after adjustment of the Exercise Price or any increase or decrease in the number of Warrant Shares purchasable upon the exercise of this Warrant, the Company shall give written notice thereof, by first class mail, postage prepaid, addressed to the registered holder of this Warrant at the address of such holder as shown on the books of the Company. The notice shall be signed by the Company's chief financial officer and shall state (i) the effective date of the adjustment and the Exercise Price resulting from such adjustment and (ii) the increase or decrease, if any, in the number of Shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

9.4 Other Notices. If at any time:

(a) the Company shall declare any cash dividend upon its Shares;

(b) the Company shall declare any dividend upon its Shares payable in securities (other than a dividend payable solely in Shares) or make any special dividend or other distribution to the holders of its Shares;

(c) there shall be any consolidation or merger of the Company with another corporation, or a sale of all or substantially all of the Company's assets to another corporation; or

(d) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, in any one or more of said cases, the Company shall give, by certified or registered mail, postage prepaid, addressed to the registered holder of this Warrant at the address of such holder as shown on the books of the Company, (i) at least 15 days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such dissolution, liquidation or winding-up; (ii) at least 10 days' prior written notice of the date on which the books of the Company shall close or a record shall be taken for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger or sale, and (iii) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, at least 15 days' written notice of the date when the same shall take place. Any notice given in accordance with clause (i) above shall also specify, in the case of any such dividend, distribution or option rights, the date on which the holders of Shares shall be entitled thereto. Any notice given in accordance with clause (iii) above shall also specify the date on which the holders of Shares shall be entitled to exchange their Shares for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, as the case may be. If the Holder of the Warrant does not exercise this Warrant prior to the occurrence of an event described above, except as provided in Sections 9.1 and 9.5, the Holder shall not be entitled to receive the benefits accruing to existing holders of the Shares in such event.

9.5 Changes in Shares. In case at any time the Company shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Company's assets or recapitalization of the Shares) in which the previously outstanding Shares shall be changed into or exchanged for different securities of the Company or common stock or other securities of another corporation or interests in a non-corporate entity or other property (including cash) or any combination of any of the foregoing (each such transaction being herein called the "Transaction" and the date of consummation of the Transaction being herein called the "Consummation Date"), then, as a condition of the consummation of the Transaction, lawful and adequate provisions shall be made so that each Holder, upon the exercise hereof at any time on or after the Consummation Date, shall be entitled to receive, and this Warrant shall thereafter represent the right to receive, in lieu of the Shares issuable upon such exercise prior to the Consummation Date, the highest amount of securities or other property to which such Holder would actually have been entitled as a shareholder upon the consummation of the Transaction if such Holder had exercised such Warrant immediately prior thereto. The provisions of this Section 9.5 shall similarly apply to successive Transactions.

10. Exchange and Replacement of Warrant Certificate. The Warrant Certificate is exchangeable without expense, upon the surrender thereof by the registered Holder at the principal executive office of the Company, for a new Warrant Certificate of like tenor and date representing

in the aggregate the right to purchase the same number of Warrant Shares in such denominations as shall be designated by the Holder thereof at the time of such surrender.

Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of the Warrant Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and reimbursement to the Company of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrants, if mutilated, the Company will make and deliver a new Warrant Certificate of like tenor, in lieu thereof.

11. Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of Shares upon the exercise of the Warrants, nor shall it be required to issue scrip or pay cash in lieu of fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of Shares or Other Securities.

12. Reservation of Securities. The Company shall at all times reserve and keep available out of its authorized Shares, solely for the purpose of issuance upon the exercise of the Warrants, such number of Shares or Other Securities as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of the Warrants and payment of the Exercise Price therefor, all Shares or Other Securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any shareholder.

13. Notices to Warrant Holder. Except as otherwise provided in Section 9.4, nothing contained in this Agreement shall be construed as conferring upon the Holder by virtue of his holding the Warrant the right to vote or to consent or to receive notice as a shareholder in respect of any meetings of shareholders for the election of directors or any other matter, or as having any rights whatsoever as a shareholder of the Company.

14. Notices.

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

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

(b) If to the Company, to the address set forth in Section 4 hereof or to such other address as the Company may designate by notice to the Holder.

15. Supplements and Amendments. The Company and Holder may from time to time supplement or amend this Agreement in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any provisions herein, or to

make any other provisions in regard to matters or questions arising hereunder which the Company and Holder may deem necessary or desirable.

16. Successors. All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Company, the Holder and their respective successors and assigns hereunder. Any reference herein to the "Company" shall include any corporation which is a successor to the limited liability company structure currently used by the Company.

17. Termination. This Agreement shall terminate at the close of business on the tenth anniversary of the issuance of the Warrants.

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

19. Entire Agreement; Modification. This Agreement, including all exhibits hereto, and a certain Registration Rights Agreement dated the date hereof between the parties hereto, contains the entire understanding between the parties hereto with respect to the subject matter hereof and may not be modified or amended except by a writing duly signed by the party against whom enforcement of the modification or amendment is sought.

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

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

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

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

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

SIGA PHARMACEUTICALS, INC

By: /s/ Jason Cooper

Name: Jason Cooper
Title: Chairman

STEFAN CAPITAL, LLC

By: /s/ Jeffrey Rubin

Jeffrey Rubin
Managing Member

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