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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, 2000	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, 2001 as reported on the Nasdaq SmallCap Market was approximately $15,550,544. As of March 20, 2001 the registrant had outstanding 7,548,808 shares of Common Stock.

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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 industry, (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 biotechnology company. Our focus is on the discovery, development and commercialization of vaccines, antibiotics and novel anti-infectives for serious infectious diseases. Our lead vaccine candidate is for the prevention of group A streptococcal pharyngitis or "strep throat." We are developing a technology for the mucosal delivery of our 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. Siga's anti-infectives programs are aimed at the increasingly serious problem of drug resistance, they are designed to block the ability of bacteria to attach to human tissue, the first step in the infection process.

Technology

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 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. Pili are proteins on the surfaces of gram-negative bacteria - such as E. coli, salmonella, and shigella - that are required for the attachment of the bacteria to human tissue, the first step in the infection process. 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, we have 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.

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 strep throat vaccine candidate expresses the strep throat antigen on the surface of the commensal S. gordonii, which lives on the surface of the teeth and gums. 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, utilizing the commensal delivery system without the strep throat antigen, were completed at the University of Maryland in 2000. The study showed the commensal delivery system to be well-tolerated and that it spontaneously eradicated or was easily eradicated by conventional antibiotics. A second clinical trial of the commensal delivery system without the strep throat antigen was initiated in 2000 at the University of Maryland. 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). Two principal pathogens that are transmitted via this route are chlamydia, the most common bacterial STD, and Neisseria, the causative agent of gonnorhia. To date, a great deal of effort has been expended, without appreciable success, to develop effective injectable prophylactic vaccines versus these pathogens. Given that both of these pathogens enters the host through the mucosa, we believe that induction of a vigorous mucosal response to certain bacterial antigens may protect against acquisition of the initial infection. To test this hypothesis, we have expressed newly discovered antigens from these pathogens in our 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 our 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. In September 2000 we were awarded a Phase I SBIR Grant from the NIH to help support the research cost of this program.

Mucosal Vaccine Delivery System

We are developing our proprietary mucosal vaccine delivery system, which is a component of our vaccine candidates, for license to other vaccine developers. Our commensal vaccine candidates utilize gram-positive bacteria as vectors for the presentation of antigens. We are using proprietary technology 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 two early stage clinical evaluations 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 completed the first study, in which S. gordonii was delivered to the nasal passage and oral cavity. A total of 60 volunteers completed a second study which was conducted at the University of Maryland as part of our strep throat vaccine program as described above. 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 ongoing clinical studies at the University of Maryland are also designed to evaluate S. gordonii as a commensal bacterial delivery system 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 as novel antibiotics. 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. In 1997, we 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. In the first quarter of 2001 we received a milestone payment from Wyeth-Ayerst for delivery of the first quantities of protease for screening, and high-throughput screening for protease inhibitors was initiated. In connection with our effort on this program we have entered into a license with the University of California at Los Angeles (UCLA) for certain technology that may be incorporated into our development of products for Wyeth-Ayerst.

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 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 structures 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 our scientists. 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 and August 2000 we were awarded Phase I SBIR grants from the NIH to support our development efforts in this area.

Broad-Spectrum Antibiotic Technology. An initial host response to pathogen invasion is the release of oxygen radicals, such as superoxide anions and hydrogen peroxide. The DegP protease is a first-line defense against these toxic compounds, which are lethal to invading pathogens, and is a demonstrated virulence factor for several important gram-negative pathogens: Salmonella typhimurium, Salmonella typhi, Brucella melitensis and Yersinia enterocolitica. In all of these pathogens it was demonstrated that organisms lacking a functional DegP protease were compromised for virulence and showed an increased sensitivity to oxidative stress. It was also recently demonstrated that in Pseudomonas aeruginosa conversion to mucoidy, the so-called CF phenotype involves two DegP homologues.

Scientists at Siga recently demonstrated that the DegP protease is conserved in most important Gram-positive pathogens, including S. pyogenes, S. pneumoniae, S. mutans and S. aureus. Moreover, Siga investigators have shown a conservation of function of this important protease in Gram-positive pathogens and believe that DegP represents a true broad-spectrum anti-infective development target. Siga research has uncovered a virulence-associated target of the DegP protease that will be utilized to design an assay for high-throughput screening for the identification of lead inhibitors of this potentially important anti-infective target.

Biological Defense Program. In the U.S. an estimated $177 million will be spent this year on measures to address bioterrorism. On of the major concerns is smallpox, although declared extinct in 1980 by the World Health Organization, it is believed that rogue nations such as Iran, Iraq, Libya and North Korea may have an illegal inventory of the virus that causes the disease. The only legal inventory of the virus is held under extremely tight security at the Centers For Disease Control in Atlanta, and at a laboratory in Russia. As a result of this threat the U.S. government will be making significant expenditures on finding a way to counter act the virus if turned loose by terrorist or on a battlefield. Siga in collaboration with Rockefeller University and Oregon State University is working on ways to disable the virus' ability to replicate. If the virus can not replicate, it can not overwhelm the immune system and, theoretically, can not kill its victims. The parties are also working on developing nasal sprays and lozenges that could combat toxins such as anthrax. In September 2000 we entered into a subcontract agreement with Oregon State University. The subcontract agreement is part of a project targeted towards developing novel antiviral drugs capable of preventing disease and pathology for smallpox in the event this pathogen were to be used as an agent of bioterrorism. The project is being funded by a grant from the NIH to Oregon State University. The basic virology aspects of the project will be conducted at OSU and the drug development will be performed by Siga under subcontract.

Veterinary Vaccines

One application of our technology is the development of live vaccines that are delivered to a specific mucosal niche where they can colonize and thereby present antigen to the immune system and produce local immunity at the site where the corresponding pathogen will eventually attempt to enter. Since the proprietary expression pathway that we use is conserved in essentially all gram-positive bacteria, this should allow the same strategy to be employed in the development of veterinary vaccines. A commensal bacterium can be isolated from the mucosa of the target species, engineered to express a desired antigen and then reintroduced to the species in order to produce immunity against subsequent infection by the corresponding pathogen. Examples of potential targets for this technology in the area of animal health include prevention of salmonid aquaculture disease problems or canine papilloma virus infections.

Veterinary Program. We believe our vaccine and anti-infectives technologies also provide opportunities to develop biopharmaceutical products for the veterinary health care market. The world wide veterinary market was reported to have been $8 billion in 1999. In the U.S. alone, there are 120 million cats and dogs, 2 million horses, 100 million cattle, 56 million hogs and 8 million sheep and goats. In December 2000 we entered into a collaborative agreement with Fort Dodge Animal Health, a division of American Home Products Corporation, focusing on the design of novel vaccines for the prevention of veterinary diseases. The research collaboration combines Siga's bacterial commensal delivery technology with Fort Dodge's proprietary veterinary antigens. Siga will be responsible for the construction and characterization of candidate vaccines while Fort Dodge will assess the immunogenicity and protective capacity of the target animal species.

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.

Collaborative Research and Licenses

We sponsor research and development activities in laboratories at Oregon State University and at the University of California, Los Angeles. 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 pursuant to an exclusive license agreement dated March, 2000, we will make certain payments to the University as part of our obligation under the option.

In September 2000 we entered into a subcontract with Oregon State University. The contract is for a project which is targeted towards developing novel antiviral drugs capable of preventing disease and pathology for smallpox in the event this pathogen were to be used as an agent of bioterrorism. The project is being funded by a grant from the NIH. The basic virology aspects of the project will be conducted at OSU and the drug development will be performed by Siga under the subcontract. The budget for the subcontract work will be negotiated on a year by year basis with OSU depending on progress of the program and funding available.

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 2000, we received four 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.

Washington University. In February 1998 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.

Abbott Laboratories. In March 2000 we entered into an 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 addition to certain research development services. In exchange for research services and the option, Ross is obligated to pay us $120,000 in three installments of $40,000. The first payment of $40,000 was received during the quarter ended March 31, 2000. The remaining installments are contingent upon certain milestones under the agreement. In the twelve months ended December 31, 2000, we recognized revenue of $80,000.

Regents of the University of California. In December 2000 we entered into an exclusive license agreement and a sponsored research agreement with the Regents of the University of California (the "Regents"). Under the license agreement Siga obtained rights for the exclusive commercial development, use and sale of products related to certain inventions in exchange for a non-refundable license issuance fee of $15,000 and an annual maintenance fee of $10,000. In the event that the Company sub-leases the license, it shall pay Regents 15% of all royalty payments made to Siga. Under the agreement, Siga will also pay Regents 15% of all funds received from Wyeth-Ayesrt and a minimum annual amount of $250,000 for the continued development of the inventions for a period of three years.

Under the sponsored research agreement Siga will provide the Regents with funding in the total amount of $300,000 over a period of two years to support certain research.

Maxygen, Inc. In October 2000 we entered into a collaborative agreement with Maxygen, Inc. to develop a vaccine for biological defense applications. The collaboration combines Siga's patented vaccine delivery system with Maxygen's proprietary antigens for generating an immune response.

American Home Products. In December 2000 we entered into a collaborative agreement with Fort Dodge Animal Health, a division of American Home Products Corporation. The collaboration is focused on the design of novel vaccines for the prevention of veterinary diseases. The research collaboration combines Siga's bacterial commensal delivery technology with Fort Dodge's proprietary veterinary antigens. Siga will be responsible for the construction and characterization of candidate vaccines while Fort Dodge will assess the immunogenicity and protective capacity of the target animal species.

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 seven pending applications as well as foreign counterparts. We are also exclusive owner of three pending U.S. applications based on research conducted in our facility in Oregon.

The patents and patent applications licensed to 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 regulations 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 Corporation, 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.

Human Resources and Facilities

As of March 20, 2001 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 are located in New York, New York and our 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 - None

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

At our Annual Meeting of Stockholders held on November 1, 2000, the following matters were voted upon:

The following nominees were elected to the Board of Directors

Nominee	For	Number of Votes Against	Abstained
Judson A. Cooper	5,925,991	12,840	0
Eric I. Richman	5,925,991	12,840	0
Thomas N. Lanier	5,925,991	12,840	0
Jeffrey Rubin	5,925,991	12,840	0
Joshua D. Schein	5,925,991	12,840	0

The Stockholders voted to ratify the selection of Pricewaterhouse Coopers LLP as independent auditors of SIGA Technologies, Inc. for its fiscal year ending December 31, 2000.

For	Number of Votes Against	Abstained
5,928,491	7,340	3,000

The Stockholders voted to amend our 1996 Incentive and Non-Qualified Stock Option Plan increasing the number of shares authorized for issuance by 1,000,000 shares from 1,500,000 to 2,500,000.

For	Number of Votes Against	Abstained
2,290,025	70,130	1,600

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

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

2000	High	Low
First Quarter	$9.38	$1.44
Second Quarter	$5.50	$3.00
Third Quarter	$4.88	$2.59
Fourth Quarter	$5.31	$3.00

As of March 20, 2001, the closing sales price of our common stock was $2.06 per share. There were 44 holders of record as of March 20, 2001. 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.

Recent 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.

On July 7, 2000, pursuant to a stock purchase agreement, we exchanged 40,336 shares of our common stock and certain additional consideration, for 12.5% of the outstanding capital stock of Open-i Media, Inc., an Internet development and multimedia training company.

Recent Developments

On March, 30, 2001, Joshua D. Schein, our Chief Executive Officer and a director and Judson A. Cooper, our Chairman of the Board entered into an agreement with, among others, Donald G. Drapkin, a beneficial owner of more than 5% of our common stock, in which Messrs. Schein and Cooper have agreed to resign from Siga and use their best efforts to cause each of the current directors of Siga to resign. Certain provisions of the agreement are subject to the condition that each current director of Siga resign. Provided that such condition is satisfied, it is expected that Mr. Drapkin will be appointed Chairman of the Board and Eric A. Rose, M.D. will be appointed as Interim Chief Executive Officer. In addition, it is anticipated that Gabriel M. Cerrone, Thomas E. Constance, Mehmet C. Oz, M.D. and Michael Weiner, M.D. will be appointed as directors. Each of the parties to the agreement have agreed to lock up their respective shares of common stock and options of Siga for 24 months subject to certain conditions and exceptions. Messrs. Schein and Cooper have also each entered into a separation agreement with Siga. A Schedule 14f-1 is currently being prepared and will be sent to our stockholders promptly. The resignations of Messrs. Schein and Cooper are expected to be effective 10 days after the mailing of Schedule 14f-1.

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. Since inception through December 31, 2000, we have sustained cumulative net losses of $22,441,569, 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, 2000, research and development expenses amounted to $10,275,888, patent preparation and prosecution expenses totaled $1,237,491, general and administration expenses amounted to $12,264,156. From inception through December 31, 2000 revenues from research and development agreements and government grants totaled $2,127,681.

Since inception, Siga has had limited resources, has incurred cumulative net operating losses of $22,198,954 and expects to incur additional losses to perform further research and development activities. We do not have commercial biomedical products, and we do not expect to have such for several years, if at all. We believe that we will need additional funds to complete the development of our biomedical products. These circumstances raise substantial doubt about our ability to continue as a going concern. Our plans with regard to these matters include continued development of our products as well as seeking additional research support funds and financial arrangements. Although we continue to pursue these plans, there is no assurance that we will be successful in obtaining sufficient financing on terms acceptable to us. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We have consolidated our biotechnology assets and operations in our research facility in Corvallis, Oregon. We continue to seek to fund a major portion of our ongoing vaccine and antibiotic programs through a combination of government grants, corporate partnerships and strategic alliances. While we have had success in obtaining partners and grants, no assurance can be given that we will continue to be successful in obtaining funds from these sources. Until additional relationships are established, we expect to continue to incur significant research and development costs and costs 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 and 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, 2000 and December 31, 1999.

Revenues from grants and research and development contracts were $483,120 for the twelve months ended December 31, 2000 compared to $519,561 for the same period of 1999. The approximate 7% decline in revenue for the period ended December 31, 2000 is the result of no revenue being recognized from Wyeth-Ayerst, compared to revenue of $337,500 for the same twelve month period of 1999. This decline was largely offset by increased revenue from Small Business Innovation Research (SBIR) Grants and an agreement with the Ross Products division of Abbott Laboratories. During the twelve month period of 2000 we received $450,000 from Wyeth-Ayerst in continued support for our research efforts, however, pending completion of a new agreement, the entire amount has been recorded as deferred revenue.

General and administrative expenses increased approximately 123% for the twelve months ended December 31, 2000 to $4,851,100 from $2,284,790 for the twelve months ended December 31, 1999. The increase in expenditures is the result of non-cash compensation of approximately $950,000 associated with the grant of warrants and options to certain consultants and directors, and a charge of $511,000 to reserve an amount advanced to Hypernix during the twelve months ended December 31, 2000. Hypernix was an Isreali company we entered into a letter of intent to acquire in May 2000. We terminated the agreement in August 2000. Also contributing to the increase in expenses were the personnel costs associated with managing our internet assets and higher legal and accounting costs incurred as a result of our Internet investment.

Research and development expenses increased to $2,608,907 for the twelve months ended December 31, 2000 from $1,672,778 for the same period in 1999. The approximate 56% increase in spending from 1999 compared to the same twelve month period ended December 31, 2000, is primarily the result of expenses incurred in the development of our internet initiative, PeerFinder. In July 2000, we exchanged our internet assets and 40,336 shares of our common stock for 12.5% of Open-i Media, Inc. an Internet development and multimedia training company. At December 31, 2000, we reassessed the value of our investment in Open-i Media. We reviewed certain events and changes in circumstances indicating that the carrying amount of the investment in Open-i Media may not be recoverable in its entirety. As a result, we elected to reduce the carrying amount of our investment to reflect its recoverable value as of year end and recorded an impairment charge of $156,000. Research and development expenses incurred in our biotechnology operation were essentially flat.

Patent preparation expense of $106,647 for the twelve months ended December 31, 2000 was approximately 45% lower than the $193,567 incurred for the twelve months ending December 31, 1999. The decline in spending from the prior year twelve month period reflects the continuing trend to reduce patent costs by focusing on our core biopharmaceutical technologies and eliminating programs that we believe have less commercial value.

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 were for the transfer of title to the university of certain fixed assets as part of the settlement agreement. No such expenses were incurred in the twelve months ended December 31, 2000.

Total operating loss for the twelve months ended December 31, 2000 was $7,083,534, an approximate 90% increase from the $3,729,543 loss incurred for the twelve months ended December 31, 1999. The increase in the operating loss was primarily due to the non-cash general and administration compensation expense associated with warrants and options granted to certain consultants and directors and the charge taken to reserve the funds advanced to Hypernix. Also contributing to the increase in the operating loss were the higher general and administrative and research and development expenses associated with the management and development of our internet assets.

Net interest expense for the twelve months ended December 31, 2000 was $550,464 compared to income of $26,383 for the twelve months ended December 31, 1999. The increase in interest expense is the result of the accrual of interest expense associated with our sale of $1,500,000 principal amount of 6% convertible debentures in January 2000.

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 year ending December 31, 2000.

Quarterly Results of Operations

The following table sets forth selected unaudited quarterly statements of operations data, in dollar amounts and as percentages of net revenue, for the four quarters ended December 31, 1999 and for the four quarters ended December 31, 2000. In our opinion this information has been prepared substantially on the same basis as the audited financial statements appearing elsewhere in this annual statement, and all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly the unaudited quarterly results of operations data. The quarterly data should be read with our financial statement and then noted to those statements appearing elsewhere in the annual statement.

1999

($ in 000's)	Q1	Q2	Q3	Q4
Revenue	$ 113	$ 113	$ 147	$ 147
G&A	$ 525	$ 531	$ 551	$ 678
% of Revenue	465%	470%	375%	461%
R&D	$ 554	$ 519	$ 489	$ 111
% of Revenue	490%	459%	333%	76%
Patent Prep. Costs	$ 62	$ 61	$ 14	$ 56
% of Revenue	55%	54%	10%	39%
Operating Loss	$1,028	$ 997	$ 907	$ 796
% of Revenue	910%	883%	618%	542%
Net Loss	$ 947	$ 910	$ 868	$ 911
% of Revenue	838%	805%	590%	620%

2000

($ in 000's)	Q1	Q2	Q3	Q4
Revenue	$ 81	$ 91	$ 193	$ 118
G&A	$ 811	$ 966	$1,808	$1,266
% of Revenue	1,001%	1,062%	937%	1,073%
R&D	$ 763	$ 392	$ 876	$ 578
% of Revenue	942%	437%	454%	490%
Patent Prep. Costs	$ 26	$ 38	$ 20	$ 23
% of Revenue	32%	42%	10%	18%
Operating Loss	$1,519	$1,305	$2,511	$1,747
% of Revenue	1,875%	1,434%	1301%	1,482%
Net Loss	$1,638	$1,447	$2,658	$1,891
% of Revenue	2,022%	1,590%	1,377%	1,603%

Liquidity and Capital Resources

As of December 31, 2000 we had $1,707,385 in cash and cash equivalents. In July of 1997 we entered into a collaborative two year 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, 2000 we have recorded a total of $1,800,000 of revenue from Wyeth-Ayerst. We received an additional $450,000 in payments from Wyeth-Ayerst during the twelve months ended December 31, 2000 and an additional $350,000 in the first quarter of 2001. 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 and the October grant was a twelve month program for a total of $293,466. As of December 31, 2000 the total amount of the grants had been received. In May and August 2000 we were awarded two Phase I SBIR grants from the National Institutes for Health in the amounts of $26,000 and $96,163, respectively. As of December 31, 2000 the total award of $26,000 from the May grant had been received and $83,637 has been invoiced from the August grant. The remaining $12,526 from the August grant was received in February 2001. In September 2000 we were awarded an additional grant from the NIH for $125,000 to support certain research activities for a six month period. As of December 31, 2000 we had received $73,056 of the grant, the remaining $51,994 was received in March 2001.

In January of 2000 we completed a private placement of 6% convertible debentures at an aggregate principal amount of $1,500,000 and 1,043,478 warrants to purchase shares of our common stock with a purchase price of $0.05 per warrant. We received net proceeds of $1,499,674 from the total $1,552,174 gross proceeds raised. The debentures are convertible into common stock at $1.4375 per share. Interest at the rate of 6% per annum is payable on the principal of each convertible debenture in cash or shares of Siga's common stock, at our discretion upon conversion or at maturity. In the twelve months ended December 31, 2000, $125,000 principal amount of the debenture and the accrued interest was converted into our common stock. In January 2001, an additional $25,000 principal amount of the debenture was converted into our common stock. The warrants have a term of five years and are exercisable at $3.4059 per share. We have the right to require the holder to exercise the warrants within five days under the following circumstances: (i) a registration statement is effective; and (ii) the closing bid price for our common stock, for each of any 15 consecutive trading days is at least 200% of the exercise price of such warrants. If the holder does not exercise the warrants after notice is given, the unexercised warrants will expire. In connection with this transaction, we issued warrants to purchase a total of 275,000 shares of common stock to the placement agent and the investor's counsel (or their respective designees). These warrants have a term of five years and are exercisable at $1.45 per share.

In March 2000 we entered into an 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 addition to certain research development services. In exchange for research services and the option, Ross is obligated to pay us $120,000 in three installments of $40,000. The first payment of $40,000 was received during the quarter ended March 31, 2000. The remaining installments are contingent upon certain milestones under the agreement. In the twelve months ended December 31, 2000, we recognized revenue of $80,000.

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. The warrants are redeemable at $0.01 each, by us upon meeting certain conditions.

In May 2000 we entered into a binding letter of intent to acquire Israel-based Hypernix Technologies, Ltd. Hypernix is the developer of Gooey, an integrated roving communication platform. If the transaction was consummated, we would have issued 3 million shares of our common stock to the stockholders and certain employees of Hypernix and assume all of the disclosed liabilities of Hypernix (not to exceed $1,250,000), with Hypernix's creditors to be paid half in cash and half in our common stock. Also, we were to lend Hypernix $250,000 per month for up to five months. This advance was subject to interest at an annual rate of 10% and was secured by all the assets of Hypernix. We advanced Hypernix $261,000 and $250,000 in May and July respectively, under the agreement. In August we terminated the letter of intent. We recorded a charge of $261,000 for the three months ended June 30, 2000 and $250,000 for the three months ended September 30, 2000 to reserve the advances made to Hypernix. In March 2001 we received approximately $84,000 from the liquidation of certain assets of Hypernix.

In July 2000 we entered into an agreement with Global Impact Communications, Inc.(GIC). GIC will serve as our public relations agency. GIC received options to purchase 75,000 shares of our common stock and they will receive a monthly retainer of $6,000. Twenty five thousand options are exercisable at $5.75 per share, 25,000 at $6.50 per share and 25,000 at $7.50 per share.

In August 2000 we entered into an agreement with The Kriegsman Group for them to render advice and assistance with respect to financial consulting , planning, structuring, business strategy, public relations and raising equity capital. The term of the agreement was for a period of fifteen months with a guarantee of a six-month retention from August 1, 2000 through February 1, 2001. We paid Kriegsman a fee of $40,000 upon signing of the agreement The agreement also granted Kriegsman a warrant to purchase 500,000 shares of our common stock with 200,000 warrants vesting upon the date of the agreement with an exercise price of $3.63 per share. As of December 31, 2000 we had paid them $120,000 under the agreement. In January 2001, the agreement was terminated. As part of the mutual agreement to terminate, Kriegsman agreed to the cancellation of the 500,000 warrant grant made at the time of the signing of the agreement and accept a new grant of 50,000 warrants at an exercise price of $3.63 per share.

In November 2000 we entered into a one year consulting agreement with Fahnestock and Co., the investment banking firm that provided services facilitating our sale in January 2000 of the $1.5 million principal amount 6% convertible debentures, and the March 2000 sale of $3.0 million of our equity. Under the terms of the agreement, we will receive, marketing, public relations, acquisitions and strategic planning services. In exchange for such services, we amended the terms of the warrants Fahnestock received for their efforts in the two fund raising efforts, changing the exercise price of their warrants to $2.00 per share.

On December 6, 2000 the Company entered into an exclusive license agreement and a sponsored research agreement with the Regents of the University of California (the "Regents"). Under the license agreement Siga obtained rights for the exclusive commercial development, use and sale of products related to certain inventions in exchange for a non-refundable license issuance fee of $15,000 and an annual maintenance fee of $10,00. In the event that the Company sub-leases the license, it shall; pay Regents 15% of all royalty payments made to Siga. Under the agreement, Siga will also pay Regents 15% of all funds received from Wyeth-Avesrt and a minimum annual amount of $250,000 for the continued development of the inventions for a period of three years.

Under the sponsored research agreement Siga will provide the Regents with funding in the total amount of $300,000 over a period of two years to support certain research.

In January 2001 we received an additional $112,500 from Wyeth-Ayerst to further support our research and development programs begun under our July 1997 agreement. In February 2001 we received a $237,500 payment from Wyeth-Ayerst for achieving a certain research milestone under the July 1997 agreement.

We anticipate that our current resources will be sufficient to finance our currently anticipated needs for operating and capital expenditures approximately through the Fourth 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 financing. However, no assurance can be provided that additional capital will be obtained through these sources or, if obtained, on commercially reasonable terms. If we are unable to raise additional capital when needed, we may be forced to curtail certain activities and programs or possibly cease operations altogether.

Since inception, Siga has had limited resources, has incurred cumulative net operating losses of $22,198,954 and expects to incur additional losses to perform further research and development activities. We do not have commercial biomedical products, and we do not expect to have such for several years, if at all. We believe that we will need additional funds to complete the development of our biomedical products. These circumstances raise substantial doubt about our ability to continue as a going concern. Our plans with regard to these matters include continued development of our products as well as seeking additional research support funds and financial arrangements. Although we continue to pursue these plans, there is no assurance that we will be successful in obtaining sufficient financing on terms acceptable to us. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our working capital and capital requirements will depend upon numerous factors, including 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.

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 $6.6 million for the year ended December 31, 1998, $3.6 million for the year ended December 31, 1999 and $7.8 million for the year ended December 31, 2000. As of December 31, 2000 and December 31, 1999, our accumulated deficit was $22.4 million and $14.7 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.

Most of our expected future revenues are contingent upon collaborative and license agreements and we may not achieve sufficient revenues from these agreements to attain profitability. Our ability to generate revenues depends on our ability to enter into additional collaborative and license agreements with third parties and maintain the agreements we currently have in place. We will receive little or no revenues under our agreements if our collaborators' research, development or marketing efforts are unsuccessful, or if our agreements are terminated early. Additionally, if we do not enter into new collaborative agreements, we will not receive future revenues from new sources.

Our future receipt of revenues from collaborative arrangements will be significantly affected by the amount of time and effort expended by our collaborators, the timing of the identification of useful drug targets and the timing of the discovery and development of drug candidates. Under our existing agreements, we may not earn significant milestone payments until our collaborators have advanced products into clinical testing, which may not occur for many years, if at all.

We may not find sufficient acquisition candidates to implement our business strategy. As part of our business strategy we expect to enter into additional business combinations and acquisitions. We compete for acquisition candidates with other entities, some of which have greater financial resources than we have. Increased competition for acquisition candidates may make fewer acquisition candidates available to us and may cause acquisitions to be made on less attractive terms, such as higher purchase prices. Acquisition costs may increase to levels that are beyond our financial capability or that would adversely affect our results of operations and financial condition. Our ability to make acquisitions will depend in part on the relative attractiveness of shares of our common stock as consideration for potential acquisition candidates. This attractiveness may depend largely on the relative market price, our ability to register common stock and capital appreciation prospects of our common stock. If the market price of our common stock were to decline materially over a prolonged period of time, our acquisition program could be materially adversely affected.

The biopharmaceutical market in which we compete and will compete is highly competitive. The biopharmaceutical industry is characterized by rapid and significant technological change. Our success will depend on our ability to develop and apply our technologies in the design and development of our product candidates and to establish and maintain a market for our product candidates. There also are many companies, both public and private, including major pharmaceutical and chemical companies, specialized biotechnology firms, universities and other research institutions engaged in developing pharmaceutical and biotechnology products. Many of these companies have substantially greater financial, technical, research and development, and human resources than us. Competitors may develop products or other technologies that are more effective than any that are being developed by us or may obtain FDA approval for products more rapidly than us. If we commence commercial sales of products, we still must compete in the manufacturing and marketing of such products, areas in which we have no experience. Many of these companies also have manufacturing facilities and established marketing capabilities that would enable such companies to market competing products through existing channels of distribution.

Because we must obtain regulatory clearance to test and market our products in the United States and foreign jurisdictions, we cannot predict whether or when we will be permitted to commercialize our products. The pharmaceutical industry is subject to stringent regulation by a wide range of authorities in the geographic areas where we intend to develop and commercialize products. A pharmaceutical product cannot be marketed in the United States until it has completed rigorous preclinical testing and clinical trials and an extensive regulatory clearance process implemented by the FDA. Satisfaction of regulatory requirements typically takes many years, is dependent upon the type, complexity and novelty of the product and requires the expenditure of substantial resources.

Before commencing clinical trials in humans, we must submit and receive clearance from the FDA by means of an IND application. Clinical trials are subject to oversight by institutional review boards and the FDA and:

- must be conducted in conformance with the FDA's good laboratory practice regulations;
- must meet requirements for institutional review board oversight;
- must meet requirements for informed consent;
- must meet requirements for good clinical and manufacturing practices;
- are subject to continuing FDA oversight;
- may require large numbers of test subjects; and
- may be suspended by us or the FDA at any time if it is believed that the subjects participating in these trials are being exposed to unacceptable health risks or if the FDA finds deficiencies in the IND application or the conduct of these trials.

Before receiving FDA clearance to market a product, we must demonstrate that the product is safe and effective on the patient population that will be treated. Data obtained from preclinical and clinical activities are susceptible to varying interpretations that could delay, limit or prevent regulatory clearances. Additionally, we have limited experience in conducting and managing the clinical trials and manufacturing processes necessary to obtain regulatory clearance.

If regulatory clearance of a product is granted, this clearance will be limited to those disease states and conditions for which the product is demonstrated through clinical trials to be safe and efficacious. We cannot ensure that any compound developed by us, alone or with others, will prove to be safe and efficacious in clinical trials and will meet all of the applicable regulatory requirements needed to receive marketing clearance.

Outside the United States, our ability to market a product is contingent upon receiving a marketing authorization from the appropriate regulatory authorities. This foreign regulatory approval process includes all of the risks associated with FDA clearance described above.

If our technologies or those of our collaborators are alleged or found to infringe the patents or proprietary rights of others, we may be sued or have to license those rights from others on unfavorable terms. Our commercial success will depend significantly on our ability to operate without infringing the patents and proprietary rights of third parties. Our technologies along with our licensors' and our collaborators' technologies may infringe the patents or proprietary rights of others. An adverse outcome in litigation or an interference to determine priority or other proceeding in a court or patent office could subject us to significant liabilities, require disputed rights to be licensed from or to other parties or require us, our licensors or our collaborators to cease using a technology necessary to carry out research, development and commercialization.

Litigation to establish the validity of patents, to defend against patent infringement claims of others and to assert infringement claims against others can be expensive and time consuming, even if the outcome is favorable. An outcome of any patent prosecution or litigation that is unfavorable to us or one of our licensors or collaborators may have a material adverse effect on us. We could incur substantial costs if we are required to defend ourselves in patent suits brought by third parties, if we participate in patent suits brought against or initiated by our licensors or collaborators or if we initiate such suits. We may not have sufficient funds or resources in the event of litigation. Additionally, we may not prevail in any such action.

Any conflicts resulting from third-party patent applications and patents could significantly reduce the coverage of the patents owned, optioned by or licensed to us or our collaborators and limit our ability or that of our collaborators to obtain meaningful patent protection. If patents are issued to third parties that contain competitive or conflicting claims, we, our licensors or our collaborators may be legally prohibited from pursuing research, development or commercialization of potential products or be required to obtain licenses to these patents or to develop or obtain alternative technology. We, our licensors and/or our collaborators may be legally prohibited from using patented technology, may not be able to obtain any license to the patents and technologies of third parties on acceptable terms, if at all, or may not be able to obtain or develop alternative technologies.

In addition, like many biopharmaceutical companies, we may from time to time hire scientific personnel formerly employed by other companies involved in one or more areas similar to the activities conducted by us. We or these individuals may be subject to allegations of trade secret misappropriation or other similar claims as a result of their prior affiliations.

Our ability to compete may decrease if we do not adequately protect our intellectual property rights. Our commercial success will depend in part on our and our collaborators' ability to obtain and maintain patent protection for our proprietary technologies, drug targets and potential products and to effectively preserve our trade secrets. Because of the substantial length of time and expense associated with bringing potential products through the development and regulatory clearance processes to reach the marketplace, the pharmaceutical industry places considerable importance on obtaining patent and trade secret protection. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual questions. No consistent policy regarding the breadth of claims allowed in biotechnology patents has emerged to date. Accordingly, we cannot predict the type and breadth of claims allowed in these patents.

We also rely on copyright protection, trade secrets, know-how, continuing technological innovation and licensing opportunities. In an effort to maintain the confidentiality and ownership of trade secrets and proprietary information, we require our employees, consultants and some collaborators to execute confidentiality and invention assignment agreements upon commencement of a relationship with us. These agreements may not provide meaningful protection for our trade secrets, confidential information or inventions in the event of unauthorized use or disclosure of such information, and adequate remedies may not exist in the event of such unauthorized use or disclosure.

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.

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.	40	Chief Executive Officer, Secretary and Director
Judson A. Cooper	42	Chairman of the Board, Executive Vice President
Thomas N. Konatich	55	Chief Financial Officer and Treasurer
Dennis E. Hruby, Ph.D.	49	Chief Scientific Officer
Eric Richman	40	Director
Thomas Lanier	41	Director
Jeffrey Rubin	33	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 from the Columbia 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 Kellogg 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 financed environmental biotechnology firm. Mr. Konatich has an MBA from the Columbia Graduate School of Business.

Dennis F. Hruby, Ph.D. has served as Vice-President - Chief Scientific Officer since June 2000. From April 1,1997 through June 2000 Dr. Hruby was our Vice President of Research. 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.

Eric Richman has been a Director since November 2000. Since June 2000, Mr. Richman has been Vice President, Corporate Development at OptiMEMS, Inc., a development stage optical switch company. Prior to thant, from 1998 to 2000, he was Director, International Commercialization with MedImmune, Inc. From 1993 to 1998, Mr. Richman was MedImmune's Senior Director of Transplantation Products. Mr. Richman was part of the founding team at MedImmune holding various other administrative, financial and strategic planning positions since joining MedImmune in 1988. Mr. Richman was a key member on the launch teams for the company's biotechnology products, both domestically and internationally. Mr. Richman received a B.S. degree in Biomedical Science in 1984 from the Sophie Davis School of Biomedical Education and a Master of International Management in 1987 from the American Graduate School of International Management.

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 from 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 President and Director of Newtek Capital, Inc., 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, 2000, 1999 and 1998 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, 2000 were in excess of $100,000.

Summary Compensation Table

		Annual Compensation		Long-Term Compensation
			Other Annual Compensation	Securities Underlying Options(#)
Name and Principal Position	Year	Salary ($)	($)	
Joshua D. Schein, Ph.D., Chief Executive Officer and Director	2000	250,000	--	500,000
	1999	225,000	--	150,000
	1998	170,939	--	16,667
Judson A. Cooper, Executive Vice President and Director	2000	250,000	--	500,000
	1999	225,000	--	150,000
	1998	170,939	--	16,667
Dennis E. Hruby, Ph.D., Chief Scientific Officer	2000	180,000	--	125,000
	1999	170,000	--	--
	1998	167,148	--	40,000
Thomas N. Konatich, Chief Financial Officer	2000	170,000	--	100,000
	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, 2000

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, 2000. The exercise price per share of each option was equal to the fair market value at the time of the grant, except for the grant to Dr. Hruby. The grants to Dr. Hruby were non-Plan grants at a discount of approximately 50% to market.

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
Joshua D. Schein	500,000	43.8	2.00	1/19/10
Judson A. Cooper	500,000	43.8	2.00	1/19/10
Dennis E. Hruby	125,000	(2)	2.00	1/19/10
Thomas N. Konatich	100,000	8.7	2.00	1/19/10

(1) Based on options to purchase an aggregate of 1,144,000 shares of common stock granted under the Amended 1996 Incentive and Non-Qualified Stock Option Plan.

(2) Options were granted outside 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, 2000 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	662,501	37,500	735,938	70,313
Judson A. Cooper	662,501	37,500	735,938	70,313
Dennis Hruby	52,500	122,500	25,000	100,000
Thomas N. Konatich	85,000	110,000	37,500	62,500

(1) Based upon the closing price on December 31, 2000 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 Thomas Lanier 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 2,500,000 shares of common stock, of which 2,167,061 options were outstanding as of December 31, 2000.

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 agreement was amended and restated as of October 6, 2000, 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. Under the amended and restated agreement, in the event of a change in control, Dr. Schein will be paid his compensation for the remainder of his employment term and will receive a tax gross-up payment, and all unvested options held by Dr. Schein will become vested and exercisable. In addition, Dr. Schein will receive a cash payment equal to 1.5% of the total consideration received by Siga in a sale of all or substantially all of the assets or stock of Siga, or a transaction where the holders of the voting capital stock of Siga immediately prior to the transaction own less than a majority of the voting capital stock of the acquiring or surviving entity. In the event of a sale, merger or public spin-out of any subsidiary or material asset of Siga, Dr. Schein shall receive a fee equal to 1.5% of the value of Siga's shares of the subsidiary or material asset.

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 agreement was amended and restated as of October 6, 2000, 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. Under the amended and restated agreement, in the event of a change in control, Mr. Cooper will be paid his compensation for the remainder of his employment term and will receive a tax gross-up payment, and all unvested options held by Mr. Cooper will become vested and exercisable. In addition, Mr. Cooper will receive a cash payment equal to 1.5% of the total consideration received by Siga in a sale of all or substantially all of the assets or stock of Siga, or a transaction where the holders of the voting capital stock of Siga immediately prior to the transaction own less than a majority of the voting capital stock of the acquiring or surviving entity. In the event of a sale, merger or public spin-out of any subsidiary or material asset of Siga, Mr. Cooper shall receive a fee equal to 1.5% of the value of Siga's shares of the subsidiary or material asset.

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, and in October, 2000, the agreement was amended and restated. The amended agreement expires on April 1, 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. Under the amended and restated agreement, in the event of a change in control, Mr. Konatich will be paid his compensation for the remainder of his employment term and will receive a tax gross-up payment, and all unvested options held by Mr. Konatich will become vested and exercisable.

Dr. Dennis Hruby, Chief Scientific Officer ("CSO"), is employed by Siga under an employment agreement that was to expire on December 31, 2000. In May 2000, the employment agreement was amended, extending Mr. Hruby's employment until December 31, 2002, except that the Company may terminate the agreement upon 180 days written notice, and changing Mr. Hruby's title from Vice President of Research to CSO. Dr. Hruby received options to purchase 40,000 shares of common stock at an exercise price of $4.63 per share on February 1, 1998]. 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. Under the amendment, the CSO was granted options to purchase 125,000 shares of the Company's common stock at $2.00 per share. The options vest ratably over the remaining term of the amendment.

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, 2000 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	1,144,117(3)	13.2%
Joshua D. Schein, Ph.D	1,141,017(3)	13.2%
Richard B. Stone 135 East 57th Street 11th Floor New York, NY 10022	556,615	6.3%
Jeffrey Rubin (4)	65,000	*
Thomas Lanier	5,000	*
Eric Richman	0	*
Dennis Hruby	52,500	*
Thomas N. Konatich	97,500	1.3%
Panetta Partners, Ltd. (5) 265 E. 66th Street, Suite 16G New York, NY 10021	574,700(6)	7.1%
Donald G. Drapkin (5) 35 East 62nd Street New York, NY 10021	784,504(7)(8)	9.99%
Howard Gittis (5) 35 East 62nd Street New York, NY 10021	787,590(6)(7)	9.99%
All Officers and Directors as a group (seven persons) (9)	2,505,134	25.1%

* 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 date 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 662,501 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 currently vested and exercisable options to purchase 15,000 shares of common stock as well as currently vested and exercisable warrants to puchase 50,000 shares of common stock by Stefan Capital, LLC. Mr. Rubin is a principal of Stefan. An additional 50,000 vested warrants become exercisable in September 2001.

(5) Share ownership as reported in the most recently filed Schedule 13G.

(6) Includes 513,200 shares issuable upon exercise of warrants.

(7) Includes Shares issuable upon conversion of 6% convertible Debentures due January 31, 2002, plus accrued interest as of January 31, 2001 and shares issuable upon exercise of a warrant.

(8) The debentures and warrants each provide that except in certain circumstances, they are not convertible or exercisable, as the case may be, if as a result of such action, the number of shares of common stock beneficially owned by such person would exceed 9.99% of the outstanding shares of common stock. If not for such 9.99% limitation, Mr. Drapkin could be deemed to beneficially own 1,101,672 shares or 13.3% and Mr. Gittis could be deemed to beneficially own 823,089 shares or 10.3%.

(9) Includes an aggregate of 1,490,002 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 expired on January 15, 2001, and was 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 2000, 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 Stefan has agreed to provide certain business services to Siga. Pursuant to the terms of the agreement, Stefan received five year warrants to purchase 100,000 shares of our common stock at an exercise price of $1.00. As of December 31, 2000, 50,000 warrants were exercisable, the remaining warrants are exercisable on September 9, 2001. Mr. Jeffrey Rubin, one of our directors, is a principal of Stefan.

PART IV

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

3(a) Restated Articles of Incorporation of the Company (Incorporated by reference to Form S-3 Registration Statement of the Company dated May 10, 2000 (No. 333-36682)).

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) Amended 1996 Incentive and Non-Qualified Stock Option Plan (Incorporated by reference to Form S-8 Registration Statement of the Company dated February 26, 2001 (No. 333-56216)).

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. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(d) Option Agreement between the Company and Oregon State University, dated as of November 30, 1999 and related Amendments to the Agreement (Incorporated by reference to the Company's Annual Report on Form 10- KSB for the year ended December 31, 1999).

10(e) Amended and Restated Employment Agreement between the Company and Dr. Joshua D. Schein, dated as of October 6, 2000

10(f) Amended and Restated Employment Agreement between the Company and Judson A. Cooper, dated as of October 6, 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 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

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 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999). Amendment to the Agreement dated as of June 12, 2000).

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 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999). Amended and restated as of October 6, 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 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(bb) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated September 27, 1999 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(cc) Software Application Development Services Agreement between the Company and Open-i Media, Inc., dated October 15, 1999 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(dd) Media Development Agreement Services Agreement between the Company and Open-i Media, Inc., dated March 15, 2000 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(ee) Option Agreement between the Company and Ross Products Division of Abbott Laboratories, dated February 28, 2000 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(ff) Consulting Agreement between the Company and Stefan Capital, dated September 9, 1999 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(gg) Warrant Agreement between the Company and Stefan Capital, dated September 9, 1999 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(hh) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated May 3, 2000.

10(ii) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated August 1, 2000.

10(jj) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated August 21, 2000.

10(kk) Stock Purchase Agreement between the Company and Open-i Media, Inc. dated July 7, 2000.

10(ll) Agreement between the Company and Oregon State University for the Company to provide contract research services to the University dated September 24, 2000.

10(mm) Agreement between the Company and Maxygen, Inc. dated October 17, 2000.

10(nn) License and Research Agreements between the Company and the Regents of the University of California dated December 6, 2000.

10(oo)	Research Agreement between the Company and the University of Maryland dated January 3, 2001)
99(a)	Form of Agreement for Management Restructuring.
99(b)	Form of Separation Agreement between the Company and Joshua D. Schein.
99(c)	Form of Separation Agreement between the Company and Judson A. Cooper.
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 2000.

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: April 4, 2001

By: /s/ Joshua D. Schein, Ph.D.

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, Ph.D. Joshua D. Schein, Ph.D.	Chief Executive Officer Secretary and Director	April 4, 2001
/s/ Judson A. Cooper Judson A. Cooper	Chairman of the Board and Executive Vice President	April 4, 2001
/s/ Thomas N. Konatich Thomas N. Konatich	Chief Financial Officer	April 4, 2001
/s/ Jeffrey Rubin Jeffrey Rubin	Director	April 4, 2001
/s/ Thomas Lanier Thomas Lanier	Director	April 4, 2001
/s/ Eric Richman Eric Richman	Director	April 4, 2001

SIGA Technologies, Inc.
(A development stage company)
Financial Statements
December 31, 2000 and 1999

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 sheets and related statements of operations, of cash flows and of changes in stockholders' equity (deficit) present fairly, in all material respects, the financial position of SIGA Technologies, Inc. (a development stage company) at December 31, 2000 and 1999, and the results of its operations and cash flows for the years ended December 31, 2000 and 1999, and for the period from December 28, 1995 ("Inception") through December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. 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 audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America 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 our opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses from operations since its inception, has a net stockholders' deficit and expects to incur additional losses to perform further research and development activities. These circumstances raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

New York, New York
February 15, 2001, except as to note 14 which is as of March 30, 2001

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

	December 31, 2000	December 31, 1999
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,707,385	$ 1,758,541
Accounts receivable	37,800	47,570
Prepaid expenses	5,644	38,279
Total current assets	1,750,829	1,844,390
Equipment, net	1,027,702	1,366,362
Investment, net	275,106	--
Other assets	156,556	147,002
Total assets	$ 3,210,193	$ 3,357,754
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	$ 209,278	$ 248,962
Accrued expenses	305,912	104,096
Capital lease obligations	391,407	280,092
Deferred Revenue	450,000	--
Total current liabilities	1,356,597	633,150
6% Convertible Debt	719,561	--
Accrued Debenture Interest	80,281	--
Non current capital lease obligations	129,018	520,424
Total liabilities	2,285,457	1,153,574
Commitments and contingencies	--	--
Stockholders' equity:		
Preferred stock ($.0001 par value, 10,000,000 shares authorized, none issued and outstanding)	--	--
Common stock ($.0001 par value, 50,000,000 shares authorized, 7,471,837 and 6,602,712 issued and outstanding at December 31, 2000 and December 31, 1999, respectively)	747	661
Additional paid-in capital	23,793,983	16,855,499
Deferred Compensation	(428,425)	--
Deficit accumulated during the development stage	(22,441,569)	(14,651,980)
Total stockholders' equity	924,736	2,204,180
Total liabilities and stockholders' equity	$ 3,210,193	$ 3,357,754

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, 2000	Year Ended December 31, 1999	For the Period December 28, 1995 (Date of Inception) to December 31, 2000
Revenues:			
Research and Development Contracts	$ 483,120	$ 519,561	$ 2,127,681
Operating expenses:			
General and administrative	4,851,100	2,284,790	12,264,156
Research and development (incuding amounts to related parties of $75,000, $75,000 and $384,581 for the years ended December 31, 2000 and 1999, and for the period from the date of inception of December 31, 2000, respectively)	2,608,907	1,672,778	10,275,888
Patent preparation fees	106,647	193,567	1,237,491
Settlement of litigation	--	97,969	97,969
Stock option and warrant compensation	--	--	450,450
Total operating expenses	7,566,654	4,249,104	24,325,954
Operating loss	(7,083,534)	(3,729,543)	(22,198,273)
Interest income/(expense)	(550,464)	26,383	(154,365)
Loss on impairment of investment	155,591	--	155,591
Other Income/Gain on sale of securities	--	66,660	66,660
Net loss	$(7,789,589)	$(3,636,500)	$(22,441,569)
Basic and diluted loss per share	$ (1.08)	$ (0.55)	
Weighted average common shares outstanding used for basic and diluted loss per share	7,202,856	6,579,424	
Comprehensive loss:			
Net loss	$(7,789,589)	$(3,636,500)	$(22,441,569)
Unrealized gains (losses) on available for sale securities	--	34,816	--
Total comprehensive loss	$(7,789,589)	$(3,601,684)	$(22,441,569)

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

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

	Shares	Common Stock	Additional Paid-in Capital	Deferred Compensation
Issuance of common stock at inception	2,079,170	$ 208	$ 1,040	
Net loss	--	--	--	--
Balances at December 31, 1995	2,079,170	208	1,040	--
Net proceeds from issuance and sale of common stock ($1.50 per share)	1,038,008	104	1,551,333	
Net proceeds from issuance and sale of common stock ($3.00 per share)	250,004	25	748,985	
Receipt of stock subscriptions outstanding	--	--	--	
Issuance of compensatory options and warrants	--	--	367,461	
Net loss	--	--	--	--
Balances at December 31, 1996	3,367,182	337	2,668,819	--
Net proceeds from issuance and sale of common stock ($5.00 per share)	2,875,000	287	12,179,322	
Issuance of warrants with bridge notes	--	--	133,000	
Stock option and warrant compensation	--	--	68,582	
Net loss	--	--	--	--
Balance at December 31, 1997	6,242,182	624	15,049,723	--
Issuance of common stock to acquire third party's right to certain technology ($4.34 per share)	335,530	34	1,457,424	
Issuance of compensatory options and warrants	--	--	175,870	
Stock option and warrant compensation	--	--	14,407	
Unrealized losses on available for sale securities	--	--	--	
Net loss	--	--	--	--
Balance at December 31, 1998	6,577,712	658	16,697,424	--
Issuance of common stock for software development ($1.25 per share)	25,000	3	31,247	
Issuance of compensatory common stock, options and warrants			51,550	
Stock option and warrant compensation			75,278	
Unrealized gains on available for sale securities				
Net loss				
Balance at December 31, 1999	6,602,712	661	16,855,499	--

	Stock Subscriptions Outstanding	Deficit Accumulated During the Development Stage	Unrealized Gains (Losses) on Available for Sale of Securities	Total Stockholders' Equity (Deficit)
Issuance of common stock at inception	$ (1,248)		--	--
Net loss	--	$ (1,000)	--	$ (1,000)
Balances at December 31, 1995	(1,248)	(1,000)	--	(1,000)
Net proceeds from issuance and sale of common stock ($1.50 per share)	--	--	--	1,551,437
Net proceeds from issuance and sale of common stock ($3.00 per share)	--		--	749,010
Receipt of stock subscriptions outstanding	1,248	--	--	1,248
Issuance of compensatory options and warrants	--	--	--	367,461
Net loss	--	(2,268,176)	--	(2,268,176)
Balances at December 31, 1996	--	(2,269,176)	--	399,980
Net proceeds from issuance and sale of common stock ($5.00 per share)				12,179,609
Issuance of warrants with bridge notes	--	--	--	133,000
Stock option and warrant compensation	--	--	--	68,582
Net loss	--	(2,194,638)	--	(2,194,638)
Balance at December 31, 1997	--	(4,463,814)	--	10,586,533
Issuance of common stock to acquire third party's right to certain technology ($4.34 per share)				1,457,458
Issuance of compensatory options and warrants	--	--	--	175,870
Stock option and warrant compensation	--	--	--	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	--	(11,015,480)	(34,816)	5,647,786
Issuance of common stock for software development ($1.25 per share)				31,250
Issuance of compensatory common stock, options and warrants				51,550
Stock option and warrant compensation				75,278
Unrealized gains on available for sale securities			34,816	34,816
Net loss		(3,636,500)		(3,636,500)
Balance at December 31, 1999	--	(14,651,980)	--	2,204,180

(Continued)

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

	Shares	Common Stock	Additional Paid-in Capital	Deferred Compensation
Net proceeds from exercising of stock options	19,875	$ 2	$ 52,772	
Net proceeds from the issuance of common stock ($5.0 per share)	600,000	60	2,882,940	
Issuance of common stock in connection with software development	102,721	10	500,334	
Issuance of common shares in connection with acquisition of 12.5% equity interest in a private company	40,336	4	179,996	
Issuance of common shares upon conversion of debentures	90,193	9	49,246	
Warrants granted in connection with the issuance of debentures			1,320,170	
Issuance of compensatory options and warrants to non-employees			1,218,145	$(1,218,145)
Issuance of compensatory options to employees			278,750	(278,750)
Stock options and warrants compensation related to services received from non-employees			185,876	
Amortization of deferred compensation				1,068,470
Issuance of shares in exchange for services	16,000	1	(1)	
Amendment of warrants issued to a non-employee for services			270,256	
Net loss				
Balance at December 31, 2000	7,471,837	$ 747	$23,793,983	$ (428,425)

	Stock Subscriptions Outstanding	Deficit Accumulated During the Development Stage	Unrealized Gains (Losses) on Available for Sale of Securities	Total Stockholders' Equity (Deficit)
Net proceeds from exercising of stock options				$ 52,774
Net proceeds from the issuance of common stock ($5.0 per share)				2,883,000
Issuance of common stock in connection with software development				500,344
Issuance of common shares in connection with acquisition of 12.5%				--
equity interest in a private company				180,000
Issuance of common shares upon conversion of debentures				49,255
Warrants granted in connection with the issuance of debentures				1,320,170
Issuance of compensatory options and warrants to non-employees				--
Issuance of compensatory options to employees				--
Stock options and warrants compensation related to services received from non-employees				185,876
Amortization of deferred compensation				1,068,470
Issuance of shares in exchange for services				--
Amendment of warrants issued to a non-employee for services				270,256
Net loss		$ (7,789,589)		(7,789,589)
Balance at December 31, 2000	$ --	$(22,441,569)	$ --	$ 924,736

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

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

	Year Ended December 31, 2000	Year Ended December 31, 1999	For the Period December 28, 1995 (Date of Inception) to December 31, 2000
Cash flows from operating activities:			
Net loss	$ (7,789,589)	$ (3,636,500)	$(22,441,569)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	356,089	366,816	950,886
Stock, options & warrant compensation	1,524,602	158,078	2,309,000
Loss on impairment of investment	155,591	--	155,591
Loss on write-off of capital equipment	--	97,969	97,969
Amortization of debt discount	589,312	--	722,312
Write-off of in-process research and development	--	--	1,457,458
Realized gain on sale of marketable securities	(66,660)	(66,660)	
Non-cash research and development	500,344	--	500,344
Changes in assets and liabilities:			
Accounts receivable	9,770	(47,570)	(37,800)
Prepaid expenses and other current assets	32,635	96,690	(5,644)
Other assets	(9,554)	--	(156,556)
Accounts payable and accrued expenses	162,132	(56,677)	515,190
Deferred Revenue	450,000	--	450,000
Accrued Interest	80,281	--	80,281
Net cash used in operating activities	(3,938,387)	(3,087,854)	(15,469,198)
Cash flows from investing activities:			
Capital expenditures	(98,126)	(134,743)	(2,157,254)
Sale (purchase) of investment securities		233,696	66,660
Investment in Open-I-Media	(170,000)		(170,000)
Net cash flow used in investing activities	(268,126)	98,953	(2,260,594)
Cash flows from financing activities:			
Net proceeds from issuance of common stock	2,883,000	--	17,363,056
Receipts of stock subscriptions outstanding	--	--	1,248
Gross proceeds from sale of convertible debentures	1,500,000	--	1,500,000
Proceeds from exercise of stock options	52,774	--	52,774
Net proceeds from sale of warrants	52,174	--	52,174
Convertible debentures and warrants issuance costs	(52,500)	--	(52,500)
Proceeds from bridge notes	--	--	1,000,000
Repayment of bridge notes	--	--	(1,000,000)
Proceeds from sale and leaseback of equipment	--	--	1,139,085
Principal payments on capital lease obligations	(280,091)	(219,431)	(618,660)
Net cash provided from financing activities	4,155,357	(219,431)	19,437,177
Net increase in cash and cash equivalents	(51,156)	(3,208,332)	1,707,385
Cash and cash equivalents at beginning of period	1,758,541	4,966,873	--
Cash and cash equivalents at end of period	$ 1,707,385	$ 1,758,541	$ 1,707,385
Supplemental disclosure of non-cash investing and financing activities:			
Fixed assets exchanged in acquisition	$ 80,697	--	$ 80,697
Fair value of common shares exchanged in acquisition	$ 180,000	--	$ 180,000

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 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 January 2000, the shareholders of the Company 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 on a basis which assumes that the Company will continue as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Since inception the Company has limited resources, has incurred cumulative net operating losses of $22,198,273 and expects to incur additional losses to perform further research and development activities. The Company does not have commercial biomedical products, and does not expect to have such for several years, if at all. The Company believes that it will need additional funds to complete the development of its biomedical products. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to these matters include continued development of its products as well as seeking additional research support funds and financial arrangements. Although, management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient financing on terms acceptable to the Company. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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"). The Company classified its investments in marketable securities as available for sale and reports 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. At December 31, 2000 and 1999, the Company did not have investments in marketable securities.

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

Effective January 1, 2000, the Company adopted the guidance provided by Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB 101"). Under the provisions of SAB 101 the Company recognizes revenue from government research grants, contract research and development and progress payments as services are performed, provided a contractual arrangement exists, the contract price is fixed or determinable, and the collection of the resulting receivable is probable. In situations where the Company receives payment in advance of the performance of services, such amounts are deferred and recognized as revenue as the related services are performed. Non-refundable fees are recognized as revenue over the term of the arrangement or based on the percentage of costs incurs to date, estimated costs to complete and total expected contract revenue.

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, 2000 and 1999, outstanding options to purchase 2,167,061 and 1,130,561 shares of common stock, respectively, with exercise prices ranging from $1.0 to $5.5 have been excluded from the computation of diluted loss per share as they are antidilutive. Outstanding warrants to purchase 3,694,202 and 896,724 shares of common stock, at December 31, 2000 and 1999, respectively, with exercise prices ranging from $1.00 to $9.50 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. Significant estimates include the value of options and warrants granted by the Company and the value of the investment in Open-i Media.

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.

3. Equipment

Equipment consisted of the following at December 31, 2000 and 1999

Laboratory equipment	$ 862,005	$ 785,888
Leasehold improvements	618,315	618,315
Computer equipment	153,360	225,803
Furniture and fixtures	291,637	291,637
	1,925,317	1,921,643
Less - Accumulated depreciation	(897,615)	(555,281)
Equipment, net	$ 1,027,702	$ 1,366,362

Depreciation expense for the years ended December 31, 2000 and December 31, 1999 was $356,089 and $366,816, respectively.

At December 31, 2000 and 1999, 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 $392,200, $105,000 and $107,514 respectively, at December 31, 2000, and $246,100, $66,000 and $65,857 respectively, at December 31, 1999.

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.

In January 2000 the shareholders of the Company approved an increase in the number of authorized shares from 35,000,000 to 60,000,000, of which 50,000,000 are designated common shares, and 10,000,000 are designated preferred shares. The Company's Board of Directors (the "Board") is authorized to issue preferred shares, in series, with rights, privileges and qualifications of each series determined by the Board.

In January 2000 the Company completed a private placement of 6% convertible debentures at an aggregate principal amount of $1,500,000 and 1,043,478 warrants to purchase shares of the Company's common stock with a purchase price of $0.05 per warrant (the "January Financing"). The Company received net proceeds of $1,499,674 from the total $1,552,174 gross proceeds raised. The debentures are convertible into common stock at $1.4375 per share. Interest at the rate of 6% per annum is payable on the principal of each convertible debenture in cash or shares of the Company's common stock, at the discretion of the Company upon conversion or at maturity. The warrants have a term of five years and are exercisable at $3.4059 per share.

The Company has the right to require the holder to exercise the warrants within five days under the following circumstances: (i) a registration statement is effective; and (ii) the closing bid price for the Company's common stock, for each of any 15 consecutive trading days is at least 200% of the exercise price of such warrants. If the holder does not exercise the warrants after notice is given, the unexercised warrants will expire. The warrants are exercisable for a period of five years.

In connection with the placement of the debentures and warrants, the Company recorded debt discount of approximately $1.0 million. Such amount represents the value of the warrants calculated using the Black-Scholes valuation model. The discount is amortized over the term of the debentures. During the year ended December 31, 2000, the Company recorded interest expense of $589,312 related to the amortization of such debt discount. In August and December 2000, debentures with a principal amount of $100,000 and $25,000, respectively, along with accrued interest, were converted into 71,901 and 18,292 shares of the Company's common stock, respectively.

In connection with the January Financing, the Company issued warrants to purchase a total of 275,000 shares of common stock to the placement agent and the investors' counsel (or their respective designees). These warrants have a term of five years and are exercisable at $1.45 per share. In connection with the issuance of such warrants, the Company recorded a deferred charge of $280,653, which is amortized over the term of the debentures.

In March 2000 the Company entered into an agreement to sell 600,000 shares of the Company's common stock and 450,000 warrants to acquire shares of the Company's common stock (the "March Financing") for gross proceeds of $3,000,000. Of the warrants issued, 210,000, 120,000 and 120,000 are exercisable at $5.00, $6.38 and $6.90, respectively. The warrants have a term of three years and are redeemable at $0.01 each by the Company upon meeting certain conditions. Offering expenses of $117,000 were paid in April 2000. At December 31, 2000, all 450,000 warrants were outstanding.

In connection with the March Financing, Siga issued a total of 379,000 warrants to purchase shares of the Company's common stock to Fahnestock & Co. (the"Fahnestock Warrants") in consideration for services related to the March Financing. The warrants had an exercise price of $5.00 per share and are exercisable at any time until March 28, 2005. In November 2000, the Company entered into a one year consulting agreement with Fahnestock and Co. under which the Company will receive marketing, public relations acquisitions and strategic planning service. In exchange for such services, the Company canceled the Fahnestock Warrants and reissued them to effectuate an amendment to the exercise price to $2.00 per share. In connection with such amendment, the Company recorded a charge of approximately $270,000 in the year ended December 31, 2000.

Stock option plan and warrants

In January 1996, the Company implemented its 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan"). The Plan as amended provided for the granting of up to 1,500,000 shares of the Company's common stock to employees, consultants and outside directors of the Company. In November 2000, the shareholders of the Company approved an increase in the number of options to purchase common shares available for grant under the plan to 2,500,000. 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, 1998	540,561	$ 3.88
Granted	612,500	1.12
Forfeited	(22,500)	1.37
Outstanding at December 31, 1999	1,130,561	2.42
Granted	1,144,000	2.00
Forfeited	(107,500)	1.19
Total outstanding at December 31, 2000	2,167,061	$ 2.26

Options available for future grant at December 31, 2000	332,939
Weighted average fair value of options granted during 1999	$ 0.87
Weighted average fair value of options granted during 2000	$ 1.85

The following table summarizes information about options outstanding under the plan at December 31, 2000:

	Number Outstanding December 31, 2000	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at December 31, 2000	Weighted Average Exercise Price
$1.00	15,000	9.22	1.00	--	0.00
1.13	500,000	8.83	1.13	375,000	1.13
1.50	33,334	5.00	1.50	33,334	1.50
2.00 - 2.50	1,232,500	7.46	2.02	1,093,500	1.78
4.00 - 7.50	386,227	3.56	4.72	296,227	4.12
	2,167,061			1,798,061	

On December 31, 2000, there were a total of 3,694,202 warrants outstanding.

In August 2000 the Company entered into an agreement with a consultant to provide the Company with financial consulting, planning, structuring, business strategy, and public relations services and raising equity capital. The term of the agreement is for a period of fifteen months with a guarantee of a six-month retention from August 1, 2000, through February 1, 2001. The consultant was paid a fee of $40,000 upon signing of the agreement, and will be paid an additional $40,000 every two months for the term of the agreement unless terminated by the Company at the end of the initial six month period. Under the provisions of the agreement, the consultant received warrants to purchase 500,000 shares of the Company's common stock. 200,000 warrants with an exercise price of $3.63 per share vested upon the date of the agreement. Of the remaining 300,000 warrants, 100,000 warrants will vest on May 1, 2001 with an exercise price of $6.50 per share, 100,000 vest on August 1, 2001 with an exercise price of $7.50 per share and 100,000 vest on October 1, 2001 with an exercise price of $9.50 per share. The warrants will become exercisable over a period of five years. Unvested warrants will terminate in the event the agreement is terminated. During the year ended December 31, 2000, the Company recorded a non-cash charge associated with such warrants in the amount of $645,786.

In July 2000 the Company entered into an agreement with a consultant to serve as the Company's public relations agent. The consultant is paid a monthly retainer of $6,000 and received options to purchase 75,000 shares of the Company's common stock: 25,000 are exercisable at $5.75 per share, 25,000 at $6.50 per share and 25,000 at $7.50 per share. After an initial four-month term, the Company may terminate the agreement on thirty days notice. During the year ended December 31, 2000, the Company recorded a non-cash charge associated with such options in the amount of $160,314.

In January 2000 the Company entered into a one year consulting agreement with a member of its Board of Directors. In exchange for the consulting services, the Company granted the member of

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the Board warrants to purchase 50,000 shares of common stock at an exercise price of $1.00. The warrants vested immediately and will become exercisable on January 19, 2001. During the year ended December 31, 2000, the Company recorded a non-cash charge associated with such warrants in the amount of $134,598.

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 issued 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 were exercisable on the date of grant and the remaining 50,000 on the first anniversary of the consulting agreement. The warrants must be exercised on or prior to September 9, 2004. The Company recognized non-cash compensation expense of $108,202 and $46,848 for the years ended December 31, 2000 and 1999, respectively, 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 options have a term of five years. The Company recognized non-cash compensation expense of $41,424 and $58,480 for the years ended December 31, 2000 and 1999, 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. 230,508 of the warrants are still outstanding at December 31, 2000.

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, 1999 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 $1,922,000, or $0.27 per share for the year ended December 31, 2000, and approximately $199,000, or $0.03 per share for the year ended December 31, 1999.

The fair value of the options and warrants granted to employees and consultants during 2000 and 1999 ranged from $1.55 to $4.71 on the date of the respective grant using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for 2000: no dividend yield, expected volatility of 100%, risk free interest rates of 5.94%-6.3%, and an expected term of 3 to 5 years. 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.

5. Income Taxes

The Company has incurred losses since inception which have generated net operating loss carryforwards of approximately $13,866,000 and $7,640,030, respectively, at December 31, 2000 and 1999 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, 2000 and December 31, 1999 of approximately $8,888,000 and $5,631,000, 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, 2000 and December 31, 1999, 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

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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 $75,000 for the years ended December 31, 2000 and 1999, respectively.

Employment agreements

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 of expense for the year ended December 31, 1999 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 entered into new employment agreements with its EVPs, expiring in January 2005. The new agreements provide for an annual salary of $250,000, with annual increases of at least 5%. In addition, both of the EVPs 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 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 purchase100,000 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 October 2000, the Company entered into an amended and restated employment agreements with its Chief Executive Officer, its Chairman and its CFO. Under the amended agreements, in the event of a change in control, the EVPs and the CFO will be paid their respective compensation for the remainder of their employment terms and will receive a tax gross-up payment. In addition, in such event, all unvested options held by the EVPs and the CFO will become vested and exercisable. In the event of a merger or consolidation where the holders of the voting capital stock of the Company immediately prior to the transaction own less than a majority of the voting capital stock of the surviving entity, the EVPs will each receive a one time cash payment of 1.5% of the total consideration received by the Company and a tax gross-up payment. In the event of a sale, merger or public spin-out of any subsidiary or material asset of the Company, the EVPs shall each receive a fee equal to 1.5% of the value of the Company's shares of the subsidiary or material asset and a tax gross-up payment.

In May 2000, the Company and its Vice President for Research entered into an amendment of the Vice Presidents employment agreement, extending his employment until December 31, 2002, except that the Company may terminate the agreement upon 180 days written notice. Under the amendment the employee's title was changed to Chief Scientific Officer ("CSO"). The CSO was granted options to purchase 125,000 shares of the Company's common stock at $2.00 per share. The options vest ratably over the remaining term of the amendment. During the year ended December 31, 2000, the company recorded non-cash compensation charge of $130,999 related to these options.

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. As of December 31, 2000, two of the VPs were no longer with the Company, 100,000 unvested options at December 31, 2000 were forfeited by the Company.

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.

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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, the Company recognized $337,500 in revenue related to this agreement. In 2000, the Company received $450,000 from the Collaborator. The Company recorded the entire amount as deferred revenue on December 31, 2000.

9. License and Research Support Agreements

On December 6, 2000 the company entered into an exclusive license agreement and a sponsored research agreement with the Regents of the University of California (the "Regents"). Under the license agreement Siga obtained rights for the exclusive commercial development, use and sale of products related to certain inventions in exchange for a non-refundable license issuance fee of $15,000 and an annual maintenance fee of $10,000. In the event that the Company sub-leases the license, it shall pay Regents 15% of all royalty payments made to Siga. Under the agreement, Siga will also pay Regents 15% of all funds received from Wyeth-Ayesrt and a minimum annual amount of $250,000 for the continued development of the inventions for a period of three years. Under the sponsored research agreement Siga will additionally provide the Regents with funding in the total amount of $300,000 over a period of two years to support certain research. The Company recorded total research and development charges in the amount of $52,500 for the year ended December 31, 2000, related to the two agreements.

In October 2000, the Company entered into a collaborative agreement with Maxygen, Inc. to develop a vaccine for biological defense applications. The collaboration combines Siga's patented vaccine delivery system with Maxygen's proprietary antigens for generating an immune response.

In December 2000 Siga entered into a collaborative agreement with Fort Dodge Animal Health, a division of America Home Products Corporation. The collaboration is focused on the design of novel vaccines for the prevention of veterinary diseases. The research collaboration combines Siga's bacterial commensal delivery technology with Fort Dodge's proprietary veterinary antigens. Siga will be responsible for the construction and characterization of candidate vaccines while Fort Dodge will assess the immunogenicity and protective capacity of the target animal species.

In February 2001, the Company entered into a subcontract agreement with the Oregon State University. Under the agreement, the Oregon State University subcontracted to Siga certain duties it has under a grant received from the national Institute of Health for the development of Proxvirus Proteinase Inhibitors. The term of the agreement ends on August 31, 2001.

In March 2000 the Company entered into an agreement with the Ross Products Division of Abbott Laboratories (Ross), under which the Company granted Ross an exclusive option to negotiate an exclusive license to certain Company technology and patents, in addition to certain research development services. In exchange for the research services and the option, Ross is obligated to pay the Company $120,000 in three installments of $40,000. The first payment of $40,000 was received during the quarter ended March 31, 2000 and is recognized ratably, over the expected term of the arrangement. The remaining installments are contingent upon meeting certain milestones under the agreement and will be recognized as revenue upon completion and acceptance of such milestones. The first milestone was met, and payment of $40,000 received, in the quarter ended September 30, 2000. In the year ended December 31, 2000, the Company recognized revenue in the amount of $80,000.

In May, August and September 2000 the Company was awarded three Phase I Small Business Innovation Research (SBIR) grants from the National Institutes for Health in the amounts of $26,000, $96,000 and $125,000 respectively. The grants are for the periods May 3, 2000 to August 31, 2000, August 1, 2000 to January31, 2001, and September 15, 2000 to March 14, 2001 respectively, and will support the Company's antibiotic and vaccine development programs.

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. In 1999, a dispute arose between the Company, the University and a consultant of the University regarding, among other things, the performance of the parties under the agreements. 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 1998. Further, all personal consulting agreements between the Company and Washington University faculty members and employees were terminated. Under the terms of the settlement agreement any payments owed by the Company under the research collaboration agreements and any consulting agreements with the University faculty members were cancelled.

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, 2000 the Company had recognized revenue from the two grants of $220,099 and $109,072, 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 for the year ended December 31, 1999.

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 was to acquire and the Development Company was to develop, the source code for a client/server chat and instant messaging application. In March 2000, the Company entered into an agreement with the Development Company for creative and technical services, and for business strategy consulting in exchange for $280,000 in cash and 13,605 shares of the Company's common stock.

During the year ended December 31, 2000 the Company recognized charges of $180,000 and $500,334 associated with cash paid and 102,721 shares of the Company's common stock, respectively, paid and granted under the agreements. Costs related to this agreement were recognized as the services were performed or upon meeting certain milestones as defined under the agreements. The Company recorded all amounts paid under the development agreements, including the fair value of shares issued in research and development expenses.

In July 2000 the Company acquired a 12.5% equity position in the Development Company. Under the terms of the agreement, the Development Company received: (i) $170,000 in cash; (ii) 40,336 shares of the Company's common stock; and (iii) certain assets consisting of the instant messenger product, PeerFinder and fixed assets with a net book value of $80,697. In addition, the Company received the right to appoint one director to the Development Company's board of directors. At December 31, 2000, the Company reassessed the value of its investment in Open-i. The Company reviewed certain events and changes in circumstances indicating that the carrying amount of the investment in Open-i may not be recoverable in its entirety. As a result, management elected to reduce the carrying amount of its investment to reflect its recoverable value as of the year-end and recorded an impairment charge of $156,000.

11. Other Agreements

In May 2000, the Company entered into a binding letter of intent (the "Letter") to acquire Hypernix Technologies, Ltd, an Israel-based entity. Under the letter, in the event that the transaction was consummated, Siga was to issue 3 million shares of its common stock to the stockholders and certain employees of Hypernix and assume all of the disclosed liabilities of Hypernix (not to exceed $1,250,000),with Hypernix's creditors to be paid half in cash and half in common stock of Siga. Also under the letter, Siga was to lend Hypernix $250,000 per month for up to five months. This advance was subject to interest at an annual rate of 10% and was collateralized by all the assets of Hypernix. The Company advanced Hypernix $261,000 and $250,000 in May and July 2000,respectively, under the agreement. On August 10, 2000, the Company terminated the letter of intent. Siga recorded charges of $261,000 and $250,000 for the three months ended June 30, 2000 and September 30, 2000 respectively, to reserve the amounts advanced to Hypernix.

Subsequent to December 31, 2000, the Company received a settlement payment from Hypernix in the amount of $84,375.

12. 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,	
2001	$234,672
2002	226,333
2003	105,002
2004	108,152
2005 and thereafter	--
	$674,159

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, 2000 are as follows:

Year ended December 31,	
2001	$438,931
2002	131,342
Total Minimum Payments	570,273
Less: amounts representing interest	49,848
Present value of future minimum lease payments	520,425
Less current portion of capital lease obligations	391,407
Capital lease obligations, net current portion	$129,018

13. 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 $1,018,000 during 2000 and has no identifiable assets at December 31, 2000

14. Subsequent Events

On March, 30, 2001, the Compnay, its EVPs and certain investors (the "Investors") in the Company entered into an agreement under which the EVP's have agreed to resign from Siga and use their best efforts to cause each of the current directors of Siga to resign. Under the agreement, it is expected that Investors will be appointed as Chairman of the Board and as Chief Executive Officer. Under the agreement, the amended employment agreement entered into by the Company and the EVPs in October 2000 (see note 6) will be terminated with no cost to the Company, the vesting of 37,500 options granted to the EVPs will be accelerated, excercise terms will be extended and the EVPs will be entitled to certain benefits until April 2003. In addition, each of the parties of the agreement have agreed to lock up their respective shares of common stock and options of Siga for 24 months subject to certain release provisions.

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1,925,317
897,615
3,210,193
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Exhibit 1

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement"), is entered into as of October 6, 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").

WHEREAS, the Corporation and Schein are parties to an Employment Agreement dated as of January 19, 2000 (the "Original Agreement"); and

WHEREAS, the Corporation and Schein have agreed to amend and restate the Original Agreement in order to add certain change of control provisions and make other modifications.

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

1. Employment for Term. The Corporation hereby employs Schein and Schein hereby accepts employment with the Corporation for the period beginning on January 19, 2000 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 (the "Base Salary").

(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 "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 January 19, 2000 (the "Options"). The Options shall expire on January 19, 2010. In the event the Plan is not approved by the stockholders at the Corporation's 2000 Annual Meeting, the Corporation shall grant to Schein such Options outside of the Plan with the same terms and conditions as if granted pursuant to the Plan.

(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 Corporation 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 Section 3(a) shall continue for the remainder of the Term 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.

8. Change of Control Payment. The provisions of this paragraph 8 set forth the terms of an agreement reached between Schein and the Corporation regarding Schein's rights and obligations upon the occurrence of a "Change in Control" (as hereinafter defined) of the Corporation. These provisions are intended to assure and encourage in advance Schein's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such Change in Control. These provisions shall apply in lieu of, and expressly supersede, the provisions of paragraph 7(c) if Schein's employment is terminated or Notice of Termination is given ninety (90) days prior to or within eighteen (18) months after the occurrence of an event constituting a Change in Control.

(a) Escrow. Within ten (10) days after the occurrence of the first event constituting a Change in Control (irrespective of whether Schein has actual knowledge of such event), the Corporation shall place immediately negotiable funds in escrow in an amount equal to Schein's salary and all other amount due hereunder for the remainder of the Term, plus such additional amount as equals the "Gross Up Payment" (as hereinafter defined) thereon (the "Change of Control Amount"). Such escrow shall be conducted pursuant to a standard escrow agreement among the Corporation, Schein and an independent escrow agent providing for the timely payment to Schein of the amounts hold in such escrow in the event Schein becomes entitled thereto under the applicable provisions of this Agreement (the "Escrow Arrangement"). The Escrow Arrangement shall be maintained until the earlier of (A) nineteen (19) months after the occurrence of an event constituting a Change in Control or (B) the payment to Schein of all sums escrowed.

(b) Change In Control. If, within 90 days prior to, or within eighteen (18) months after the occurrence of an event constituting a Change in Control, Schein's employment is terminated or a Notice of Termination is given for any reason other than (A) his death, (B) his Disability, or (C) by Schein without Cause on the part of the Corporation, then such termination shall be deemed to be a "Termination Due to Change in Control (herein so called), in which event the Corporation shall pay Schein, in a lump sum, on or prior to the fifth (5th) day following the date of termination of the Term:

(1) an amount equal to the Change of Control Amount (including any Gross Up Payment); and

(2) Schein's accrued and unpaid base salary.

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

(1) within thirty (30) days of a request by Schein or his estate file and cause to become effective a Form S-8 (or other appropriate form) with the Securities and Exchange Commission ("SEC") registering for resale all shares underlying stock options granted to Schein and outstanding with all fees and expenses of such filing being paid by the Corporation, or,

(2) allow Schein to exercise all or any part of such Stock Options at the option prices therefor specified in the grant of the Stock Options.

In the event the Corporation does not file and cause to become effective a Form S-8 (or other appropriate form) with the SEC within the thirty (30) day time period, the Corporation shall pay liquidated damages to Schein or his estate equal to the greater of (a) the amount equal to the difference between the Market Price of the Corporation's common stock and the exercise price of the stock options multiplied by the aggregate number of stock options outstanding or (b) $500,000. For purposes of this Section 8(c), Market Price is defined as the average of the closing bid and ask price of the Corporation's common stock on the Nasdaq SmallCap Market or the closing sale price of the common stock on a national exchange, if listed on such exchange, in each case, on the day prior to the date of the Corporation's breach of this Section 8(c).

(d) Gross Up Payment.

(1) Excess Parachute Payment. If Schein incurs the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986 (the "Code") on "Excess Parachute Payments" within the meaning of Section 28OG(b)(1) of the Code, the Corporation will pay to Schein an amount (the "Gross Up Payment") such that the net amount retained by Schein, after deduction of any Excise Tax on both the Excess Parachute Payment and any federal, state and local income tax (together with penalties and interest) as well as the Excise Tax upon the payment provided for by this subparagraph 8(d)(1), will be equal to the Change of Control Amount.

(2) Applicable Rates. For purposes of determining the amount of the Gross Up Payment, Schein will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality where taxes thereon are lawfully due, net of the maximum reduction (if any) in federal income taxes that could be obtained from deduction of deductible state and local taxes.

(3) Determination of Gross Up Payment Amount. The determination of whether the Excise Tax is payable and the amount thereof will be based upon the opinion of tax counsel selected by Schein and reasonably approved by the Corporation, which approval will not be unreasonably withheld or delayed. If such opinion is not finally accepted by the Internal Revenue Service (or state and local taxing authorities), then appropriate adjustments to the Excise Tax will be computed and additional Gross Up Payments will be made in the manner provided by this subparagraph (d).

(4) Payment. The Corporation will pay the estimated amount of the Gross Up Payment in cash to Schein at the time specified in this Agreement. Schein and the Corporation agree to reasonably Scheinate in the determination of the actual amount of the Gross Up Payment. Further, Schein and the Corporation agree to make such adjustments to the estimated amount of the Gross Up Payment as may be necessary to equal the actual amount of the Gross Up Payment, which in the case of the Corporation

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

(e) Definitions. For purposes of this paragraph 8, the following terms shall have the following meanings:

"Change in Control" shall mean any of the following:

(1) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (the "Acquiring Person"), other than the Corporation, or any of its Subsidiaries or any Excluded Group (as defined herein), of beneficial ownership (within the meaning of Rule 13d-3- promulgated under the Exchange Act) of 35% or more of the combined voting power or economic interests of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; provided however, that any transfer from any director or executive officer listed in the Company's Form 10-KSB for the year ended December 31, 1999 under "Security Ownership of Certain Beneficial Owners" (the "Excluded Group") will not result in a Change in Control if such transfer was part of a series of related transactions the effect of which, absent the transfer to such Acquiring Person by the Excluded Group, would not have resulted in the acquisition by such Acquiring Person of 35% or more of the combined voting power or economic interests of the then outstanding voting securities; or

(2) during any period of 12 consecutive months after the date of this Amendment, the individuals who at the beginning of any such 12-month period constituted a majority of the Directors (the "Incumbent Non-Investor Majority") cease for any reason to constitute at least a majority of such Directors; provided that (i) any individual becoming a director whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of the stockholders having the right to designate such director and (ii) any director whose election to the Board or whose nomination for election by the stockholders of the Corporation was approved by the requisite vote of directors entitled to vote on such election or nomination in accordance with the Restated Certificate of Incorporation of the Corporation, shall, in each such case, be considered as though such individual were a member of the Incumbent Non-Investor Majority, but excluding, as a member of the Incumbent Non-Investor Majority, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Corporation (as such terms are used in Rule 14a-2 of Regulation 14A promulgated under the Exchange Act) and further excluding any person who is an affiliate or associate of an Acquiring Person having or proposing to acquire beneficial ownership of 25% or more of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; or

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

(4) the sale or other disposition of assets representing 50% or more of the assets of the Corporation in one transaction or series of related transactions not initiated or commenced by any person within the Excluded Group; or

(5) a "Fundamental Change in Business" as hereinafter defined; or

(6) a "Hostile Takeover" as hereinafter defined is declared.

"Fundamental Change in Business" shall mean that the Corporation, at any time, no longer spends at least fifty percent (50%) of its annual budget on activities related to biotechnology or pharmaceuticals.

"Hostile Takeover" shall mean any Change in Control which at any time is declared by at least a majority of the Board, directly or indirectly, to be hostile or not in the best interests of the Corporation, or in which an attempt is made (irrespective of whether successful) to wrest control away from the incumbent management of the Corporation, or with respect to which the Board makes any effort to resist.

9. 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 notpatentable 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 9(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 9 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 9(e) shall automatically terminate if the Corporation ends the Term 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).

10. 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 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 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.

11. Transaction Fee. Upon the completion of a transaction resulting in a Transaction (as defined herein) or any transaction described in Section 10(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. "Transaction" 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.

12. 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 the Corporation's shares of the subsidiary, or of the value of the material asset, upon the sale, merger or spinout. 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.

13. 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.

14. 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.

15. 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:	Akin, Gump, Strauss, Hauer & Feld, L.L.P. 590 Madison Avenue New York, NY 10022 Attention: Jeffrey J. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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
Executive Vice President

/s/ Joshua D. Schein

Joshua D. Schein

Exhibit 2

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement"), is entered into as of October 6, 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").

WHEREAS, the Corporation and Cooper are parties to an Employment Agreement dated as of January 19, 2000 (the "Original Agreement"); and

WHEREAS, the Corporation and Cooper have agreed to amend and restate the Original Agreement in order to add certain change of control provisions and make other modifications.

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

1. Employment for Term. The Corporation hereby employs Cooper and Cooper hereby accepts employment with the Corporation for the period beginning on January 19, 2000 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 (the "Base Salary").

(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 "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 January 19, 2000 (the "Options"). The Options shall expire on January 19, 2010. In the event the Plan is not approved by the stockholders at the Corporation's 2000 Annual Meeting, the Corporation shall grant to Cooper such Options outside of the Plan with the same terms and conditions as if granted pursuant to the Plan.

(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 Corporation 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 Section 3(a) shall continue for the remainder of the Term 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.

8. Change of Control Payment. The provisions of this paragraph 8 set forth the terms of an agreement reached between Cooper and the Corporation regarding Cooper's rights and obligations upon the occurrence of a "Change in Control" (as hereinafter defined) of the Corporation. These provisions are intended to assure and encourage in advance Cooper's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such Change in Control. These provisions shall apply in lieu of, and expressly supersede, the provisions of paragraph 7(c) if Cooper's employment is terminated or Notice of Termination is given ninety (90) days prior to or within eighteen (18) months after the occurrence of an event constituting a Change in Control.

(a) Escrow. Within ten (10) days after the occurrence of the first event constituting a Change in Control (irrespective of whether Cooper has actual knowledge of such event), the Corporation shall place immediately negotiable funds in escrow in an amount equal to Cooper's salary and all other amount due hereunder for the remainder of the Term, plus such additional amount as equals the "Gross Up Payment" (as hereinafter defined) thereon (the "Change of Control Amount"). Such escrow shall be conducted pursuant to a standard escrow agreement among the Corporation, Cooper and an independent escrow agent providing for the timely payment to Cooper of the amounts hold in such escrow in the event Cooper becomes entitled thereto under the applicable provisions of this Agreement (the "Escrow Arrangement"). The Escrow Arrangement shall be maintained until the earlier of (A) nineteen (19) months after the occurrence of an event constituting a Change in Control or (B) the payment to Cooper of all sums escrowed.

(b) Change in Control. If, within 90 days prior to, or within eighteen (18) months after the occurrence of an event constituting a Change in Control, Cooper's employment is terminated or a Notice of Termination is given for any reason other than (A) his death, (B) his Disability, or (C) by Cooper without Cause on the part of the Corporation, then such termination shall be deemed to be a "Termination Due to Change in Control (herein so called), in which event the Corporation shall pay Cooper, in a lump sum, on or prior to the fifth (5th) day following the date of termination of the Term:

(1) an amount equal to the Change of Control Amount (including any Gross Up Payment); and

(2) Cooper's accrued and unpaid base salary.

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

(1) within thirty (30) days of a request by Cooper or his estate file and cause to become effective a Form S-8 (or other appropriate form) with the Securities and Exchange Commission ("SEC") registering for resale all shares underlying stock options granted to Cooper and outstanding with all fees and expenses of such filing being paid by the Corporation, or,

(2) allow Cooper to exercise all or any part of such Stock Options at the option prices therefor specified in the grant of the Stock Options.

In the event the Corporation does not file and cause to become effective a Form S-8 (or other appropriate form) with the SEC within the thirty (30) day time period, the Corporation shall pay liquidated damages to Cooper or his estate equal to the greater of (a) the amount equal to the difference between the Market Price of the Corporation's common stock and the exercise price of the stock options multiplied by the aggregate number of stock options outstanding or (b) $500,000. For purposes of this Section 8(c), Market Price is defined as the average of the closing bid and ask price of the Corporation's common stock on the Nasdaq SmalICap Market or the closing sale price of the common stock on a national exchange, if listed on such exchange, in each case, on the day prior to the date of the Corporation's breach of this Section 8(c).

(d) Gross Up Payment.

(1) Excess Parachute Payment. If Cooper incurs the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986 (the "Code") on "Excess Parachute Payments" within the meaning of Section 280G(b)(l) of the Code, the Corporation will pay to Cooper an amount (the "Gross Up Payment") such that the net amount retained by Cooper, after deduction of any Excise Tax on both the Excess Parachute Payment and any federal, state and local income tax (together with penalties and interest) as well as the Excise Tax upon the payment provided for by this subparagraph 8(d)(l), will be equal to the Change of Control Amount.

(2) Applicable Rates. For purposes of determining the amount of the Gross Up Payment, Cooper will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality where taxes thereon are lawfully due, net of the maximum reduction (if any) in federal income taxes that could be obtained from deduction of deductible state and local taxes.

(3) Determination of Gross Up Payment Amount. The determination of whether the Excise Tax is payable and the amount thereof will be based upon the opinion of tax counsel selected by Cooper and reasonably approved by the Corporation, which approval will not be unreasonably withheld or delayed. If such opinion is not finally accepted by the Internal Revenue Service (or state and local taxing authorities), then appropriate adjustments to the Excise Tax will be computed and additional Gross Up Payments will be made in the manner provided by this subparagraph (d).

(4) Payment. The Corporation will pay the estimated amount of the Gross Up Payment in cash to Cooper at the time specified in this Agreement. Cooper and the Corporation agree to reasonably cooperate in the determination of the actual amount of the Gross Up Payment. Further, Cooper and the Corporation agree to make such adjustments to the estimated amount of the Gross Up Payment as may be necessary to

equal the actual amount of the Gross Up Payment, which in the case of the Corporation will refer to refunds of prior overpayments by the Corporation and in the case of Cooper will refer to additional payments to Cooper to make up for prior underpayments.

(e) Definitions. For purposes of this paragraph 8, the following terms shall have the following meanings:

"Change in Control" shall mean any of the following:

(1) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (the "Acquiring Person"), other than the Corporation, or any of its Subsidiaries or any Excluded Group (as defined herein), of beneficial ownership (within the meaning of Rule 13d-3- promulgated under the Exchange Act) of 35% or more of the combined voting power or economic interests of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; provided however, that any transfer from any director or executive officer listed in the Company's Form l0-KSB for the year ended December 31, 1999 under "Security Ownership of Certain Beneficial Owners" (the "Excluded Group") will not result in a Change in Control if such transfer was part of a series of related transactions the effect of which, absent the transfer to such Acquiring Person by the Excluded Group, would not have resulted in the acquisition by such Acquiring Person of 35% or more of the combined voting power or economic interests of the then outstanding voting securities; or

(2) during any period of 12 consecutive months after the date of this Amendment, the individuals who at the beginning of any such 12-month period constituted a majority of the Directors (the "Incumbent Non-Investor Majority") cease for any reason to constitute at least a majority of such Directors; provided that (i) any individual becoming a director whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of the stockholders having the right to designate such director and (ii) any director whose election to the Board or whose nomination for election by the stockholders of the Corporation was approved by the requisite vote of directors entitled to vote on such election or nomination in accordance with the Restated Certificate of Incorporation of the Corporation, shall, in each such case, be considered as though such individual were a member of the Incumbent Non-Investor Majority, but excluding, as a member of the Incumbent Non-Investor Majority, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Corporation (as such terms are used in Rule 14a- 2 of Regulation I 4A promulgated under the Exchange Act) and further excluding any person who is an affiliate or associate of an Acquiring Person having or proposing to acquire beneficial ownership of 25% or more of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; or

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

(4) the sale or other disposition of assets representing 50% or more of the assets of the Corporation in one transaction or series of related transactions not initiated or commenced by any person within the Excluded Group; or

(5) a "Fundamental Change in Business" as hereinafter defined; or

(6) a "Hostile Takeover" as hereinafter defined is declared.

"Fundamental Change in Business" shall mean that the Corporation, at any time, no longer spends at least fifty percent (50%) of its annual budget on activities related to biotechnology or pharmaceuticals.

"Hostile Takeover" shall mean any Change in Control which at any time is declared by at least a majority of the Board, directly or indirectly, to be hostile or not in the best interests of the Corporation, or in which an attempt is made (irrespective of whether successful) to wrest control away from the incumbent management of the Corporation, or with respect to which the Board makes any effort to resist.

9. 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 9(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 9 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 9(e) shall automatically terminate if the Corporation ends the Term 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).

10. 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.

11. Transaction Fee. Upon the completion of a transaction resulting in a Transaction (as defined herein) or any transaction described in Section 10(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. "Transaction" 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.

12. 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 the Corporation'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.

13. 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.

14. 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.

15. 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:	Akin, Gump, Strauss, Hauer & Feld, L.L.P. 590 Madison Avenue New York, NY 10022 Attention: Jeffrey J. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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

Exhibit 3

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (the "Agreement"), is entered into as of October 6, 2000, between SIGA TECHNOLOGIES, INC., a Delaware corporation (with its successors and assigns, referred to as the "Corporation") and Thomas Konatich (referred to as "Konatich").

WHEREAS, the Corporation and Konatich are parties to an Employment Agreement dated as of April 1, 1998 (the "Original Agreement"), as amended on January 19, 2000 (the "Agreement"); and

WHEREAS, the Corporation and Konatich have agreed to amend and restate the Original Agreement in order to add certain change of control provisions and make other modifications.

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

1. Employment for Term. The Corporation hereby employs Konatich and Konatich hereby accepts employment with the Corporation for the period beginning on January 19, 2000 and ending 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.

2. Position and Duties. During the Term, Konatich shall serve as the Chief Financial Officer of the Corporation. During the Term, Konatich 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, Konatich 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 Konatich a base salary, beginning on the first day of the Term and ending on the last day of the Term, of not less than $170,000 per annum, payable at least monthly on the Corporation's regular pay cycle for professional employees (the "Base Salary").

(b) Stock Options. In addition to stock options to purchase 95,000 shares of the Corporation's Common Stock previously granted, 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 (the "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 "Options"). The Options shall expire on January 19, 2010. The 100,000 Options will vest in eight equal installments on every three month anniversary of the date of the Amendment. All unvested options shall automatically vest upon the closing of a Change of Control. In the event the closing bid price of the common stock of the Corporation 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 Corporation 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. In the event the Plan is not approved by the stockholders at the Corporation's 2000 Annual Meeting, the Corporation shall grant to Konatich such Options outside of the Plan with the same terms and conditions as if granted pursuant to the Plan.

(c) Other and Additional Compensation. The preceding sections establish the minimum compensation during the Term and shall not preclude the Board from awarding Konatich a higher salary or any bonuses or stock options in the discretion of the Board during the Term at any time. The Corporation intends to adopt a performance based bonus plan for 1998 and subsequent years and Konatich will be eligible to participate in such plan.

4. Employee Benefits. During the Term, Konatich 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 employee of the Corporation.

5. Expenses. The Corporation shall reimburse Konatich 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 Konatich'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 Konatich 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 Konatich's base of operations outside of New York City, or materially reduces Konatich's duties during the term, including replacing Konatich as Chief Financial Officer, then, at his option, Konatich 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 Konatich in connection with his employment; (ii) Konatich's gross negligence in performing any of his duties under this Agreement; (iii) Konatich'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) Konatich'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 Konatich 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 Konatich'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, Konatich shall continue to receive his base salary hereunder, provided that if the Corporation provides Konatich with disability insurance coverage, payments of Konatich's base salary shall be reduced by the amount of any disability insurance payments received by Konatich due to such coverage. The Corporation shall give Konatich written notice of termination which shall take effect sixty (60) days after the date it is sent to Konatich unless Konatich 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 Konatich 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 Konatich's duties as provided in Section 6(c), or if Konatich dies, then the Corporation shall have no obligation to pay Konatich 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 Section 3(a) shall continue for the remainder of the Term unless the Corporation ends the Term for Cause or if Konatich 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 Konatich's salary and all other amounts due hereunder for the remainder of the Term.

8. Change of Control Payment. The provisions of this paragraph 8 set forth the terms of an agreement reached between Konatich and the Corporation regarding Konatich's rights and obligations upon the occurrence of a "Change in Control" (as hereinafter defined) of the Corporation. These provisions are intended to assure and encourage in advance Konatich's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such Change in Control. These provisions shall apply in lieu of, and expressly supersede, the provisions of paragraph 7(c) if Konatich's employment is terminated or Notice of Termination is given ninety (90) days prior to or within eighteen (18) months after the occurrence of an event constituting a Change in Control.

(a) Escrow. Within ten (10) days after the occurrence of the first event constituting a Change in Control (irrespective of whether Konatich has actual knowledge of such event), the Corporation shall place immediately negotiable funds in escrow in an amount equal to Konatich's salary and all other amounts due hereunder for the remainder of the Term, plus such additional amount as equals the "Gross Up Payment" (as hereinafter defined) thereon (the "Change of Control Amount"). Such escrow shall be conducted pursuant to a standard escrow agreement among the Corporation, Konatich and an independent escrow agent providing for the timely payment to Konatich of the amounts hold in such escrow in the event Konatich becomes entitled thereto under the applicable provisions of this Agreement (the "Escrow Arrangement"). The Escrow Arrangement shall be maintained until the earlier of (A) nineteen (19) months after the occurrence of an event constituting a Change in Control or (B) the payment to Konatich of all sums escrowed.

(b) Change in Control. If, within 90 days prior to, or within eighteen (18) months after the occurrence of an event constituting a Change in Control, Konatich's employment is terminated or a Notice of Termination is given for any reason other than (A) his death, (B) his Disability, or (C) by Konatich without Cause on the part of the Corporation, then such termination shall be deemed to be a "Termination Due to Change in Control (herein so called), in which event the Corporation shall pay Konatich, in a lump sum, on or prior to the fifth (5th) day following the date of termination of the Term:

(1) an amount equal to the Change of Control Amount (including any Gross Up Payment); and

(2) Konatich's accrued and unpaid base salary.

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

(1) within thirty (30) days of a request by Konatich or his estate file and cause to become effective a Form S-8 (or other appropriate form) with the Securities and Exchange Commission ("SEC") registering for resale all shares underlying stock options granted to Konatich and outstanding with all fees and expenses of such filing being paid by the Corporation, or,

(2) allow Konatich to exercise all or any part of such Stock Options at the option prices therefor specified in the grant of the Stock Options.

In the event the Corporation does not file and cause to become effective a Form S-8 (or other appropriate form) with the SEC within the thirty (30) day time period, the Corporation shall pay liquidated damages to Konatich or his estate equal to the greater of (a) the amount equal to the difference between the Market Price of the Corporation's common stock and the exercise price of the stock options multiplied by the aggregate number of stock options outstanding or (b) $500,000. For purposes of this Section 8(c), Market Price is defined as the average of the closing bid and ask price of the Corporation's common stock on the Nasdaq SmallCap Market or the closing sale price of the common stock on a national exchange, if listed on such exchange, in each case, on the day prior to the date of the Corporation's breach of this Section 8(c).

(d) Gross Up Payment

(1) Excess Parachute Payment. If Konatich incurs the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986 (the "Code") on "Excess Parachute Payments" within the meaning of Section 280G(b)(1) of the Code, the Corporation will pay to Konatich an amount (the "Gross Up Payment") such that the net amount retained by Konatich, after deduction of any Excise Tax on both the Excess Parachute Payment and any federal, state and local income tax (together with penalties and interest) as well as the Excise Tax upon the payment provided for by this subparagraph 8(d)(1), will be equal to the Change of Control Amount.

(2) Applicable Rates. For purposes of determining the amount of the Gross Up Payment, Konatich will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year

in which the Gross Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality where taxes thereon are lawfully due, net of the maximum reduction (if any) in federal income taxes that could be obtained from deduction of deductible state and local taxes.

(3) Determination of Gross Up Payment Amount. The determination of whether the Excise Tax is payable and the amount thereof will be based upon the opinion of tax counsel selected by Konatich and reasonably approved by the Corporation, which approval will not be unreasonably withheld or delayed. If such opinion is not finally accepted by the Internal Revenue Service (or state and local taxing authorities), then appropriate adjustments to the Excise Tax will be computed and additional Gross Up Payments will be made in the manner provided by this subparagraph (d).

(4) Payment. The Corporation will pay the estimated amount of the Gross Up Payment in cash to Konatich at the time specified in this Agreement. Konatich and the Corporation agree to reasonably cooperate in the determination of the actual amount of the Gross Up Payment. Further, Konatich and the Corporation agree to make such adjustments to the estimated amount of the Gross Up Payment as may be necessary to equal the actual amount of the Gross Up Payment, which in the case of the Corporation will refer to refunds of prior overpayments by the Corporation and in the case of Konatich will refer to additional payments to Konatich to make up for prior underpayments.

(e) Definitions. For purposes of this paragraph 8, the following terms shall have the following meanings:

"Change in Control" shall mean any of the following:

(1) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (the "Acquiring Person"), other than the Corporation, or any of its Subsidiaries or any Excluded Group (as defined herein), of beneficial ownership (within the meaning of Rule 13d-3- promulgated under the Exchange Act) of 35% or more of the combined voting power or economic interests of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; provided however, that any transfer from any director or executive officer listed in the Company's Form 10-KSB for the year ended December 31, 1999 under "Security Ownership of Certain Beneficial Owners" (the "Excluded Group") will not result in a Change in Control if such transfer was part of a series of related transactions the effect of which, absent the transfer to such Acquiring Person by the Excluded Group, would not have resulted in the acquisition

by such Acquiring Person of 35% or more of the combined voting power or economic interests of the then outstanding voting securities; or

(2) during any period of 12 consecutive months after the date of this Amendment, the individuals who at the beginning of any such 12-month period constituted a majority of the Directors (the "Incumbent Non-Investor Majority") cease for any reason to constitute at least a majority of such Directors; provided that (i) any individual becoming a director whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of the stockholders having the right to designate such director and (ii) any director whose election to the Board or whose nomination for election by the stockholders of the Corporation was approved by the requisite vote of directors entitled to vote on such election or nomination in accordance with the Restated Certificate of Incorporation of the Corporation, shall, in each such case, be considered as though such individual were a member of the Incumbent Non-Investor Majority, but excluding, as a member of the Incumbent Non-Investor Majority, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Corporation (as such terms are used in Rule 14a-2 of Regulation 14A promulgated under the Exchange Act) and further excluding any person who is an affiliate or associate of an Acquiring Person having or proposing to acquire beneficial ownership of 25% or more of the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; or

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

(4) the sale or other disposition of assets representing 50% or more of the assets of the Corporation in one transaction or series of related transactions not initiated or commenced by any person within the Excluded Group; or

(5) a "Fundamental Change in Business" as hereinafter defined; or

(6) a "Hostile Takeover" as hereinafter defined is declared.

"Fundamental Change in Business" shall mean that the Corporation, at any time, no longer spends at least fifty percent (50%) of its annual budget on activities related to biotechnology or pharmaceuticals.

"Hostile Takeover" shall mean any Change in Control which at any time is declared by at least a majority of the Board, directly or indirectly, to be hostile or not in the best interests of the Corporation, or in which an attempt is made (irrespective of whether successful) to wrest control away from the incumbent management of the Corporation, or with respect to which the Board makes any effort to resist.

9. 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) Konatich 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. Konatich, 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 Konatich is requested in a judicial, administrative or governmental proceeding to disclose any of the Corporation Information, Konatich 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, Konatich may furnish the material so required to be furnished, but Konatich will furnish only that portion of the Corporation Information that legally is required.

(ii) Konatich 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. Konatich hereby assigns to the Corporation all of Konatich'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 Konatich, either alone or jointly with others, during the course of the performance of services for the Corporation. Konatich shall also assign to, or as directed by, the Corporation, all of Konatich'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 Konatich 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. Konatich acknowledges and agrees that his services pursuant to this Agreement are unique and extraordinary; that the Corporation will be dependent upon Konatich for the development of its products; and that he will have access to and control of confidential information of the Corporation. Konatich 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, Konatich covenants and agrees that, subject to Section 9(h), during the Term and the Non-Competition Period Konatich 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 Konatich may own directly or indirectly, solely as an investment, securities of any Person which are traded on any national securities exchange if Konatich (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. Konatich hereby acknowledges that the covenants and agreements contained in Section 9 are reasonable and valid in all respects and that the Corporation is entering into this Agreement, inter alia, on such acknowledgement. If Konatich 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 Konatich 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) Konatich's agreements and covenants under Section 9(e) shall automatically terminate if the Corporation ends the Term without Cause or Konatich resigns due to a material breach by the Corporation of its obligations under this Agreement or a material reduction of Konatich's duties as provided in Section 6(c).

10. Successors and Assigns.

(a) Konatich. This Agreement is a personal contract, and the rights and interests that the Agreement accords to Konatich may not be sold, transferred, assigned, pledged, encumbered, or hypothecated by him. All rights and benefits of Konatich shall be for the sole personal benefit of Konatich, 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 Konatich. Except as so provided, this Agreement shall inure to the benefit of and be binding upon Konatich 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 Konatich 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 Konatich), 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.

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

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

13. 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 Konatich:	Thomas Konatich 18 Plymouth Road Port Washington, NY 11050
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:	Akin, Gump, Strauss, Hauer & Feld, L.L.P. 590 Madison Avenue New York, NY 10022 Attention: Jeffrey J. 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.

14. 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 Konatich 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.

15. 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.

16. 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.

17. Withholding Taxes. All salary, benefits, reimbursements and any other payments to Konatich 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.

18. 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.

19. 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/ Thomas Konatich

Thomas Konatich

Exhibit 4

AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT BETWEEN SIGA PHARMACEUTICALS, INC. AND DENNIS E. HRUBY DATED JANUARY 1, 1998

Paragraph 1 of the above Agreement, as amended on October 18, 1999, shall be deleted in its entirety and replaced with the following:

1. Employment for Term. 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, 2002 (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 180 days written notice and such termination will be treated as Termination with Cause pursuant to Section 8 of this Agreement. 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.

Paragraph 3 shall be deleted in its entirety and replaced with the following:

3. Position and Duties. During the Term, Hruby shall serve as the Chief Scientific Officer of SIGA Research Laboratories, the Corporation's biotechnology division. During the Term, Hruby 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, Hruby shall devote his full time and efforts to his duties as an employee of the Corporation (aside from his commitment to Oregon State University to oversee research funded by, or of interest to, the Corporation).

Section 4 shall be deleted in its entirety and replaced with the following:

4.

(a) Base Salary. The Corporation shall pay Hruby a base salary, beginning June 12, 2000, of $180,000, 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, the Corporation shall grant to Hruby options to purchase 125,000 shares of the Corporation's Common Stock at an exercise price of $2.00 per share. The options shall vest as follows: 25,000 shares on December 31, 2000; 25,000 shares on June 30, 2001; 25,000 shares on December 31, 2001; 25,000 shares on June 30, 2002, and 25,000 shares on December 31, 2002. In the event of a sale or merger of SIGA Research Laboratories or in the event of a change in ownership of greater than fifty percent (50%) of the Corporation's outstanding voting stock or any transaction described in Section 10(b), all unvested stock options issued pursuant to this agreement shall immediately vest.

(c) Lock-up. All shares issued pursuant to the above grant of 125,000 options shall be subject to a lock-up agreement and Hruby will not be permitted to sell any such shares until six months after his employment with the Corporation ends. Beginning six months after Hruby's employment with the Corporation ends, the shares will be released from the lock-up at a rate of 12,500 shares per month.

(d) Additional Compensation. Hruby shall receive an annual cash bonus equal to one percent (1.0%) of all net revenues generated in a given year by Hruby and the employees of SIGA Research Laboratories. The bonus shall be paid on December 1 of each year of employment. Net revenues shall include all research grants, research support from other companies received by SIGA Research Laboratories and milestone payments received pursuant to license or sub-license agreements. Net revenues shall not include expense reimbursements (e.g. for patent expenses), royalties on product sales pursuant to a sublicense or revenues from direct product sales by the Corporation. Payments by SIGA to third parties (e.g. universities) for additional research and development of the technologies that are the subject of the funding shall be deducted from gross revenues in calculating net revenues.

Notices to the Corporation, as described in Section 13, shall be sent to:

SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, NY 10170
Fax: 212-697-3130
Attention: Joshua D. Schein

With a copy to:

Camhy Karlinsky & Stein LLP
1740 Broadway, 16th Floor
New York, NY 10010
Fax: 212-977-8389
Attention: Jeffrey Fessler, Esq.

AGREED AND ACCEPTED:

SIGA TECHNOLOGIES, INC.

By: /s/ Joshua D. Schein   Date: 6/16/00

Joshua D. Schein
Its: Chief Executive Officer

By: /s/ Dennis E. Hruby   Date: 6/13/00

Dennis E. Hruby

Exhibit 5

**************************** NOTICE OF GRANT AWARD ***************************
NIH CHALLENGE GRANTS AND PARTNERSHIPS Issue Date: 05/03/2000

Department of Health and Human Services
National Institutes Of Health

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES
****

Grant Number: 1 RC1 AI48870-01
Principal Investigator: HRUBY, DENNIS E PHD
Project Title: NOVEL ANTI-INFECTIVES TO COMBAT RESISTANT STAPHYLOCOCCUS

CFO
SIGA TECHNOLOGIES, INC
420 LEXINGTON AVE.
SUITE 620
NY, NY 10170

Budget Period: 05/03/2000 - 08/31/2000
Project Period: 05/03/2000 - 08/31/2000

Dear Business Official:

The National Institutes of Health hereby awards a grant in the amount of $26,000(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 P.L. 106 - 113 and is subject to terms and conditions referenced below.

Acceptance of this award including the 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 information below.

Sincerely yours,

/s/ Ann H. Haugh

Grants Management Officer
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

See additional information below

SECTION I - AWARD DATA - 1 RC1 AI48870-01

AWARD CALCULATION (U.S. Dollars):

Direct Costs	$18,000
F&A Costs	$ 8,000
APPROVED BUDGET	$26,000
TOTAL	$26,000

FISCAL INFORMATION:
CFDA Number: 93.855
EIN: 1133864870A1
Document Number: R1AI48870A

IC/ CAN / FY2000

AI / 8425554 / 26,000

NIH ADMINISTRATIVE DATA:
PCC: M36 / OC: 41.4A /Processed: PFELNER 000501 0942

SECTION II - PAYMENT/HOTLINE INFORMATION - 1 RC1 AI48870-01

For Payment and HHS Office of Inspector General Hotline Information, see the NIH Home Page at http://grants.nih.gov/grants/policy/awardconditions.htm

SECTION III - TERMS AND CONDITIONS - 1 RC1 AI48870-01

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://grants.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 policies, as stated in the NIH Grants Policy Statement of October 1998 and RFA AI-00-010, as announced in the NIH Guide for Grants and Contracts on February 10, 2000 must be followed."

http://grants.nih.gov/grants/guide/rfa-files/RFA-AI-00-O1O.html

Travel funds, in the amount of $1,000, are provided for an individual to attend a mandatory Challenge Grant Program - Phase II meeting to be held on May 8, 2000. Additional information will be provided in a separate letter. These funds are restricted for this purpose only and may not be rebudgeted.

For Phase I Challenge Grants - Restriction: Federal funds shall not be expended for research involving live vertebrate animals or human subjects, and individuals shall not be enrolled in such research without prior approval of the Office for Protection from Research Risks (OPRR)."

The above referenced grant is scheduled to expire on 8/31/00. 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, 6700-B 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

Grants Management Contact:

Patricia Felner
(301) 402-6450 phone
(301) 480-3780 fax
pf14h@nih.gov email
Stephen P Heyse, Program Official 301-496-7728 sh42i@nih.gov
Karen McVay, Grants Specialist

Exhibit 6

***************************** NOTICE OF GRANT AWARD ****************************
SMALL BUSINESS INNOVATION RESEARCH PROG Issue Date: 08/01/2000

Department of Health and Human Services
National Institutes Of Health

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES
****

Grant Number: 1 R43 AI46828-01
Principal Investigator: JONES, C HAL PHD
Project Title: DEGP PROTEINASE INHIBITORS: NOVEL ANTI-INFECTIVES

CHIEF FINANCIAL OFFICER
SIGA PHARMACEUTICALS INC
420 LEXINGTON AVE
SUITE 620
NEW YORK, NY 10170

Budget Period: 08/01/2000 - 01/31/2001
Project Period: 08/01/2000 - 01/31/2001

Dear Business Official:

The National Institutes of Health hereby awards a grant in the amount of $96,163 (see "Award Calculation" in Section I) to SIGA TECHNOLOGIES, 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 terms and conditions referenced below.

Acceptance of this award including the 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 information below.

Sincerely yours,

/s/ Ann Devine

Ann Devine
Grants Management Officer
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

See additional information below

SECTION I - AWARD DATA - 1 R43 AI46828-01

AWARD CALCULATION (U.S. Dollars):

Salaries and Wages	$24,800
Personnel Costs	$24,800
Supplies	$15,000
Travel Costs	$2,000
Other Costs	$3,000
Consortium/Contractual Cost	$20,000
Direct Costs	$64,800
F&A Costs	$25,920
APPROVED BUDGET	$90,720
Fee	$5,443
TOTAL	$96,163

FISCAL INFORMATION:
CFDA Number: 93.856
EIN: 1133864870A1
Document Number: R3AI46828A

IC/ CAN / FY2000

AI/ 8425710 / 96,163

NIH ADMINISTRATIVE DATA:
PCC: M52 / OC: 41.4A /Processed: ADEVINE 000727 0901

SECTION II - PAYMENT/HOTLINE INFORMATION - 1 R43 AI46828-01

For Payment and HHS Office of Inspector General Hotline Information, see the NIH Home Page at http://grants.nih.gov/grants/policy/awardconditions.htm

SECTION III - TERMS AND CONDITIONS - 1 R43 AI46828-01

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://grants.nih.gov/grants/policy/awardconditions.htm for certain references cited above.)

This grant is excluded from Expanded Authorities.

Treatment of Program Income:
Additional Costs

Information concerning funding, policy, administrative issues, is available for First-Time NIH grantee organizations via the NIH "Welcome Wagon" Memorandum. This document may be access through the following Internet address:
http: //www.nih.gov/grants/funding/welcomewagon.htm

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.

The above referenced grant is scheduled to expire on 01/31/2001. 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 (0MB 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, 6700-B 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 B1BO5A
Bethesda, Maryland 20892-2052

Grants Management Contact:

Jeannette Gordon
(301) 402-5065 phone
(301) 480-3780 fax
jg82s@nih.gov email

Program Official Contact:

Christopher K-H Tseng, Ph.D.
(301) 496-7453

Christopher Tseng, Program Official 301-496-7453 ct23i@nih.gov
Karen McVay, Grants Specialist (301)402-6578 km18f@nih.gov

SPREADSHEET
GRANT NUMBER: 1 R43 AI46828-01
P.I.: JONES, C HAL
INSTITUTION: SIGA TECHNOLOGIES, INC.

	YEAR 01
Salaries and Wages	24,800
Personnel Costs	24,800
Supplies	15,000
Travel Costs	2,000
Other Costs	3,000
Consortium/Contractual Cost	20,000
TOTAL DC	64,800
TOTAL F&A	25,920
TOTAL COST	90,720

	YEAR 01
F&A Cost Rate 1	40.00%
F&A Cost Base 1	64,800
F&A Costs 1	25,920
FEE	5,443

Exhibit 7

**************************** NOTICE OF GRANT AWARD ***************************
SMALL BUSINESS INNOVATION RESEARCH PROG Issue Date: 08/21/2000

Department of Health and Human Services
National Institutes Of Health

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES
****

Grant Number: 1 R43 AI46899-01A1
Principal Investigator: JONES, C H PHD
Project Title: DEVELOPMENT OF AN ANTI-ADHESIN BASED GONOCOCCAL VACCINE

CHIEF FINANCIAL OFFICER
SIGA PHARMACEUTICALS INC
420 LEXINGTON AVE
SUITE 620
NEW YORK, NY 10170

Budget Period: 09/15/2000 - 03/14/2001
Project Period: 09/15/2000 - 03/14/2001

Dear Business Official:

The National Institutes of Health hereby awards a grant in the amount of $125,000(see "Award Calculation" in Section I) to SIGA TECHNOLOGIES, 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 terms and conditions referenced below.

Acceptance of this award including the 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 information below.

Sincerely yours,

/s/ Cathy Walker

Cathy Walker
Grants Management Officer
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

See additional information below

SECTION I - AWARD DATA - 1 R43 AI46899-01A1

AWARD CALCULATION (U.S. Dollars):

Salaries and Wages	$56,750
Personnel Costs	$56,750
Supplies	$28,250
Direct Costs	$85,000
F&A Costs	$34,000
APPROVED BUDGET	$119,000
Fee	$6,000
TOTAL	$125,000

FISCAL INFORMATION:
CFDA Number: 93.856
EIN: 1133864870A1
Document Number: R3AI46899A

IC/ CAN / FY2000

AI/ 8425743 / 125,000

NIH ADMINISTRATIVE DATA:

PCC: M48 / OC: 41.4A /Processed: CWALKER 000817 0227

SECTION II - PAYMENT/HOTLINE INFORMATION - 1 R43 AI46899-01A1

For Payment and HHS Office of Inspector General Hotline Information, see the NIH Home Page at http://grants.nih.gov/grants/policy/awardconditions.htm

SECTION III - TERMS AND CONDITIONS - 1 R43 AI46899-O1A1

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://grants.nih.gov/grants/policy/awardconditions.htm for certain references cited above.)

This grant is excluded from Expanded Authorities.

Treatment of Program Income:
Additional Costs

NOTICE: UNDER GOVERNING POLICY, FEDERAL FUNDS ADMINISTERED BY THE NIH MAY NOT BE EXPENDED FOR RESEARCH INVOLVING LIVE VERTEBRATE ANIMALS

WITHOUT PRIOR APPROVAL BY THE OFFICE FOR PROTECTION FROM RESEARCH RISKS. THIS APPROVAL TAKES THE FORM OF AN ASSURANCE TO COMPLY WITH THE PHS POLICY ON HUMANE CARE AND USE OF LABORATORY ANIMALS. THIS RESTRICTION OF $125,000 APPLIES TO ALL PERFORMANCE SITES (e.g., COLLABORATING INSTITUTIONS, SUBCONTRACTORS, SUBGRANTEES) WITHOUT OPRR-APPROVED ASSURANCES, WHETHER DOMESTIC OR FOREIGN. THIS RESTRICTION MAY ONLY BE LIFTED VIA REVISED NOTICE OF GRANT AWARD.

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, mariners of payment, and associated reporting requirements. Payment may be made on a cost-reimbursement or advance basis. Cost eimbursements 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.

The above referenced grant is scheduled to expire on 3/14/01. 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 (0MB 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, 6700-B 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 B1BO5A
Bethesda, Maryland 20892-2052

If you have a question on the award calculation or the terms and conditions of the award, your grants management contact should be Pat Felner_ at (301) 402-6450.

Grants Management Contact:

Karen McVay
(301) 402-6578
(301) 480-3780 fax
km18f@nih.gov email

Penelope Hitchcock, Program Official 301-402-0443 ph22k@nih.gov
Karen McVay, Grants Specialist (301)402-6578 km18fnih.gov

SPREADSHEET
GRANT NUMBER: 1 R43 AI46899-01A1
P.I.: JONES, C H
INSTITUTION: SIGA TECHNOLOGIES, INC.

	YEAR 01
Salaries and Wages	56,750
Personnel Costs	56,750
Supplies	28,250
TOTAL DC	85,000
TOTAL F&A	34,000
TOTAL COST	119,000

	YEAR 01
F&A Cost Rate 1	40.00%
F&A Cost Base 1	85,000
F&A Costs 1	34,000
FEE	6,000

Exhibit 8

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (this "Agreement") made as of the 7th day of July, 2000, by and between Open-i Media, Inc., a New York corporation ("Seller" or the "Company"), and SIGA Technologies, Inc., a Delaware corporation ("Purchaser").

W I T N E S S E T H:

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller, one million one hundred forty-three thousand (1,143,000) shares of Series A Preferred stock, par value $0.001 per share, of Seller, all on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual representations, warranties and covenants contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. Purchase of Shares. (a) Seller hereby agrees to sell to Purchaser, and Purchaser hereby agrees to purchase from Seller, one million one hundred forty-three thousand (1,143,000) shares of Series A Preferred stock of Seller, par value $0.001 per share, (the "Purchased Shares"), for and in consideration of the sum of One Hundred Seventy Thousand Dollars ($170,000) in cash paid concurrently herewith in immediately available funds, plus the number of shares of Purchaser common stock as shall equal One Hundred Eighty Thousand Dollars ($180,000) (the "SIGA Shares") as calculated based on the average closing sale price of Purchaser's common stock on the Nasdaq Small Cap Market on the five (5) trading dates preceding the Closing Date (as hereinafter defined), plus all right, title, and interest in and to that certain computer program identified as "Peerfinder" as set forth in the Assignment of Intellectual Property Agreement attached hereto as Exhibit A, including appropriate assignments (the "Assets"). The rights, privileges, preferences and other terms of the Purchased Shares are set forth in the Restated Certificate of Incorporation of the Company (the "Restated Certificate of Incorporation"), a copy of which is attached hereto as Exhibit B.

(b) No later than September 30, 2000, subject to any comments of the Securities and Exchange Commission (the "SEC"), Purchaser shall cause a registration statement under the Securities Act of 1933, as amended (the "Securities Act") on Form S-3 (or on any successor form to Form S-3 regardless of its designation) covering the SIGA Shares to become effective under the Securities Act, and Purchaser shall use its reasonable best efforts to keep such registration effective in accordance with applicable regulations for a period of five (5) months from the date on which the SEC declares such registration statement effective until the SIGA Shares have been sold pursuant to such registration statement.

(c) Title to the Assets shall be conveyed to Seller, on the Closing Date (as hereinafter defined), free and clear of all liens and encumbrances. Purchaser shall assume no obligations or liabilities of Seller whatsoever, whether known or unknown, matured or unmatured, absolute or contingent, whether relating to the Assets or otherwise.

(d) The closing of the purchase and sale of the Purchased Shares hereunder (the "Closing") shall take place at the offices of Camhy Karlinsky & Stein LLP, 1740 Broadway, New York, New York at 10:00 am on July 7, 2000 or at such other time and place as the Company and Purchaser may agree in writing (the "Closing Date").

2. Board Positions. (a) Until (i) such time as Purchaser owns less than five percent (5%) of Seller's stock on a fully diluted basis, or (ii) the date of the consummation of an initial public offering of Seller's stock, Seller shall have the obligation to cause Purchaser's representative ("Purchaser's Director") to be appointed to Seller's board of directors. Seller and Purchaser agree that Purchaser's Director shall be either Judson Cooper, Josh Schein, Dave Kaufman or such other person as shall be mutually acceptable to Seller and Purchaser. The number of directors on the Company's Board of Directors shall be initially set at five (5). To determine when Purchaser owns less than five percent (5%) of Seller's stock for purposes of this Section 2(a) the total number of shares of common stock issued or issuable to Purchaser shall be divided by (b) the total number of issued and outstanding shares of common and preferred stock of Seller, which number shall not include any capital stock issuable upon exercise of outstanding options or warrants of Seller.

(b) Any board action approving a Below Market Transaction shall require the affirmative vote of Purchaser's Director. A "Below Market Transaction" as defined herein, shall mean either (i) a sale of all or substantially all the assets of the Corporation; or (ii) a merger or consolidation involving the Company in which the Company is not the surviving entity and in which the shareholders of the Company immediately preceding such transaction do not own at least fifty percent (50%) of the total equity interest in the resulting entity after such transaction is closed, and in either (b)(i) or (b)(ii) above, the valuation of Seller is less than ten million dollars ($10,000,000).

3. Seller Representations and Warranties. Seller hereby represents and warrants to Purchaser as follows:

3.1 Organization and Standing. The Company is a corporation duly organized, validly existing and is in good standing under the laws of the State of New York, and has the requisite corporate power and authority to own its properties and to carry on its business in all material respects as now being conducted and as proposed to be conducted. Except as set forth in Schedule 3.1, the Company has no subsidiaries or direct or indirect ownership interest in any firm, corporation, partnership, joint venture, association or other business organization. The Company is qualified to do business and is in good standing as a foreign corporation in every jurisdiction in which its ownership of property or conduct of business requires it so to be qualified and in which the failure to so qualify would result in any change or effect that is materially adverse (a "Material Adverse Effect") to the business, properties, results of operations or financial condition taken as a whole (collectively, "Condition") of the Company. The Company has the requisite corporate power and authority to execute and deliver this Agreement and to issue the Purchased Shares and the common stock into which the Purchased Shares are convertible (the "Conversion Shares") and to otherwise perform its obligations under this Agreement. The copies of the Restated Certificate of Incorporation and Bylaws of the Company delivered to Purchaser prior to the execution of this Agreement are true and complete copies of the duly and legally adopted certificate of incorporation and bylaws of the Company in effect as of the date of this Agreement.

3.2 Financial Statements. Attached hereto as Exhibit C are the Company's unaudited balance sheet as of May 31, 2000 (the "Balance Sheet Date") and profit and loss statements through March, 2000 (the "Financial Statements"). The Financial Statements (i) have been prepared in accordance with the Company's books and records and (ii) fairly present in all material respects the financial condition and operating results of the Company as of the dates, and for the periods indicated therein, subject to normal year-end review adjustments that individually or in the aggregate will not be material to the financial condition or business of the Company. Except as reflected in the Financial Statements, the Company has no material liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business since the Balance Sheet Date and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under GAAP to be reflected in the Financial Statements, which, in the case of both (i) and (ii), individually or in the aggregate, are not material to the financial condition or business of the Company.

3.3 Events Subsequent to the Balance Sheet Date. Since the Balance Sheet Date, except pursuant to the transactions contemplated hereby or as set forth on Schedule 3.3 attached hereto, the Company has not (i) issued any stock, bond or other corporate security, (ii) borrowed any amount, or incurred or become subject to any liability (absolute, accrued or contingent), except current liabilities incurred and liabilities under contracts entered into in the ordinary course of business of the Company and consistent with its past practice ("Ordinary Course of Business"), (iii) discharged or satisfied any lien or encumbrance, or incurred or paid any obligation or liability (absolute, accrued or contingent), other than current liabilities shown on the Financial Statements and current liabilities incurred since the Balance Sheet Date in the Ordinary Course of Business, (iv) declared or made any payment or distribution to stockholders (other than in shares of common stock), or purchased or redeemed any share of its capital stock or other security, (v) mortgaged, pledged, encumbered or subjected to lien any of its assets, tangible or intangible, other than liens of current real property taxes not yet due and payable, (vi) sold, assigned or transferred any of its tangible assets except in the Ordinary Course of Business, or canceled any debt or claim, (vii) sold, assigned, transferred or granted any exclusive license with respect to any patent, trademark, trade name, service mark, copyright, trade secret or other intangible asset, (viii) suffered any material loss of property or waived any right of substantial and material value, whether or not in the Ordinary Course of Business, (ix) made any change in officer or director compensation, except in the Ordinary Course of Business, (x) made any material change in the manner of business, financial condition or operations of the Company, (xi) entered into any transaction except in the Ordinary Course of Business or as otherwise contemplated hereby or (xii) entered into any commitment (contingent or otherwise) to do any of the foregoing. No event that has or could be reasonably expected to have a Material Adverse Effect on the Condition of the Company has occurred since the Balance Sheet Date.

3.4 Tax Returns. All required federal, state or local tax returns or appropriate extension requests of the Company have been filed, and all federal, state and local taxes required to be paid in accordance with such returns have been paid or due provision for the payment thereof has been made. The Company has not received any notice of delinquency in the payment of any federal, state or local tax, any assessment or governmental charge, or any tax which it is required to withhold from amounts owing to employees or other third parties. The Company has not received any notice of deficiency or assessment of additional taxes and has not executed any waiver of any statute of limitations on the assessment or collection of any tax. The Company has not incurred any tax or worker's compensation liabilities from the Company's inception through the date hereof except those reflected in the Financial Statements and incurred in the Ordinary Course of Business since the Balance Sheet Date. The Company has not made an election under Article 341(f) of the Internal Revenue Code.

3.5 Title to Properties and Encumbrances. Except as set forth on Schedule 3.5, the Company has good and marketable title to all of its owned properties and assets, and is not subject to any mortgage, pledge, lease, lien, charge, security interest, encumbrance or restriction thereon. The Company does not own any real property. The Company has not received any notice of any action or proceeding under any building, zoning or other ordinance, law or regulation. With respect to the property and assets it leases, the Company is in compliance with such leases, except where the failure to be so in compliance would not have a Material Adverse Effect on the Condition of the Company, and to its knowledge, holds a valid leasehold interest free from any liens, claims or encumbrances.

3.6 Litigation. There are no legal actions, suits, arbitrations or other legal, administrative or governmental proceedings or investigations pending or, to the knowledge of the Company, threatened against the Company or its properties, assets or business, and neither the Company nor any of its officers has knowledge of any facts which would be reasonably expected to result in or form the basis for any such action, suit or other proceeding that would have a Material Adverse Effect on the Condition of the Company. The Company is not in default with respect to any judgment, order or decree of any court or any governmental agency or instrumentality known to the Company.

3.7 Compliance with Other Instruments. The Company is not in violation or default of any term in its Restated Certificate of Incorporation or Bylaws, or of any term contained in any mortgage, indenture, agreement, instrument or contract to which it is a party, except for such violations as would not have a Material Adverse Effect on the Condition of the Company. To its knowledge, the Company is not in violation of any order, statute, rule or regulation applicable to the Company, except for such violations as would not have a Material Adverse Effect on the Condition of the Company. Neither the execution, delivery and performance of this Agreement nor any other agreement contemplated hereby, nor, assuming the representations and warranties made by Purchaser in Article 4 are true and correct, the issuance of the Purchased Shares, will result in any such violation or be in conflict with or constitute a default under any such term, or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of the Company.

3.8 Purchased Shares and Conversion Shares. The Purchased Shares, when issued in accordance with the terms of this Agreement, will be validly issued, fully paid, and non-assessable and will be free and clear of all pledges, liens, encumbrances and restrictions, other than as set forth herein or pursuant to any agreements contemplated hereby or under applicable federal and state securities laws. The Conversion Shares issuable upon conversion of the Purchased Shares have been reserved for issuance and, when so issued, will be validly issued, fully paid and nonassessable and will be free and clear of all pledges, liens, encumbrances and restrictions, other than as set forth herein or pursuant to any agreements contemplated hereby or under applicable federal and state securities laws.

3.9 Securities Laws. Based upon the representations and warranties of Purchaser contained in Article 4 of this Agreement, no consent, authorization, approval, permit or order of or filing with any governmental or regulatory authority is required under current laws and regulations applicable to the Company in connection with the execution and delivery of this Agreement or the offer, issuance, sale or delivery of the Purchased Shares or the Conversion Shares, other than (i) the filing of the Restated Certificate of Incorporation with the Secretary of State of the State of New York, and (ii) such filings as have been made prior to the Closing, if required, under applicable state securities laws, except with regard to any notices of sales required to be filed with the SEC pursuant to Regulation D under the Securities Act, or such post-Closing filings as may be required under the applicable state securities laws, which will be timely filed within the applicable periods therefor. Under the circumstances contemplated hereby, the offer, issuance, sale and delivery of the Purchased Shares and the Conversion Shares will not, under current laws and regulations, require compliance with the prospectus delivery or registration requirements of the Securities Act, assuming the accuracy of the representations and warranties of Purchaser contained in Article 4 hereof.

3.10 Patents, Trademarks, and Trade Secrets. There are no pending or, to the Company's knowledge, threatened claims against the Company alleging that the Company's business, as conducted or as proposed to be conducted, infringes or conflicts with the rights of others under patents, service marks, trade names, trademarks, copyrights, trade secrets or other proprietary rights ("Intellectual Property Rights"). To the knowledge of the Company, the Company's business as now conducted does not, and as proposed to be conducted will not, infringe or conflict with the rights of others, including Intellectual Property Rights. The Company owns, or possesses sufficient legal rights to use, all Intellectual Property Rights and other rights necessary for the operation of its business as now conducted and as proposed to be conducted without conflict or infringement against the rights of others. Except as set forth in Schedule 3.10, there are no outstanding options, licenses, or agreements of any kind relating to the foregoing, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the Intellectual Property Rights of any other person or entity, except for those arising from "off-the-shelf" commercial software. To the knowledge of the Company the Company has not violated or, by conducting its business as proposed, would not violate any of the Intellectual Property Rights of any other person or entity. To the knowledge of the Company, no employee or consultant of the Company owns any Intellectual Property Rights which are directly or indirectly competitive with those owned or to be used by the Company or derived from or in connection with the conduct of the Company's business. The Company is not aware of any violation or infringement by a third party of any of the Company's Intellectual Property Rights. The Company has taken and will take reasonable security measures to protect the secrecy, confidentiality and value of all trade secrets useful in the conduct of its business.

3.11 Capital Stock. Immediately prior to the Closing, the authorized capital stock of the Company consists of 50,000,000 shares, par value $.001 per share, 40,000,000 shares of which are Common Stock, and 10,000,000 shares of which are preferred stock of which two million (2,000,000) shares will have been designated Series A Preferred Stock. Immediately prior to the Closing, six million (6,000,000) shares of Common Stock were issued and outstanding, and two million (2,000,000) shares of Series A Preferred Stock were issued and outstanding. The Purchased Shares will, at the time of issuance represent twelve and one half percent (12.5%) of the issued and outstanding capital stock of the Company on a fully diluted basis. All of the outstanding shares of the Company's capital stock were duly authorized and validly issued and are fully paid and non-assessable and were issued in compliance with all applicable federal and state securities laws. Except as set forth on Schedule 3.11 attached hereto, prior to the Closing, there are no agreements among the Company's stockholders with respect to the voting or transfer of the Company's capital stock or with respect to other material aspects of the Company's affairs. As of the date of this Agreement there are no convertible securities, warrants, options or other agreements or arrangements (collectively, "Purchase Rights") under which the Company is or may be obligated to issue shares of its capital stock or any Purchase Rights. No holder of any security of the Company is entitled to any preemptive or similar rights to purchase any securities proposed to be sold by the Company, except as provided in this Agreement.

3.12 Contracts and Other Commitments.

(a) Except as set forth in Schedule 3.12, the Company does not have any contracts, agreements, leases, or other commitments, written or oral, absolute or contingent, which (i) involve more than fifty thousand dollars ($50,000), (ii) extend for more than nine (9) months beyond the date hereof, (iii) license any Intellectual Property Right to or from the Company, or (iv) materially restrict or affect the development or distribution of the Company's products or services. For purposes of the foregoing, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same person or entity (including persons or entities the Company reasonably believes are affiliated therewith) shall be aggregated for the purpose of meeting the individual minimum dollar amounts set forth in Article 3. 12(a)(i) above.

(b) The Company has not (i) declared or paid any dividends or authorized any distribution upon or with respect to any class or series of its capital stock, (ii) incurred any indebtedness for borrowed money or any other liabilities individually in excess of fifty thousand dollars ($50,000), or in the case of indebtedness and/or liabilities individually less than fifty thousand dollars ($50,000), in excess of one hundred fifty thousand dollars ($150,000) in the aggregate, (iii) made any loans or advances to any person, other than ordinary travel advances for travel expenses, or (iv) sold, exchanged or otherwise disposed of any assets or rights except in the ordinary course of business.

3.13 Corporate Acts and Proceedings. This Agreement has been duly authorized by the requisite corporate action and has been duly executed and delivered by an authorized officer of the Company, and is a valid and binding obligation of the Company enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by limitations on the enforcement of the remedy of specific performance and other equitable remedies. The requisite corporate action necessary to the authorization, creation, issuance and delivery of the Purchased Shares and the Conversion Shares will be taken by the Company prior to the Closing.

3.14 Insurance Coverage. There are in full force policies of insurance issued by insurers of recognized responsibility insuring the Company and its properties and business against loss, damage, fire or other risks, including general liability insurance against claims for personal injury, death or property damage suffered by others upon, in or about the premises occupied by the Company or occurring as a result of the Company's maintenance or operation of any automobiles, trucks, or other vehicles or other facilities. The Company maintains all worker's compensation or similar insurance as may be required under the laws of any state or jurisdiction in which it may be engaged in business.

3.15 No Brokers or Finders. No person has or will have, as a result of any act or omission of the Company, any right, interest or valid claim against the Company or Purchaser for any commission, fee or other compensation as a finder or broker in connection with the transactions contemplated by this Agreement. The Company will indemnify and hold Purchaser harmless against any and all liability solely with respect to any such commission, fee or other compensation.

3.16 Disclosure. The Company has fully provided Purchaser with the information which Purchaser has requested for deciding whether to purchase the Purchased Shares. No representation or warranty by the Company in this Agreement or the exhibits or schedules attached hereto applicable to it contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained therein or herein not misleading in light of the circumstances under which they were made. Any disclosure made under any section of this Article 3 shall be deemed to have been made under all other sections of this Article 3 to which such disclosure reasonably relates.

3.17 Registration Rights. Except as set forth on Schedule 3.17, other than under this Agreement, the Company has not agreed to register under the Securities Act any of its authorized or outstanding securities.

3.18 Retirement Plans. The Company does not have any "employee benefit plans," as defined in the Employee Retirement Income Security Act of 1974, as amended.

3.19 Compliance With Environmental Laws. Without limiting the generality of Section 3.7, the Company is not in violation in any material respect of any applicable statute, law or regulation relating to the environment or occupational health and safety, and to its knowledge no material expenditures are or will be required in order to comply with any such existing statute, law or regulation.

3.20 Licenses and Permits. The Company possesses from the appropriate agency, commission, board or government body or authority, whether state, local or federal, all licenses, permits, authorizations, approvals, franchises and rights which (a) are necessary for it to engage in the business currently conducted by it and (b) if not possessed by the Company would have a Material Adverse Effect on the Condition of the Company.

3.21 Conflicts of Interest. To the Company's knowledge, except as set forth on Schedule 3.20, no officer or director or holder of more than five percent (5%) of the Company's capital stock or any affiliate of any such person has any direct or indirect interest (a) in any person which does business with the Company, (b) in any material property, asset or right which is used by the Company in the conduct of its business, or (c) in any contractual relationship with the Company, other than as an employee. For the purpose of this Section 3.21, there shall be disregarded any interest which arises solely from the ownership of less than a five percent (5%) equity interest in a corporation whose stock is regularly traded on any national securities exchange or in the over-the-counter market.

3.22 Employees. To the Company's knowledge, no officer of the Company has any plans to terminate his or her employment with the Company. The Company has complied in all material respects with all laws relating to the employment of labor, including provisions relating to wages, hours, equal opportunity, collective bargaining and payment of Social Security and other taxes, and the Company has not encountered any material labor difficulties.

3.23 Absence of Restrictive Agreements. To the knowledge of the Company, no employee of the Company is subject to any secrecy or non-competition agreement or any agreement or restriction of any kind that would impede in any way the ability of such employee to carry out fully all activities of such employee in furtherance of the business of the Company.

3.2 Nondistributive Intent. The Seller is acquiring the SIGA Shares to be issued pursuant to Section 1 hereof for its own account, for investment and not with a view to the distribution thereof. Seller will not sell or otherwise dispose of such shares without registration under the Securities Act, or an exemption therefrom.

3.25 Other Representations Ineffective. Seller shall not be liable or bound in any manner by representations, warranties, covenants, agreements or indemnifications pertaining to the subject matter of this Agreement, whether express or implied, unless and only to the extent that such representations, warranties, covenants, agreements or indemnifications are expressly and specifically set forth in this Agreement or the Schedules hereto or in any certificate or other agreement, document or instrument delivered pursuant to the provisions of this Agreement.

4. Purchaser Representations and Warranties. Purchaser hereby represents and warrants as follows:

4.1 Authority. Purchaser has full power, authority and legal capacity to execute and deliver this Agreement and to consummate the transactions described herein.

4.2 No Consent. No consent of any person is required for the execution, delivery and performance of this Agreement by Purchaser.

4.3 SIGA Shares. The SIGA Shares, when issued in accordance with the terms of this Agreement, will be validly issued, fully paid, and non-assessable and will be free and clear of all pledges, liens, encumbrances and restrictions, other than as set forth herein or pursuant to any agreements contemplated hereby or under applicable federal and state securities laws.

4.4 Securities Laws. No consent, authorization, approval, permit or order of or filing with any governmental or regulatory authority is required under current laws and regulations applicable to the Company in connection with the execution and delivery of this Agreement or the offer, issuance, sale or delivery of the SIGA Shares, other than such filings as have been made prior to the Closing, if required, under applicable state securities laws, except with regard to any notices of sales required to be filed with the SEC pursuant to Regulation D under the Securities Act, or such post-Closing filings as may be required under the applicable state securities laws, which will be timely filed within the applicable periods therefor. Under the circumstances contemplated hereby, the offer, issuance, sale and delivery of the SIGA Shares will not, under current laws and regulations, require compliance with the prospectus delivery or registration requirements of the Securities Act, assuming the accuracy of the representations and warranties of Seller contained in Article 3 hereof.

4.5 Assets. Purchaser has and the Company will receive at Closing, good and marketable title to the Assets free and clear of all mortgages, pledges, liens, charges, restrictions, easements and other encumbrances. There are no pending or, to the Company's knowledge, threatened claims against Purchaser alleging that the Assets infringe or conflict with the rights of others under patents, service marks, trade names, trademarks, copyrights, trade secrets or other proprietary rights. To the knowledge of Purchaser, the Company's use of the Assets as proposed to be conducted will not, infringe or conflict with the rights of others. To the knowledge of Purchaser, no employee or consultant of Purchaser owns any intellectual property rights which are directly or indirectly competitive with the Assets. Purchaser is not aware of any violation or infringement by a third party of any of the Assets. Purchaser has taken and will take reasonable security measures to protect the secrecy, confidentiality and value of the Assets.

4.6 No Brokers or Finders. Purchaser has not authorized any person to act as broker, finder or in any other similar capacity in connection with the transactions described in this Agreement and the negotiations leading to it in such manner as to give rise to any valid claim against Seller for any broker's or finder's fee or similar compensation.

4.7 Nondistributive Intent. Purchaser is acquiring the Purchased Shares solely for Purchaser's own account for investment and not with a view to resale or distribution thereof, in whole or in part, and Purchaser has no present or contemplated intention, agreement, understanding or arrangement to sell, assign, transfer, hypothecate or otherwise dispose of all or any part of the Purchased Shares.

4.8 Limitations on Transfer. Purchaser understands that the Purchased Shares have not been registered under the Securities Act and state securities laws (the "Securities Laws") and are offered and sold in reliance upon an exemption from the registration requirements of the Securities Act and exemptions available under applicable state securities laws and that, in that regard, Seller is relying on the representations and warranties made by Purchaser herein.

4.9 Restricted Securities. Purchaser understands that the Purchased Shares may not be sold, transferred, hypothecated or otherwise disposed of unless subsequently registered under the Securities Act and applicable state securities laws or an exemption from such registration is available.

4.10 No Solicitation. Purchaser did not become aware of the offer of the Purchased Shares through or as a result of any form of general solicitation or general advertising, including, without limitation, any article, notice, advertisement or other communication.

4.11 Knowledge and Experience. Purchaser has such knowledge and experience in business and financial matters that Purchaser is capable of evaluating the merits and risks of the purchase of the Purchased Shares and making an informed investment decision with respect thereto.

4.12 Additional Information. Purchaser acknowledges that Purchaser has had the opportunity to ask questions of the management of Seller and receive answers about the

Seller and to obtain and review Seller's books and records and financial statements of Seller upon Purchaser's request directed to James Chong, President, and Purchaser has been provided with such information as Purchaser has determined to be sufficient to enable Purchaser to evaluate the economic merits and risks of the acquisition of the Purchased Shares hereunder.

4.13 Restrictive Legend. Purchaser understands that any certificate or other document evidencing the Purchased Shares will bear a legend restricting their transfer and sale and stating that the Purchased Shares have not been registered under the Securities Laws and referring to the foregoing restrictions on their transferability and sale.

4.14 Risks. Purchaser understands that an investment in Seller involves substantial risks and has taken full cognizance of and understands all risk factors related to the acquisition of the Purchased Shares hereunder as set forth in the attached "Risk Factors". Purchaser has adequate means of providing for Purchaser's current needs and possible contingencies, has no need for liquidity of the Purchased Shares and is able to bear the economic risk of loss of all of Purchaser's investment in the Purchased Shares.

4.15 Representations. Purchaser, in deciding to enter into this Agreement and purchase the Purchased Shares, has not relied upon any representations of Seller, other than those representations contained in this Agreement and no oral representations have been made by Seller in connection with the purchase of the Purchased Shares.

4.16 No Legal or Tax Advice. Purchaser understands and acknowledges that Seller has given no legal or tax advice regarding the tax consequences arising from an investment in the Purchased Shares, and that the tax consequences to Purchaser of an investment depend on Purchaser's individual circumstances. In this regard, Purchaser has consulted with Purchaser's own legal or tax advisor.

4.17 Corporate Acts and Proceedings. This Agreement has been duly authorized by the requisite corporate action and has been duly executed and delivered by an authorized officer of Purchaser, and is a valid and binding obligation of Purchaser enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by limitations on the enforcement of the remedy of specific performance and other equitable remedies. The requisite corporate action necessary to the authorization, creation, issuance and delivery of the SIGA Shares will be taken by Purchaser prior to the Closing.

4.18 Disclosure. No representation or warranty by Purchaser in this Agreement or the exhibits or schedules attached hereto applicable to it contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained therein or herein not misleading in light of the circumstances under which they were made. Any disclosure made under any section of this Article 4 shall be deemed to have been made under all other sections of this Article 4 to which such disclosure reasonably relates.

4.19. Other Representations Ineffective. Purchaser shall not be liable or bound in any manner by representations, warranties, covenants, agreements or indemnifications pertaining to the subject matter of this Agreement, whether express or implied, unless and only to the extent that such representations, warranties, covenants, agreements or indemnifications are expressly and specifically set forth in this Agreement or the Schedules hereto or in any certificate or other agreement, document or instrument delivered pursuant to the provisions of this Agreement.

4.20 Accredited Investor Certification. Purchaser hereby represents that Purchaser is an accredited investor as that term is defined in Rule 501(a) of Regulation D under the Securities Act (and such Purchaser understands the meaning of the definition "Accredited Investor" given thereunder).

5. Conditions to Purchaser's Obligation. The obligations of Purchaser to complete the transactions contemplated by this Agreement are subject to the fulfillment prior to or on the Closing Date of the following conditions, any of which may be waived in whole or in part by Purchaser:

5.1 The representations and warranties of the Company under this Agreement shall be true in all material respects as of the Closing Date with the same effect as though made on and as of the Closing Date, except where any such representation or warranty speaks as of a specific date.

5.2 The Company shall have performed and complied in all material respects with all other agreements or conditions required by this Agreement prior to or as of the Closing Date.

5.3 All corporate and other proceedings and actions taken in connection with the transactions contemplated hereby, and all certificates, opinions, agreements, instruments and documents referenced herein or incident to any such transaction, shall be reasonably satisfactory in form and substance to Purchaser.

5.4 The Restated Certificate of Incorporation in the form attached hereto as Exhibit B shall have been filed with the Secretary of State of the State of New York.

5.5 The Company shall have executed and delivered the Amended and Restated Registration Rights Agreement in substantially the form attached hereto as Exhibit D.

5.6 The Company shall have executed and delivered the Amended and Restated Shareholders Agreement in substantially the form attached hereto as Exhibit E.

5.7 The Company shall have obtained all registrations, qualifications, permits and approvals required under applicable state securities laws for the lawful execution and delivery of this Agreement and the offer, sale, issuance and delivery of the Purchased Shares and the offer of the Conversion Shares.

5.8 The Company shall have delivered to Purchaser an opinion of counsel to the Company, dated the Closing Date, a form of which is attached hereto as Exhibit F, which opinion shall be reasonably satisfactory in form and substance to Purchaser.

5.9 There shall not have been any action taken, or any law, rule, regulation, order, judgment, or decree proposed, promulgated, enacted, entered, enforced, or deemed applicable to the transactions contemplated by this Agreement, by any federal, state, local, or other governmental authority or by any court or other tribunal, including the entry of a preliminary or permanent injunction, which makes this Agreement or any of the other transactions contemplated by this Agreement illegal or otherwise prohibits, restricts, or delays consummation of any of the other transactions contemplated by this Agreement or impairs the contemplated benefits to the Company or Purchaser of this Agreement or any of the other transactions contemplated by this Agreement.

5.10 At the Closing, the Company shall deliver a certificate, dated the Closing Date, of the Secretary of the Company certifying that attached or appended to such certificate (1) is a true and correct copy of its Restated Certificate of Incorporation as of the date thereof; (2) is a true and correct copy of its Bylaws as of the date thereof; (3) is a true copy of all resolutions of its board of directors authorizing the execution, delivery and performance of this Agreement, and each other document to be delivered by the Company pursuant hereto; and (4) the names and signatures of its duly elected or appointed officers who are authorized to execute and deliver this Agreement and any certificate, document or other instrument in connection herewith.

6. Conditions to Company's Obligation. The Company's obligation to sell and issue the Purchased Shares to Purchaser, according to this Agreement, on the Closing Date is subject to the fulfillment prior to or on the Closing Date of the following conditions, any of which may be waived in whole or in part by the Company:

6.1 Purchaser shall have delivered to the Company cash by wire transfer or by check, in immediately available funds, in an amount equal to the cash portion of the purchase price as set forth in Section 1 hereof.

6.2 Purchaser shall have delivered an Intellectual Property Assignment substantially in the form attached hereto as Exhibit G.

6.3 Purchaser shall have obtained all registrations, qualifications, permits and approvals required under applicable state securities laws for the lawful execution and delivery of this Agreement and the offer, sale, issuance and delivery of the SIGA Shares.

6.4 There shall not have been any action taken, or any law, rule, regulation, order, judgment, or decree proposed, promulgated, enacted, entered, enforced, or deemed applicable to the transactions contemplated by this Agreement, by any federal, state, local, or other governmental authority or by any court or other tribunal, including the entry of a preliminary or permanent injunction, which makes this Agreement or any of the other transactions contemplated by this Agreement illegal or otherwise prohibits, restricts, or delays consummation of any of the other transactions contemplated by this Agreement or impairs the contemplated benefits to the Company or Purchaser of this Agreement or any of the other transactions contemplated by this Agreement.

6.5 At the Closing, Purchaser shall deliver a certificate, dated the Closing Date, of the Secretary of Purchaser certifying, that attached or appended to such certificate is a true copy of all resolutions of its board of directors, authorizing the execution, delivery and performance of this Agreement, and each other document to be delivered by Purchaser pursuant hereto.

6.6 The representations and warranties of Purchaser under this Agreement shall be true in all material respects as of the Closing Date with the same effect as though made on and as of the Closing Date, except where any such representation or warranty speaks as of a specified date.

6.7 Purchaser shall have executed and delivered the Amended and Restated Shareholders Agreement in substantially the form attached hereto as Exhibit E.

6.8 Purchaser shall have executed and delivered to the Company an Accredited Investor Representation form in substantially the form attached hereto as Exhibit G.

6.9 Purchaser shall have performed and complied in all material respects with all other agreements or conditions required by this Agreement prior to or as of the Closing Date.

7. Indemnification. (a) Seller shall indemnify, defend and hold Purchaser harmless against all liability, loss or damage, together with all reasonable costs and expenses related thereto (including reasonable legal fees and expenses), relating to or arising from the untruth, inaccuracy or breach of any of the representations, warranties or agreements of Purchaser contained in this Agreement.

(b) Purchaser shall indemnify and hold Seller harmless against all liability, loss or damage, together with all reasonable costs and expenses related thereto (including reasonable legal fees and expenses), relating to or arising from the untruth, inaccuracy or breach of any of the representation, warranties or agreements of Seller contained in this Agreement.

(c) Indemnification hereunder shall include liability for any special, incidental, punitive or consequential damages to the extent the indemnified party is required to pay such amount to a third party. Except as expressly provided in the preceding sentence, there shall be no indemnification by Seller or Purchaser for any special, incidental, punitive or consequential damages.

(d) Upon making any payment to an indemnified party for any indemnification claim pursuant to this Section 7, the indemnifying party shall be subrogated, to the extent of such payment, to any rights which the indemnified party may have against any other persons or entity with respect to the subject matter underlying such indemnification claim and the indemnified party shall take such actions as the indemnifying party may reasonably require to perfect such subrogation or to pursue such rights against such other persons or entities as the indemnified party may have.

8. Special Shareholder Rights. The Company shall deliver to Purchaser (i) within 120 days after the end of each fiscal year audited financial statements audited by a "Big Five" accounting firm or such regional accounting firm reasonably acceptable to Purchaser's Director, and (ii) within 30 days of the end of each month and quarter, internally prepared, unaudited financial statements.

9. Stock Option Plan. Seller and Purchaser acknowledge and agree that in order to attract and retain the most qualified employees it will be necessary and desirable for the Company to implement an employee stock option plan. Seller agrees that at no time without the consent of Purchaser will the Shares issuable under the plan represent after issuance more than twenty percent (20%) of the issued and outstanding Shares. James Chong and his immediate family will not at any time be entitled to be participants in such plan.

10. Tax Considerations; Legal Consequences. Purchaser is strongly advised to consult Purchaser's tax advisor with respect to the tax consequences hereof. Purchaser also acknowledges that it has been advised by Seller that the transactions represented by this Agreement have serious legal consequences and that Seller has strongly advised Purchaser to review this Agreement with legal counsel prior to execution.

11. Survival of Representations and Warranties. The representations and warranties made herein by Purchaser shall survive the closing of the purchase and sale of the Shares as contemplated herein.

12. Entire Agreement. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersedes all prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof and no party shall be liable or bound to the other in any manner by any warranties, representations, covenants or agreements except as specifically set forth herein or expressly required to be made or delivered pursuant hereto.

13. Modifications. Any amendment, change or modification of this Agreement shall be void unless in writing and signed by all parties hereto.

14. Further Assurances. Seller and Purchaser shall execute and deliver to the appropriate other party such other instruments as may be reasonably required in connection with the performance of this Agreement and each shall take all further actions as may be reasonably required to carry out the transactions contemplated by this Agreement.

15. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of Seller and Purchaser and their respective heirs, successors, transferees and legal representatives and permitted assigns. Neither party may assign any rights hereunder without the consent of the other.

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

17. Governing Law. This Agreement shall be governed by the laws of the State of New York regardless of principles of conflicts of law.

18. Headings. The headings used in this Agreement are solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be executed and delivered as of the date hereinabove set forth.

SELLER:	Open-i Media, Inc.
	By: /s/ James Chong
	Name: James Chong
	Title: President
PURCHASER:	SIGA Technologies, Inc.
	By:
	Name:
	Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be executed and delivered as of the date hereinabove set forth.

SELLER:	Open-i Media, Inc.
	By: ------------------------------------
	Name:
	Title:
PURCHASER:	SIGA Technologies, Inc.
	By: /s/ Joshua D. Schein ------------------------------------
	Name: Joshua D. Schein
	Title: Chief Executive Officer

Schedule 3.1

Ownership Interests in Business Organizations

1. The Company owns ten thousand (10,000) shares of the capital stock, $0.001 par value per share, of CalendarWare, Inc., a Delaware corporation.

2. The Company owns one hundred twenty-seven thousand seven hundred twenty-one (127,721) shares of the common stock, $0.0001 par value per share, of SIGA Technologies, Inc., a Delaware corporation.

Schedule 3.3

Events Subsequent to the Balance Sheet Date

1. James Chong is currently paid an annual salary of forty-eight thousand six hundred fifty dollars ($48,650).

2. On or about May 11, 2000, the Company paid approximately two hundred ten thousand dollars ($210,000) to former stockholders and creditors of Open Interactive Media, Inc. ("OIM"), a New York corporation and predecessor company to Open-i Media, Inc., in satisfaction of certain liabilities of OIM.

Schedule 3.5

Title to Properties and Encumbrances

1. The Company occupies the premises located at 73 Franklin Street, New York, NY 10013, pursuant to a Lease Agreement, dated January 27, 1994, by and between OIM, as tenant, and Shushana Company, as landlord.

2. The Company occupies the premises located at 75 Franklin Street, New York, NY 10013, pursuant to a Lease Agreement, dated October 29,1999, by and between OIM, as tenant, and 75 Franklin Development Corporation, as landlord.

3. The following equipment of the Company is leased pursuant to the following Equipment Lease Agreements by and between OIM, as lessee, and the following leasing companies:

Leasing Company:	Lease #:	Date of Lease Agreement:
GE Capital	330500002	1/1/00
GE Capital	330500001	8/1/99
Apple Credit Leasing	185410	8/25/97
Bankers Leasing	1606980	4/28/99
Copelco Leasing	1144892	3/30/99
Copelco Leasing	1129921	8/5/98
Copelco Leasing	0954322	6/10/99
Copelco Leasing	1598953	1/25/96
Copelco Leasing	1598958	10/21/98
Balboa Leasing	006-10102-01	9/13/96

4. Other Encumbrances:

(a) UCC-1 Financing Statement filed naming the Company as Debtor:
Jurisdiction: State of New York
File No.: 096894
Filing Date: 05/16/00
Secured Party: Bankers/Softech/Mid-States
Collateral: Leased Equipment

(b) UCC-l Financing Statement filed naming the Company as Debtor:
Jurisdiction: State of New York
File No.: 097110
Filing Date: 05/16/00
Secured Party: Bankers/Softech/Mid-States
Collateral: All goods, chattels, fixtures, furniture, equipment, assets, accounts receivable, contract rights, general intangibles & property of every kind wherever located now or hereafter acquired and proceeds thereof.

(c) UCC-1 Financing Statement filed naming the Company as Debtor:
Jurisdiction: State of New York
File No.: 00PN25515

Filing Date: 05/19/00
Secured Party: Bankers/Softech/Mid-States
Collateral: Leased Equipment

(d) UCC-1 Financing Statement filed naming the Company as Debtor:
Jurisdiction: State of New York
File No.: 009PN25516
Filing Date: 05/19/00
Secured Party: Bankers/Softech/Mid-States
Collateral: All goods, chattels, fixtures, furniture, equipment, assets, accounts receivable, contract rights, general intangibles & property of every kind wherever located now or hereafter acquired and proceeds thereof.

Schedule 3.10

Licenses and Agreements Relating to Patents, Trademarks, and Trade Secrets

None.

Schedule 3.11

Agreements Among Stockholders

1. On May 4, 2000, the Company and the then current shareholders of the Company entered into a certain Shareholders Agreement which provides, among other things, restrictions upon the transfer of the Company's capital stock.

Schedule 3.12

Contracts and Other Commitments

1. The Company occupies the premises located at 73 Franklin Street, New York, NY 10013, pursuant to a Lease Agreement, dated January 27, 1994, by and between OIM, as tenant, and Shushana Company, as landlord, pursuant to which the Company is obligated to pay annual base rent through January 31, 2001 as follows:

   2/1/94 to 1/31/95: $30,000
   2/1/95 to 1/31/96: $30,000
   2/1/96 to 1/31/97: $30,000
   2/1/97 to 1/31/98: $33,600
   2/1/98 to 1/31/99: $36,000
   2/1/99 to 1/31/00: $38,400
   2/1/00 to 1/31/01: $45,600.

   OIM has an option to extend this Lease Agreement for two years.

2. The Company occupies the premises located at 75 Franklin Street, New York, NY 10013, pursuant to a Lease Agreement, dated October 29,1999, by and between OIM, as tenant, and 75 Franklin Development Corporation, as landlord, pursuant to which the Company is obligated to pay annual base rent through October 31, 2004 as follows:

   11/1/99 to 10/31/00 - $67,800.00
   11/1/00 to 10/31/01 - $72,546.00
   11/1/01 to 10/31/02 - $77,624.22
   11/1/02 to 10/31/03 - $83,058.00
   11/1/03 to 10/31/04 - $88,872.06.

Schedule 3.17

Registration Rights

1. On May 4, 2000, the Company and the then current shareholders of the Company entered into a certain Registration Rights Agreement which provides, among other things, that the Company will register under the Securities Act certain of its securities upon the occurrence of certain events.

Schedule 3.20

Conflicts of Interest

1. James Chong is the sole shareholder of OIM, subject to the terms of a certain Agreement, dated May 31, 1999, among certain former shareholders of OIM and OIM.

Exhibit A

INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

THIS INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT (the "Assignment") is executed and delivered as of the 7th day of July, 2000, by and between SIGA Technologies, Inc., a Delaware corporation ("Assignor"), with an address at 420 Lexington Ave., New York, NY 10022, and Open-i Media, Inc., a New York corporation ("Assignee"), with an address at 73 Franklin Street, New York, NY 10013.

WHEREAS, Assignor owns all right, title, and interest in and to that certain computer application identified as "Peerfinder"; and

WHEREAS, Assignor desires to assign, grant, convey, and transfer the Peerfinder application and the business associated therewith to Assignee, and Assignee desires to acquire the Peerfinder application and the business associated therewith, pursuant to a certain Stock Purchase Agreement of even date herewith between Assignor and Assignee and in accordance with the terms and conditions of this Assignment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee, intending to be legally bound, hereby agree as follows:

SECTION 1
CONVEYANCE OF RIGHTS

1.1 Assignment and Transfer of Assets. Effective as of July 7, 2000 (the "Effective Date"), Assignor hereby transfers, grants, conveys, assigns, and relinquishes exclusively to Assignee, its successors and permitted assigns, absolutely and forever, all of Assignor's right, title, interest, benefit and claims, whether statutory or at common law, in and to all of the assets, properties and rights of Assignor, of every type and description, whether tangible or intangible, relating to the Peerfinder application and the business associated therewith, together with the goodwill associated with the Peerfinder application, along with the right to recover for damages and profits for past infringement thereof and all present and future rights of every kind pertaining to the Peerfinder application, whether or not such rights are now known, recognized or contemplated, with such right, title and interest in the Peerfinder application to be held and enjoyed by Assignee as fully and entirely as the same would have been held by Assignor had this Assignment not been made, including, without limitation, the following (all the assets of Assignor to be transferred and assigned to the Assignee pursuant hereto, including, without limitation, the Developed Technology, Peerfinder Technology, Software, Proprietary Rights, Inventories and Contract Rights (as hereinafter defined), are hereinafter collectively referred to as the "Program"):

(a) The Deliverable, as such term is defined in the Agreement, dated October 15, 1999, by and between the Assignee and SIGA Pharmaceuticals, Inc. (the "First Development Agreement"), and all designs, drawings, models, procedures (including design, manufacturing, test and maintenance procedures), specifications, equipment, software, test procedures, tools, documentation, content, training materials and other information and technology in whatever form developed and/or transferred pursuant to (i) the First Development Agreement, (ii) each Section of the Specifications (as defined in the First Development Agreement and incorporated therein) (the

"Specifications"), (iii) the Service Agreement, dated March 9, 2000, between the Assignor and the Assignee (the "Second Development Agreement"), and (iv) all amendments, modifications and communications, whether oral or written, to or with respect to the First Development Agreement, the Second Development Agreement and the Specifications (hereinafter collectively referred to the "Developed Technology").

(b) All designs, drawings, procedures (including design, manufacturing, test and maintenance procedures), specifications, equipment, software, printed circuit board art work, integrated circuit masks, test equipment, tools, fixtures, documentation, training materials, and information, in whatever form, related to, useful, utilizable or necessary in the design, manufacture, test and/or maintenance of the Program, including, without limitation, the assets described in the Schedule attached hereto as Schedule A and made a part hereof (hereinafter collectively referred to the "Peerfinder Technology").

(c) All computer code (both source and object, in machine readable and listing form), 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, photographs, animation, images, audio and/or digital video components, and the literal and non-literal expressions of ideas that operate, cause, create, direct, manipulate, access or otherwise affect the Program and any copyrights, trade secrets and other intellectual or industrial property rights therein, documentation (including internal documentation, documentation made available to customers and training materials), flowcharts, source code notes, software tools, compilers, test routines and information, in whatever form, and all revisions, release levels and versions of the foregoing, relating to or used on or with the Program, offered for sale or license by Assignor, developed by or for Assignor, or in the possession of Assignor (hereinafter collectively referred to as "Software").

(d) All patents, patent applications, copyrights, trade secrets, trademarks, trade names, inventions, discoveries, improvements, ideas, know-how, confidential information, and all other intellectual property or proprietary rights based, in whole or in part, related to or included in, covering or pertaining to the Developed Technology, Peerfinder Technology, Software or any portion thereof (hereinafter collectively referred to as "Proprietary Rights").

(e) All inventories of Peerfinder Technology, Software, or any portion thereof (hereinafter collectively referred to as "Inventories").

(f) All rights of Assignor under any sales agreements, franchises, license agreements, lease agreements, maintenance agreements, procurement agreements, consulting agreement, employee agreements, invention agreements and all other agreements of whatever nature or kind relating to Peerfinder Technology, Software or Proprietary Rights (hereinafter collectively referred to as "Contract Rights").

1.2 Liabilities Excluded. Except as set forth in Section 1.3 below, Assignor acknowledges that Assignee is acquiring the Program hereunder without any assumption of Assignor's liabilities.

1.3 Globix Invoices. Assignor shall pay to Assignee currently with the execution hereof, sixty thousand dollars ($60,000) in full and complete satisfaction of Assignor's obligations to Globix, and Assignee shall assume all obligations of Assignor to Globix, with respect to the Program.

SECTION 2
WARRANTIES OF TITLE

2.1 Assignor represents and warrants that Assignee shall receive, pursuant to this Assignment as of the Effective Date, complete and exclusive right, title, and interest in and to all tangible and intangible property rights of Assignor existing in the Program. Assignor represents and warrants that it has developed the Program entirely through its own efforts or through the efforts that were the subject of the First Development Agreement and the Second Development Agreement for its own account and that the Program, to the extent of Assignors actions, is free and clear of all liens, claims, encumbrances, rights, or equities whatsoever of any third party.

2.2 Assignor represents and warrants to the best of its knowledge that Program does not infringe any patent, copyright, trademark or trade secret of any third party and that it is unaware of any claim that the Program infringes any patent, copyright, trademark or trade secret of any third party; that Assignor has sought protection under applicable patent, copyright and trademark laws and that such rights have not been forfeited to the public domain; and that the Program has been maintained in confidence consistent with trade secret law.

2.3 Assignor represents and warrants that all of Assignor's personnel, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception and development of the Program either (1) have been employees of Assignor, or (2) have executed or will execute appropriate work made for hire or other instruments of assignment in favor of Assignor as assignee that have conveyed to Assignor full, effective, and exclusive ownership of all tangible and intangible property thereby arising with respect to the Program.

2.4 Assignor represents and warrants that there are no agreements or arrangements in effect with respect to the marketing, distribution, licensing, or promotion of the Program by any independent salesperson, distributor, sublicensor, or other remarketer or sales organization.

SECTION 3
ACKNOWLEDGMENT OF RIGHTS

In furtherance of this Assignment, Assignor hereby acknowledges that, from and after the effective date of this Assignment, Assignee has acceded to all of Assignor's right, title, and standing to:

(a) Receive all rights and benefits pertaining to the Program.

(b) Institute and prosecute all suits and proceedings and take all actions that Assignee, in its sole discretion, may deem necessary or proper to collect, assert, or enforce any claim, right, or title of any kind in and to any and all of the Program.

(c) Defend and compromise any and all such action, suits, or proceedings relating to such transferred and assigned rights, title, interest, and benefits, and perform all other such acts in relation thereto as Assignee, in its sole discretion, deems advisable.

SECTION 4
FURTHER ASSURANCES

4.1 At any time and from time to time hereafter, the Assignor shall forthwith upon the Assignee's written requests and at Assignee's expense take any and all steps and execute, acknowledge and deliver to the Assignee any and all further instruments and assurances necessary or desirable to evidence more fully the transfer of ownership of all of the Program to Assignor. Accordingly, Assignor agrees:

(a) To execute, acknowledge, and deliver any affidavits or documents of assignment and conveyance regarding the Program.

(b) To provide testimony in connection with any proceeding affecting the right, title, or interest of Assignee in the Program.

(c) To perform any other acts deemed necessary to carry out the intent of this Assignment.

4.2 Assignor hereby constitutes and appoints Assignee its true and lawful attorney-in-fact, with full power of substitution in Assignor's name and stead but for Assignee's benefit to take any and all steps (including proceeding at law, in equity or otherwise at Assignee's cost and expense), and to execute, acknowledge and deliver any and all instruments and assurances necessary or expedient in order to vest the aforesaid Program and causes of action more effectively in Assignee or to protect the same, or to enforce any claim or right of any kind with respect thereto (at Assignee's cost and expense). Assignor hereby declares that the foregoing power is coupled with an interest and is irrevocable.

SECTION 5
MISCELLANEOUS

5.1 This Assignment shall inure to the benefit of, and be binding upon, the parties hereto, together with their respective legal representatives, successors, and assigns.

5.2 This Assignment shall be governed by, and construed in accordance with, the laws of the State of New York, without reference to conflicts of law provisions thereof.

5.3 This Assignment merges and supersedes all prior and contemporaneous agreements, assurances, representations, and communications between the parties hereto relating to the subject matter hereof.

5.4 This Assignment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

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

SIGA TECHNOLOGIES, INC.

By:

Name:
Title:

OPEN-I MEDIA, INC.

By:

Name: James Chong
Title: President

STATE OF NEW YORK)
ss.:
COUNTY OF ________)

On the ____ day of ____________ in year 2000 before me, the undersigned, a notary public in and for said State, personally appeared ________ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

SCHEDULE A

1. All software, hardware, equipment and other assets listed on the invoices numbers 26699, 25993, 25684, 24789, 24790, 24742 and 24546 from PC Warehouse attached hereto as Rider A.

2. All software, hardware, equipment and other assets listed on all Globix invoices.

Exhibit B

Restated Certificate of Incorporation

RESTATED CERTIFICATE OF INCORPORATION

OF

OPEN-I MEDIA, INC.

UNDER SECTION 807 OF THE BUSINESS CORPORATION LAW

FIRST: The name of the corporation is Open-i Media, Inc. (hereinafter referred to as the "Corporation").

SECOND: The certificate of incorporation of the Corporation was filed by the Department of State on March 18, 1999.

THIRD: The certificate of incorporation, as heretofore amended, is hereby amended or changed to effect one or more of the amendments or changes authorized by the Business Corporation Law, to wit:

(A) To provide for the increase in the number of shares constituting the series of preferred stock of the Corporation known as "Series A Preferred" to three million one hundred forty-three thousand (3,143,000) shares;

(B) To change certain provisions relating to the adjustment of the Series A Conversion Price upon the occurrence of certain events; and

(C) To add provisions requiring the affirmative vote of the directors designated by the holders of the Series A Preferred to approve certain actions by the Corporation.

FOURTH: To accomplish the foregoing amendments, (i) Section A and Section B of Article FOURTH of the certificate of incorporation of the Corporation, relating to the number of shares constituting the series of preferred stock of the Corporation known as "Series A Preferred" are hereby amended to read as set forth in the same numbered sections and article of the certificate of incorporation of the Corporation as hereinafter restated; (ii) Section C (2) (d) of Article FOURTH of the certificate of incorporation of the Corporation, relating to adjustments to the Series A Conversion Price upon the occurrence of certain events is hereby amended to read as set forth in the same numbered section and article of the certificate of incorporation of the Corporation as hereinafter restated; and (iii) Section C (2)(b) and Section C (3) of Article FOURTH of the certificate of incorporation of the Corporation, relating to voting rights are hereby amended to read as set forth in the same numbered sections and article of the certificate of incorporation of the Corporation as hereinafter restated.

FIFTH: The restatement of the certificate of incorporation of the Corporation herein provided was duly authorized by the unanimous written consent of the members of the Board of Directors of the Corporation, followed by the unanimous written consent of the holders of outstanding shares of each class of the Corporation which is not entitled under the certificate of incorporation to vote on the said restatement of the certificate of incorporation, but which is entitled under Section 804 of New York Business Corporation Law (the "BCL") to vote thereon, having not less than the minimum requisite proportion of votes, which has been given in accordance with Section 615 of the BCL. Written notice has been given as and to the extent required by the said Section 615.

SIXTH: The text of the certificate of incorporation of the Corporation is hereby restated as further amended or changed herein to read as follows:

"FIRST: The name of the corporation is Open-i Media, Inc. (the "Corporation").

SECOND: The purpose of the corporation is to engage in multimedia design and production, hardware/software sales, placement and any lawful act or activity for which corporations may be organized under Article IV of the BCL, except that it is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The office of the corporation is to be located in the County of New York, State of New York.

FOURTH: A. Classes of Stock. The Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares of stock which the Corporation is authorized to issue is fifty million (50,000,000) shares consisting of forty million (40,000,000) shares of Common Stock, $0.001 par value per share, and ten million (10,000,000) shares of Preferred Stock, $0.001 par value per share, of which three million one hundred forty-three thousand (3,143,000) shares of such Preferred Stock shall be designated as Series A Preferred Stock.

B. Designation of Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The rights, preferences, privileges and restrictions granted to and imposed on the series designated Series A Preferred Stock ("Series A Preferred"), which series shall consist of three million one hundred forty-three thousand (3,143,000) shares, are as set forth in Article FOURTH C hereof The Board of Directors of the Corporation (the "Board") is hereby authorized to provide for the issuance of all or any of the remaining shares of authorized Preferred Stock and to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon such additional series of Preferred Stock and the number of shares constituting any such series and the designation thereof. Subject to compliance with the BCL and the provisions of Section C below, the rights, preferences, privileges and restrictions of any such additional series may be subordinated to, pari passu with or senior to any of those of any present or future class or series of Preferred or Common Stock. The Board is also authorized to increase or decrease the number of shares of any series, prior or subsequent to the issuance of that series of Preferred Stock, excluding the Series A Preferred, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status of authorized shares of Preferred Stock.

C. Rights, Preferences, Privileges and Restrictions of the Series A Preferred. The rights, preferences, privileges and restrictions of the Series A Preferred are as follows:

1. Liquidation Preference.

(a) Upon the occurrence of a Liquidation Event, as such term is defined below, holders of Series A Preferred shall be entitled to receive from the assets of the Corporation legally available for distribution to the Corporation's stockholders, prior and in preference to any distribution to the holders of Common Stock or any other series of Preferred Stock, an amount per share equal to the original Series A Preferred issue price (the "Series A Liquidation Preference"). After the payment in full of the Series A Liquidation Preference, any remaining assets of the Corporation legally available for distribution to the Corporation's stockholders shall be distributed to the holders of Common Stock, pro rata in accordance with the number of shares of Common Stock held.

(b) In the event the assets and funds legally available for distribution to the holders of Series A Preferred are not sufficient to permit the payment of the full Series A Liquidation Preference to each holder of Series A Preferred, then the amount legally available for distribution to the holders of Series A Preferred shall be allocated among the holders of Series A Preferred pro rata in accordance with the maximum amounts which such holders would have received if the assets and funds had been sufficient to permit the payment of the full amount of the Series A Liquidation Preference.

(c) As used herein, the term "Liquidation Event" shall mean any of the following events: (i) any sale of all or substantially all of the assets of the Corporation, or (ii) any liquidation, dissolution or winding up of the Corporation.

2. Conversion.

(a) Right to Convert. Each share of Series A Preferred shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share, at the office of the Corporation or any transfer agent for such stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing (i) $1.00 by the Series A Conversion Price, determined as hereafter provided, in effect on the date the certificate is surrendered for conversion. The initial Series A Conversion Price shall be $1.00. The Series A Conversion Price shall be subject to adjustment as set forth in subsection 2(d) below.

(b) Automatic Conversion. Each share of Series A Preferred shall automatically be converted into shares of Common Stock at the Series A Conversion Price then in effect immediately prior to the occurrence of any of the following events (each an "Automatic Conversion Event"): (i) any merger or consolidation of the Corporation with or into another business entity, regardless of whether or not the Corporation is the surviving entity, provided that (A) if the Corporation is not the surviving entity, and (B) the shareholders of the Corporation immediately preceding such transaction do not own at least fifty percent (50%) of the total equity interest in the resulting entity after such transaction is closed, and (C) the valuation of the Corporation in the transaction is less than ten million dollars ($10,000,000), the affirmative vote of each of the directors designated by the holders of Series A Preferred (each a "Series A Designated Director") pursuant to those certain Stock Purchase Agreements between the holders of Series A Preferred named therein and the Corporation shall be required to approve such transaction, or (ii) the closing of a public offering for the sale of any of the Corporation's securities.

(c) Mechanics of Conversion. Except in the case of an automatic conversion, before any holder of Series A Preferred shall be entitled to convert the same into shares of

Common Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Preferred and shall give written notice to the Corporation at its principal corporate office of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date. The automatic conversion of shares of Series A Preferred pursuant to subsection 2(b) shall be deemed to be effective upon the happening of the event upon which such automatic conversion is contingent, whether or not the holder thereof has surrendered the certificate therefor and, upon such automatic conversion, the shares of Series A Preferred shall cease to be outstanding and the holders thereof shall be entitled only to receive certificates evidencing the Common Stock issued upon such conversion against delivery of the certificates evidencing such shares of Series A Preferred. The Corporation shall give written notice of any automatic conversion resulting from the happening of an Automatic Conversion Event to all holders of Series A Preferred within five (5) business days of the occurrence of either: (i) the consummation of the Automatic Conversion Event or (ii) the receipt of knowledge by any officer of the Corporation of the consummation of an Automatic Conversion Event. Each holder of shares of Series A Preferred which have been automatically converted as provided herein shall surrender the certificate or certificates evidencing such shares of Series A Preferred, duly endorsed, at the office of the Corporation or of any transfer agent for the Series A Preferred and the person or persons entitled to receive shares of Common Stock issuable upon such automatic conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of the date such certificate or certificates are so surrendered. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled.

(d) Adjustments to Series A Conversion Price for Diluting Issues.

(i) Special Definitions. For purposes of this Section 2(d), the following definitions shall apply:

(A) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities (as defined herein) (such excluded options and shares, the "Reserved Option Shares").

(B) "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities (other than the Reserved Option Shares) directly or indirectly convertible into or exchangeable for Common Stock or Preferred Stock.

(C) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued (or, pursuant to Subsection 2(d)(iii) of this Certificate, deemed to be issued) by the Corporation after the date of issuance of the Series A Preferred ("Original Issue Date"), other than:

(I) shares of Common Stock that on the Original Issue Date of the first issued share of Series A Preferred Stock (the "First Original Issue Date") are issued or issuable upon conversion of shares of Series A Preferred then outstanding or then subject to issuance against receipt of payment therefor in accordance with the Stock Purchase Agreement;

(II) shares of Common Stock issued or issuable as a dividend or distribution on Series A Preferred;

(III) the Reserved Option Shares; or

(IV) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock excluded from the definition of Additional Shares of Common Stock by the foregoing clauses (I), (II) and (III) or this clause (IV).

(ii) No Adiustment of Series A Conversion Price. No adjustment in the number of shares of Common Stock into which the shares of Series A Preferred are convertible shall be made, by adjustment in the applicable Series A Conversion Price thereof, unless the consideration per share (determined pursuant to Section 2(d)(v)) hereof for an Additional Share of Common Stock issued or deemed to be issued by the Corporation is less than the applicable Series A Conversion Price in effect on the date of, and immediately prior to, the issue of such Additional Shares. Notwithstanding the other provisions of this Section 2(d) to the contrary, no adjustment to the applicable Series A Conversion Price shall be made as a result of (I) the issuance or deemed issuance of any shares of Common Stock as a dividend with respect to which holders of Series A Preferred Stock receive a ratable portion, (II) the issuance of Common Stock as a result of conversion of the Series A Preferred Stock or the issuance of any stock options or the issuance of any Common Stock as a result of the exercise of options that are issued pursuant to option plans applicable to employees, consultants, and/or directors approved by the Board of Directors, (III) the issuance or deemed issuance of any shares of Common Stock or securities convertible into Common Stock to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions or (IV) securities issued solely in consideration for the acquisition (whether by merger or otherwise) by the Corporation of all or substantially all of the capital stock or assets of any other entity or business organization, or securities issued solely in consideration for the grant by or to the Corporation of marketing rights, distribution rights, license rights or similar rights granted by or to the Corporation in consideration of the exchange of the proprietary technology, whether of the Corporation or any other entity, provided that with respect to any issuance pursuant to the foregoing clauses (I), (II) and (III) or (IV), the issuance of such securities is approved by all of the members of the Board of Directors and as long as such securities are issued for a price, or options are granted with an exercise price, of no less than fair market value.

(iii) Issue of Options and Convertible Securities Deemed Issue of Additional Shares of Common Stock. If the Corporation at any time or from time to time after the First Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, issuable upon the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(A) no further adjustment in the Series A Conversion Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities and, upon the expiration of any such Option or the termination of any such right to convert or exchange such Convertible Securities, the Series A Conversion Price then in effect hereunder shall forthwith be increased to the Series A Conversion Price that would have been in effect at the time of such expiration or termination had such Option or Convertible Securities, to the extent outstanding immediately prior to such expiration or termination, never been issued, and the Common Stock issuable thereunder shall no longer be deemed to be outstanding; and

(B) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase in the consideration payable to the Corporation, or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Series A Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities, provided that no readjustment pursuant to this clause (B) shall have the effect of increasing the Series A Conversion Price to an amount that exceeds the lower of (i) the Series A Conversion Price on the original adjustment date, or (ii) the Series A Conversion Price that would have resulted from any issuance of Additional Shares of Common Stock other than such Stock Options or Convertible Securities between the original adjustment date and such readjustment date.

(iv) Adjustment of Series A Conversion Price. If the Corporation issues Additional Shares of Common Stock (including, without limitation, Additional Shares of Common Stock deemed to be issued pursuant to Section 2(d)(iii) hereof), without consideration or for a consideration per share less than the Series A Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, the Series A Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest tenth of a cent) determined by multiplying the Series A Conversion Price by a fraction the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue (including all shares issuable upon the conversion of shares of Series A Preferred Stock and all Reserved Option Shares) plus the number of shares of Common Stock that the aggregate consideration received by the Corporation for the total number of Additional Shares of Common Stock so issued would purchase at the Series A Conversion Price in effect prior to such issue; and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue (including all shares issuable upon the conversion of shares of Series A Preferred Stock and all Reserved Option Shares) plus the number of such Additional Shares of Common Stock so issued; provided that, for the purpose of this Section 2(d)(iv), (i) all shares of Common Stock issuable upon conversion of shares of Series A Preferred Stock outstanding immediately prior to such issue shall be deemed to be outstanding, and (ii) immediately after any Additional Shares of Common Stock are deemed issued pursuant to Section 2(d)(iii) hereof, such Additional Shares of Common Stock shall be deemed to be outstanding.

(v) Determination of Consideration. For purposes of this Section 2(d), the "Net Consideration Per Share" shall mean the per share consideration received by the Corporation for the issue of any Additional Shares of Common Stock and shall be computed as follows:

(A) Cash and Property: such consideration shall:

(I) insofar as it consists of cash, be computed at the aggregate of cash received by the Corporation, excluding amounts paid or payable for accrued interest or accrued dividends;

(II) insofar as it consists of property other than cash, be computed at the Fair Market Value thereof at the time of such issue; and

(III) if the Corporation issues Additional Shares of Common Stock together with other shares or securities or other assets of the Corporation for consideration that covers both, be the proportion of such consideration so received, computed in good faith by the Board of Directors as provided in clauses (I) and (II) above.

(B) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Section 2(d)(iii) hereof, relating to Options and Convertible Securities, shall be determined by dividing

(x) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(y) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(vi) Adjustment for Combinations or Consolidation of Common Stock. If, at any time after the First Original Issue Date the number of shares of Common Stock outstanding are decreased by a combination of the outstanding shares of Common Stock, then following the record date fixed for such combination (or the date of such combination, if no record date is fixed), the applicable Series A Conversion Price shall be increased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred shall be decreased in proportion to such decrease in outstanding shares of Common Stock.

(vii) Adjustment for Stock Dividends, Splits, and the Like. If the Corporation shall at any time after the applicable First Original Issue Date fix a record date for the subdivision, split-up or stock dividend of shares of Common Stock, then, following the record date fixed for the determination of holders of shares of Common Stock entitled to receive such subdivision, split-up or dividend (or the date of such subdivision, split-up or dividend, if no record date is fixed), the Series A Conversion Price shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of Series A Preferred shall be increased in proportion to such increase in outstanding shares; provided, however, that the Series A Conversion Price shall not be decreased at such time if the amount of such reduction would be an amount less than $0.01, but any such amount shall be carried forward and reduction with respect thereto made at the time of and together with any subsequent reduction that, together with such amount and any other amount or amounts so carried forward, shall aggregate $0.01 or more.

(viii) Adjustment for Merger or Reorganization, and the Like. In case of any consolidation, recapitalization or merger of the Corporation with or into another corporation or the sale of all or substantially all of the assets of the Corporation to another corporation (other than a subdivision or combination provided for elsewhere in this Section 2 and other than a consolidation, merger or sale that is treated as a Liquidation Event pursuant to Section 1 hereof), each share of Series A Preferred shall thereafter be convertible into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of such shares of Series A Preferred would have been entitled upon such consolidation, merger or sale; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions in this Section 2 set forth with respect to the rights and interest thereafter of the holders of the shares of Series A Preferred, to the end that the provisions set forth in this Section 2 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the shares of Series A Preferred.

(e) No Fractional Shares. No fractional shares shall be issued upon the conversion of any share or shares of Series A Preferred, and the number of shares of Common Stock to be issued shall be rounded to the nearest whole share.

(f) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of Series A Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Series A Preferred.

(g) No Impairment. The Corporation will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 2 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the shares of Series A Preferred against impairment.

(h) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price pursuant to this Section 2, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of shares of Series A Preferred a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series A Preferred, furnish or cause to be furnished to such holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Series A Conversion Price then in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property that then would be received upon the conversion of the shares of Series A Preferred.

3. Voting Rights. (a) Each share of Series A Preferred stock shall have the same voting rights as that number of shares of common stock into which it may be convertible from time to time at the then Series A Conversion Price.

(b) The following actions shall require the affirmative vote of all Series A Designated Directors:

(i) any action by the Board to authorize, create, designate or establish any class or series of capital stock ranking on a parity with, or senior to Series A Preferred or reclassify any shares of common stock into shares having any preference or priority as to dividends or assets superior to or, on a parity with any such preference or priority of the Series A Preferred; or to in any other manner alter or change the powers, preferences or rights, or qualification, limitations or restrictions of the shares of Series A Preferred;

(ii) approval or authorization of any liquidation or winding up or recapitalization or reorganization of the Seller; and

(iii) approval of any proposal to amend the certificate of incorporation or bylaws of the Corporation in a manner that adversely affects the rights of the holders of the Series A Preferred.

FIFTH: The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address to whom the Secretary of State shall mail a copy of any process against the Corporation served upon him is:

Open-i Media, Inc.
73 Franklin Street
New York, New York 10013

SIXTH: No director of the Corporation shall have personal liability to the Corporation or to its shareholders for damages for any breach of duty in such capacity, provided, however, that the provision shall not eliminate or limit:

(a) the liability of any director of the Corporation if a judgment or other final adjudication adverse to him establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or, with respect to any director of the Corporation, that his acts violated Section 719 of the BCL, or

(b) the liability of a director for any act or omission prior to the final adoption of this article.

SEVENTH: The holders of the Corporation's equity shares shall not be entitled to preemptive rights in accordance with the provisions of section 622 of the BCL."

IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate to be executed by its President on the _____ day of July, 2000.

OPEN-I MEDIA, INC.

By: ________________________________
James Chong, President

Exhibit C

Financial Statements

Open-i Media

06/27/00 Balance Sheet

As of May 31, 2000

	May 31,'00
ASSETS	
Current Assets	
Checking/Savings	
Cash	1,678,322.43
Total Checking/Savings	1,678,322.43
Accounts Receivable	
Accounts Receivable	694,751.12
Total Accounts Receivable	694,751.12
Other Current Assets	
Gruntal	10,203.75
Stock Subscription Receivable	6,000.00
Security Deposits	18,706.00
Total Other Current Assets	34,909.75
Total Current Assets	2,407,983.30
Fixed Assets	
Fixed Assets	56,421.39
Total Fixed Assets	56,421.39
TOTAL ASSETS	2,464,404.69
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	140,678.94
Total Accounts Payable	140,678.94
Credit Cards	
Amex Corp. Card	18,472.26
Total Credit Cards	18,472.26
Other Current Liabilities	
Sales Tax Payable	1,337.99
Total Other Current Liabilities	1,337.99
Total Current Liabilities	160,489.19
Total Liabilities	160,489.19
Equity	
Paid in Capital	1,998,085.39
Capital Stock	8,000.00
Retained Earnings	37,944.37
Net Income	259,885.74
Total Equity	2,303,915.50
TOTAL LIABILITIES & EQUITY	2,464,404.69

Exhibit C

Financial Statements

Open-i Media
06/27/00 Profit and Loss
January through December 1999

	Jan - Dec 99
Ordinary Income/Expense	
Income	
Development	664,372.79
Training	180,920.02
Total Income	845,292.81
Cost of Goods Sold	
CGS Development	171,751.51
CGS Training	111,933.50
Total COGS	283,685.01
Gross Profit	561,607.80
Expense	
Miscellaneous	6,229.64
Advertising & Promotion	23,537.51
Open Interactive Leased Equip	200,000.00
Depreciation & Amortization Exp	17,903.99
Payroll Expenses	147,868.95
Professional Fees	46,382.58
Office Expense	19,115.17
Rent	36,386.36
Telephone	7,812.18
Travel & Ent	6,258.34
Utilities	10,519.92
Interest Expense	1,811.84
Total Expense	523,826.48
Net Ordinary Income	37,781.32
Other Income/Expense	
Other Income	
Other income	163.05
Total Other Income	163.05
Net Other Income	163.05
Net Income	37,944.37

Exhibit C

Financial Statements

Open-i Media
06/27/00 Profit and Loss
January through March 2000

	Jan - Mar '00
Ordinary Income/Expense	
Income	
Development	397,954.72
Training	172,382.11
Total Income	570,336.83
Cost of Goods Sold	
CGS Development	44,166.31
CGS Training	81,671.25
Total COGS	125,837.56
Gross Profit	444,499.27
Expense	
Miscellaneous	13,716.52
Advertising & Promotion	6,704.00
Open Interactive Leased Equip	75,000.00
Depreciation & Amortization Exp	3,130.64
Payroll Expenses	122,300.72
Professional Fees	25,106.75
Office Expense	4,902.16
Rent	26,426.55
Taxes	680.00
Telephone	3,137.50
Travel & Ent	1,399.81
Utilities	3,849.11
Interest Expense	1,610.66
Total Expense	287,964.42
Net Ordinary Income	156,534.85
Other Income/Expense	
Other Income	
Other Income	56.04
Total Other Income	56.04
Net Other Income	56.04
Net income	156,590.89

Exhibit D

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

THIS AGREEMENT made as of the 7th day of July, 2000, by and among Open-i Media, Inc., a New York corporation (the "Company") and the parties set forth in Schedule I attached hereto (the "Investors").

WHEREAS, the Investors have acquired shares of the Series A Preferred Stock, par value $0.001 per share, of the Company pursuant to certain Stock Purchase Agreements (the "Stock Purchase Agreements"); and

WHEREAS, on May 4, 2000, the Company and certain of its then shareholders entered into a Registration Rights Agreement (the "Original Registration Rights Agreement"); and

WHEREAS, the parties to the Original Registration Rights Agreement believe that it is in the best interests of the Company and the parties thereto to amend and restate the Original Registration Rights Agreement in its entirety as set forth herein; and

WHEREAS, the Company desires to grant to the Investors registration rights and certain other rights on the terms and conditions hereinafter set forth.

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

1. Definitions. The following terms shall be used in this Agreement with the following respective meanings:

"Affiliate" shall mean with respect to any Person, any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person; any general or limited partner, officer, director, or member of such Person and any venture capital fund now or hereafter existing which is controlled by or under common control with one or more general partners of such Person.

"Board" shall mean the Board of Directors of the Company.

"Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934, or any successor Federal statute, and the rules and regulations of the Commission (or of any other Federal agency then administering the Exchange Act) thereunder, all as the same shall be in effect at the time.

"Holder" means any holder of Registrable Stock.

"Initial Public Offering" means the effective date for the Company's first registration statement covering a public offering of securities of the Company under the Securities Act.

"NASD" means the National Association of Securities Dealers, Inc.

"Person" means any natural person, partnership, corporation or other legal entity.

"Registrable Stock" means (a) the Common Stock and (b) any other shares of Common Stock issued in respect of such shares by way of a stock dividend, or stock split or in connection with a combination of shares, recapitalization, merger or consolidation or reorganization; provided, however, that shares of Common Stock shall only be treated as Registrable Stock if and so long as they are not eligible for sale without restriction under Rule 144(k) under the Securities Act or have not been (i) sold to or through a broker or dealer or underwriter in a public distribution or a public securities transaction, or (ii) sold in a transaction under Rule 144 of the Securities Act so that all transfer restrictions and restrictive legends with respect to such Common Stock are removed upon the consummation of such sale.

"Registration Statement" means a registration statement filed by the Company with the Commission for a public offering and sale of securities of the Company (other than a registration statement on Form S-8, Form S-4, or successor forms, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation or which is not available for registering the shares of Registrable Stock for sale to the public).

"Securities Act" means the Securities Act of 1933, or any successor Federal statute, and the rules and regulations of the Commission (or of any other Federal agency then administering the Securities Act) thereunder, all as the same shall be in effect at the time.

"Stock" means and includes (a) the Company's common stock, $0.001 par value per share, as authorized on the date of this Agreement, and (b) any other securities into which or for which the securities described in (a) above may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

"Shareholders Agreement" means the Amended and Restated Shareholders Agreement of even date between the Company, the Investors and certain other parties, as amended or amended and restated and in effect from time to time.

2. Restrictive Legend. Each certificate representing Registrable Stock shall, except as otherwise provided in this Section 2, be stamped or otherwise imprinted with a legend substantially in the following form:

"THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS IT HAS BEEN REGISTERED UNDER SUCH ACT AND ALL SUCH APPLICABLE LAWS OR IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AN EXEMPTION FROM REGISTRATION IS AVAILABLE."

A certificate shall not bear such legend, or such legend shall be promptly removed, if in the opinion of counsel satisfactory to the Company the securities represented thereby may be publicly sold without registration under the Securities Act and any applicable state securities laws or the Investor provides the Company with a certificate that such Investor satisfies all the requirements of Rule 144 (k).

Each certificate for Registrable Stock shall bear the legend set forth in this Section 2, except that such certificate shall not bear such legend if (i) such transfer is in accordance with the provisions of Rule 144 (or any other rule permitting public sale without registration under the Securities Act) or pursuant to an effective registration statement, or (ii) an opinion of counsel satisfactory to the Company to the effect that any proposed transfer of Registerable Stock may be effected without registration under the Securities Act and any applicable state securities laws and that the transferee and any subsequent transferee (other than an affiliate of the Company) would be entitled to transfer such securities in a public sale without registration under the Securities Act.

3. Registration Rights.

3.1 Incidental Registration. Each time the Company shall determine to file a Registration Statement in connection with the proposed offer and sale for money of any of its securities by it or any of its security holders, the Company will give written notice thereof to the Investors. Upon the written request of one or more Investors given within twenty (20) days after the giving of any such notice by the Company, the Company will use its reasonable best efforts to cause all such shares of Registrable Stock, the Holders of which have so requested registration thereof, to be included in such Registration Statement, all to the extent requisite to permit the sale or other disposition by the prospective seller or sellers of the Registrable Stock to be so registered. If the Registration Statement is to cover an underwritten distribution, the Company shall use its reasonable best efforts to cause the Registrable Stock requested for inclusion pursuant to this Section 3.1 to be included in the underwriting on the same terms and conditions as the securities otherwise being sold through the underwriters. If, in the good faith judgment of the managing underwriter of such public offering, the inclusion of all of the Registrable Stock requested for inclusion pursuant to this Section 3.1 would interfere with the successful marketing of a smaller number of shares to be offered, then the number of shares of Registrable Stock and other securities to be included in the offering (except for shares to be issued by the Company in an offering initiated by the Company) shall be reduced to the required level by reducing (down to zero in the Company's Initial Public Offering, or to not less than thirty (30%) percent thereafter, if so required) the participation of the Holders of Registrable Stock in such offering (such reduction to be made to the amounts of shares requested for inclusion in such offering by such Holders on a pro rata basis among the Holders of Registrable Stock requesting such registration, based upon the number of shares of Registrable Stock owned by such Holders). Notwithstanding the foregoing provisions, the Company may, in its sole discretion, terminate, delay, abandon or withdraw any Registration Statement referred to in this Section 3.1 without thereby incurring any liability to the Holders of Registrable Stock.

3.2 Requested Registration.

(a) At any time beginning six (6) months after an Initial Public Offering, an Investor (the "Initiating Holder") may by notice in writing to the Company (which notice shall specify the number of shares of Registrable Stock proposed to be sold and the intended method of disposition thereof) request the Company to register under the Securities Act all or any portion of shares of Registrable Stock held by such Initiating Holder or Investors for sale in the manner specified in such notice. Notwithstanding anything to the contrary contained herein, the Company shall not be required to seek to cause a Registration Statement to become effective pursuant to this Section 3.2: (A) within a period of 90 days after the effective date of any Registration Statement (other than a Registration Statement on Forms S-4, S-8 or any successors thereto), provided that the Company shall use its reasonable best efforts to cause a registration requested hereunder to be declared effective promptly following such period if such request is made during such period; or (B) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board it would be materially detrimental to the Company or its stockholders for a Registration Statement to be filed at such time, or that it would require disclosure of material non-public information relating to the Company which, in the reasonable opinion of the Board, should not be disclosed, then the Company's obligation to use all reasonable efforts to register, qualify or comply under this Section 3.2 shall be deferred for a period not to exceed ninety (90) days from the date of receipt of written request from such Holders; provided, however, that the Company may not utilize this deferral right more than once in any twelve-month period.

(b) Following receipt of any notice given under this Section 3 by the Initiating Holders, the Company shall promptly notify in writing all Investors that such registration is to be effected and, subject to the provisions of the last sentence of Section 3.2(a), shall use its best reasonable efforts to register under the Securities Act, for public sale in accordance with the method of disposition specified in such notice from such requesting Investors, the number of shares of Registrable Stock specified in such notice (and in all notices received by the Company pursuant hereto). Investors, other than the Initiating Holders, shall notify the Company of their desire to participate in the Registration within twenty (20) days of the Company's notice to them. The Company shall be obligated to register Registrable Stock pursuant to Section 3.2(a) on two (2) occasions only, provided, however, that such obligation shall be deemed satisfied only when a Registration Statement covering all shares of Registrable Stock specified in notices received as aforesaid and which have not been withdrawn by the Holder thereof, for sale in accordance with the method of disposition specified by the Initiating Holders, shall have become effective, except as set forth in the next sentence. A registration which does not become effective after the Company has filed a Registration Statement with respect thereto solely by reason of the refusal of the Initiating Holders to proceed shall be deemed to have been effected by the Company at the request of such Initiating Holders and the Company shall be deemed to have satisfied one of its two obligations under this Section 3.2(a), unless the registration was withdrawn at the request of the Holders of a majority of the Registrable Stock to be sold in such offering upon learning of a material adverse change in the condition, business or prospects of the Company (other than a change in market demand for its securities or in the market price thereof) from that known to such Holders at the time of their request (or of which the Company advised them in writing within 20 days thereafter) that makes the proposed offering unreasonable in the good faith judgment of a majority in interest of such Holders.

(c) If the Registration Statement is to cover an underwritten distribution and in the good faith judgment of the managing underwriter of such public offering the inclusion of all of the Registrable Stock requested for inclusion pursuant to this Section 3 would interfere with the successful marketing of a smaller number of shares to be offered, then the number of shares of Registrable Stock to be included in the Offering shall be reduced to the required level with the participation in such offering to be reduced to the required level, as follows, unless otherwise determined by a majority in interest of the Holders: first, by reducing (down to zero, if necessary) on a pro rata basis the participation of any Persons who are not Holders and second, by reducing on a pro-rata basis the participation of other Holders requesting such registration; such pro rata basis to be calculated based upon the number of shares of Registrable Stock owned by any such Holders or on the number of shares of Stock owned by such Persons, as the case may be. The Company shall be entitled to include in any Registration Statement referred to in this Section 3.2(a), for sale in accordance with the method of disposition specified by the Initiating Holders, (i) shares of Stock for the Company's own account and (ii) securities to be sold by stockholders of the Company other than the holders of Registrable Stock to the extent all Registrable Stock set forth in such notice are covered by such registration, except as and to the extent that, in the opinion of the managing underwriter, if any, such inclusion would adversely affect the marketing of the Registrable Stock to be sold.

3.3 Registration Procedures. If and whenever the Company is required by the provisions hereof to effect the registration of shares of Registrable Stock under the Securities Act, the Company will, at its expense, as expeditiously as practicable:

(a) In accordance with the Securities Act and the rules and regulations of the Commission, prepare and file with the Commission a Registration Statement with respect to the Registrable Stock and use its reasonable best efforts to cause such Registration Statement to become and remain effective until the Registrable Stock covered by such Registration Statement has been sold, but for no longer than twelve (12) months subsequent to the effective date of such registration, and prepare and file with the Commission such amendments to such Registration Statement and supplements to the prospectus contained therein as may be necessary to keep such Registration Statement effective and such Registration Statement and prospectus accurate and complete until the Registrable Stock covered by such Registration Statement has been sold, but for no longer than twelve (12) months subsequent to the effective date of such registration;

(b) If the offering is to be underwritten in whole or in part, enter into a written underwriting agreement in form and substance reasonably satisfactory to the managing underwriter, if any, of the public offering and the Investors participating in such offering;

(c) Furnish to the participating Investors and to the underwriters such number of copies of the Registration Statement, preliminary prospectus, final prospectus and such other documents as such underwriters and participating Investors may reasonably request in order to facilitate the public offering of such securities;

(d) Use its reasonable best efforts to register or qualify the Registrable Stock covered by such Registration Statement under such state securities or blue sky laws of such jurisdictions (i) as shall be reasonably appropriate for the distribution of the Registrable Stock covered by such Registration Statement or (ii) as participating Investors and underwriters may reasonably request within ten (10) days following the original filing of such Registration Statement, except that the Company shall not for any purpose be required to execute a general consent to service of process, to subject itself to taxation, or to qualify to do business as a foreign corporation in any jurisdiction where it is not so qualified;

(e) Notify the participating Investors in writing promptly after it shall receive notice thereof, of the date and time when such Registration Statement and each post-effective amendment thereto has become effective or a supplement to any prospectus forming a part of such Registration Statement has been filed;

(f) Notify the participating Investors promptly in writing of any request by the Commission or any state securities commission or agency for the amending or supplementing of such Registration Statement or prospectus or for additional information;

(g) Prepare and file with the Commission, promptly upon the request of the participating Investors, any amendments or supplements to such Registration Statement or prospectus which, in the opinion of counsel representing the Company in such Registration, is required under the Securities Act or the rules and regulations thereunder in connection with the distribution of the Registrable Stock by the participating Investors, but for no longer than twelve (12) months subsequent to the effective date of such registration;

(h) Prepare and promptly file with the Commission, and promptly notify the participating Investors of the filing of, such amendments or supplements to such Registration Statement or prospectus as may be necessary to correct any statements or omissions if, at the time when a prospectus relating to such Registrable Stock is required to be delivered under the Securities Act, any event has occurred as the result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; the sellers of Registrable Stock agree upon receipt of such notice forthwith to cease making offers and sales of Registrable Stock pursuant to such registration statement or deliveries of the prospectus contained therein for any purpose until the Company has prepared and furnished such amendment or supplement to the prospectus as may be necessary so that, as thereafter delivered to purchasers of such Registrable Stock, such prospectus shall not include an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(i) In case the participating Investors or any underwriter is required to deliver a prospectus at a time when the prospectus then in circulation is not in compliance with the Securities Act or the rules and regulations of the Commission, prepare promptly upon request such amendments or supplements to such Registration Statement and such prospectus as may be necessary in order for such prospectus to comply with the requirements of the Securities Act and such rules and regulations;

(j) Advise the participating Investors, promptly after it shall receive notice or obtain knowledge of the issuance of any stop order by the Commission or any state securities commission or agency suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for that purpose and promptly use its reasonable best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued;

(k) At the request of the participating Investors (i) furnish to the underwriters, if such registration includes an underwritten public offering, at the closing provided for in the underwriting agreement, copies of any opinion, dated such date, of the counsel representing the Company for the purposes of such registration, addressed to the underwriters, if any, covering such matters with respect to the registration statement, the prospectus and each amendment or supplement thereto, proceedings under state and Federal securities laws, other matters relating to the Company, the securities being registered and the offer and sale of such securities as are customarily the subject of opinions of issuer's counsel provided to underwriters in underwritten public offerings and (ii) use its reasonable best efforts to furnish to the participating Investors letters dated each such effective date and such closing date, from the independent certified public accountants of the Company, addressed to the underwriters, if any, and to the participating Investors, stating that they are independent certified public accountants within the meaning of the Securities Act and dealing with such matters as the underwriters may request, or, if the offering is not underwritten, that in the opinion of such accountants the financial statements and other financial data of the Company included in the Registration Statement or the prospectus or any amendment or supplement thereto comply in all material respects with the applicable accounting requirements of the Securities Act, and additionally covering such other financial matters, including information as to the period ending not more than five (5) business days prior to the date of such letter with respect to the Registration Statement and prospectus, as the participating Investors may reasonably request;

(l) Apply for listing and use its reasonable best efforts to list the Registrable Stock being registered on any national securities exchange on which a class of the Company's equity securities is listed or, if the Company does not have a class of equity securities listed on a national securities exchange, apply for qualification and use its reasonable best efforts to qualify the Registrable Stock being registered for inclusion on the automated quotation system of the National Association of Securities Dealers, Inc.;

(m) Furnish, at least five (5) business days before filing a Registration Statement, a prospectus relating thereto or any amendments or supplements relating to such a Registration Statement or prospectus, to counsel for the participating Investors (the "Investors' Counsel"), copies of all such documents proposed to be filed (it being understood that such five (5) business day period need not apply to successive drafts of the same document proposed to be filed so long as such successive drafts are supplied to such counsel in advance of the proposed filing by a period of time that is customary and reasonable under the circumstances); and

(n) Notify in writing the Investors' Counsel promptly (I) of the receipt by the Company of any notification with respect to any comments by the Commission with respect to such registration statement or prospectus or any amendment or supplement thereto or any request by the Commission for the amending or supplementing thereof or for additional information with respect thereto, (ii) of the receipt by the Company of any notification with respect to the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement or prospectus or any amendment or supplement thereto or the initiation or threatening of any proceeding for that purpose and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purposes.

3.4 Expenses.

(a) With respect to each registration effected pursuant to this Agreement, all fees, costs and expenses of and incidental to such registration and the public offering in connection therewith shall be borne by the Company; provided, however, (i) that the Investors and other holders of the Company's stock participating in any such registration shall bear their pro rata share of the underwriting discounts and selling commissions, and (ii) any such fee, cost or expense which does not constitute a fee, cost or expense customary in such a registration and which is attributable solely to one Investor or other holder of the Company's stock participating in any such registration shall be borne by that holder or Investor.

(b) The fees, costs and expenses of registration to be borne as provided in paragraph (a) above, shall include, without limitation, all registration, filing and NASD fees, printing expenses, fees and disbursements of counsel and accountants for the Company, fees and disbursements of counsel for the underwriter or underwriters of such securities (if the Company and/or selling security holders are otherwise required to bear such fees and disbursements), all legal fees and disbursements and other expenses of complying with state securities or blue sky laws of any jurisdictions in which the securities to be offered are to be registered or qualified, and the premiums and other costs of policies of insurance insuring the Company against liability arising out of such public offering.

3.5 Indemnification and Contribution.

(a) The Company will indemnify and hold harmless each Investor whose shares of Registrable Stock are included in a Registration Statement pursuant to the provisions of this Agreement, from and against, and will reimburse each such Investor with respect to, any and all claims, actions, demands, losses, damages, liabilities, costs and expenses to which such Investor may become subject under the Securities Act or otherwise, insofar as such claims, actions, demands, losses, damages, liabilities, costs or expenses arise out of or are based upon any untrue statement or allegedly untrue statement of any material fact contained in such Registration Statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or arise out of any violation by the Company of any rule or regulation under the Securities Act applicable to the Company and relating to action or inaction required of the

Company in connection with such registration; provided, however, that the Company will not be liable in any such case to the extent that any such claim, action, demand, loss, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in reliance upon and in conformity with information furnished by or on behalf of any such Investor in writing specifically for use in the preparation thereof.

(b) Each Holder of shares of Registrable Stock which are included in a Registration Statement pursuant to the provisions of this Agreement will severally, but not jointly, indemnify and hold harmless the Company, each of its directors, officers, agents and employees, each person who controls the Company within the meaning of the Securities Act, from and against, and will reimburse such parties with respect to, any and all losses, damages, liabilities, costs or expenses to which such parties may become subject under the Securities Act or otherwise, to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon any untrue or alleged untrue statement of any material fact contained therein or any amendment or supplement thereto, or arises out of or is based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was so made in reliance upon and in conformity with written information furnished by or on behalf of such Holder specifically for use in the preparation thereof. Notwithstanding the foregoing, in no event shall any such Investor be required to indemnify and hold harmless the Company, each of its directors, officers, agents, employees, or each person who controls the Company within the meaning of the Securities Act for any amount exceeding in the aggregate the net proceeds received by such Investor from the sale of Registrable Stock covered by the Registration Statement.

(c) Promptly after receipt by a party to be indemnified pursuant to the provisions of paragraph (a) or (b) of this Section 3.5 (an "indemnified party") of actual knowledge or notice of the commencement of any action involving the subject matter of the foregoing indemnity provisions, such indemnified party will, if a claim thereof is to be made against the indemnifying party pursuant to the provisions of paragraph (a) or (b), notify the indemnifying party of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to an indemnified party otherwise than under this Section 3.5 and shall not relieve the indemnifying party from liability under this Section 3.5 unless such indemnifying party is prejudiced by such omission. In case such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party pursuant to the provisions of such paragraph (a) and (b) for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Notwithstanding the foregoing, an indemnified party shall have the right to retain its own counsel, with the reasonable fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests, as reasonably determined by either party, between such indemnified party and any other party represented by such counsel in such proceeding. No indemnifying party shall be liable to an indemnified party for any settlement of any action or claim without the consent of the indemnifying party; no indemnifying party may unreasonably withhold its consent to any such settlement. No indemnifying party will consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

3.6 Reporting Requirements Under Securities Exchange Act of 1934. When it is first legally required to do so, the Company shall register its Common Stock under Section 12 of the Exchange Act and shall keep effective such registration and shall timely file such information, documents and reports as the Commission may require or prescribe under Section 13 of the Exchange Act. From and after the effective date of the first Registration Statement filed by the Company, the Company shall use its reasonable best efforts to (whether or not it shall then be required to do so) timely file such information, documents and reports as the Commission may require or prescribe under Section 13 or 15(d) (whichever is applicable) of the Exchange Act. Immediately upon becoming subject to the reporting requirements of either Section 13 or 15(d) of the Exchange Act, the Company shall forthwith upon request furnish any Investor (i) a written statement by the Company that it has complied with such reporting requirements, (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents filed by the Company with the Commission as such Investor may reasonably request in availing itself of an exemption for the sale of Registrable Stock without registration under the Securities Act. The Company acknowledges and agrees that the purposes of the requirements contained in this Section 3.6 are (a) to enable any such Investor to comply with the current public information requirement contained in Paragraph (c) of Rule 144 under the Securities Act should such Investor ever wish to dispose of any of the securities of the Company acquired by it without registration under the Securities Act in reliance upon Rule 144 (or any other similar or successor exemptive provision), and (b) to qualify the Company for the use of Registration Statements on Form S-3. In addition, the Company shall take such other measures and file such other information, documents and reports, as shall hereafter be required by the Commission as a condition to the availability of Rule 144 under the Securities Act (or any similar or successor exemptive provision hereafter in effect) and the use of Form S-3. The Company also covenants to use its reasonable best efforts, to the extent that it is reasonably within its power to do so, to qualify for the use of Form S-3. From and after the effective date of the first Registration Statement filed by the Company, the Company agrees to use its reasonable best efforts to facilitate and expedite transfers of Registrable Stock pursuant to Rule 144 under the Securities Act (or any similar or successor exemptive provision hereafter in effect), which efforts shall include timely notice to its transfer agent to expedite such transfers of Registrable Stock.

3.7 Stockholder Information. The Company may require each of the Investors to furnish the Company in a timely manner such information with respect to such Investor and the distribution of such Registrable Stock as the Company may from time to time reasonably request in writing and as shall be required by law or by the Commission in connection therewith.

3.8 Lock-Up Agreements.

(a) Restrictions on Public Sale by the Company. The Company agrees not to effect any public sale or other distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such equity securities, during the period (not to exceed one hundred eighty (180) days) as requested by the managing underwriter, following the effective date of the Initial Public Offering, except in connection with any such offering and except for equity securities issued pursuant to employee stock option or employee stock purchase plans or in conjunction with any merger or consolidation with, or acquisition of the stock or assets of, any other entity.

(b) Restrictions on Public Sale by the Investors. Each Investor agrees that in conjunction with the Initial Public Offering it will not, to the extent requested by the Company and the managing underwriter of such offering, sell or otherwise dispose of any equity securities of the Company, including any sale pursuant to Rule 144, during a period specified by the Company and such underwriter (not to exceed one hundred eighty (180) days after the effective date of the Initial Public Offering), provided that all other shareholders of the Company are subject to similar restrictions except (i) in conjunction with such offering or (ii) to any Affiliates of such Holder who agree to be bound by the restrictions on dispositions set forth herein; and provided that each officer and director of the Company shall enter into similar agreements.

(c) In the event any of the Registrable Stock of an Investor is included in an Initial Public Offering, the Company shall cause the Registration Statement covering such stock to remain effective until such stock has been sold, but for no longer than fifteen (15) months subsequent to the effective date of such registration.

4. Miscellaneous.

4.1 Notices. Any notice required or permitted to be given hereunder shall be in writing and shall be deemed to be properly given when sent by registered or certified mail, return receipt requested, by Federal Express, DHL or other guaranteed overnight delivery service or by facsimile transmission, addressed as follows:

If to the Company:	Open-i Media, Inc. 73 Franklin Street New York, NY 10013 Telecopier: (212) 343-1065
If to any Investor:	To the address of such Investor set forth on Schedule I hereto

and as to any of the foregoing, to such other address as any such party may give the others notice of pursuant to this Section, provided that a change of address shall only be effective upon receipt.

All notices, requests, consents and other communications hereunder shall be deemed to have been received (i) if by hand, at the time of delivery thereof to the receiving party at the address of such party set forth above or as so designated, (ii) if made by telecopy or facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (iv) if sent by registered or certified mail, on the fifth business day following the day such mailing is made.

4.2 Governing Law. This Agreement shall be governed by, and construed in accordance with, the substantive laws of the State of New York (without regard to conflict of laws provisions).

4.3 Waivers: Amendments. No waiver of any right hereunder by any party shall operate as a waiver of any other right, or of the same right with respect to any subsequent occasion for its exercise, or of any right to damages. No waiver by any party of any breach of this Agreement shall be held to constitute a waiver of any other breach or a continuation of the same breach. All remedies provided by this Agreement are in addition to all other remedies provided by law. This Agreement may not be amended except by a writing executed by the Company and the Investors.

4.4 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the respective legal representatives, successors and permitted assigns of the parties hereto; provided, however, that any sale of shares of Stock are subject to the terms and conditions of the Shareholders Agreement.

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

4.6 Headings. Headings in this Agreement are included for reference only and shall have no effect upon the construction or interpretation of any part of this Agreement.

4.7 Severability. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render illegal, invalid or unenforceable any other provision of this Agreement, and this Agreement shall be carried out as if any such illegal, invalid or unenforceable provision were not contained herein.

4.8 Entire Agreement. This Agreement represents the entire understanding of the parties regarding the subject matter hereof and supersedes any and all other oral or written agreements among them, which are hereby rendered null and void, including without limitation, the Original Registration Rights Agreement.

4.9 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if each of the parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer, and each Investors has duly executed this Agreement (or has caused it to be executed by a duly authorized officer, partner, trustee or agent, as the case may be), as of the date first above recited.

COMPANY:

OPEN-I MEDIA, INC.

By:_________________________________
James Chong, President

INVESTORS:

BD HOTELS LLC

By:_________________________________
Richard Born, Member

SIGA TECHNOLOGIES, INC.

By:_________________________________

Schedule I

INVESTORS

Investor Name	Investor Address
BD Hotels LLC, a New York LLC	60 East 54th Street New York, NY 10022
SIGA Technologies, Inc., a Delaware corporation	420 Lexington Ave. New York, NY 10022

Exhibit E

AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT (this "Agreement") made as of the 7th day of July, 2000 by and among Open-i Media, Inc., a New York corporation, with its principal place of business at 73 Franklin Street, New York, NY (the "Company") and the persons listed on Schedule A attached hereto, as such Schedule A may be amended or supplemented from time to time (the "Shareholders").

W I T N E S S E T H:

WHEREAS, the Shareholders are the record owners of all of the shares of the capital stock of the Company; and

WHEREAS, on May 4, 2000, the Company and all of its then shareholders entered into a Shareholders Agreement (the "Original Shareholders Agreement"); and

WHEREAS, the parties believe that it is in the best interests of the Company and the Shareholders to amend and restate the Original Shareholders Agreement in its entirety as set forth herein.

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained, and other good and valuable consideration, it is hereby agreed as follows:

1. DEFINITIONS. For the purposes of this Agreement the following terms shall have the meanings set forth in this Article 1:

1.1 "Lock Up Period" shall have the meaning set forth in 10.6(c).

1.2 "Permitted Transferee" and "Permitted Transferees" shall have the meaning set forth in Section 4.4(d).

1.3 "Remaining Shareholders" shall mean those Shareholders other than the Selling Shareholders.

1.4 "Selling Shareholder" shall mean the Shareholder or the legal representatives of the estate of a deceased Shareholder, as the case may be, and such Shareholder's Permitted Transferees, if any, transferring Shares pursuant to any provision of this Agreement.

1.5 "Shares" shall mean all shares of the capital stock of the Company now or hereafter owned by the Shareholders and their Permitted Transferees regardless of when or how acquired.

1.6 "Transfer" shall mean any disposition (including, without limitation, gifts, sales, assignments, pledges, encumbrances, bequests, and all other intervivos or testamentary dispositions) whether voluntary or involuntary, or pursuant to court order or by operation of law.

2. ENTIRE AGREEMENT. This Agreement represents the entire understanding of the parties regarding the disposition of the Shares, now or hereafter owned by them, during the Shareholders' lives or upon their deaths, and supersedes any and all other oral or written agreements among them, which are hereby rendered null and void, including without limitation, the Original Shareholders Agreement.

3. LIMITATION ON TRANSFERS OF SHARES.

3.1 Limitation. No Shareholder may Transfer all or any of such Shareholder's Shares except as provided in this Agreement, including the provisions of Article 4.

3.2 Reasonableness of Restraints. The Shareholders recognize and acknowledge that the restraints imposed in this Agreement on the disposition of their Shares are fair and reasonable in consideration of their absolute necessity for the proper conduct of the business of the Company, and in consideration of the provisions of this Agreement providing a market for their Shares, at a fair price, upon their death.

4. PERMITTED TRANSFERS OF SHARES.

4.1 Transfers with Prior Consent of all other Shareholders. Except as otherwise provided in Section 4.2 or 4.4, a Shareholder may only Transfer the Shares owned by such Shareholder if such Shareholder has obtained the prior written consent of all of the other Shareholders of the Company. Any Shares so Transferred pursuant to this Section 4.1 shall continue to be subject to and shall be transferable only in accordance with the terms of this Agreement and the transferee of such Shares must agree in writing to be bound by the terms and conditions of this Agreement prior to such Transfer being effective.

4.2 Lifetime Transfers Subject to Right of First Refusal.

(a) Except as otherwise provided in Section 4.1 or 4.4 hereof; no Shareholder shall Transfer any of the Shares owned by such Shareholder unless the Selling Shareholder shall have first made the offer to sell set forth in Section 4.2(b) (the "Offer Notice") and such offer shall not have been accepted; and the Shares shall be transferable only in compliance with the terms hereof. Any attempted Transfer of Shares in violation of this

Agreement shall be deemed an irrevocable offer by such Shareholder to sell such Shares to the Company pursuant to Section 4.2 hereof.

(b) The Offer Notice shall be given in writing to the Company and the Remaining Shareholders concurrently and shall state that the Selling Shareholder offers to sell those Shares of the Selling Shareholder which the Selling Shareholder proposes to Transfer in a bona fide transaction to the Company or the Remaining Shareholders at the price and on the terms therein set forth, and to such Offer Notice shall be attached a statement of intention to Transfer such Shares, in a bona fide transaction, which shall set forth the name and address of the prospective purchaser, transferee, lienor, or recipient of any other disposition, the number of Shares involved in the proposed Transfer and the terms of such proposed Transfer.

(c) Within fifteen (15) days after the receipt of such Offer Notice, the Company may, by written notice to the Selling Shareholder, elect to purchase all, but not less than all, of the Shares owned by such Shareholder so offered at the price and on the terms set forth in the Offer Notice. If the Offer Notice is not accepted by the Company, the Remaining Shareholders may, by written notice to the Selling Shareholder given within thirty (30) days after the receipt of the Offer Notice (the "Expiration Date"), elect to purchase all, but not less than all, of the offered Shares at the price and on the terms set forth in the Offer Notice in such proportions as may be mutually agreed among the Remaining Shareholders or, in the absence of such agreement, pro rata based on the percentage that each Remaining Shareholder's Shares constitute of the total outstanding Shares of all shareholders who exercise the right. A Remaining Shareholder may, if it so elects, purchase additional portions of the offered Shares if any other Remaining Shareholder does not exercise its right to purchase up to the full amount of its pro rata amount of the offered Shares. Such additional portions of the offered Shares, if any, shall be allocated to such Remaining Shareholders pro rata if more than one Remaining Shareholder so elects, or less than pro rata with respect to any such Remaining Shareholder requesting a lower amount of the additional portion of the offered Shares. The notice of acceptance of the Offer Notice shall specify a date for the closing of the purchase, which date shall be not more than thirty (30) days after the date of the giving of such notice by the Company or the Remaining Shareholders. The closing shall take place at the principal business office of the Company.

(d) If the Offer Notice is not accepted by the Company or the Remaining Shareholders for one hundred percent (100%) of the offered Shares, the Selling Shareholder may make a bona fide Transfer to the prospective purchaser, transferee, lienor, or recipient of any other disposition named in the statement of intention attached to the Offer Notice, but only in strict accordance with the terms therein stated; provided, however, that such purchaser, transferee, lienor or recipient must agree in writing to be bound by the terms of this Agreement prior to such Transfer becoming effective; and provided further that each Shareholder shall have the right to join in such sale set forth in Section 4.2(e) below. If the Selling Shareholder shall fail to make such Transfer within thirty (30) days following the expiration of the time provided in Section 4.2(c) for the election by the Potential Participants to join in such sale as set forth in Section 4.2(e) below, such Shareholder's Shares shall again become subject to all the restrictions of this Agreement.

(e) In the event the right of first refusal of the Company set forth in this Section 4.2 is not exercised by the Company or the Remaining Shareholders, and such Shareholder is James Chong or his Permitted Transferees ("Chong"), Chong shall not sell any of his Shares unless he has first given each of the other Shareholders (the "Potential Participants") the opportunity to join in such sale on a pro-rata basis on the same terms as Chong. Each Potential Participant shall have the right to sell a number of Shares owned by him equal to the product of (i) the total number of Shares proposed to be sold to the purchaser and (ii) a fraction, the numerator of which shall be the number of Shares owned by such Potential Participant and the denominator of which shall the number of Shares owned by all Shareholders who have elected to participate in such sale (including Chong). The right specified in this Section 4.2 may be exercised by a Potential Participant by delivery, not later than 10 days after the Expiration Date, of a written notice stating the number of Shares that such Potential Participant wishes to include in such sale. Chong, together with any electing Potential Participants, shall have the right for 90 days after the date of the Sale Notice to sell or otherwise transfer Shares held by them to the purchaser specified in the Offer Notice on the terms set forth therein. The provisions of this Section 4.2 shall apply anew to any proposed sale after such 90 day period, or to any modification to the type or amount of consideration to be paid or received in connection with such sale. The provisions of this Section 4.2 shall not apply to any Transfers otherwise permitted under the other subsections of Section 4.

(f) If Chong or his Permitted Transferees give the Shareholders notice that they desire to sell the Company (whether by merger, consolidation, sale of all or substantially all of its assets, sale of all of the outstanding common stock of the Company, share exchange or otherwise), all Shareholders will consent to and raise no objections against such sale, and if such sale is structured as a sale of stock, all Shareholders agree to sell all of their Shares and rights to acquire Shares (if any) on the terms and conditions approved by the Company's Board of Directors or the holders of a majority of the common stock of the Company then outstanding. The Shareholders will take all necessary and desirable actions reasonably requested by the Company in connection with the consummation of such sale, at the sole cost of the Company. The obligations of the Shareholders to participate in such sale are subject to the satisfaction of the conditions that (i) all Shareholders will have the right to participate in such sale, (ii) the Shareholders will each receive the same value of consideration per share, and (iii) the value of the consideration per share in such sale will be not less than the following for the year in which the sale for such closing takes place: $1.56 prior to or on June 30, 2001; $1.87 after June 30, 2001 but prior to or on June 30, 2002; $2.25 after June 30, 2002 but prior to or on June 30, 2003; $2.70 after June 30, 2003 but prior to or on June 30, 2004; and $3.24 thereafter.

4.3 Sale Associated with Legal Proceedings Against any Individual Shareholder.

(a) In the event that (i) voluntary proceedings by, or involuntary proceedings against, an individual Shareholder are commenced under any provision of any federal or state act relating to bankruptcy or insolvency, or (ii) the Shares of an individual Shareholder are attached or garnished, or (iii) any judgment is obtained in any legal or equitable proceeding against an individual Shareholder and the sale of such Shareholder's Shares is contemplated or threatened under legal process as a result of such judgment, or (iv) an execution process is issued against an individual Shareholder or against such Shareholder's Shares or (v) any other form of legal proceeding or process is threatened or commenced, by which the Shares of an individual Shareholder may be sold either voluntarily or involuntarily, then the Company shall have the option to purchase from such Shareholder and such Shareholder's Permitted Transferees, if any, all, but not less than all, of the Shares owned by such Shareholder prior to such event. Such option to purchase shall be exercised by the Company in writing within a period of forty-five (45) days from the date on which it receives actual notice of the event which gives rise to such option.

(b) The purchase price for each Share purchased pursuant to this Section 4.3 shall be determined as provided in Article 5 of this Agreement, and such purchase shall be effected in the manner and upon the terms and conditions set forth in Article 6 of this Agreement.

(c) The closing of any transaction of purchase and sale, pursuant to this Section 4.3, shall take place at 10:00 AM. at the Company's principal business office sixty (60) days after the exercise of the option pursuant to paragraph (a) of this Section 4.3 (or if such date shall be a Saturday, Sunday or legal holiday, then on the first business day immediately succeeding such date).

4.4 Permitted Transfers to Family Members: Shareholders.

(a) Each Shareholder shall have and at all times retain the right to Transfer all or any portion of such Shareholder's Shares to any one or more of the following persons or entities, as the case may be:

(i) Richard Born or Ira Drukier (the "BD Affiliates")

(ii) a spouse of an individual Shareholder or of a BD Affiliate;

(iii) any adult issue of an individual Shareholder or of a BD Affiliate;

(iv) custodians or guardians for the minor issue of an individual Shareholder or a BD Affiliate, provided that each such guardian or custodian shall be an individual who is either the Shareholder or a BD Affiliate, or the spouse or any of adult issue of such Shareholder or BD Affiliate;

(v) trusts of which each and all of the income beneficiaries and the remaindermen shall be members of the group composed of the Shareholder or a BD Affiliate, or the spouse or any of adult issue of such Shareholder or BD Affiliate; and

(vi) any entity which is wholly owned by any of the individuals or entities listed in section 4.4(a)(i) through (a)(v) above, and remains so wholly owned during the period in which such Shares are held by such entity.

(b) Shares held by any custodian or guardian of a minor issue, or held by a trustee or trustees, may be Transferred to such issue upon the attainment of majority (or at such later date as is provided by the terms of the trust); or may be Transferred to a successor custodian, guardian or trustee, provided that each such successor custodian, guardian or trustee is an individual entitled to serve as aforesaid.

(c) SIGA Technologies, Inc. ("SIGA") may distribute all, but not less than all, of its Shares (the "SIGA Shares") to its stockholders if SIGA shall have obtained the prior written consent of the Board of Directors of the Company to such distribution.

(d) The person, persons, or entities receiving shares from a Shareholder pursuant to the terms of this Section 4.4 shall be referred to hereinafter individually as such Shareholder's "Permitted Transferee" and collectively as such Shareholder's "Permitted Transferees."

(e) In the event of a Transfer of any Shareholder's Shares pursuant to the provisions of this Section 4.4, such Shareholder shall notify the Company in writing as to the identity and relationship of any of the Permitted Transferees (and the terms of any trust pertaining to any such Transfer), and the number of Shares so Transferred. Any such Permitted Transferee, including, without limitation, any issue who receives Shares formerly held for such Permitted Transferee's benefit by a custodian, guardian, trustee or trustees, shall receive and hold the Shares so Transferred subject to the terms and conditions of this Agreement, and shall be bound by the obligations under this Agreement of the Shareholder from whom such Permitted Transferee received the Shares, as though a party hereto. No Transfer of Shares shall be made by a Shareholder to a Permitted Transferee until the Permitted Transferee acknowledges the foregoing obligations in writing. Thereafter, all further Transfers of such Shares shall be made only in accordance with the provisions of this Agreement restricting Transfers.

(f) A Permitted Transferee shall not Transfer all or any portion of such Permitted Transferee's Shares unless such Transfer is to the Shareholder from whom such Shares evolved or another Permitted Transferee of such Shareholder, and unless all of the requirements regarding a Transfer by a Shareholder set forth in this Section 4.4 have been satisfied. Any Transfer or attempted Transfer by a Permitted Transferee which is not in accordance with the terms of this Section 4.4 shall be deemed an attempted Transfer in violation of this Agreement.

5. PURCHASE PRICE.

5.1 Valuation Date. The phrase "Valuation Date" as used in this Article 5 shall mean the last day of the month preceding the date the applicable event referred to in Section 4.4(a) occurs.

5.2 Valuation.

(a) The purchase price of each Share which is purchased pursuant to Section 4.2 of this Agreement shall be the per Share price of the proposed Transfer.

(b) The purchase price of each Share which is purchased pursuant to Section 4.3 of this Agreement shall be the fair market value per Share as of the Valuation Date set forth in Section 5.1. The fair market value of each Share shall be determined in good faith, as of the applicable Valuation Date, by the Board of Directors of the Company. The determination of fair market value shall be conclusive and binding on the Company and the Shareholders and their Permitted Transferees, if any, and their respective successors, assigns, heirs and legal representatives.

6. CLOSING AND PAYMENT OF PURCHASE PRICE.

6.1 Documents. At the closing, the Selling Shareholder shall deliver:

(a) Certificates representing the Shares which are being Transferred pursuant to this Agreement; and

(b) All documents which counsel for the Company shall reasonably deem necessary or advisable in order to accomplish a complete conveyance of the Shares to the Company.

6.2 Payment. Payment of the total purchase price due the Selling Shareholder shall be made as follows:

(a) If the sale is pursuant to Section 4.2 of this Agreement, there shall be paid at closing to the Selling Shareholder the total purchase price to be paid for the Shares, pursuant to the terms in the Offer Notice.

(b) If the sale is pursuant to Section 4.3 of this Agreement, the Company shall pay at the closing to the Selling Shareholder by certified or bank check, an amount equal to twenty percent (20%) of the total purchase price payable by the Company.

(c) The balance of the total purchase price, if any, where the sale is pursuant to Section 4.3 of this Agreement, shall be paid pursuant to one or more non-negotiable promissory notes of the Company, to be executed and delivered at the closing. At the closing, the Company shall execute and deliver to the Selling Shareholder a non-negotiable promissory note which provides (i) for not less than twelve (12) but no more than fifteen (15) (as determined by the Company, in its sole discretion) equal principal installments, with the first installment being payable three (3) months after the closing, and the remaining installments payable quarterly thereafter; (ii) for interest on the unpaid balance of the note accruing at the minimum rate necessary under the Code, to avoid the imputation of interest; and (iii) that the Company may prepay all or any part thereof at any time with interest to the date of prepayment, but any partial prepayment shall be applied against the unpaid principal balance then outstanding in the inverse order of maturity.

6.3 Offset. The Company shall have the right to offset against the payment or payments of the purchase price due from it to the Selling Shareholder, the amount of all sums due from the Selling Shareholder to the Company, and to the extent so credited against the purchase price, such loan or other indebtedness shall be deemed to be and shall be cancelled and discharged. Such credit against the purchase price shall be made regardless of the due date of any such loan or other indebtedness.

7. NOTICE. Whenever under the provisions of this Agreement notice is required to be given, it shall be in writing and shall be deemed given when mailed, postage prepaid, by registered or certified mail, return receipt requested, addressed to the Shareholders at their addresses as set forth on Schedule A attached hereto, or to such other address as may appear on the record books of the Company, and addressed to the Company at its principal business office.

8. RESTRICTIVE LEGEND. All certificates representing Shares now or hereafter issued shall be endorsed as follows:

> The shares represented by this certificate are subject to and are transferable only in compliance with an Agreement dated as of the 7th day of July, 2000 made among the Company and the shareholders named therein.

9. SPECIFIC PERFORMANCE. Inasmuch as the Shares of the Company are closely held and the market therefor is limited, irreparable damage would result if this Agreement is not specifically enforced. Therefore, the rights and obligations of the parties under this Agreement, including without limitation their respective rights and obligations to offer for sale and to purchase the Shares as herein provided, shall be enforceable in a court of equity by a decree of specific performance, and appropriate injunctive relief may be applied for and granted in connection therewith. Such remedies, however, shall be cumulative and not exclusive and shall be in addition to any other remedies which any party or the Company may have under this Agreement or otherwise.

10. MISCELLANEOUS.

10.1 Amendments. This Agreement may not be amended or supplemented at any time unless by a writing executed by the parties hereto, and all such amendments and supplements shall, except as otherwise provided hereinafter, be binding upon all other persons interested herein. Notwithstanding the foregoing, the President of the Company shall be permitted to amend or supplement Schedule A to this Agreement from time to time to reflect additions and deletions to the Shareholders who are parties hereto.

10.2 Impairment Of Rights. No amendment, supplement or termination of this Agreement (including a termination of this Agreement pursuant to Sections 10.6(a) or 10.6(b) of this Agreement) shall affect or impair any rights or obligations which have theretofore matured hereunder.

10.3 Further Assurances. All parties will take such further action and execute such other documents as are reasonably necessary to effectuate the purposes, terms and conditions of this Agreement.

10.4 Partial Invalidity. The invalidity of any portion of this Agreement shall not affect the validity of the remainder of this Agreement.

10.5 Binding On Successors. This Agreement shall be binding upon and shall inure to the benefit of all of the parties hereto, and to their respective heirs, executors, administrators, successors and assigns, transferees and Permitted Transferees and shall be binding upon any person to whom any Shares are transferred in violation of the provisions of this Agreement (whether voluntarily, pursuant to court order, by operation of law or otherwise), and the heirs, executors, administrators, successors or assigns of such person.

10.6 Termination. This Agreement shall terminate upon the written consent of the parties or upon the occurrence of any of the following events:

(a) The adjudication of the Company as bankrupt, or the execution by the Company of an assignment for the benefit of creditors.

(b) The voluntary or involuntary complete liquidation or dissolution of the Company.

(c) The registration by the Company of any shares of its common stock or securities convertible into or exchangeable or exercisable for shares of its common stock under the Securities Act of 1933, as amended, in connection with a public offering of securities by the Company; provided, however, each Shareholder agrees that, in connection with an underwritten public offering of the Company's securities, such Shareholder will not sell, make short sale of, loan, grant any options for the purchase of, or otherwise dispose of all or any portion of such Shareholder's Shares (other than those Shares included in the registration) without the prior written consent of the underwriters managing such underwritten public offering of the Company's securities for a period of one hundred eighty (180) days from the effective date of such registration (the "Lock Up Period"), provided that all of the other Shareholders of the Company are subject to similar restrictions, and further agrees to execute any agreement reflecting such Shareholder's agreement to abide by the such obligation, or extending the Lock Up Period, as may be requested by the underwriters at the time of the public offering. Each Shareholder's obligations and the restrictions on permitted activities during any Lock Up Period under this Section 10.6(c) shall survive the termination of this Agreement.

(d) The distribution by SIGA of all of the SIGA Shares owned by SIGA to its stockholders in accordance with Section 4.4(c) hereof pursuant to which the Company will become subject to the reporting requirements of the Securities Exchange Act of 1934, as amended.

10.7 Governing Law. This Agreement shall be governed by the law of the State of New York without regard to conflicts of law provisions.

10.8 Captions. Any Article or Section title or caption contained in this Agreement is for convenience only, and shall not in any way be construed to define, describe or limit the terms hereof

10.9 Stock Purchase Agreements. This Agreement is subject to the terms and conditions of a Stock Purchase Agreement between the Company and BD Hotels LLC (the "BD Hotels Stock Purchase Agreement") and a Stock Purchase Agreement between the Company and SIGA (the "SIGA Stock Purchase Agreement", and together with the BD Hotels Stock Purchase Agreement the "Stock Purchase Agreements"). In the event of any conflict of the provisions of one of the Stock Purchase Agreements and this Agreement, the provisions of the relevant Stock Purchase Agreement shall control. In addition, the parties hereto agree that BD Hotels LLC shall be entitled to the special shareholder rights granted to SIGA pursuant to Section 8 of the SIGA Stock Purchase Agreement.

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

Open-i Media, Inc.

By:____
James Chong, President

SHAREHOLDERS:

____
James Chong

BD Hotels LLC, a New York LLC

____
Richard Born, Member

SIGA Technologies, Inc., a Delaware corporation

By:____
Name:
Title:

Schedule A

SHAREHOLDERS

Shareholder Name	Shareholder Address
James Chong	6701 Blvd. East Apartment F-2 West NY, NJ 07093
BD Hotels LLC, a New York LLC	60 East 54th Street New York, NY 10022
SIGA Technologies, Inc., a Delaware corporation	420 Lexington Ave. New York, NY 10022

Exhibit F

July 7, 2000

SIGA Technologies, Inc.
420 Lexington Ave.
New York, NY 10022

Gentlemen:

We have acted as counsel to Open-i Media, Inc., a New York corporation (the "Company"), in connection with the issuance and sale by the Company to you, as Purchaser, of 1,143,000, shares of its Series A Preferred Stock, $0.001 par value per share ("Series A Preferred Stock") pursuant to the Stock Purchase Agreement of even date herewith by and between the Company and you (the "Stock Purchase Agreement").

In so acting, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Stock Purchase Agreement, the Shareholders Agreement of even date herewith among the Company, you and the other parties thereto (the "Shareholders Agreement") and the Registration Rights Agreement of even date herewith among the Company, you and the other parties thereto (the "Registration Rights Agreement" and, together with the Stock Purchase Agreement and the Shareholders Agreement, the "Transaction Documents"), and we have examined originals or copies, certified or otherwise identified to our satisfaction, of such corporate records and other documents and instruments of the Company and certificates or comparable documents of public officials and of officers and representatives of the Company and have made such inquiries of such officers and representatives, and considered such questions of law, as we have deemed relevant and necessary as the basis for the opinions hereinafter set forth. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Stock Purchase Agreement.

In such examinations, we have assumed the genuineness of all signatures (except the signatures of the officers of the Company on the Transaction Documents) and the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of documents submitted to us as certified, photostatic or telecopied copies. As to all questions of fact material to this opinion that have not been independently established, we have relied upon representations made to us by officers or representatives of the Company, either orally or in certificates or other comparable documents, and have relied upon the relevant facts stated therein. For purposes of this opinion, the phrase "to our knowledge" or with respect to matters "known to us" or "to our knowledge" is based on our review of the stock records and minute books of the Company, and is based solely on information actually known to those attorneys currently practicing with this firm and engaged in the representation of the Company in connection with the transactions contemplated by the Stock Purchase Agreement.

This opinion is based exclusively upon and is limited to the laws of the State of New York and the federal law of the United States. Statements in this opinion as to the legality, validity, binding effect and enforceability of any of the Transaction Documents and any other agreements referred to herein and therein are limited by and subject to equitable principles and to applicable bankruptcy, reorganization, insolvency, moratorium and other similar laws affecting the enforceability of creditors' rights generally and to applicable restrictions on the enforceability of indemnification and contribution; and are further limited as we express no opinion as to the validity or enforceability of the indemnification and contribution provisions of the Registration Rights Agreement.

Based upon the foregoing, and subject to the qualifications stated herein, we are of the opinion that:

1. The Company is a corporation validly existing and in good standing under the laws of the State of New York. The Company has the corporate power and authority to own and hold its properties and to carry on its business in all material respects as, to our knowledge, it is currently conducted. The Company has the corporate power to (a) execute, deliver and perform each of the Transaction Documents, (b) issue, sell and deliver the Purchased Shares and (c) issue and deliver the shares of common stock ("Common Stock") into which the Purchased Shares are convertible upon conversion of the Purchased Shares (the "Conversion Shares").

2. Each of the Transaction Documents has been duly authorized, executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

3. The execution and delivery by the Company of each of the Transaction Documents, the performance by the Company of its obligations thereunder, the issuance, sale and delivery of the Purchased Shares and the issuance and delivery of the Conversion Shares upon conversion of the Purchased Shares will not violate any provision of law, the Restated Certificate of Incorporation, as amended, or By-laws, as amended, of the Company, in each case as in effect on the date hereof, any order known to us of any court or other agency of government or any indenture, agreement or other instrument known to us to which the Company is bound, or conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument, except for such violations as would not have a Material Adverse Effect on the Condition of the

Company, or, except as provided in the Stock Purchase Agreement, result in the creation or imposition of any lien, charge, restriction, claim or encumbrance of any nature whatsoever upon any of the properties or assets of the Company. In rendering the opinion expressed in this paragraph, we have assumed full disclosure to you of all material facts concerning the Company, its operations, its financial condition and, with respect to performance by the Company of its obligations under the Registration Rights Agreement, we have assumed compliance by the Company at such time with the Securities Act of 1933, as amended (the "Securities Act"), and the applicable rules and regulations thereunder and with applicable state securities laws and the applicable regulations thereunder.

4. The authorized capital stock of the Company consists of 40,000,000 shares of common stock and 10,000,000 shares of preferred stock, $0.001 par value per share. The Company shall have outstanding immediately after the Closing 6,000,000 shares of Common Stock and 3,143,000 shares of Series A Preferred Stock, all of which have been validly issued and are fully paid and nonassessable by the Company. The designations, powers, preferences, rights, limitations and restrictions in respect of each class or series of authorized capital stock of the Company are as set forth in its Restated Certificate of Incorporation, and all such designations, powers, preferences, rights, qualifications, limitations and restrictions are valid, binding and enforceable and in accordance with all applicable laws.

5. The Purchased Shares and the Conversion Shares have been duly authorized. The issuance, sale and delivery of the Purchased Shares and the issuance and delivery of the Conversion Shares upon conversion of the Purchased Shares have been duly authorized by all required corporate action; the Purchased Shares, when issued and paid for in accordance with the terms of the Stock Purchase Agreement, will be validly issued, fully paid and non-assessable by the Company. The Conversion Shares issuable upon conversion of the Purchased Shares have been reserved for issuance by the Company and when issued upon conversion of the Purchased Shares, the Conversion Shares will be validly issued, fully paid and non-assessable by the Company.

6. No registration or filing with, and no consent or approval of; or other action by, any Federal, state or other governmental agency or instrumentality is or will be necessary for the valid execution, delivery and performance by the Company of the Transaction Documents, the issuance, sale and delivery of the Purchased Shares, or the issuance and delivery of the Conversion Shares upon conversion of the Purchased Shares, other than (i) the filing of the Restated Certificate with the Department of State of the State of New York, and (ii) a filing with the United States Securities and Exchange Commission of a Notice of Sale of Securities on Form D, which the Company has represented to us that it will file in a timely fashion. In rendering the opinion expressed in this paragraph, we have assumed the accuracy of the representations and warranties of the Purchasers set forth in Article 4 of the Stock Purchase Agreement. In rendering the opinion expressed in this paragraph with respect to the performance by the Company of its obligations under the Registration Rights Agreement, we

have also assumed compliance by the Company at such time with the Securities Act and the applicable rules and regulations thereunder and with applicable state securities laws and the applicable regulations thereunder.

We advise you that Michael E. Helmer, Esq., a partner of our firm, is the Assistant Secretary of the Company.

This letter is furnished by us, as counsel to the Company, in connection with the consummation of the transactions contemplated by the Stock Purchase Agreement and is solely for your benefit. This opinion may not be relied upon by you for any other purposes, or relied upon by any other person, firm, corporation or other entity for any purpose, without our prior written consent.

Very truly yours,

DRINKER BIDDLE & SHANLEY LLP

Exhibit G

Accredited Investor Representation

The undersigned represents that the undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"), because the undersigned is (please check the appropriate box):

|_| A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000;

|_| A natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

|_| A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities subscribed for, whose purchase is directed by a sophisticated person as described in Rule 506(b)(ii) promulgated under the Act;

|_| A corporation, business trust or partnership, not formed for the specific purpose of acquiring the securities subscribed for, with total assets in excess of $5,000,000;

|_| Any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; or

|_| An entity in which all of the equity owners are accredited investors.

IN WITNESS WHEREOF, the undersigned has executed this Accredited Investor Representation on and as of the 7th day of July, 2000.

SIGA TECHNOLOGIES, INC.

By:_________________________________
Name:
Title:

Exhibit 9

[Letterhead of Oregon State University]

SUBCONTRACT

NO. P0128a-01

THIS AGREEMENT is entered into by and between the STATE OF OREGON acting by and through the STATE BOARD OF HIGHER EDUCATION on behalf of OREGON STATE UNIVERSITY, Contract Administration, 306 Kerr Administration Building, Corvallis, Oregon 97331-2147 hereinafter called UNIVERSITY and SIGA TECHNOLOGIES, 420 Lexington Avenue, Suite 620, New York, NY 10170, hereinafter called CONTRACTOR.

WITNESSETH:

WHEREAS, UNIVERSITY has been awarded Grant No. 1 U01 A148486-01 by Public Health Service, National Institutes of Health entitled "Development of Poxvirus Proteinase Inhibitors", hereinafter called Agreement; and

WHEREAS, UNIVERSITY wishes to subcontract certain duties and it has under the Agreement and CONTRACTOR is desirous and capable of performing the services described in Attachment I (Work Statement), which by reference is made a part hereof;

NOW THEREFORE, in consideration of the mutual promises hereinafter contained, the parties agree to the following conditions:

ARTICLE I. ALLOWABLE COSTS, TERMS AND GENERAL RELATIONSHIP

This Subcontract is entered into pursuant to the general terms and conditions of the Agreement (Exhibit A), CFDA Number 93.856, which is incorporated herein by reference. The allowability of costs under this Subcontract shall be determined in accordance with the provisions of the Federal Acquisition Regulations Subpart 31.2 (Contracts with Commercial Organizations). In the event of an inconsistency or conflict between or among the provisions of this Subcontract and the terms and conditions of Exhibit A, Exhibit A shall control, followed by the pertinent Federal Acquisition Regulations that apply between Government and Commercial organizations, and then followed by this Subcontract. CONTRACTOR shall comply with the terms of Exhibit A as if it was the UNIVERSITY.

CONTRACTOR agrees that in all matters relating to this Subcontract, it shall be acting as an independent contractor and shall assume and pay all liabilities and perform all obligations imposed with respect to the performance of this Subcontract. CONTRACTOR shall have no right, power or authority to create any obligation, expressed or implied, on behalf of UNIVERSITY and/or the funding agency and shall have no authority to represent UNIVERSITY as an agent.

ARTICLE II. THE SERVICE TO BE PERFORMED

CONTRACTOR shall provide services as directed by UNIVERSITY's Principal Investigator, Dr. Dennis E. Hruby, within the scope of Attachment I. Notwithstanding the foregoing, the Principal Investigator cannot and will not control the means and manner of CONTRACTOR's performance. CONTRACTOR is responsible for determining the appropriate means and manner of performing the work.

ARTICLE III. KEY PERSONNEL

It having been determined that the employee whose name appears below or persons approved by UNIVERSITY as persons of substantially equal abilities and qualifications are necessary for the successful performance of this Subcontract, CONTRACTOR shall assign such employee or persons to the performance of this work and shall not reassign or remove any of them without the prior written consent of UNIVERSITY. Whenever one or more of the aforementioned employees is unavailable for assignment or performance of the agreed-upon work, CONTRACTOR shall nominate a substitute of the same or equal qualifications for approval of UNIVERSITY. In the event CONTRACTOR requests that the UNIVERSITY approve a re-assignment or transfer, UNIVERSITY shall have the right to interview, review the qualifications of, and approve or disapprove the proposed replacement.

Dr. C. Hal Jones

ARTICLE IV. THE PERIOD OF PERFORMANCE

The period of performance under this Subcontract shall commence on the date of last signature and terminate August 31, 2001. Performance may be extended for additional periods by mutual consent so long as this Subcontract is extended within 270 days of its expiration. Any extension after termination shall be retroactive to the date of termination. Costs incurred from September 29, 2000, are allowable expenses under this Subcontract.

ARTICLE V. CONSIDERATION, EQUIPMENT, PATENTS AND CLOSEOUT

Total payment by UNIVERSITY for this cost reimbursement Subcontract shall not exceed $15,000 as set out in Attachment II, for the full and complete performance of this Subcontract. CONTRACTOR shall submit invoices with signed certification, detailed by budget line item to UNIVERSITY no more frequently than monthly and shall be promptly reimbursed for allowable costs incurred. The final invoice shall be submitted no later than sixty (60) days after the termination date stated in Article IV.

If equipment is purchased under this Subcontract, title to the equipment shall be as set out in Exhibit A. If equipment is purchased or patents or inventions are developed, CONTRACTOR shall include a list of purchased equipment purchased and a copy of Invention Disclosure with the final invoice.

CONTRACTOR agrees the work will be completed in compliance with all provisions of this Subcontract, and that the claims of any and all persons furnishing labor or materials in performance of the work, will be paid in full with no obligation outstanding that could be the basis of a claim or lien under the applicable federal, state or local laws.

CONTRACTOR also agrees to assign, transfer, set over and release to UNIVERSITY all right, title and interest to any refunds, rebates, credits or other amounts arising out of the performance of this Subcontract due to the UNIVERSITY. CONTRACTOR shall submit invoices to:

Oregon State University
Research Accounting
P. 0. Box 1086
Corvallis, OR 97339-1086

ARTICLE VI. RELEASE OF INFORMATION

Publications resulting from the work performed pursuant to this Subcontract shall be submitted to UNIVERSITY thirty (30) days prior to date of publication. UNIVERSITY may only review the publication. This requirement terminates when this Subcontract terminates.

ARTICLE VII. OWNERSHIP OF WORK PRODUCTS

CONTRACTOR hereby irrevocably grants to UNIVERSITY a perpetual, worldwide royaltyfree, fully paid up non-exclusive license to publish, translate, reproduce, deliver, perform, dispose of, prepare derivative works, and use, in whole or in part, and to authorize others to do so, all materials, data, information or works provided to UNIVERSITY or produced by CONTRACTOR under this Subcontract. CONTRACTOR shall retain all right, title and interest in all materials, data, information or works produced by CONTRACTOR under this Subcontract.

ARTICLE VIII. TERMINATION

This Subcontract may be terminated by mutual consent of both parties or by either party upon thirty (30) days notice. This termination must be in writing and delivered by certified mail or in person. Any such termination of this Subcontract shall be without prejudice to any obligations or liabilities of either party already accrued prior to such termination.

ARTICLE IX. DEFAULT

UNIVERSITY by written notice of default (including breach of contract) to CONTRACTOR may terminate the whole or any part of this Subcontract:

A. if CONTRACTOR fails to provide services called for by this Subcontract within the time specified herein or any extension thereof; or

B. if CONTRACTOR fails to perform any of the other provisions of this Subcontract or fails to pursue the work so as to endanger performance of this Subcontract in accordance with its terms, and after receipt of written notice from UNIVERSITY, fails to correct such failures within ten (10) days or such longer period as UNIVERSITY may authorize.

The rights and remedies of UNIVERSITY provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Subcontract.

ARTICLE X. INSURANCE

Unless covered by a State administrated Insurance Fund, CONTRACTOR shall secure at its own expense and keep in effect during the term of this Subcontract either comprehensive general liability insurance with a broad form CGL endorsement or commercial general liability insurance with a minimum limit of $1,000,000 per occurrence and auto liability insurance with a minimum limit of $1,000,000 per occurrence. Insurance policies, which cannot be excess to a self-insurance program, are to be issued by an insurance company authorized to do business in the State of Oregon. State of Oregon, acting by and through the State Board of Higher Education on behalf of UNIVERSITY and their officers and employees shall be included as additional insureds in said insurance policy.

ARTICLE XI. RESPONSIBILITY FOR DAMAGES

CONTRACTOR shall be responsible for all damage to property, injury to persons, and loss, expense, inconvenience, and delay which may be caused by, or result from, the conduct of work under this Subcontract, or from any act, omission, or neglect of CONTRACTOR, its subcontractors, or employees. CONTRACTOR shall save, defend, indemnify, and hold harmless the State of Oregon, the State Board of Higher Education, UNIVERSITY, and their officers, agents, employees, and members from all claims, suits, and actions of any nature resulting from or arising out of the activities or omissions of CONTRACTOR or its subcontractors, officers, agents, or employees acting under this Agreement.

ARTICLE XII. STATE WORKERS' COMPENSATION

> The following clause is required in all State of Oregon contracts, however it does not apply to contractors or subcontractors performing work under this Subcontract of all work is performed outside Oregon.

CONTRACTOR, its subcontractors, if any, and all employers providing work, labor or materials under this Subcontract are subject employers under the Oregon Workers' Compensation Law and shall comply with ORS 656.017, which requires employers to provide locally available state workers' compensation coverage for all their subject workers. Out-of-state employers must provide Oregon Workers' Compensation coverage for their workers who work in Oregon.

ARTICLE XIII. APPLICABLE LAWS

CONTRACTOR shall comply with all federal, state, county and local laws, ordinances and regulations applicable to this Subcontract. Without limiting the generality of the foregoing, CONTRACTOR expressly agrees to comply with: (1) Title VI of the Civil Rights Act of 1964; (2) Title IX of the Education Amendments of 1972; (3) Section V of the Rehabilitation Act of 1973; (4) the Americans with Disabilities Act of 1990; (5) the administrative rules established pursuant to those laws; and (6) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations.

ARTICLE XIV. ANTI-KICKBACK

The Anti-Kickback Act of 1986 was passed to deter subcontractors from making payments for the purpose of improperly obtaining or rewarding favorable treatment in connection with a prime contract or a subcontract relating to a prime contract. By acceptance of this Subcontract CONTRACTOR agrees to comply with the following regulations: FAR 3.502 and FAR 52.203-7.

ARTICLE XV. ASSURANCES

Acceptance of this Subcontract constitutes certification that CONTRACTOR:

1. is not presently debarred, suspended, proposed for disbarment declared ineligible or voluntarily excluded from covered transactions by any Federal department or agency.

2. is not delinquent on any Federal debt.

3. is in compliance with Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Public Law 100-960, Title V, Subtitle D).

4. to the best of CONTRACTOR's knowledge and belief:

   a. No Federal appropriated funds have been paid or will be paid, by or on behalf of the CONTRACTOR, to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

   b. If funds other than Federal appropriated funds have been or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or any employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, CONTRACTOR shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

   c. CONTRACTOR shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

CONTRACTOR shall notify UNIVERSITY immediately if there is any change of status in 1,2,3 or 4 above.

ARTICLE XVI. ACCESS TO RECORDS, COMPLIANCE

CONTRACTOR shall maintain books, records, documents and other evidence and accounting procedures and practices sufficient to reflect properly all costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of this Subcontract. The Department of Higher Education, Secretary of State of the State of Oregon, The Public Health Service and their fully authorized representatives shall have access to the books, documents, papers and records of CONTRACTOR which are directly pertinent to the Subcontract for the purpose of making audit, examination, excerpts and transcripts.

For subcontracts exceeding $25,000, CONTRACTOR will permit independent auditors (as defined in the OMB Circulars) to have access to the records and financial statements as necessary to comply with the appropriate OMB Circulars and this Article.

CONTRACTOR agrees to comply with the requirements of 0MB Circular A-133 or A-87, A-21 and A-l10 as appropriate, and to provide UNIVERSITY with copies of any of the independent auditor's reports which present instances of non-compliance with federal laws and regulations which bear directly on the performance or administration of this Subcontract. In cases of such non-compliance, CONTRACTOR will provide copies of responses to auditors' reports and a plan for corrective action. All records and reports prepared in accord with the requirements of OMB Circular A-133 or Circular A-87, A-21 and A-110 as appropriate shall be available for inspection by representatives of UNIVERSITY or the government during normal business hours.

Such books and records shall be maintained by CONTRACTOR for three years from the date of expiration of this Subcontract, unless a shorter period is authorized in writing, or until the audit findings involving the records have been resolved.

CONTRACTOR is responsible for any audit discrepancies involving deviation from the terms of this Agreement, audit disallowances and for any commitments or expenditures in excess of amounts authorized by UNIVERSITY.

Failure to comply with the terms of this Article may lead to Subcontract termination in accordance with Article IX.

ARTICLE XVII. TERMINATION DUE TO NONAPPROPRIATION OF FUNDS

If sufficient funds are not provided in future legislatively approved budgets of the UNIVERSITY (or from applicable federal, state, or other sources) to permit UNIVERSITY in the exercise of its reasonable administrative discretion to continue this Subcontract, or if UNIVERSITY or the program for which this Subcontract was executed is abolished, UNIVERSITY may terminate this Subcontract without further liability by giving CONTRACTOR not less than thirty (30) days notice. In determining the availability of funds from the Oregon legislature for this Subcontract, UNIVERSITY may use the budget adopted for it by the Joint Ways and Means Committee of the Oregon Legislative Assembly.

ARTICLE XVIII. NOTICE

Except as otherwise expressly provided in the Subcontract any communications between the parties hereto or notices to be given hereunder shall be given in writing by personal delivery, facsimile, or mailing the same, postage prepaid, to CONTRACTOR or the UNIVERSITY at the address or number set forth on page 1 of this Subcontract, or to such other addresses, or numbers as either party may hereafter indicate pursuant to this Article. Any communication or notice so addressed and mailed shall be deemed to be given five (5) days after mailing. Any communication or notice delivered by facsimile shall be deemed to be given when the transmitting machine generates receipt of the transmission. To be effective against the UNIVERSITY, such facsimile transmission must be confirmed by telephone notice to the UNIVERSITY. Any communication or notice by personal delivery shall be deemed to be given when actually delivered.

[Letterhead of Oregon State University]

ARTICLE XIX. GOVERNING LAW

All issues of law relating to the governmental authority, and the sovereign and governmental immunities and liabilities, of the State of Oregon and the UNIVERSITY shall be resolved and enforced according to the laws of the State of Oregon, without resort to any jurisdiction's conflict of laws, rules or doctrines. Nothing in this Subcontract shall be construed as a waiver of the State of Oregon's right to be subject to suit only in the courts in Oregon. Further, the State of Oregon, the UNIVERSITY, and their officers, employees and agents shall be subject to no liability or obligation arising out of this Subcontract that would not be recognized and enforced against them by the courts of the State of Oregon.

THIS SUBCONTRACT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS SUBCONTRACT SHALL BIND EITHER PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. SUCH WAIVER, CONSENT, MODIFICATION OR CHANGE, IF MADE, SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS SUBCONTRACT. CONTRACTOR, BY SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE, HEREBY ACKNOWLEDGES THAT HE/SHE HAS READ THIS SUBCONTRACT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

IN WITNESS WHEREOF, the parties hereto have executed this Subcontract.

SIGA TECHNOLOGIES	STATE OF OREGON ACTING BY AND THROUGH THE STATE BOARD OF HIGHER EDUCATION ON BEHALF OF OREGON STATE UNIVERSITY
/s/ Thomas N. Konatich 3-14-01	/s/ Clem LaCava 2/16/01
Thomas N. Konatich Date Vice President -- Chief Financial Officer	Clem LaCava Date Asst. Contract Manager
FEIN: 13 - 3864870	APPROVED AS TO LEGAL SUFFICIENCY
	/s/ Gary M. Candy 2-21-01
	Asst. Attorney General Date State of Oregon 580-300 GE121-01

Attachment I

SUBCONTRACT AGREEMENT BETWEEN OREGON STATE UNIVERSITY AND SIGA TECHNOLOGIES, INC.

ATTACHMENT 1

SCOPE OF WORK - 2001

SIGA TECHNOLOGIES, INC. will be responsible in the following three tasks:

Task 1:

Computer analysis and design of an appropriate peptide for use as a ITL proteinase substrate

Task 2:

Develop and purify peptide substrate

Task 3:

Test peptide substrate with ITL-containing extracts and, if cleavage occurs, to optimize assay conditions

Attachment II

SUBCONTRACT AGREEMENT BETWEEN OREGON STATE UNIVERSITY AND SIGA TECHNOLOGIES, INC.

ATTACHMENT 2

BUDGET

- ---

Supplies Consumables, plastic ware, media,etc.	$ 5,000
Other Peptide design and synthesis	$10,000
TOTAL SUBCONTRACT AMOUNT YEAR 1:	$15,000

- ---

EXHIBIT A

NOTICE OF GRANT AWARD

RESEARCH PROJECT COOPERATIVE AGREEMENT Issue Date: 09/24/2000

Department of Health and Human Services
National Institutes Of Health
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

Grant Number: 1 U01 AI48486-0l
Principal Investigator: Hruby, Dennis E. MD
Project Title: DEVELOPMENT OF POXVIRUS PROTEINASE INHIBITORS

[SEAL]
SEP 2000
OREGON STATE UNIV.
BUSINESS SERVICES

ASSOC. DIR OF BUSINESS AFFAIRS
OREGON STATE UNIVERSITY
PO BOX 1086
CORVALLIS, OR 97339-1086

Budget Period: 09/29/2000 - 08/31/2001
Project Period: 09/29/2000 - 08/31/2003

Dear Business Official:

The National Institutes of Health hereby awards a grant in the amount of $211,404 (see "Award Calculation" in Section I) to OREGON STATE UNIVERSITY in support of the above referenced project. This award is pursuant to the authority of 42 USC 241 31 USC 6305 & 6306 and is subject to terms and conditions referenced below.

Acceptance of this award including the 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 information below.

Sincerely yours,

/s/ Annette Hanopole

Annette Hanopole
Grants Management Officer
NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

See additional information below

Exhibit 10

COLLABORATIVE EVALUATION AGREEMENT

This Agreement is made by and between Maxygen, Inc., 515 Galveston Drive, Redwood City, California 94063 ("Maxygen"), and SIGA Technologies, Inc., 420 Lexington Avenue, Suite 620, New York, NY 10170 ("SIGA"), effective October 17, 2000 (the "Effective Date"), as follows:

BACKGROUND

A. Maxygen has rights in certain genes useful for the production of proteins that may be useful for vaccines; and

B. SIGA has rights in certain gram-positive commensal bacteria and related technology useful for the production of proteins on the surface of bacteria that may be useful for vaccines; and

C. SIGA and Maxygen wish to enter in to this Agreement in order to research and evaluate the utility of gram-positive commensal bacteria as vectors for inducing mucosal immunity.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties hereby agree as follows:

1. Evaluation. Subject to the terms and conditions set forth herein, Maxygen and SIGA shall use commercially reasonable efforts to conduct mutually agreed collaborative research (the "Evaluation") on the utility of gram-positive commensal bacteria as vectors for inducing mucosal immunity as set forth in the SIGA/Maxygen Research Project proposal attached hereto as Exhibit A and incorporated herein (the "Project Proposal"). The parties shall review the Project Proposal on an ongoing basis and may make mutually agreed upon changes to the Project Proposal then in effect. SIGA and Maxygen shall conduct research in accordance with the Project Proposal in a professional manner and each agrees to commit the personnel, facilities and other resources reasonably necessary to perform the research. Each party shall be responsible for its own costs in performing the Evaluation.

2. Materials:

2.1 Maxygen Materials: Maxygen shall transfer to SIGA reasonable quantities of biological materials identified on Exhibit B, and such other additional materials as Maxygen and SIGA may from time-to-time agree during the term of the Evaluation (the "Maxygen Materials") for the sole purpose of performing the Evaluation. All right, title and interest to the Maxygen Materials shall at all times remain with and be vested in Maxygen.

2.1.1 Restriction on Use and Control. SIGA shall use the Maxygen Materials for the sole purpose of performing the Evaluation at its facility located at 420 Lexington Avenue, Suite 620 New York, NY 10170 and/or SIGA's facility at 4575 SW Research Way, Suite 230, Corvallis, OR 97333 under the direction of one or more SIGA employees, under scientifically reasonable containment conditions, and not for any commercial, business or other use or purpose other than the Evaluation without the prior written consent of Maxygen. SIGA shall not transfer or provide access to the Maxygen Materials to any other persons or entity or to any location other than its addresses specified above, without the prior written consent of Maxygen (which consent may be conditioned inter alia upon such person or entity duly executing and delivering Maxygen standard form of material transfer agreement therefor).

2.1.2 SIGA represents and warrants that all personnel, including employees of SIGA and Oregon State University who will be involved in the performance of the Evaluation are and shall be bound by: (a) confidentiality obligations at least as strict as those set forth herein; and (b) an obligation to assign all Inventions (as defined in Section 5 herein) to SIGA and to cooperate with SIGA in connection with patenting such Inventions. SIGA agrees that it will not permit persons not bound by such obligations to work on the Evaluation.

2.2 SIGA Materials: SIGA owns and/or has licensed certain gram-positive commensal bacteria and related technology, including without limitation the gram-positive commensal bacteria and related technology licensed from Rockefeller University, Oregon State University and/or Emory University and will make certain of those materials (the "SIGA Materials") available for use in the Evaluation. All right, title and interest to the SIGA Materials shall at all times remain with and be vested in SIGA.

2.3 Joint Materials: Using the SIGA Materials, SIGA shall make materials as set forth in the Evaluation, including without limitation recombinant constructs expressing heterologous genes contained within the Maxygen Materials (the "Joint Materials"). SIGA shall provide, and shall ensure that Oregon State University provides, reasonable quantities of the Joint Materials to Maxygen on an ongoing basis during the term of this Agreement. Subject to Section 7, Maxygen shall use such Joint Materials solely for the purpose of performing the Evaluation at its facility at 515 Galveston Dr., Redwood City, CA 94063 under the direction of one or more Maxygen employees. Subject to the terms of this Agreement, Maxygen and SIGA shall jointly own the Joint Materials. Subject to Section 7, neither Maxygen nor SIGA may take, send or otherwise provide the Joint Materials to any third party without the prior written approval of both Maxygen and SIGA.

3. Reports and Records.

3.1 Reports. Each party shall keep the other party informed of the progress of the research under the Evaluation and shall provide reasonable access to all source data and information relating to the Joint Materials and shall provide the other party with summary written reports of any research under the Evaluation upon reasonable request. The parties will consult with each other as needed regarding the proposed course of the Evaluation. Within twenty (20) days after completion of the Evaluation, or termination of the Evaluation in accordance with Article 15, SIGA and Maxygen will prepare and submit to the other a report that sets forth the results of the Evaluation and a summary of all data and information related to the Joint Materials. Such information shall be considered Confidential Information of the disclosing party as defined in Section 4.

3.2 Records. SIGA and Maxygen agree to maintain, and SIGA shall ensure that Oregon State University maintains, records of the activities conducted in performing the Evaluation (or cause such records to be maintained) in sufficient detail and in accordance with good scientific practices as will properly reflect all work done and results achieved in the performance of the Evaluation (including all data in the form required under any applicable governmental regulations).

4. Confidentiality and Non-Use Obligations. During the course of the Evaluation, Maxygen and SIGA may each provide confidential information, including but not limited to each party's proprietary materials, research and development data and plans, proprietary technologies, business or research strategies, trade secrets and material embodiments thereof (each party's "Confidential Information"), to the other solely for the recipient's conduct of the Evaluation. Each party may disclose Confidential Information of the other party to its employees, agents and consultants, but only to the extent reasonably required to accomplish the purposes of this Agreement. Each party will use at least the same standard of care as it uses to protect proprietary or confidential information of its own to ensure that such employees, agents, consultants and licensees do not disclose or make any unauthorized use of the Confidential Information.

4.1 Confidential Information shall be provided in writing, marked "confidential", or if disclosed orally, reduced to writing, marked "confidential", and provided to the recipient within thirty (30) days of such oral disclosure.

4.2 The recipient shall maintain the disclosing party's Confidential Information in confidence during the term of this Agreement and for a period of five (5) years following the expiration or earlier termination hereof. The recipient shall use the disclosing party's Confidential Information solely for its conduct of the Evaluation, unless the recipient has received the prior written approval of the disclosing party.

4.3 The recipient's obligations hereunder shall not apply to any information which: (i) can be shown by contemporaneous documentation of the recipient to have been in its possession prior to receipt from the disclosing party; (ii) is or becomes, through no fault of the recipient, publicly known; (iii) is furnished to the recipient by a third party which is lawfully in possession of such information and without breach of a duty to the disclosing party; or (iv) is independently developed by the recipient without access to the disclosing party's Confidential Information. Notwithstanding the foregoing, either party may disclose the Confidential Information of the other to the extent required by an applicable court order or by law; provided, however, that either party that is so required to disclose the Confidential Information of the other party shall give the other party reasonable advance notice of such disclosure and use reasonable efforts to secure confidential treatment of such Confidential Information (whether through protective order or otherwise).

5. Intellectual Property Rights. Maxygen and SIGA acknowledge that the conduct of the Evaluation may result in Inventions of commercial value, and they agree to collaborate so as to protect the proprietary nature of such Inventions. For purposes of this Agreement, "Inventions" shall mean any and all technology, now existing or hereafter arising, conceived or reduced to practice by Maxygen and/or SIGA in the performance of the Evaluation, including without limitation, any idea, discovery, data, compound, molecule, cell line, biological or other material, know-how, technique, method, process, use, composition, skill, Confidential Information, trade secret or configuration of any kind, whether or not any such information or materials would be (i) enforceable as a trade secret, (ii) protected from copying on the basis of copyright infringement or unfair competition, or (iii) eligible for protection under the patent laws of the United States or elsewhere. Inventorship of any Inventions arising from the conduct of the Evaluation shall be determined by the patent laws of the United States and, subject to the terms of this Agreement, rights of ownership shall follow therefrom. SIGA represents and warrants that its conduct of the Evaluation will not result in the creation of any rights to any third parties.

5.1 Ownership of Inventions.

5.1.1 "Maxygen Inventions" shall mean Inventions invented solely by Maxygen employees or persons obligated to assign their Inventions to Maxygen. Maxygen retains all right, title, and interest in and to all Maxygen Inventions.

5.1.2 "SIGA Inventions" shall mean Inventions invented solely by employees of SIGA or persons obligated to assign their Inventions to SIGA, including without limitation employees of Oregon State University involved in the performance of the Evaluation. Subject to the provisions of Section 7 herein, SIGA retains all right, title, and interest in and to all SIGA Inventions.

5.1.3 "Joint Inventions" shall mean Inventions invented jointly by employees of Maxygen or persons obligated to assign Inventions to Maxygen, and employees of SIGA or persons obligated to assign Inventions to SIGA, including without limitation employees of Oregon State University involved in the performance of he Evaluation. Subject to the provisions of Section 7 herein, Maxygen and SIGA shall jointly own all Joint Inventions.

5.2 Invention Disclosure; Inventorship. Each party shall promptly provide a full written disclosure to the other describing any SIGA Inventions and/or Joint Invention arising out of its conduct of the Evaluation (each an "Invention Disclosure"). Such disclosure by SIGA shall contain sufficient detail to enable Maxygen to evaluate the advisability of exercising its option granted hereunder with respect to each such Invention.

6. Right to File Patents: Enforcement of Patents/Patent Applications Relating to Joint Inventions:

6.1 Maxygen and SIGA Sole Inventions. Each party shall have the sole right, but not the obligation, to file, prosecute and maintain patent applications and patents with respect to its solely owned materials and Inventions, at its sole expense, in countries selected by such party, and for conducting interferences, reexaminations, reissues, oppositions, or request for patent term extension relating thereto. Notwithstanding the foregoing, in the event that SIGA does not file a patent application covering one or more SIGA Inventions disclosed in an Invention Disclosure in one or more countries, SIGA shall so notify Maxygen, and Maxygen may request that SIGA file, and SIGA agrees to file, a patent application in countries selected by Maxygen to protect Maxygen's interest in any such SIGA Invention during the Option Period, and Maxygen agrees to assume SIGA's reasonable costs associated with the filing and prosecution of such patent applications during the Option Period set forth in Section 7.2; provided, if prior to the end of such Option Period, Maxygen notifies SIGA that Maxygen does not wish to acquire a license to such SIGA Invention, Maxygen's obligation to reimburse SIGA for such costs, and SIGA's obligation to seek patent protection with respect to such applications, shall terminate upon such notification.

6.2 Joint Inventions. With respect to Joint Inventions, the parties shall confer in good faith to determine whether to seek patent protection for each Joint Inventions and which party shall file, prosecute and maintain patent applications and patents on behalf of the parties jointly, including conducting interferences, reexaminations, reissues, oppositions, or request for patent term extension relating thereto. For those inventions for which both parties agree to seek patent protection, the parties shall share equally all reasonable out-of-pocket patent costs with respect to such Joint Inventions, unless otherwise agreed in writing. In the event that either party does not desire to have any such activities undertaken with respect to a particular Joint Invention, the other party shall have the right, in its discretion and at its expense, to file, prosecute and/or maintain patent applications and patents with respect to such joint invention, including conducting interferences, reexaminations, reissues, oppositions, or request for patent term extension relating thereto.

6.3. Cooperation. Except as otherwise expressly provided herein, applications filed on Joint Inventions shall be written and filed by outside counsel acceptable to both parties, but under the control of the responsible party. Each party shall be kept informed of all substantive matters relating to the preparation and prosecution of all patent applications claiming or disclosing Joint Inventions. Each party shall have the right to review and comment upon such documentation and correspondence, as well as all specifications, claims and responses to office actions related to Joint Inventions prior to their submission to the relevant government patent office. In addition, during the term of this Agreement and for ninety (90) days thereafter, SIGA shall keep Maxygen informed of all substantive matters relating to the preparation and prosecution of all patent applications claiming or disclosing SIGA Inventions. Each party shall promptly provide the other with copies of all patent prosecution and maintenance documentation and correspondence so that the other shall be currently and promptly informed of the continuing prosecution and maintenance of patent applications and patents claiming or disclosing Joint Inventions and/or, during the term of this Agreement and for ninety (90) days thereafter, with respect to SIGA Inventions.

6.4 Enforcement of Joint Inventions. Subject to Section 7, With respect to any actual or threatened commercially material infringement or use of any patent or patent applications claiming a Joint Invention (collectively, an "Infringement"), the parties shall mutually determine which party will have the rights and responsibilities of abating such an Infringement, and how the expenses of abating any such Infringement shall be shared. Each party shall have the right to be represented by counsel of its own selection and its own expense in any suit initiated under this Section by the other party for an Infringement. In the event only one party wishes to pursue in such proceeding, it shall have the right to proceed alone, at its expense, and the other party agrees, at the request and expense of the party initiating such action, to cooperate and join in any proceedings in the event that a third party asserts that the co-owner of such Joint Invention is necessary or indispensable to such proceedings; provided, neither party may enter into any settlement with respect to any of the jointly-owned Patent Rights, and may not make any statement which admits that any of the jointly-owned Patent Rights are invalid or unenforceable, without the prior consent of other party, which consent shall not be unreasonably withheld.

7. License and Option Rights.

7.1 Research License. Subject to the provisions of this Section 7 and each party's obligations hereunder regarding the Joint Materials and each party's Confidential Information, Maxygen and SIGA each agree to grant to the other, and hereby grant to the other, a royalty-free co-exclusive license, without the right to sublicense, to use internally the results of the Evaluation solely for research purposes.

7.2 Maxygen Right of Negotiation. SIGA shall grant, and hereby grants, to Maxygen the right of first negotiation to acquire, on commercially reasonable terms, an exclusive or non-exclusive commercial license (at Maxygen's election), with the right to grant and authorize sublicenses, in any patents or patent applications or other intellectual property rights in and to any SIGA Invention and/or SIGA's interest in any Joint Invention, and in any patents or patent applications or other intellectual property rights owned or licensed by SIGA necessary or reasonably useful to practice the SIGA Inventions and/or Joint Inventions. Maxygen must notify SIGA in writing of its intent to negotiate such license within (i) ninety (90) days after its receipt of SIGA's Invention Disclosure, or (ii) ninety (90) days after completion of the Evaluation, or (iii) ninety (90) days after the effective date of termination of this Agreement, whichever is later (the "Option Period"). If Maxygen exercises its right to negotiate a license to a particular Invention, SIGA shall use its best efforts to enter into a license with Maxygen for the rights to such Invention within six (6) months from the date of election, or such longer period as the parties may agree. If Maxygen does not so notify SIGA that it wishes to acquire a license to a particular Invention or if the parties are unable to enter into a license agreement on mutually satisfactory terms with respect to a particular Invention, then SIGA shall have the right to license any such patents or patent applications claiming such SIGA Inventions, and/or grant licenses under SIGA's interest in such Joint Inventions, as the case may be, to any third party; provided that SIGA shall not enter into an agreement which grants any rights to such Invention to any third party on terms which, taken as a whole, are more favorable to such third party than those offered to Maxygen, without first offering such terms to Maxygen. If SIGA offers such terms to Maxygen, then Maxygen shall have sixty (60) business days in which to notify SIGA as to whether Maxygen accepts such terms. If Maxygen accepts such terms, then the parties shall promptly enter into such agreement, granting such rights to Maxygen.

7.3 Retained Rights. Except as expressly set forth in this Agreement, no party shall obtain rights in or a license to any patent, copyright, trademark or other property right of the other party by implication, estoppel or otherwise.

8. Publications. Maxygen and SIGA are free to present or publish the findings of the Evaluation in a thesis, scientific publication, or public, noncommercial conference provided that: (a) no Maxygen Confidential Information is revealed by SIGA, and no SIGA Confidential Information is revealed by Maxygen thereby; and (b) at least forty-five (45) days prior to submission thereof to a publisher or any third party, the publishing party shall have delivered copies of the proposed presentation or publication to the other party for review. Said other party may, within forty five (45) days of such delivery, object to the publication or presentation because there would be a disclosure of its Confidential Information, or because there is patentable subject matter in which said other party has an interest which needs protection. Upon written objection regarding disclosure of Confidential Information or patentable subject matter, the publishing party shall: (i) remove any information disclosing patentable subject matter or, for up to ninety (90) days from initial delivery, delay disclosing such patentable subject matter in order to permit the filing of patent applications thereon and (ii) delete the Confidential Information of the other party contained in the disclosure. The publishing party shall thereafter be free to publish or disclose the information. The determination of authorship for any paper shall be in accordance with accepted scientific practice, and the parties shall, in any publication, acknowledge the contributions and publications of the other as scientifically appropriate.

9. Compliance with Law. Each party shall conduct the Evaluation in compliance with all applicable laws and regulations including, where applicable, those relating to the treatment of laboratory animals and current NIH guidelines. Each party shall use any materials received from the other only in laboratory animals or in in vitro experiments, and not in human beings.

10. Warranties.

10.1 Representation and Warranties. Each party hereby warrants and represents that it has full right and power to enter into this Agreement. SIGA represents and warrants that (i) the Maxygen Materials and the Joint Materials will not be used in or for any research that is subject to consulting, licensing or similar obligations to any third party, including any sponsor, unless written permission is first obtained from Maxygen (ii) it has the right to grant the rights, options and licenses herein, and that it has obtained any and all necessary written permissions, clearances and/or waivers from all third parties required in order to grant such rights, options and licenses herein. Each of Maxygen and SIGA hereby warrants that the rights and obligations set forth herein do not, and during the term of the Agreement will not, conflict with any other right or obligation provided under any other agreement that Maxygen or SIGA, as applicable, has with any third party, including any sponsor or government entity.

10.2 Disclaimer of Warranties. Maxygen and SIGA each specifically disclaim that the Evaluation will be successful, in whole or part. MAXYGEN AND SIGA EXPRESSLY DISCLAIM ANY WARRANTIES OR CONDITIONS, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE CONFIDENTIAL INFORMATION, INVENTIONS, PATENTS OR KNOW-HOW, MAXYGEN MATERIALS, SIGA MATERIALS, OR JOINT MATERIALS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, VALIDITY OF ANY MAXYGEN TECHNOLOGY OR SIGA TEHCNOLOGY, PATENTED OR UNPATENTED, OR NON-INFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

11. Indemnification.

11.1 Each party (the "Indemnitor") shall indemnify and hold harmless the other party and their respective employees, agents, officers, directors and permitted assigns (each an "Indemnitee") from and against any claims by a third party resulting in any liabilities, damages, settlements, claims, actions, suits, penalties, fines, costs or expenses incurred (including without limitation, reasonable attorneys' fees and other expenses of litigation) (any of the foregoing, a "Claim") arising out of or resulting from (i) the Indemnitor's conduct of the Evaluation; (ii) a breach of any representations or warranties of the Indemnitor hereunder, or (iii) the negligence or willful misconduct by the Indemnitor, except, in each case, to the extent such Claim arises out of the negligence or willful misconduct of the Indemnitee.

11.2 An Indemnitee under this Article 11 shall promptly notify the Indemnitor in writing of any loss, claim, damage, liability or action in respect of which the Indemnitee intends to claim such indemnification, and the Indemnitor shall have the right to participate in, and, to the extent the Indemnitor so desires, to assume the defense thereof with counsel chosen by Indemnitor, with consent of Indemnitee, which consent shall not be unreasonably withheld. The Indemnitee shall not enter into negotiations or enter into any agreement with respect to the settlement of any Claim without the prior written approval of the Indemnitor, and the indemnity agreement in this Article 11 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is made without the consent of the Indemnitor, which consent shall not be withheld unreasonably. The failure to deliver written notice to the Indemnitor within a reasonable time after the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such Indemnitor of any liability to the Indemnitee under this Article 11. At the Indemnitor's request, the Indemnitee under this Article 11, and its employees and agents, shall cooperate fully with the Indemnitor and its legal representatives in the investigation and defense of any action, claim or liability covered by this indemnification and provide full information with respect thereto.

12. Press Release. All publicity, press releases and other announcements relating to this Agreement or the transaction contemplated hereby shall be reviewed in advance by, and shall be subject to the approval of, both parties; provided, however, that either party may disclose the terms of this Agreement to the extent required to comply with applicable regulations and laws, without the prior consent of the other party. Once a particular disclosure has been approved for disclosure, either party may make disclosures which do not differ materially therefrom without any need for further consents.

13. Notices. Routine notices of conditions or situations affecting the Evaluation shall be given in writing between Drs. Hruby, Fischetti, and/or Jones of SIGA and Stanley Goldman of Maxygen. All other notices, requests and other communications hereunder shall be in writing and shall be personally delivered or sent by nationally recognized overnight express delivery service, registered or certified mail, return receipt requested, postage prepaid, in each case to the respective address specified below, or such other address as may be specified in writing to the other parties hereto as follows:

In the case of SIGA:

SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, NY 10170
Attn: Joshua D. Schein, Chief Executive Officer

In the case of Maxygen:

Maxygen, Inc.
515 Galveston Drive
Redwood City, CA 94063
Attn: President

14. Independent Contractor. Neither party, nor their respective employees, consultants or representatives, shall be considered employees, partners, or agents of the other party. Neither party may make any representations or commitments on the other party's behalf nor may one party use the other party's name or trademarks in any public disclosure, without the named party's prior written consent.

15. Term, Termination. Amendment and Survival.

15.1 Term. This Agreement shall commence on the Effective Date and, unless terminated earlier pursuant to the other provisions of this Article 15, shall continue in full force and effect until the first anniversary of the Effective Date, or such later date as the parties may mutually agree in writing. This Agreement may be modified, amended or renewed only with the written agreement of both parties.

15.2 Permissive Termination. This Agreement may be terminated by either party upon thirty (30) days prior written notice to the other party.

15.3 Effect of Termination.

15.3.1 Accrued Rights and Obligations. Termination of this Agreement for any reason shall not release any party hereto from any liability which, at the time of such termination, has already accrued to the other party or which is attributable to a period prior to such termination, nor preclude either party from pursuing any rights and remedies it may have hereunder or at law or in equity which accrued or are based upon any event occurring prior to such termination.

15.3.2 Materials. Upon expiration or any termination of the Agreement, (i) SIGA and Maxygen will cease conducting work on the Evaluation, (ii) SIGA shall promptly destroy or, at Maxygen's option, return to Maxygen all Maxygen Materials (except to the extent incorporated into Joint Materials), (iii) Maxygen shall promptly destroy or, at Maxygen's option, return to SIGA all SIGA Materials (except to the extent incorporated into Joint Materials), and (iv) subject to Section 7, each party may retain the Joint Materials generated in the performance of the Evaluation for internal research and evaluation; provided, however, that in the event that Maxygen Materials provided to SIGA hereunder contain genetic material or proteins claimed by Maxygen to be proprietary and covered by the claims of one or more patent applications or patents owned or controlled by Maxygen (such materials referred to as "Proprietary Maxygen Materials"), Maxygen may elect by written notice to have all Joint Materials incorporating or made from such Proprietary Maxygen Materials destroyed by both parties, and the parties shall promptly destroy such Joint Materials upon SIGA's receipt of such notice.

15.3.3 Return of Confidential Information. Upon the expiration or earlier termination of this Agreement, or upon request by the disclosing party, the recipient shall return to the disclosing party, or provide satisfactory evidence of the destruction of, all Confidential Information furnished hereunder and any notes, copies, summaries or extracts thereof, provided that the recipient may retain one (1) copy of the disclosing party's Confidential Information in its legal archives in order solely for purposes of monitoring its obligations hereunder.

15.3.4 Survival. Upon the expiration or termination of this Agreement for any reason, Sections 2, 3, 4, 5, 6, and 7 shall survive; provided, Section 7.2 shall survive for only ninety (90) days following such expiration or termination; provided further, Section 11(i) and (ii) shall survive only to the extent such claims arise from acts or omissions that occurred prior to the effective date of termination of this Agreement.

16. Assignment. Neither party may assign or transfer this Agreement without the written consent of the other party, which consent shall be not be unreasonably withheld; provided, either party may assign this Agreement, without such consent, to an entity that acquires all or substantially all of the business or assets of such party to which

this Agreement pertains, whether by merger, reorganization, acquisition, sale, or otherwise. The terms and conditions of this Agreement shall be binding on and inure to the benefit of the permitted successors and assigns of the parties.

17. Entire Agreement. This Agreement is the entire agreement of the parties relating to the Evaluation and supersedes any previous understandings, representations, acknowledgements, commitments or agreements, oral or written, regarding such subject matter. This Agreement shall be governed by and construed under laws of the State of California, without regard to its conflicts of laws principles. If any provision of this Agreement is held to be unenforceable, the remaining provisions shall continue unaffected.

18. Severability. In the event that any provisions of this Agreement are determined to be invalid or unenforceable by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect without said provision. The parties shall in good faith negotiate a substitute clause for any provision declared invalid or unenforceable, which shall most nearly approximate the intent of the parties in entering this Agreement; provided, if the parties are unable to agree on such a substitute clause and the deletion of the provision held invalid or unenforceable would produce material adverse financial consequences for one party, such party shall have the right to terminate the Agreement with thirty (30) days notice.

19. Compliance with Laws. Each party shall use reasonable efforts to furnish the other party any information requested or required by that party during the term of this Agreement or any extensions hereof to enable that party to comply with the requirements of any U.S. or foreign federal, state and/or government agency. Each party shall comply with all applicable U.S., foreign, state, regional and local laws, rules and regulations relating to its activities to be performed pursuant to this Agreement, including without limitation, the United States Foreign Corrupt Practices Act, United States export regulations and such other United States and foreign laws and regulations as may be applicable, and to obtaining all necessary approvals, consents and permits required by the applicable agencies of the government of the United States and foreign jurisdictions.

20. Headings. The captions to the several Sections and Articles hereof are not a part of this Agreement, but are included merely for convenience of reference only and shall not affect its meaning or interpretation.

21. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective legal representatives, successors and permitted assigns.

22. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original and which together shall constitute one instrument.

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

MAXYGEN, INC.	SIGA TECHNOLOGIES, INC.
By: /s/ Michael Rabson	By: /s/ Joshua D. Schein
Michael Rabson	Joshua D. Schein
Title: Sr. Vice President and General Counsel	Title: Chief Executive Officer

MAXY BD Review _____

MAXY Legal Review /s/ DWS

EXHIBIT A

PROJECT PROPOSAL

Objective: Express the Yersinia V antigen on the surface of Streptococcus gordonii and testing of the derived recombinant as a candidate vaccine.

Procedure:

1) Discussions will be held between Maxygen and SIGA research groups to determine the exact structure and boundaries of the Yersinia V antigen to be expressed.

2) Maxygen will provide to SIGA the plasmid containing the gene for the Yersinia V antigen along with the necessary sequence information pertaining to the gene. Maxygen will also provide purified V antigen and antisera to the protein, if available.

3) SIGA will construct a recombination plasmid containing the gene for the V antigen fused in an appropriate configuration to achieve genomic integration and surface expression in Streptococcus gordonii. Structure and authenticity of the plasmid will be verified by restriction endonuclease digestion and nucleotide sequencing.

4) SIGA will transform the recombination plasmid containing the V antigen into a recipient Streptococcus gordonii strain. A recombinant strain will be selected by acquisition of appropriate antibiotic resistance (erythromycin) and surface expression of desired protein as measured by streak blot, western blot and ELISA if applicable.

5) SIGA will provide to Maxygen the verified Streptococcus gordonii V antigen recombinant strain in the form of a glycerol stock.

6) Maxygen to perform animal studies in mice using the Streptococcus gordonii V antigen recombinant strain and perform the necessary immunological assays and challenge studies.

7) Following the animal trials, Maxygen and SIGA representatives will review data and discuss the advisability of continued development of this and/or related products.

EXHIBIT B

MAXYGEN MATERIALS

Wild-type V antigen gene from Yersinia pestis

Exhibit 11

EXCLUSIVE LICENSE AGREEMENT

between

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

and

SIGA TECHNOLOGIES, INC.

for

IDENTIFICATION OF SORTASE GENE

UC Case No. 1999-262-1

U.C. AGREEMENT
CONTROL NUMBER
2001-04-0279

TABLE OF CONTENTS

UC Case No. 1999-262-1

EXCLUSIVE LICENSE AGREEMENT

for

IDENTIFICATION OF SORTASE GENE

This license agreement ("Agreement") is made effective this 6 day of December, 2000 ("Effective Date"), between The Regents of the University of California, a California corporation, having its statewide administrative offices at 1111 Franklin Street, 12th Floor, Oakland, California 94607-5200 ("The Regents"), and SIGA Technologies, Inc., a Delaware corporation, having a principal place of business at 420 Lexington Avenue, Suite 620, New York, New York 10170 ("Licensee").

BACKGROUND

A. Certain inventions, generally characterized as "Identification of Sortase Gene" (collectively "Invention"), were made in the course of research at the University of California, Los Angeles ("UCLA"), by Dr. Olaf Schneewind, Mr. Sarkis Mazmanian, Mrs. Gwen Liu and Mr. Hung Ton-That and are covered by Regents' Patent Rights as defined below.

B. The development of the Invention was sponsored in part by the National Institutes of Health, and, as a consequence, this Agreement is subject to overriding obligations to the United States ("U.S.") Federal Government under 35 U.S.C. ss.ss. 200-212 and applicable regulations including a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced the Invention for or on behalf of the U.S. Government throughout the world (the "License to the Government").

C. The Regents has elected to retain title to the Invention under 35 U.S.C.ss.202.

D. Licensee intends to fund further development of the Invention in the UCLA laboratory of Dr. Olaf Schneewind under a Sponsored Research Agreement defined below.

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2001-04-0279

E. Licensee has evaluated the Invention under a Secrecy Agreement for Data with The Regents (UC Control No. 99-20-0510) effective May 5, 1999, and a Secrecy Agreement for Biological Material with The Regents and American Home Products Corporation ("AHPC"), Wyeth-Ayerst Research Division (UC Control No. 99-21-0632) effective June 23, 1999.

F. Licensee wishes to obtain rights from The Regents for the exclusive commercial development, use and sale of products from the Invention, and The Regents is willing to grant those rights so that the Invention may be developed to its fullest and the benefits enjoyed by the general public.

G. On July 1, 1997, Licensee entered into a Collaborative Research and License Agreement with AHPC acting through its Wyeth-Ayerst Laboratories Division, and Licensee desires to utilize and to sublicense AHPC the right to utilize the Invention and the rights and licenses granted to Licensee hereunder in connection with such collaboration.

H. Licensee is a "small business firm" as defined in 15 U.S.C.ss.632.

I. Both parties recognize and agree that royalties due under this Agreement on products and methods will be paid by Licensee on both pending patent applications and issued patents.

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In view of the foregoing, the parties agree:

1. DEFINITIONS

1.1 "Affiliate" means any corporation, company, partnership, joint venture and/or firm which controls, is controlled by or is under common control with a party. For purposes of this Paragraph 1.1, "control" shall mean:

1.1.1 in the case of corporate entities, direct or indirect ownership of at least fifty percent (50%) of the stock or shares having the right to vote for the election of directors, and

1.1.2 in the case of non-corporate entities, direct or indirect ownership of at least fifty percent (50%) of the equity interest with the power to direct the management and policies of such non-corporate entities, provided, however, that, for purposes of this Agreement, the term "Affiliate" shall not include any entity with respect to which there is a contractual restriction on the right to elect a majority of the directors or to otherwise direct the management and policies of such entity, until such time as such restrictions are no longer in effect.

1.2 "AHPC Agreement" means the Collaborative Research and License Agreement between Licensee and AHPC that is referenced in Paragraph G of the Background and is entitled "Collaborative Research and License Agreement," effective July 1, 1997 and amended on April 15, 1999, and all past and future amendments thereto, incorporated herein by reference.

1.3 "Combination Product" means a product that consists of the Licensed Product combined with other active components not subject to this Agreement.

1.4 "Commercially Reasonable Efforts" shall mean those efforts and resources normally used by a party for development, manufacture, and sale of a product owned by it or to which it has rights, which is of similar market potential at a similar stage in its development or product life as is Licensed Product, taking into account issues of safety and efficacy, product profile, the competitiveness of the market place, the proprietary position of the compound, the regulatory structure involved, the profitability of the applicable products and other relevant factors.

1.5 "Field of Use" means the use of bacterial sortase genes and proteins in the development of assays to identify antimicrobial compounds.

1.6 "Licensed Method" means any method that is covered by a Valid Claim included within the Regents' Patent Rights, or the use of which would constitute, but for the license granted to Licensee under this Agreement, an infringement of any Valid Claim included within Regents' Patent Rights.

1.7 "Licensed Product" means any material that is either identified or produced by the use of the bacterial sortase genes and proteins, which are covered by a Valid Claim included within the Regents' Patent Rights, or any material that is either identified or produced by or from the use of the Licensed Method.

1.8 "Net Sales" means the total of the gross invoice prices from the Final Sale of Licensed Product to an independent, unaffiliated third party or Licensed Method performed by Licensee, an Affiliate or a sublicensee, less the sum of the following actual and customary deductions where applicable: cash, trade or quantity discounts; sales, use, tariff, import/export duties or other excise taxes imposed on particular sales (excepting value added taxes or income taxes); transportation charges, including insurance; and allowances or credits to customers because of rejections or returns. Final Sale means the sale or use which is the last act of infringement of Regents' Patent Rights within the control of Licensee, an Affiliate or sublicensee, regardless of whether Licensee, an Affiliate or sublicensee had control over prior infringing acts. For purposes of calculating Net Sales, any distribution or transfer among the Licensee, an Affiliate or sublicensee for end use by the Licensee, an Affiliate or sublicensee (which event is the last act of infringement of Regents' Patent Rights) will be considered a Final Sale at the price normally charged to independent, unaffiliated third parties. Notwithstanding the above, any consideration paid Licensee for Licensed Product or Licensed Method in conjunction with clinical trials before FDA approval shall not be considered a Net Sale.

1.9 "Regents' Patent Rights" means The Regents' interest in the following subject matter:

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and continuing applications thereof including divisions and substitutions and including continuation-in-part applications, but only to the extent that the claims are supported in the parent application; any patents on said applications including reissues, reexaminations and extensions; and any corresponding foreign applications or patents.

1.10 "Sponsored Research Agreement" means the sponsored research agreement between The Regents and Licensee, entered into on even date herewith, wherein Licensee will sponsor research related to the Invention in the UCLA laboratory of Dr. Olaf Schneewind for two (2) years in the total amount of three hundred thousand and seven dollars ($300,007), which amount is inclusive of all direct and indirect costs.

1.11 "Valid Claim" means a claim that (i) in the case of any unexpired United States or foreign patent, shall not have been donated to the public, disclaimed, nor held invalid or enforceable by a court or government agency of competent jurisdiction in an unappealed or unappealable decision, or (ii) in the case of any United States or foreign patent application, shall not have been canceled, withdrawn, or abandoned without being refiled in another application or finally rejected by an administrative agency action from which no appeal can be taken or shall not have been pending for more than eight (8) years. For purposes of this definition, this eight-year time period shall be measured cumulatively for a pending claim in a parent and all subsequent continuing applications in a given country. If a claim of a patent application that ceased to be a Valid Claim under (ii) due to the passage of time later issues as part of a patent described within (i), then it shall again be considered to be a Valid Claim effective as of the date of the issuance of such patent.

2. LIFE OF PATENT EXCLUSIVE GRANT

2.1 Subject to the limitations set forth in this Agreement, The Regents grants to Licensee a worldwide license under Regents' Patent Rights to make, have made, use, sell, offer to sell and import Licensed Product and to practice Licensed Method within the Field of Use to the extent permitted by law.

2.2 Except as otherwise provided in this Agreement, the license granted in Paragraph 2.1 is exclusive for the life of the Agreement.

2.3 The license granted in Paragraphs 2.1 and 2.2 is subject to all the applicable provisions of any license to the U.S. Government executed by The Regents and is subject to the overriding obligations to the U.S. Government under 35 U.S.C.ss.ss.200-2l2 and applicable U.S. governmental implementing regulations.

2.4 The license granted in Paragraphs 2.1 and 2.2 is limited to methods and products that are within the Field of Use. For other methods and products, Licensee has no license under this Agreement.

2.5 The Regents reserves the right to use the Invention and associated technology for clinical, educational and research purposes including publication of research results and sharing such research results with other non-profit institutions for their use of similar scope.

3. SUBLICENSES

3.1 The Regents grants to Licensee the right to issue sublicenses to third parties to make, have made, use, sell, offer to sell and import Licensed Product and to practice Licensed Method within the Field of Use, as long as Licensee has current exclusive rights thereto under this Agreement. To the extent applicable, such sublicenses must include all of the rights of and obligations due to The Regents and the U.S. Government contained in this Agreement. For the first three (3) sublicenses granted by Licensee under this Agreement other than any sublicense granted to AHPC, Licensee shall be obligated to pay The Regents the license-issue fee of fifteen thousand dollars ($15,000) provided for in Article 5 (License-Issue Fee) and the license-maintenance fee of ten thousand dollars ($10,000) provided for in Article 6 (License-Maintenance Fee). For any and all sublicenses granted by Licensee under this Agreement, Licensee shall be obligated to pay the amounts set forth in Article 7 (Earned Royalties) and Article 8 (Milestone Payments). For the sake of clarity, for any sublicense granted to AHPC under this Agreement, Licensee shall not be obligated to pay The Regents the amounts set forth in Article 5 (License-Issue Fee) and Article 6 (License-Maintenance Fee) but shall be obligated to pay The Regents the amounts set forth in Article 7 (Earned Royalties) and Article 8 (Milestone Payments).

3.2 Licensee shall promptly provide The Regents with a copy of each sublicense issued; collect and guarantee payment of all payments due The Regents from sublicensees; and summarize and deliver all reports due The Regents from sublicensees.

3.3 Upon termination of this Agreement for any reason, The Regents, at its sole discretion, shall determine whether Licensee shall cancel or assign to The Regents any and all sublicenses, provided; however, the parties agree that, upon termination of Licensee's rights and obligations under this Agreement, for any reason, if a sublicense to AHPC is in effect, AHPC is the sole sublicensee, and AHPC is not in breach of its sublicense at the time of such termination, AHPC may elect, at its option, to be substituted as licensee under this Agreement in place of current Licensee. Notwithstanding the foregoing, if AHPC is not the sole sublicensee, The Regents shall have no right to cancel AHPC's sublicense upon termination of Licensee's rights and obligations under this Agreement unless AHPC is in breach of its sublicense at the time of such termination. Upon any such termination, The Regents shall provide AHPC with written notice thereof, offering AHPC the opportunity to convert its sublicense rights to a license under this Agreement. Within sixty (60) days of receiving such notice, AHPC shall notify The Regents, in writing, as to whether it wishes to become the licensee under this Agreement. If AHPC so elects, then AHPC shall, from the time of such election and thereafter, assume all of Licensee's rights and obligations under this Agreement as if it were the original party named as Licensee as of the Effective Date of this Agreement. In no case is The Regents obligated to assume duties in an assigned sublicense beyond the duties of The Regents under this license.

4. PAYMENT TERMS

4.1 Paragraphs 1.6, 1.7 and 1.9 define Licensed Method, Licensed Product and Regents' Patent Rights, so that royalties are payable on products and methods covered by Valid Claims included within the Regent's Patent Rights. Royalties will accrue in each country for the duration of Regents' Patent Rights in that country and are payable to The Regents when Licensed Product is invoiced or if not invoiced, when delivered to a third party.

4.2 Licensee shall pay to The Regents earned royalties quarterly pursuant to Article 7 (Earned Royalties) of this Agreement on or before February 28, May 31, August 31 and November 30 of each calendar year. Each payment will be for earned royalties accrued within Licensee's most recently completed calendar quarter. Licensee shall pay to The Regents milestone payments pursuant to Article 8 (Milestone Payments) of this Agreement within thirty (30) days of the due date of such amounts pursuant to the AHPC Agreement.

4.3 All monies due The Regents are payable in U.S. dollars. Licensee is responsible for all bank transfer charges. When Licensed Product is sold for monies other than U.S. dollars, Licensee shall first determine the earned royalty in the currency of the country in which Licensed Product was sold and then convert the amount into equivalent U.S. funds, using the exchange rate quoted in The Wall Street Journal on the last business day of the reporting period.

4.4 All taxes, assessments, and fees of any nature levied or incurred on account of any payments from Licensee to The Regents accruing under this Agreement by national, state, or local governments, will be assumed and paid by Licensee, except taxes levied thereon as income to The Regents and if such taxes are required to be withheld by Licensee, they will be deducted from payments due to The Regents and will be timely paid by Licensee to the proper taxing authority for the account of The Regents, a receipt or other proof of payment therefor secured and sent to The Regents as soon as practicable.

4.5 If, due to restrictions or prohibitions imposed by national or international authority, payments cannot be made as provided in this Article 4 (Payment Terms), the parties shall consult with a view to finding a prompt and acceptable solution, and Licensee will deal with such monies as The Regents may lawfully direct at no additional out-of-pocket expense to Licensee. Notwithstanding the foregoing, if payments arising in connection with the sale of Licensed Products and Licensed Methods in any country cannot be remitted to The Regents due to restrictions or prohibitions imposed by national or international authority within six (6) months after the calendar quarter during which they are earned, then Licensee shall be obligated to deposit the royalties in a bank account in such country in the name of The Regents.

4.6 No royalties may be collected or paid on Licensed Product sold to the account of the U.S. Government, or any agency thereof, as provided for in the License to the Government.

4.7 In the event payments, rebillings or fees are not received by The Regents when due, Licensee shall pay to The Regents interest charges at a rate of ten percent (10%) per annum. Interest is calculated from the date payment was due until actually received by The Regents.

5. LICENSE-ISSUE FEE

Licensee shall pay to The Regents a license-issue fee of fifteen thousand dollars ($15,000) within seven (7) days after the Effective Date. This fee is non-refundable, non-cancelable and is not an advance against royalties.

6. LICENSE-MAINTENANCE FEE

Licensee shall also pay to The Regents a royalty in the form of a license-maintenance fee of ten thousand dollars ($10,000) beginning on the one-year anniversary of the Effective Date and continuing annually on each anniversary of the Effective Date. The license-maintenance fee is not due on any anniversary of the Effective Date if on that date, Licensee is paying an earned royalty to The Regents under this Agreement in an amount of at least ten thousand dollars ($10,000). License-maintenance fees are non-refundable and are not an advance against earned royalties.

7. EARNED ROYALTIES

Licensee shall pay to The Regents an earned royalty equal to fifteen percent (15%) of all royalty payments made to Licensee by AHPC, its Wyeth-Ayerst Laboratories Division or their successors or assignees under Article 7 of the AHPC Agreement as defined and incorporated herein in Article 1 (Definitions). In the event the AHPC Agreement is terminated or not renewed or AHPC becomes Licensee under Article 3 (Sublicenses) or assignee under Article 23 (Assignability), Licensee shall be obligated to pay to The Regents an earned royalty, based on Net Sales, of fifteen percent (15%) of the royalty rates specified in Article 7 of the AHPC Agreement.

8. MILESTONE PAYMENTS

Licensee shall also pay to The Regents fifteen percent (15%) of all funds it receives from AHPC, its Wyeth-Ayerst Laboratories Division or their successors or assignees under Article 3.2 of the AHPC Agreement as defined and incorporated herein in Article 1 (Definitions). In the event the AHPC Agreement is terminated or not renewed or AHPC becomes Licensee under Article 3 (Sublicenses) or assignee under Article 23 (Assignability), Licensee shall be obligated to pay to The Regents fifteen percent (15%) of the payments specified in Article 3.2 of the AHPC Agreement. Notwithstanding the foregoing, the parties hereto acknowledge that, prior to the Effective Date of this Agreement, Licensee satisfied the first milestone for which it received one hundred fifty thousand dollars ($150,000) under Article 3 of the AHPC Agreement and that Licensee is not obligated to pay The Regents fifteen percent (15%) of such funds.

9. DUE DILIGENCE

9.1 Licensee, upon execution of this Agreement, shall use Commercially Reasonable Efforts to proceed with the development, manufacture and sale of Licensed Product and shall use Commercially Reasonable Efforts to market or otherwise make commercial use of the same within a reasonable time after execution of this Agreement and in quantities sufficient to meet market demands.

9.2 Licensee shall endeavor to obtain all necessary governmental approvals for the manufacture, use and sale of Licensed Product.

9.3 Licensee shall:

9.3.1 sponsor research in the UCLA laboratory of Dr. Olaf Schneewind for two (2) years in the total amount of three hundred thousand and seven dollars ($300,007), which amount is inclusive of all direct and indirect costs under the terms and conditions of the Sponsored Research Agreement;

9.3.2 market Licensed Product in the U.S. within twelve (12) months of receiving FDA approval of the NDA for the Licensed Product;

9.3.3 reasonably fill the market demand for Licensed Product following commencement of marketing at any time during the exclusive period of this Agreement; and

9.3.4 meet all of its duties and obligations under the AHPC Agreement.

9.4 If Licensee is unable to perform any of the above provisions, then The Regents has the right and option to either terminate this Agreement or reduce Licensee's exclusive license to a nonexclusive license. This right, if exercised by The Regents, supersedes the rights granted in Article 2 (Life of Patent Exclusive Grant).

9.5 In addition to the obligations set forth above, Licensee, along with its sublicensees, shall spend an aggregate of not less than two hundred fifty thousand dollars ($250,000) for the development of Licensed Product during each of the first three (3) years of this Agreement

10. PROGRESS AND ROYALTY REPORTS

10.1 Beginning February 28, 2001, and semi-annually thereafter, Licensee shall submit to The Regents a written progress report covering Licensee's (and any Affiliate or sublicensee's) activities related to the development and testing of all Licensed Product and the obtaining of the governmental approvals necessary for marketing. Progress reports are required for each Licensed Product until the first commercial sale of that Licensed Product occurs in the U.S. and shall be again required if commercial sales of such Licensed Product are suspended or discontinued.

10.2 Progress reports submitted under Paragraph 10.1 shall include, but are not limited to, the following topics:

- summary of work completed
- key scientific discoveries
- summary of work in progress
- current schedule of anticipated events or milestones
- market plans for introduction of Licensed Product and
- a summary of resources (dollar value) spent in the reporting period.

10.3 Licensee has a continuing responsibility to keep The Regents informed of the large or small] business entity status (as defined by the U.S. Patent and Trademark Office) of itself and its sublicensees and Affiliates.

10.4 Licensee shall report to The Regents in its immediately subsequent progress and royalty report the date of first commercial sale of a Licensed Product in each country. In addition, Licensee shall report in its immediately subsequent progress and royalty report, the occurrence of each event resulting in any payment becoming due under Article 8 (Milestone Payments) of this Agreement.

10.5 After the first commercial sale of a Licensed Product anywhere in the world, Licensee shall make quarterly royalty reports to The Regents on or before each February 28, May 31, August 31 and November 30 of each year. Each royalty report will cover Licensee's most recently completed calendar quarter and will show:

10.5.1 the gross sales and Net Sales of Licensed Product sold during the most recently completed calendar quarter;

10.5.2 the number of each type of Licensed Product sold;

10.5.3 the royalties, in U.S. dollars, payable with respect to sales of Licensed Product;

10.5.4 the method used to calculate the royalty; and

10.5.5 the exchange rates used.

10.6 If no sales of Licensed Product have been made during any reporting period, a statement to that effect is required.

10.7 All Progress Reports and Royalty Reports submitted to The Regents under this Agreement shall be treated by The Regents as Licensee's Confidential Information in accordance with Article 31 (Secrecy).

11. BOOKS AND RECORDS

11.1 Licensee shall keep and shall cause its Affiliates and sublicensees to keep accurate books and accounts of records in connection with the sale of the Licensed Products in sufficient detail to permit accurate determination of all figures necessary for verification of payments required to be paid hereunder. Licensee and its Affiliates and sublicensees shall maintain such records for a period of at least four (4) years after the end of the year in which they were generated.

11.2 Upon forty-five (45) days prior written notice from The Regents, Licensee shall permit an independent certified public accounting firm of nationally recognized standing selected by The Regents and reasonably acceptable to Licensee, to examine, at The Regents sole expense, the relevant books and records of Licensee and its Affiliates as may be reasonably necessary to verify the accuracy of the royalty reports and royalties paid hereunder and compliance with the financial obligations of this Agreement. The examination shall be limited to pertinent books and records for any year ending not more than four (4) years prior to the date of such request. An examination under this Section 11.2 shall not occur more than once in any calendar year. Such examination shall be conducted after reasonable prior written notice to Licensee and during ordinary business hours. All such accounting firms shall sign a confidentiality agreement (in form and substance reasonably acceptable to Licensee) as to any of Licensee's or its Affiliate's confidential information which they are provided, or to which they have access, while conducting any audit pursuant to this Section 11.2.

11.3 If the independent certified public accounting firm concludes that additional royalties were owed during such period, Licensee shall pay the additional royalties, together with interest thereon at the rate provided in Section 4.7, within thirty (30) days of the date Licensee receives such written report. If such underpayment exceeds five percent (5%) of the total royalty due The Regents, then the fees charged by the independent certified public accounting firm for the work associated with the audit shall be paid by Licensee. If the independent certified public accounting firm concludes that there has been a royalty overpayment, then Licensee may take a credit for this overpayment against future royalty payments of up to fifty percent (50%) of the earned royalty due and payable in any reporting period until the credit is exhausted.

11.4 Licensee shall include in any sublicense granted by it pursuant to this Agreement a provision requiring the sublicensees to make reports to Licensee, to keep and maintain records of sales made pursuant to such sublicense, and to grant access to such records to The Regent's independent certified public accounting firm to the same extent required of Licensee under this Agreement.

11.5 The Regents shall treat all financial information provided to The Regents as Data in accordance with the provisions of Article 31 (Secrecy) hereof, except when, and only to the extent that, it is necessary to reveal such information in order to enforce its rights under this Agreement.

12. LIFE OF THE AGREEMENT

12.1 Unless otherwise terminated by operation of law or by acts of the parties in accordance with the terms of this Agreement, this Agreement will be in force on a country-by-country basis, from the Effective Date until the date of expiration of the last-to-expire patent licensed under this Agreement; or until the last patent application containing a Valid Claim licensed under this Agreement is abandoned and no patent in Regents' Patent Rights ever issues.

12.2 Any termination of this Agreement will not affect the rights and obligations set forth in the following Articles:

Article 11	Books and Records
Article 15	Disposition of Licensed Product on Hand Upon Termination
Article 16	Use of Names and Trademarks
Article 21	Indemnification
Article 25	Failure to Perform
Article 31	Secrecy

13. TERMINATION BY THE REGENTS

13.1 If Licensee fails to perform or violates any material term of this Agreement, then The Regents may give written notice of default ("Notice of Default") to Licensee. If Licensee fails to repair the default within one hundred twenty (120) days of the effective date of receipt of Notice of Default, The Regents may terminate this Agreement and its licenses by a second written notice ("Notice of Termination"). If a Notice of Termination is sent to Licensee, this Agreement will automatically terminate on the effective date of that notice. Such termination will not relieve Licensee of its obligation to pay any fees owing at the time of termination and will not impair any accrued right of The Regents. These notices are subject to Article 22 (Notices).

13.2 In the event Licensee notifies The Regents that:

13.2.1 the AHPC Agreement is terminated or not renewed;

13.2.2 a substitute agreement has not been entered into; and

13.2.3 Licensee does not intend to make, have made, use, sell, offer to sell and import Licensed Product and practice Licensed Method within the Field of Use, then The Regents shall have the right to terminate this Agreement.

14. TERMINATION BY LICENSEE

14.1 Licensee has the right at any time to terminate this Agreement in whole or as to any portion of Regents' Patent Rights by giving notice in writing to The Regents. Such notice of termination will be subject to Article 22 (Notices) and termination of this Agreement will be effective sixty (60) days from the effective date of receipt of such notice.

14.2 Any termination under the above Paragraph 14.1 does not relieve Licensee of any obligation or liability accrued under this Agreement prior to termination or rescind any payment made to The Regents or anything done by Licensee prior to the time termination becomes effective. Termination does not affect in any manner any rights of The Regents arising under this Agreement prior to termination.

15. DISPOSITION OF LICENSED PRODUCT ON HAND UPON TERMINATION

Upon termination of this Agreement Licensee is entitled to dispose of all previously made or partially made Licensed Product, but no more, within a period of one hundred and twenty (120) days provided that the sale of Licensed Product is subject to the terms of this Agreement, including but not limited to the rendering of reports and payment of royalties required under this Agreement.

16. USE OF NAMES AND TRADEMARKS

16.1 Nothing contained in this Agreement confers any right to use in advertising, publicity or other promotional activities any name, trade name, trademark or other designation of either party hereto (including contraction, abbreviation or simulation of any of the foregoing). Unless required by law, the use by Licensee of the name "The Regents of the University of California" or the name of any campus of the University of California is prohibited.

16.2 The Regents is free to release to the inventors and senior administrators employed by The Regents the terms and conditions of this Agreement. If such release is made, The Regents shall give notice of the confidential nature and shall request that the recipient does not disclose such terms and conditions to others. If a third party inquires whether a license to Regents' Patent Rights is available, The Regents may disclose the existence of this Agreement and the extent of the grant in Article 2 (Life of Patent Exclusive Grant) to such third party, but will not disclose the name of Licensee or any other terms or conditions of this Agreement, except where The Regents is required to release information under either the California Public Records Act, a governmental audit requirement or other applicable law.

17. LIMITED WARRANTY

17.1 The Regents represents and warrants to Licensee that it has the lawful right to grant this license.

17.2 The Licensing Officer for this Agreement, Chester A. Bisbee, Ph.D., J.D., represents to Licensee that, to his actual knowledge, The Regents owns the entire right, title, and interest in and to The Regents' Patent Rights, and that no third party has asserted it has any right, title, or interest therein, except for the U.S. Federal Government to the extent described in Paragraph B of the Background Section of this Agreement.

17.3 This license and the associated Invention are provided WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. THE REGENTS MAKES NO REPRESENTATION OR WARRANTY THAT THE LICENSED PRODUCT OR LICENSED METHOD WILL NOT INFRINGE ANY PATENT OR OTHER PROPRIETARY RIGHT OF ANY THIRD PARTY. HOWEVER, WITH THE EXCEPTION OF PATENT AND/OR PROPRIETARY RIGHTS OF LICENSEE, THE REGENTS TO THE ACTUAL KNOWLEDGE OF CHESTER A. BISBEE HAS NO KNOWLEDGE THAT THE LICENSED PRODUCT OR LICENSED METHOD INFRINGES ANY PATENT OR OTHER PROPRIETARY RIGHT OR THAT ANY CLAIMS HAVE BEEN MADE THAT THEY DO.

17.4 IN NO EVENT MAY THE REGENTS BE LIABLE FOR ANY INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM EXERCISE OF THIS LICENSE OR THE USE OF THE INVENTION OR LICENSED PRODUCT.

17.5 This Agreement does not:

17.5.1 express or imply a warranty or representation as to the validity or scope of any of Regents' Patent Rights;

17.5.2 express or imply a warranty or representation that anything made, used, sold, offered for sale or imported or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents of third parties;

17.5.3 obligate The Regents to bring or prosecute actions or suits against third parties for patent infringement except as provided in Article 20 (Patent Infringement);

17.5.4 confer by implication, estoppel or otherwise any license or rights under any patents of The Regents other than Regents' Patent Rights as defined in this Agreement, regardless of whether those patents are dominant or subordinate to Regent's' Patent Rights; or

17.5.5 obligate The Regents to furnish any know-how not provided in Regents' Patent Rights.

18. PATENT PROSECUTION AND MAINTENANCE

18.1 As long as Licensee has paid patent costs as provided for in this Article 18 (Patent Prosecution and Maintenance), The Regents shall diligently endeavor to prosecute and maintain the U.S. and foreign patents comprising Regents' Patent Rights using counsel of its choice. The Regents shall provide Licensee with copies of all relevant documentation, including office actions and examination reports, shortly after being issued and before a response is due so that Licensee may be informed and provide The Regents with comments relating to the continuing prosecution. However, The Regents may always take action to preserve the Regents' Patent Rights whether or not Licensee has commented. Licensee agrees to keep this documentation confidential and, if necessary, Licensee may disclose such information to its sublicensees as long as the sublicensees agree to be bound by the secrecy provisions of Article 31 (Secrecy) of this Agreement. The Regents' counsel will take instructions only from The Regents and all patent applications and patents under this Agreement will be assigned solely to The Regents provided, however, The Regents shall instruct its counsel to not unreasonably refuse to consider and take into account any comments on behalf of Licensee in connection with the prosecution of The Regents' Patent Rights.

18.2 The Regents shall use reasonable efforts to amend any patent application to include claims reasonably requested by Licensee to protect the products contemplated to be sold under this Agreement.

18.3 Licensee shall apply for an extension of the term of any patent included within Regents' Patent Rights if appropriate under the Drug Price Competition and Patent Term Restoration Act of 1984 and/or European, Japanese and other foreign counterparts of this Law. Licensee shall prepare all documents and The Regents agrees to execute the documents and to take additional action as Licensee reasonably requests in connection therewith.

18.4 If either party receives notice pertaining to infringement or potential infringement of any issued patent included within Regents' Patent Rights under the Drug Price Competition and Patent Term Restoration Act of 1984 and/or foreign counterparts of this Law, that party shall notify the other party within ten (10) days after receipt of notice of infringement.

18.5 Licensee shall bear the costs of preparing, filing, prosecuting and maintaining all U.S. and foreign patent applications contemplated by this Agreement. Costs billed by The Regents' counsel will be rebilled to Licensee and are due within thirty (30) days of rebilling by The Regents. These costs include patent prosecution costs for the Invention incurred by The Regents prior to the execution of this Agreement and any patent prosecution costs that may be incurred for patentability opinions, re-examination, re-issue, interferences or inventorship determinations. Prior prosecution costs will be due upon execution of this Agreement and billing by The Regents and are at least approximately thirteen thousand dollars ($13,000) as of October 16, 2000.

18.6 Licensee may request The Regents to obtain patent protection on the Invention in foreign countries if available and if it so desires. Licensee shall notify The Regents of its decision to obtain or maintain foreign patents not less than sixty (60) days prior to the deadline for any payment, filing or action to be taken in connection therewith. This notice concerning foreign filing must be in writing, must identify the countries desired and must reaffirm Licensee's obligation to underwrite the costs thereof. The absence of such a notice from Licensee to The Regents will be considered an election not to obtain or maintain foreign rights.

18.7 Licensee's obligation to underwrite and to pay patent prosecution costs will continue for so long as this Agreement remains in effect, but Licensee may terminate its obligations with respect to any given patent application or patent upon three (3) months written notice to The Regents. The Regents will use its best efforts to curtail patent costs when a notice of termination is received from Licensee. The Regents may prosecute and maintain such application(s) or patent(s) at its sole discretion and expense, but Licensee will have no further right or licenses thereunder. Non-payment of patent costs may be deemed by The Regents as an election by Licensee not to maintain patent application(s) or patents in the countries for which non-payment of patent attorney charges and costs occurs.

18.8 The Regents may file, prosecute or maintain patent applications at its own expense in any country in which Licensee has not elected to file, prosecute or maintain patent applications in accordance with this Article 18 (Patent Prosecution and Maintenance) and those applications and resultant patents will not be subject to this Agreement. At any time during the life of this Agreement, Licensee may reimburse The Regents for any foreign patent expenses incurred and retain exclusive license rights in such foreign country if the rights are available at that time.

19. PATENT MARKING

Licensee shall mark all Licensed Product made, used or sold under the terms of this Agreement, or their containers, in accordance with the applicable patent marking laws.

20. PATENT INFRINGEMENT

20.1 If Licensee learns of the substantial infringement of any patent licensed under this Agreement, Licensee shall call The Regents' attention thereto in writing and provide The Regents with reasonable evidence of infringement. Neither party will notify a third party of the infringement of any of Regents' Patent Rights without first obtaining consent of the other party, which consent will not be unreasonably denied. Both parties shall use their best efforts in cooperation with each other to terminate infringement without litigation.

20.2 Licensee may request that The Regents take legal action against the infringement of Regents' Patent Rights. Such request must be in writing and must include reasonable evidence of infringement and damages to Licensee. If the infringing activity has not abated within thirty (30) days following the effective date of request, then The Regents has the right to commence suit on its own account or refuse to participate in the suit.

20.3 The Regents shall give notice of its election to commence suit in writing to Licensee by the end of the one hundredth (100th) day after receiving notice of written request from Licensee. Licensee may thereafter bring suit for patent infringement, at its own expense, if and only if The Regents elects not to commence suit and if the infringement occurred during the period and in a jurisdiction where Licensee had exclusive rights under this Agreement. If, however, Licensee elects to bring suit in accordance with this Paragraph 20.3, then The Regents may thereafter join that suit at its own expense.

20.4 Licensee agrees not to bring suit for patent infringement without following the procedures of this Article 20 (Patent Infringement), and both parties agree to be bound by the outcome of a suit for patent infringement through the pendency of such a suit under Paragraph 20.3.

20.5 Legal action, as is decided on, will be at the expense of the party bringing suit and all damages recovered thereby will belong to the party bringing suit, but legal action brought jointly by The Regents and Licensee and fully participated in by both will be at the joint expense of the parties and all recoveries will be shared jointly by them in proportion to the share of expense paid by each party.

20.6 Each party shall cooperate with the other in litigation proceedings instituted hereunder but at the expense of the party bringing suit. Litigation will be controlled by the party bringing the suit, except that The Regents may be represented by counsel of its choice in any suit brought by Licensee. In such case, the costs incurred by The Regents' counsel shall be borne by The Regents.

21. INDEMNIFICATION

21.1 Licensee shall indemnify, hold harmless and defend The Regents, its officers, employees and agents; the sponsors of the research that led to the Invention; and the inventors of the patent applications and patents in Regents' Patent Rights and their employers (collectively, "The Regents' Indemnitees") against any and all claims, suits, losses, liabilities, damages, costs, fees and expenses of a third party (collectively, a "Liability") resulting from or arising out of the exercise of this Agreement or any sublicense (but not arising out of or resulting from acts conducted solely by The Regents in the exercise of this Agreement or any sublicense), provided, however, that Licensee shall have no obligation to indemnify, hold harmless or defend any of The Regents' Indemnitees to the extent that a Liability is due to a breach by The Regents of any of its representations, warranties, covenants or obligations under this Agreement. This indemnification includes, but is not limited to, any product liability.

21.2 Licensee, at its sole cost and expense, shall insure its activities in connection with the work under this Agreement and obtain, keep in force and maintain insurance as follows or an equivalent program of self insurance.

21.3 Comprehensive or commercial form general liability insurance (contractual liability included) with limits as follows:

- Each Occurrence $1,000,000.
- Products/Completed Operations Aggregate $5,000,000.
- Personal and Advertising Injury $1,000,000.
- General Aggregate (commercial form only) $5,000,000.

The coverage and limits referred to under the above do not in any way limit the liability of Licensee. Licensee shall furnish The Regents with certificates of insurance showing compliance with all requirements. Certificates must:

- provide for thirty (30) days' advance written notice to The Regents of any modification;
- indicate that The Regents has been endorsed as an additional Insured under the coverage referred to under the above; and
- include a provision that the coverage will be primary and will not participate with nor will be excess over any valid and collectable insurance or program of self-insurance carried or maintained by The Regents.

Notwithstanding the foregoing, in the event that AHPC becomes a direct licensee in accordance with Section 3.3 hereof, or an assignee in accordance with Article 23 (Assignability), The Regents acknowledges that AHPC maintains a self-insurance program which would be sufficient to meet AHPC's obligations.

21.4 The Regents shall notify Licensee in writing of any claim or suit brought against The Regents in respect of which The Regents intends to invoke the provisions of this Article 21 (Indemnification). Licensee shall keep The Regents informed on a current basis of its defense of any claims under this Article 21(Indemnification).

22. NOTICES

22.1 Any notice or payment required to be given to either The Regents or Licensee (and to AHPC for only as long as the AHPC Agreement is in effect and then only to The Regents and Licensee), shall be deemed to have been properly given and to be effective:

22.1.1 on the date of delivery if delivered in person to the respective addresses given below or to another address as designated in writing by the party changing its prior address;

22.1.2 on the date of mailing if mailed by first-class certified mail, postage paid to the respective addresses given below or to another address as designated in writing by the party changing its prior address; or

22.1.3 on the date of mailing if mailed by any global express carrier service that requires the recipient to sign the documents demonstrating the delivery of such notice or payment, to the respective addresses given below or to another address as designated in writing by the party changing its prior address.

22.2 For so long as the AHPC Agreement is in effect, both Licensee and The Regents agree to provide AHPC with a copy of all notices they send to the other party under this Agreement.

In the case of Licensee:	SIGA Technologies, Inc. 420 Lexington Avenue, Suite 620 New York, NY 10170 Attention: Joshua D. Schein, Ph.D. Chief Executive Officer
In the case of AHPC:	Wyeth-Ayerst Laboratories 555 East Lancaster Avenue St. Davids, PA 19087 Attention: Senior Vice President Global Business Development
with a copy to:	Associate General Counsel American Home Products Corporation One Campus Drive Parsippany, NJ 07054
In the case of The Regents:	The Regents of the University of California Office of Technology Transfer 1111 Franklin Street, 5th Floor Oakland, CA 94607-5200 Attention: Executive Director Research Administration and Technology Transfer RE: UC Case No. 1999-262-1

23. ASSIGNABILITY

This Agreement may be assigned by The Regents, but is personal to Licensee and assignable by Licensee only with the written consent of The Regents, which consent will not be unreasonably withheld except that the Licensee may, without such consent, assign this Agreement and all its rights and obligations hereunder in connection with the transfer or sale of substantially all of its business or a division or in the event of its merger, consolidation, change in control or similar transactions. The above notwithstanding, The Regents hereby consents to an assignment to AHPC and/or to its Wyeth-Ayerst Laboratories Division or any successors thereto provided that the AHPC sublicense is in effect, AHPC is the sole sublicensee, AHPC is not in breach of its sublicense, and AHPC assumes all liabilities and obligations to The Regents required of Licensee by this Agreement, including past due obligations existing at the time of assumption of this Agreement by AHPC. In the event the AHPC Agreement is not renewed or extended, Licensee may assign this

Agreement to any other entity, with the written consent of The Regents, provided the payments called for hereunder are made and The Regents receive the full amount of all payments due them pursuant to Article 3 and Article 7 of the AHPC Agreement as if the AHPC Agreement were still a valid contract.

24. NO WAIVER

No waiver by either party of any default of this Agreement may be deemed a waiver of any subsequent or similar default. A suspension of duty under this Agreement due to force majeure shall not be for a period longer than one year.

25. FAILURE TO PERFORM

If either party finds it necessary to undertake legal action against the other on account of failure of performance due under this Agreement, then the prevailing party is entitled to reasonable attorneys' fees in addition to costs and necessary disbursements.

26. GOVERNING LAWS

THIS AGREEMENT WILL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO WHICH PARTY DRAFTED PARTICULAR PROVISIONS OF THIS AGREEMENT, but the scope and validity of any patent application or patent will be governed by the applicable laws of the country of the patent application or patent. Disputes between the parties regarding this Agreement will utilize only courts within California for disputes that go to court.

27. ARBITRATION

Any and all controversies, claims or disputes arising out of or relating to Article 9 (Due Diligence), or the breach thereof, shall be solely and exclusively settled by arbitration in accordance with the Commercial Arbitration Rules then in effect (the "Arbitration Rules") of the American Arbitration Association ("AAA"). The arbitration shall take place in Los Angeles, California, and the arbitrator shall be appointed by the mutual consent of the parties. If the parties are unable to agree upon the appointment of an arbitrator, then the arbitration shall take place before an arbitrator selected in accordance with the Arbitration Rules. The arbitrator appointed by the parties or by the AAA, as the case may be, is sometimes referred to herein as the "Arbitrator." Each party hereby irrevocably consents to the sole and exclusive jurisdiction and venue of the State and Federal courts located in the City of Los Angeles, State of California, in connection with any matter arising out of the foregoing arbitration or this Agreement, including but not limited to confirmation of the award rendered by the Arbitrator and enforcement thereof by entry of judgment thereon or by any other legal remedy. Service of process in connection with any such arbitration or any proceeding to enforce an arbitration award may be made in the manner set forth in Article 22 (Notices) or in any other manner permitted by applicable law. All costs and expenses of the Arbitration shall be shared equally by the parties hereto.

28. PREFERENCE FOR U.S. INDUSTRY

Because this Agreement grants the exclusive right to use or sell the Invention in the U.S., Licensee agrees that any products sold in the U.S. embodying this Invention or produced through the use thereof will be manufactured substantially in the U.S.

29. GOVERNMENT APPROVAL OR REGISTRATION

Each party hereto shall promptly notify the other if it becomes aware that this Agreement is subject to any U.S. or foreign government reporting or approval requirement. Licensee shall make all necessary filings and pay all costs including fees, penalties and all other out-of-pocket costs associated with such reporting or approval process. However, Licensee shall not be liable for any fines or penalties arising from acts occurring prior to the date hereof

30. EXPORT CONTROL LAWS

The Licensee shall observe all applicable U.S. and foreign laws with respect to the transfer of Licensed Product and related technical data to foreign countries, including, without limitation, the International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations.

31. SECRECY

31.1 With regard to confidential information ("Data"), which can be oral or written or both, received by one party from the other party regarding the Invention, this Agreement or any of the transactions contemplated hereby or the performance of any party under this Agreement, the parties agree:

31.1.1 not to use the Data except for the sole purpose of performing under the terms of this Agreement;

31.1.2 to safeguard Data against disclosure to others with the same degree of care as it exercises with its own data of a similar nature;

31.1.3 not to disclose Data to others (except to its employees, agents, consultants or commercial partners who are bound to such party by a like obligation of confidentiality) without the express written permission of the disclosing party, except that the receiving party is not prevented from using or disclosing any of the Data that:

31.1.3.1 the receiving party can demonstrate by written records was previously known to it;

31.1.3.2 is now or becomes in the future, public knowledge other than through breach of this Agreement by the receiving party;

31.1.3.3 is lawfully obtained by Licensee from sources independent of the receiving party;

31.1.3.4 is independently developed by the receiving party without the aid, use or application of Data received from the disclosing party hereunder;

31.1.3.5 is required to be disclosed to a governmental entity or agency in connection with seeking any governmental or regulatory approval or pursuant to the lawful requirement or request of a governmental entity or agency; or

31.1.3.6 is disclosed under the California Public Records Act or other requirements of law; and

31.1.4 that the secrecy obligations of the parties with respect to Data will continue for a period ending five (5) years from the termination date of this Agreement.

31.2 The obligations of confidentiality and limited use hereunder apply to any Data whether supplied under this Agreement or the Secrecy Agreements indicated in Article 32.3 (Miscellaneous).

31.3 Upon the termination of this Agreement, the receiving party shall within thirty (30) days following the effective date of termination destroy or return to the disclosing party any Data received from the disclosing party which Data is in its possession. However, the receiving party may retain one copy of Data solely for archival purposes, provided that such Data is subject to the confidentiality provisions set forth in this Article 31 (Secrecy). Within sixty (60) days following termination, the receiving party must provide the disclosing party with a written notice that Data has been returned or destroyed.

31.4 With regard to biological material received by Licensee from The Regents, if any, including any cell lines, vectors, genetic material, derivatives, products progeny or material derived therefrom ("Biological Material"), Licensee agrees:

31.4.1 not to use Biological Material except for the sole purpose of performing under the terms of this Agreement;

31.4.2 not to transfer Biological Material to others (except to its employees, agents, consultants or commercial partners who are bound to Licensee by like obligations conditioning and restricting access, use and continued use of Biological Material) without the express written permission of The Regents, except that Licensee shall not be prevented from transferring Biological Material which:

31.4.2.1 becomes publicly available other than through acts or omissions of Licensee; or

31.4.2.2 is lawfully obtained by Licensee from sources independent of The Regents;

31.4.3 to safeguard Biological Material against disclosure and transmission to others with the same degree of care as it exercises with its own biological materials of a similar nature; and

31.4.4 to destroy all copies of Biological Material at the termination of this Agreement.

32. MISCELLANEOUS

32.1 The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

32.2 This Agreement is not binding on the parties until it has been signed below on behalf of each party. It is then effective as of the Effective Date.

32.3 No amendment or modification of this Agreement is valid or binding on the parties unless made in writing and signed on behalf of each party. This Agreement embodies the entire understanding of the parties and supersedes all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter hereof. The Secrecy Agreement for Data with The Regents (UC Control No. 99-20-0510) effective May 5, 1999, and a Secrecy Agreement for Biological Material with The Regents and American Home

Products Corporation, Wyeth-Ayerst Research Division (UC Control No. 99-21-0632) effective June 23, 1999, are hereby terminated.

32.4 In case any of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect, that invalidity, illegality or unenforceability will not affect any other provisions of this Agreement and this Agreement will be construed as if the invalid, illegal or unenforceable provisions had never been contained in it.

32.5 None of the provisions of this Agreement is intended to create any form of joint venture between the parties, rights in third parties or rights that are enforceable by any third party.

IN WITNESS WHEREOF, both The Regents and Licensee have executed this Agreement, in duplicate originals, by their respective and duly authorized officers on the day and year written.

SIGA TECHNOLOGIES, INC.	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
By: /s/ Joshua D. Schein (Signature)	By: /s/ Alan B. Bennett (Signature)
Name: Joshua D. Schein (Please Print)	Name: Alan B. Bennett
Title: Chief Executive Officer	Title: Executive Director Research Administration and Technology Transfer
Date: 11/29/2000	Date: December 6, 2000

Approved as to legal form: /s/ P. Martin Simpson, Jr. 11/14/2000

P. Martin Simpson, Jr. Date
University Counsel
Office of General Counsel

RESEARCH AGREEMENT

This Research Agreement ("Agreement") is effective Jan 3, 2001 ("Effective Date") by and between the University of Maryland, Baltimore ("UM"), a constituent institution of the University System of Maryland, an agency of the State of Maryland, having an address at 520 West Lombard Street, Baltimore, Maryland 21201, and SIGA Research Laboratories, a corporation organized under the laws of the State of Oregon, with its principal place of business at 4575 SW Research Way, Suite 230, Corvallis, Oregon 97333 ("Sponsor").

ARTICLE 1 - BACKGROUND

1.1 Sponsor desires the research assistance of persons employed by UM who have access to UM facilities and equipment. Accordingly, Sponsor agrees to fund research entitled: "Toxicology of Streptococcus gordonii strain SP635/002" and described in the protocol attached as Exhibit A, to be performed by UM Personnel (defined below).

1.2 UM is willing to furnish the research services of UM Personnel as described in Exhibit A upon the terms and conditions of this Agreement.

ARTICLE 2 - DEFINITIONS

In this Agreement, the following terms are defined as stated:

2.1 "Confidential Information" means any knowledge, know-how, practice, process or other information which has not been made public which Sponsor receives from UM or UM Personnel, or UM or UM Personnel receives from Sponsor. Confidential Information includes, without limitation, any documents, drawings, sketches, models, designs, data, memoranda, tapes, records, formulae and algorithms, given orally, in hard copy form, or in electronic form.

2.2 "Contract Period" means the period January 1, 2001 through December 31, 2001, and any extensions agreed to in accordance with Section 18.3 below, or permitted under Section 18.4 below, during which time UM will perform the Project Work.

2.3 "Inventions" means any inventions or discoveries, patentable or otherwise protectable under law which result from the Project Work and are made during the Contract Period. For purposes of this Agreement, an Invention is "made" when it is conceived or first actually reduced to practice.

2.4 "Joint Inventions" means Inventions made jointly by one or more UM Personnel and one or more employees of Sponsor.

2.5 "Project Work" means the scope of work as described in Exhibit A to be undertaken by UM, or by UM and Sponsor, under this Agreement, and any amendments to Exhibit A made in accordance with Section 18.3.

2.6 "Research Data" means information including, without limitation, documents, drawings, models, designs, data, memoranda, tapes, records, formulae and algorithms, in hard copy form or in electronic form, resulting from the Project Work.

2.7 "Sponsor Inventions" means Inventions made solely by one or more employees of Sponsor.

2.8 "UM Inventions" means Inventions made solely by one or more UM Personnel.

2.9 "UM Personnel" means employees, students, trainees, and other persons using UM resources and subject to the UM patent policy.

ARTICLE 3 - PROJECT WORK

3.1 UM will commence performance of the Project Work promptly after the Effective Date of this Agreement, and will undertake to perform the Project Work substantially in accordance with the terms and conditions of this Agreement. Sponsor and UM may amend the Project Work at any time in accordance with Section 18.3.

3.2 UM's Principal Investigator ("PI") for the Project Work is Srinivas S. Rao, DVM, PhD. The Project Work will be supervised by the PI. If for any reason the PI is unwilling or unable to continue to serve and a substitute PI acceptable to both UM and Sponsor is not available, this Agreement may be terminated by either party in accordance with Section 9.4 below.

3.3 Sponsor will provide at no charge to UM, and at a time to be mutually agreed, an adequate supply of the material SP635/002 (Test Material) for use in the evaluation activities under this Agreement. Test Material will be considered Sponsor's Confidential Information and subject to Article 12 (Confidentiality). UM will not use the material for any other purpose other than as part of the Project Work without the written permission of Sponsor. Upon termination or expiration of this Agreement, UM will destroy, discard or return any remaining Test Material, upon request of Sponsor.

3.4 If applicable, Sponsor represents that it has received the appropriate Food and Drug approval for the use of Test Materials in the work to be performed hereunder.

3.5 UM will perform the Project Work in accordance with applicable laws and regulations. The use of warm-blooded animals in the conduct of this Agreement will comply with applicable portions of the Animal Welfare Act (7 USC 2131 et seq.) and 9CFR Subchapter A, Parts 1, 2, 3a-f, as amended and the Public Health Service Policy on Humane Care and Use of Laboratory Animals, and will follow the guidelines prescribed in "Guide for the Care and Use of Laboratory Animals". Experiments involving vertebrate animals will be reviewed and approved by UM's Institutional Animal Care and Use Committee.

ARTICLE 4 - REPORTS AND CONFERENCES

4.1 Written progress reports will be provided by UM to Sponsor as specific phases of work are completed. A final report will be submitted by UM within 60 days after the expiration or termination of this Agreement.

4.2 If necessary during the Contract Period, representatives of UM will meet with representatives of Sponsor at times and places mutually agreed upon to discuss the progress and results of the Project Work, as well as ongoing plans, or any changes in the Project Work. Sponsor will reimburse UM for travel costs associated with these meetings for the PI and other UM Personnel invited to the meetings with Sponsor's approval if such costs have not been included in the approved budget.

ARTICLE 5 - COST, BILLINGS, AND OTHER SUPPORT

5.1 Subject to modifications in the Project Work, the total costs to Sponsor under this Agreement will not exceed the sum of $154,872. These costs will be allocated by UM generally in accordance with the budget incorporated in Exhibit A. Full payment by Sponsor will be made within 30 days after the Effective Date or, if Exhibit A specifies a schedule for payments, in accordance with that schedule.

Payment will be by check payable to the University of Maryland, Baltimore and sent to:

University of Maryland, Baltimore
P.O. Box 41428
Baltimore, Maryland 21203-6428

5.2 If this Agreement is terminated early, Sponsor will pay all costs accrued by UM as of the effective date of termination and any costs incurred by UM as a result of termination. In addition, Sponsor will reimburse UM for non-cancelable obligations, which includes all non-cancelable contracts and fellowships, and all postdoctoral or faculty appointments called for in Exhibit A, incurred prior to the effective date of termination. This Section takes precedence over any conflicting provision in this Agreement.

5.3 Interest is due on any payments to UM required by any Section of this Agreement that are more than 30 days late. The interest rate is 10% simple interest per annum.

ARTICLE 6 - RESEARCH DATA AND PUBLICATIONS

6.1 Research Data is owned by UM subject to Sponsor's right to use it in accordance with the terms of this Agreement. If the Project Work is a collaborative effort between UM and Sponsor, any Research Data generated by employees of Sponsor may be obtained and used by UM at any time for research and educational purposes.

6.2 Sponsor recognizes that under UM academic policy Research Data must be publishable. Sponsor agrees that UM Personnel engaged in the Project Work ("Researchers") will be permitted to present the methods of the Project Work and the Research Data at symposia and professional meetings, and to publish in journals, theses, dissertations, or other publications or presentations of their own choosing in accordance with this Article 6.

6.3 Sponsor will be furnished a copy of any proposed publication or presentation at least 30 days in advance of the submission of such proposed publication or presentation to a journal, editor, or other third party. Sponsor will have thirty 30 days after receipt of the copy to object to the proposed presentation or publication because there is patentable subject matter which needs protection or there is Confidential Information of Sponsor contained in the proposed publication or presentation, or both.

6.4 Confidential Information of Sponsor will be deleted from the proposed publication or presentation upon Sponsor's request unless the Sponsor agrees to treat its Confidential Information as patentable information, as set forth in Section 6.5 below.

6.5 If Sponsor objects in writing to a Researcher's publication or presentation due to disclosure of patentable information, the Researcher will refrain from making such publication or presentation for a maximum of 90 days from date of receipt of Sponsor's objection in order for Sponsor or UM to file patent application(s) directed to the patentable subject matter contained in the proposed publication or presentation with the United States Patent and Trademark Office and/or foreign patent office(s).

6.6 Following publication by Researcher(s) or UM, Sponsor may freely publish, reproduce, and use any such publication to the extent that any such use is consistent with 17 U.S.C. Section 107.

ARTICLE 7 - INVENTIONS; OPTION

7.1 All right and title to UM Inventions will belong to UM subject to the terms and conditions of this Agreement. UM will notify Sponsor promptly in writing of any UM Inventions.

7.2 All right and title to Sponsor's Inventions will belong to Sponsor except that UM has the right to use Sponsor's Inventions in accordance with Section 7.10. Sponsor will notify UM promptly in writing of any Sponsor Inventions.

7.3 All right and title to Joint Inventions will belong jointly to UM and Sponsor subject to the terms and conditions of this Agreement. UM will notify Sponsor promptly in writing of any Joint Inventions.

7.4 If Sponsor directs that a U.S. or foreign patent application for UM Inventions or Joint Inventions be filed, UM or, at UM's option, Sponsor, will promptly prepare, file, and prosecute such applications. Sponsor will bear all costs incurred in connection with the preparation, filing, prosecution, and maintenance of such U.S. and foreign application(s) directed to UM Inventions or Joint Inventions. At UM's option, Sponsor will pre-pay or directly pay all costs incurred in connection with the preparation, filing, prosecution, and maintenance of such U.S. and foreign application(s) directed to UM Inventions or Joint Inventions, including charges and statements from patent counsel. Sponsor will cooperate with UM to assure that such application(s) will cover, to the best of Sponsor's knowledge, all items of commercial interest and importance. If UM is prosecuting the patent application, UM will be responsible for making decisions regarding scope, content, and prosecution of the application to be filed, but Sponsor will be given an opportunity to review the application(s) and to provide input. If Sponsor is prosecuting the patent application, Sponsor will be responsible for making decisions regarding scope, content, and prosecution of the application to be filed, but UM will be given an opportunity to review the application(s) and to provide input. UM or Sponsor, whichever is prosecuting the patent application, will keep the other party advised as to all material developments with respect to such application(s) and will promptly supply to the other party copies of all papers received and filed in connection with the prosecution of such application(s) in sufficient time for the other party to comment.

7.5 If Sponsor elects not to file or maintain, or decides to discontinue the financial support of the prosecution, maintenance or protection of a patent application or patent for UM Inventions or Joint Inventions, UM will be free to file or continue to prosecute or maintain any such application(s), and to maintain any resulting patents in the U.S. and in any foreign country, at UM's sole expense. Sponsor will have no rights in the application or resulting patent and, upon request, will confirm by written assignment that UM is sole owner of Joint Inventions which Sponsor has discontinued support of.

7.6 To the extent UM is able to do so under the University System of Maryland Patent Policy, under UM's agreements with other sponsors of research, and under the provisions of 35 U.S.C. Sections 201 et seq. and all implementing regulations, UM grants to Sponsor the first option, at Sponsor's sole election, to obtain a worldwide, exclusive, royalty-bearing license to practice commercially UM Inventions and UM's interest in Joint Inventions. Such option with respect to each UM Invention or Joint Invention will extend for 120 days after the date Sponsor receives written notice of the UM Invention or Joint Invention. Sponsor may exercise its option by executing a license agreement with UM prior to the end of the 120 day period. UM agrees to negotiate the terms of a license agreement in good faith. If Sponsor does not execute a license agreement with UM with respect to UM Inventions or UM's rights in Joint Inventions within the 120 day period, Sponsor will have no rights in the UM Inventions or in UM's rights in Joint Inventions and, upon request, will confirm by written assignment that Sponsor has no rights in such UM Inventions or in UM's rights in such Joint Inventions.

7.7 Sponsor may elect to have a license covering a limited geographic territory or restricted to particular uses or applications of the UM Inventions or Joint Inventions. If Sponsor makes such an election with respect to UM Inventions or UM's rights in Joint Inventions, UM may license the UM Invention or UM's rights in Joint Inventions to others on terms consistent with Sponsor's rights.

7.8 If Sponsor elects to obtain a license, the parties will negotiate in good faith a reasonable royalty rate at the time Sponsor decides to exercise its option. The royalty and other terms reasonable for a license agreement or required by terms of this Agreement will be included in a license agreement.

7.9 Sponsor agrees to exercise reasonable efforts to develop and subsequently to market products and/or processes arising from UM Inventions or Joint Inventions and licensed to Sponsor. If Sponsor fails at any time to exercise such effort during the term of the license, UM will have the right to terminate the license in its entirety or with respect only to specific products and/or processes as to which Sponsor has not exercised the required efforts.

7.10 UM has the right of continued use and the option to permit other private or public educational institutions to use Inventions on a royalty-free basis for research and education, but not for commercial purposes, subject to confidentiality requirements.

ARTICLE 8 - UNPATENTED INVENTIONS AND SOFTWARE

8.1 Unpatented Inventions.

8.1.1 During the course of the Project Work it is possible that an Invention (such as biological materials) may be created but not patented, either by election of UM or because it is not patentable. All rights in such Inventions will be owned by UM.

8.1.2 UM will provide Sponsor with a written offer for an option to obtain a worldwide, non-exclusive, royalty-bearing license to the Invention. The option will extend for 120 days after receiving the written offer from UM. Sponsor may exercise its option by executing a license agreement with UM prior to the end of the 120 day period. UM agrees to negotiate the terms of a license agreement in good faith. If Sponsor does not execute a license agreement with UM within the 120 day period, Sponsor will have no rights in the unpatented Invention.

8.2 Software.

8.2.1 Copyright and all other rights in any software or other works created in the course of the Project Work will be owned by UM.

8.2.2 UM will provide Sponsor with a written report disclosing software or other works described in Section 8.2.1 and at the same time will offer Sponsor the option to obtain a worldwide, non-exclusive, royalty-bearing license to the software or other work. The option will extend for 120 days after receiving the written offer from UM. Sponsor may exercise its option by executing a license agreement with UM prior to the end of the 120 day period. UM agrees to negotiate the terms of a license agreement in good faith. If Sponsor does not execute a license agreement with UM within the 120 day period, Sponsor will have no rights in the software or other work.

ARTICLE 9 - TERM AND TERMINATION

9.1 This Agreement will continue in effect for the Contract Period unless sooner terminated in accordance with the provisions of this Article 9. The parties may extend the term of this Agreement for additional periods by proper amendment of this Agreement.

9.2 If any payment due from Sponsor is not received by UM on or before the payment date specified in this Agreement or in Exhibit A, UM may terminate this Agreement by giving 30 days prior written notice to Sponsor. If Sponsor pays the amount due within the 30 day notice period, the Agreement will continue in full force and effect.

9.3 Except as provided in Section 9.2, if either party materially breaches any of the terms or conditions of this Agreement, the other party may terminate this Agreement by giving 60 days prior written notice of termination to the other party. If the breach is corrected within the 60 day period, the Agreement will continue in full force and effect.

9.4 Either party may terminate this Agreement by giving 90 days prior written notice to the other party.

9.5 If Sponsor terminates this Agreement for any reason other than a material breach by UM, Sponsor will relinquish any and all rights it may have in the Research Data to UM.

9.5 Termination does not relieve either party of any obligation for payment or reporting which arises before termination including obligations under Articles 4, 5, 7 and 8. Articles 11 and 15 and Sections 7.6, 8.1.2 and 8.2.2 will survive termination and terminate in accordance with their terms. Articles 6 and 14 and Sections 7.10, 10.2, and 10.3 will survive termination.

ARTICLE 10 - INDEMNIFICATION AND INSURANCE

10.1 UM and its officers and employees acting within the scope of their employment by UM are subject to the Maryland Tort Claims Act ("the Act"), Title 12, Subtitle 1, State Government Article, Annotated Code of Maryland, which permits claims in tort against the State of Maryland under certain circumstances. In order to file a claim under the Act, a claimant must submit a written claim to the Treasurer of the State of Maryland or a designee of that office within one year after the injury to the person or property that is the basis of the claim.

10.2 Sponsor warrants and represents that it maintains comprehensive liability and property damage insurance coverage for itself, its officers, employees and agents, in the following minimum amounts per policy period:

(a) Comprehensive liability (including product liability): (bodily injury and loss of life) $1,000,000 per claim; $3,000,000 aggregate;

(b) Property damage: $500,000 per claim; $1,500,000 aggregate.

Sponsor warrants that its comprehensive liability insurance covers contractually assumed liabilities referred to in Section 10.3, and agrees to maintain such coverage throughout the term of this Agreement. A certificate evidencing required insurance coverage will be delivered to UM at or before execution of this Agreement. Sponsor also warrants that its comprehensive liability insurance is an occurrence policy, or if it is a claims made policy, Sponsor will purchase extended reporting insurance.

10.3 Sponsor will defend, indemnify, and hold harmless UM, the University System of Maryland, and the State of Maryland, and regents, officers, employees, students, and agents of UM (collectively, "UM Parties") against any and all claims, costs or liabilities, including attorney's fees and court costs at both trial and appellate levels, for any loss, damage, personal injury, or loss of life, (a) caused by the actions of Sponsor or its officers, servants, or agents, or third parties acting on behalf of or under authorization from Sponsor in the performance of this Agreement; (b) arising out of use by Sponsor, its officers, servants, or agents, or by any third party acting on behalf of or under authorization from Sponsor of products or processes (including licensed Inventions); or (c) arising out of use, by UM or its employees or students, of products, processes, or protocols developed by Sponsor, its officers, servants, or agents, or by third parties acting on behalf of or under authorization from Sponsor. Sponsor's agreement to defend, indemnify and hold harmless the UM Parties is conditioned upon (a) UM promptly notifying Sponsor in writing after UM receives notice of any claim, and (b) UM and any involved UM Parties fully cooperating with Sponsor in the defense of any such claim. Sponsor's agreement to defend, indemnify and hold harmless the UM Parties will not apply to any claim, cost, or liability attributable solely to the negligence of UM or a UM Party.

10.4 UM and Sponsor further agree that nothing in this Agreement will be interpreted as: (a) a denial to either party of any remedy or defense available to it under the laws of the State of Maryland; (b) the consent of the State of Maryland or its agents and agencies to be sued; or (c) a waiver of sovereign immunity or any other governmental immunity of the State of Maryland and UM beyond the extent of any waiver provided by law.

ARTICLE 11 - CONFIDENTIALITY

11.1 It may be necessary for either party to disclose to the other certain Confidential Information. Disclosures by UM are deemed to refer to disclosures by any UM Personnel. Disclosures by Sponsor are deemed to refer to disclosures by Sponsor officers, directors, employees or agents. Confidential Information may be disclosed only in accordance with the following provisions:

(a) Except as hereafter specifically authorized in writing by the disclosing party, the receiving party will not, for a period of 5 years after the date of receipt of Confidential Information, disclose or use the Confidential Information.

(b)(l) These obligations of non-disclosure and nonuse do not apply to any Confidential Information which the receiving party can demonstrate by reliable written evidence:

(i) was generally available to the public at the time of disclosure to the receiving party; or

(ii) was already in the possession of the receiving party at the time of the disclosure, other than pursuant to a confidential disclosure agreement between the parties and not due to any unauthorized act by the receiving party; or

(iii) was developed by the receiving party prior to the disclosure; or

(iv) the receiving party is required by law to disclose.

(b)(2) These obligations of non-disclosure and nonuse will not continue to apply to any Confidential Information which the receiving party can demonstrate by reliable written evidence:

(i) has become generally available to the public other than through a breach of this Agreement by the receiving party after disclosure;

(ii) has been acquired by the receiving party on a nonconfidential basis from any third party having a lawful right to disclose it to the receiving party; or

(iii) corresponds to information developed by the receiving party independent of and with no reliance upon the disclosing party's Confidential Information.

(c) Each party will use that level of care to prevent the use or disclosure of the other party's Confidential Information as it exercises in protecting its own Confidential Information.

(d) All Confidential Information will be clearly marked as confidential by the disclosing party and if not in written or tangible form when disclosed, will be so indicated on disclosure as confidential and then summarized in writing and so marked as confidential within 30 days after disclosure to the receiving party.

(e) Notwithstanding the foregoing, Sponsor, its Affiliates and its Sublicensees are permitted to disclose and use the Confidential Information to the extent reasonably necessary to exercise Sponsor's license or sublicenses hereunder, provided that any disclosure is made subject to confidentiality restrictions consistent with those accepted by Sponsor in this Agreement.

(f) Sponsor recognizes that UM is an educational institution with standards and practices for protection of Confidential Information which differ from Sponsor's standards and practices. By this Agreement UM undertakes to use reasonable efforts to protect the confidentiality of Sponsor's Confidential Information. Sponsor agrees that, provided such efforts are made, it will not seek to hold UM or UM Personnel liable in the event of disclosure of Sponsor's Confidential Information.

(g) Sponsor recognizes that the records of UM are subject to the Maryland Access to Public Records Law. Sponsor asserts that any Confidential Information of Sponsor is confidential, proprietary, and trade secret information, not subject to disclosure under Maryland's Access to Public Records Law. UM agrees to assert this position in response to any request for public information applicable to Sponsor's Confidential Information or annual sales reports, and to promptly notify Sponsor upon receipt of requests for its Confidential Information. The Maryland Access to Public Records Law is at Title 10, Subtitle 6, Part III, State Government Article, Annotated Code of Maryland.

(h) Upon termination of this Agreement for any reason other than those set forth in Section 9.1 or a material breach by UM, Sponsor will return to UM all material provided to Sponsor which is Confidential Information, together with all copies and other forms of reproduction, except that a single archive copy may be kept in Sponsor's legal files. Each party agrees that termination of this Agreement does not alter the 5 year obligation of confidentiality set forth in Section 11.1(a).

ARTICLE 12 - PUBLICITY

Neither Sponsor nor UM will use the name of the other or the name of any employee of the other, or any adaptation of such names, in any advertising, promotional, or sales literature without obtaining the prior written consent from the other party. Either party may make this Agreement available for public inspection on the condition that Confidential Information will remain confidential in accordance with Article 11. Either party may publicize the fact that the parties have made this Agreement and the general nature of the Project Work.

ARTICLE 13 - NOTICES

All notices, consents and other communications required or allowed under this Agreement must be in writing and are effective upon receipt: (a) when delivered by hand; or (b) when received by the addressee after being mailed by registered or certified mail (air mail if mailed overseas), return receipt requested; or (c) when received by the addressee by express delivery service (return receipt requested), in each case addressed to the party at its address set forth below (or to another address that a party may later designate by notice to the other party):

If to UM: Executive Director
Office of Research and Development
University of Maryland, Baltimore
515 West Lombard Street, Suite 500
Baltimore, Maryland 21201-1602

Copy to: University Counsel
University of Maryland, Baltimore
520 West Lombard Street, Second Floor
Baltimore, Maryland 21201-1627

If to Sponsor: Dennis Hruby, Ph.D.
Vice President -- Chief Scientific Officer
Siga Research Laboratories
4575 SW Research Way, Suite 230
Corvallis, OR 97333

Copy to: Joshua D. Schein, Ph.D.
Chief Executive Officer
Siga Technologies, Inc.
420 Lexington Ave., Suite 620
New York, NY 10170

ARTICLE 14 - FEDERAL REQUIREMENTS

14.1 The use and disclosure of technical information acquired pursuant to this Agreement and the use of patent rights under any licenses granted under the terms of this Agreement are subject to the export, assets, and financial control regulations of the United States of America, including, but not limited to, restrictions under regulations of the United States that may be applicable to direct or indirect re-exportation of such technical information or of equipment, products, or services directly produced by use of such technical information. Sponsor is responsible for taking any steps necessary to comply with such regulations.

14.2 If Inventions arising out of this Agreement were made with equipment or facilities funded in whole or in part by agencies of the United States government or embody or are dependent upon background intellectual property funded in whole or in part by agencies of the United States government, products of Sponsor for use or sale in the United States that embody Inventions or are produced through the use of Inventions will be manufactured substantially in the United States.

ARTICLE 15 - STATE REQUIREMENTS

Consistent with the Maryland Public Ethics Law, Sponsor will not knowingly employ or compensate, directly or indirectly, any person working in the Project Work while the person is employed by UM or for 2 years thereafter, unless UM provides Sponsor with prior written consent of the UM President to the employment or compensation by Sponsor. "Compensation" includes but is not limited to: stock option or stock purchase agreements, consulting agreements, any other form of agreement executed between a UM employee and Sponsor, and cash payments. "Employment" includes both uncompensated and compensated service to Sponsor. A request to employ or compensate a UM employee will be considered by UM as provided in the Public/Private Partnership Act, Section 15-523 of the Maryland Public Ethics Law. The Ethics Law is at Title 15, Subtitle 5, State Government Article, Annotated Code of Maryland.

ARTICLE 16 - INTEGRATION AND SEVERABILITY

16.1 This Agreement, together with any Exhibits specifically referenced and attached, embodies the entire understanding between Sponsor and UM. There are no contracts, understandings, conditions, warranties or representations, oral or written, express or implied, with reference to the subject matter hereof which are not merged herein.

16.2 If any condition or provision in any Article of this Agreement is held to be invalid or illegal or contrary to public policy by a court of competent jurisdiction from which there is no appeal, this Agreement will be construed as though the provision or condition did not appear. The remaining provisions of this Agreement will continue in full force and effect.

ARTICLE 17 - DISPUTE RESOLUTION

17.1 If a dispute between the parties related to this Agreement arises, either party, by notice to the other party, may have the dispute referred to the parties' respective officers designated below, or their successors, for attempted resolution by good faith negotiations within 30 days after the notice is received. The designated officers are as follows:

For Sponsor: Thomas N. Konatich
Chief Financial Officer
Siga Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, NY 10170

For UM: Joann A. Boughman, Ph.D.
Vice President, Academic Affairs
University of Maryland, Baltimore
515 West Lombard Street
Baltimore, MD 21201

17.2 If the designated officers are not able to resolve the dispute within this 30 day period, or any agreed extension, they will confer in good faith with respect to the possibility of resolving the matter through mediation with a mutually acceptable third party or a national mediation organization. If the parties agree to mediate, they will participate in any mediation sessions in good faith in an effort to resolve the dispute in an informal and inexpensive manner. All expenses of the mediator will be shared equally by the parties. Any applicable statute of limitations will be tolled during the pendency of the dispute resolution process initiated under this Agreement. Evidence of anything said or any admission made in the course of any mediation will not be admissible in evidence in any civil action between the parties. In addition, no document prepared for the purpose of, or in the course of, or pursuant to, the mediation, or copy thereof, will be admissible in evidence in any civil action between the parties. However, the admissibility of evidence will not be limited if all parties who participated in the mediation consent to disclosure of the evidence.

ARTICLE 18 - MISCELLANEOUS

18.1 Governing Law.

18.1.1 This Agreement is made and construed in accordance with the laws of the State of Maryland without regard to choice of law issues, except that all questions concerning the construction or effect of patents will be decided in accordance with the laws of the country in which the particular patent concerned has been granted.

18.1.2 Sponsor submits itself to the jurisdiction of the State courts of the State of Maryland and Federal courts within the State of Maryland for purposes of any suit relating to this Agreement and agrees that the State and Federal courts located in Baltimore City, Maryland provide a proper venue for determining any legal action relating to this Agreement.

18.2 Assignment.

Neither party may assign this Agreement in whole or in part without the prior written consent of the other party, which consent will not be unreasonably withheld.

18.3 Amendments.

This Agreement, including Exhibits, may not be amended, nor may any right or remedy of either party be waived, unless the amendment or waiver is in writing and signed by a duly authorized representative of each party.

18.4 Force Majeure.

Neither party is liable for failure or delay in performing any of its obligations under this Agreement if the failure or delay is required in order to comply with any governmental regulation, request or order, or necessitated by other circumstances beyond the reasonable control of the party so failing or delaying, including but not limited to Acts of God, war (declared or undeclared), insurrection, fire, flood, accident, labor strikes, work stoppage or slowdown (whether or not such labor event is within the reasonable control of the parties), or inability to obtain raw materials, supplies, power or equipment necessary to enable a party to perform its obligations. Each party will: (a) promptly notify the other party in writing of an event of force majeure, the expected duration of the event and its anticipated effect on the ability of the party to perform its obligations; and (b) make reasonable efforts to remedy the event of force majeure.

18.5 Independent Contractors.

UM and Sponsor are not (and nothing in this Agreement may be construed to constitute them as) partners, joint venturers, agents, representatives or employees of the other, nor is there any status or relationship between them other than that of independent contractors. Neither party has any responsibility or liability for the actions of the other party except as specifically provided in this Agreement. Neither party has any right or authority to bind or obligate the other party in any manner or make any representation or warranty on behalf of the other party.

18.6 Duplicates: Headings.

This Agreement is signed in duplicate originals. The headings used in this Agreement are for convenience of reference only and do not affect the meaning or construction of this Agreement.

The parties have caused this Agreement to be executed by their duly authorized representatives on the dates indicated below.

UNIVERSITY OF MARYLAND, BALTIMORE	Witness:
By: /s/ Marjorie Forster	/s/ Wanda Alston
Marjorie Forster Executive Director, Office of Research and Development	
Date: 1/17/01	
SIGA TECHNOLOGIES, INC.	Attest:
By: /s/ Thomas N. Konatich	/s/ Jennifer S Libroia
Title: CHIEF FINANCIAL OFFICER	JENNIFER S LIBROIA Notary Public, State of New York No. 01LI6030700
Date: JANUARY 3, 2001	Qualified in Kings County Commission Expires September 20, 2001

Acknowledged and agreed:

/s/ Srinivas S. Rao

Srinivas S. Rao, DVM, PhD
Principal Investigator, UM 1/16/01

EXHIBIT A

SIGA Research Laboratories

TOXICOLOGY OF STREPTOCOCCUS GORDONII STRAIN, SP635/002: A VACCINE TO PREVENT GROUP A STREPTOCOCCAL PHARYNGITIS

PROPOSED WORK OUTLINE

Introduction

Group A streptococci (GAS) remain an important cause of multifactorial disease in the pediatric population worldwide. In addition to the more common pharyngitis and impetigo caused by this organism, GAS are also responsible for post-streptococcal sequelae, chiefly acute rheumatic fever and acute post-streptococcal glomerulonephritis. GAS also occasionally cause the rare, but more lethal, toxic shock-like syndrome and necrotizing fasciitis in all age groups.

SIGA's vaccine for the prevention of GAS disease is based on the conserved C repeat region (CRR) of the GAS M protein, the primary virulence factor for this organism. This region of the molecule is conserved among most, if not all, GAS strains associated with rheumatic fever. The human commensal bacterium, Streptococcus gordonii has been engineered to express this region of the M protein on its surface. The parent, non-recombinant strain, SP204(1-l), is currently in a Phase IA safety trial at the Center for Vaccine Development at the University of Maryland Medical School through the sponsorship of the National Institutes of Health.

GAS M protein has been associated with the production of heart cross reactive antibodies in rabbits and, humans infected with GAS (particularly those with rheumatic fever) have circulating antibodies which are reactive with human heart tissue and with M protein. Preliminary data using the CRR as an immunogen showed that no cross reactive antibodies were produced in rabbits immunized with S. gordonii expressing the CRR or in rabbits injected with the purified CRR in adjuvant. Although no published study has shown that cross reactive antibodies are linked with the onset of acute rheumatic fever, and other GAS antigens are also capable of inducing cross reactive antibodies, there is still understandable concern that SIGA's vaccine does not result in the induction of such antibodies or other post-streptococcal pathology.

In addition to other preclinical protocols aimed at preparing for an Investigational New Drug application to the FDA for strain SP635/002, SIGA has outlined the following plan (still pending FDA approval) to determine the toxicity of this strain in rabbits.

Rabbit Toxicology Studies

Heart Reactive Antibodies

As mentioned above, GAS and M protein have a long history of association with cross-reactive antibodies in both experimental animals and man. Traditionally, heart reactive antibodies have been raised in rabbits as a result of multiple injections of purified M protein (the N-terminal half, not including the CRR) in adjuvant. To determine if the vaccine strain, SP-635/002, is capable of inducing such antibodies, New Zealand White rabbits will be implanted at weeks 0, 4, and 8 (50 (micro)L per nostril and 100 (micro)L orally). Prior to implantation, streptomycin (5 g/L) will be added to the drinking water to clear normal oral flora. The table below outlines the dosage and schedule of administration:

Rabbit Immunization Protocol for Heart Reactivity, Immunogenicity & Toxicology Testing

Immunogen/Controls	No. of Rabbits(a)	Dose	Dosage Schedule
PBS (negative control)	6	50 (micro)L per nostril 100 (micro)L orally	Day 0 Day 28 Day 56
SP635/002	12	1-5 x 10^8 CFU (50 (micro)L per nostril; 100 (micro)L orally)	Day 0 Day 28 Day 56
SP635/002	12	1-5 x 10^9 CFU (50 (micro)L per nostril; 100 (micro)L orally)	Day 0 Day 28 Day 56
SP635/002	12	1-5 x 10^10 CFU (50 (micro)L per nostril; 100 (micro)L orally)	Day 0 Day 28 Day 56
SP635/002(b)	6	1-5 x 10^10 CFU (50 (micro)L per nostril; 100 (micro)L orally)	Day 0 Day 28 Day 56
Recombinant M6 protein (Positive control)	6	200 (micro)g in complete Freund's adjuvant; IM	Day 0
		100 (micro)g in incomplete Freund's adjuvant; IM	Day 28
		100 (micro)g in incomplete Freund's adjuvant; IM	Day 56

(a) All groups of rabbits will be evenly divided between males and females; rabbits will be sacrificed at Day 112 (except group^[b])
(b) This group of rabbits will be followed for extended biweekly, oral culturing through week 26 (Day 182)

The oral cavity, including the pharynx, gingiva, and teeth of immunized rabbits will be swabbed at weekly intervals to monitor colonization levels. In addition, the group of animals designated ^[b] in the above table will be cultured biweekly for an additional 10 weeks to monitor the natural course of colonization for a total of 26 weeks. During that period, any two consecutive negative cultures will result in the termination of those rabbits. The dosage level (1-5 x 10^8-10^10 CFU) brackets the dose given mice (1-5 x 10^9 CFU), which has resulted in significant systemic and local mucosal immune responses. The implantation schedule was chosen, because, generally, the onset of rheumatic fever is believed to be within 4-6 weeks after the initial streptococcal infection. Previous studies have indicated that rabbits remain colonized for periods of up to at least 5 weeks. The proposed protocol, therefore, will allow for continuous exposure of the rabbits to streptococcal antigens during a time frame in which rheumatic fever symptoms would occur. If heart reactive antibodies are to be induced by this route of administration, then multiple dosing over the designated period should provide ample time to develop such antibodies. Animals will be bled every two weeks during the implantation protocol (Days 0, 14, 28, 42, and 56), and then monthly through the termination of the study at 16 weeks (days 84 and 112). Each serum sample will be tested for reactivity with human heart tissue sections by immunofluorescence. In addition, each serum sample will be tested for reactivity to human cardiac myosin and tropomyosin by ELISA. A summary of the sampling schedule and the corresponding procedures is presented in the table below. Purified M6 protein will be injected intramuscularly in multiple doses in adjuvant as a positive control and administered phosphate buffered saline orally and nasally as a negative control in these studies.

Rabbit Sampling Protocol for Heart Reactivity, Immunogenicity & Toxicology Testing

		Days																					
Sample	Assay	0	7	14	21	28	35	42	49	56	63	70	77	84	91	98	105	112	126	140	154	168	182
Blood	Reactivity to human heart sections (IF)	X		X		X		X		X				X				X					
	ELISA (Immunogenicity & reactivity to myosin & tropomyosin)	X		X		X		X		X				X				X					
	Hematology & Clinical chemistry	X		X		X		X		X				X				X					
Urine	Clinical urinalysis	X		X		X		X		X				X				X					
Saliva	ELISA (Immunogenicity)	X		X		X		X		X				X				X					
Oral Swabs	Colonization	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	*	*	*	*	*
Internal Organs	Gross & histopathology																	X					

* These cultures represent those rabbits in group^[b] from the previous table, which will be swabbed biweekly through week 26 (Day 182)

Toxicology

Because of the association of GAS with rheumatic fever, glomerulonephritis, and other disease syndromes, a number of tissue samples will be assessed for possible pathology as a result of implantation with the vaccine strain, SP-635/002. In addition, the rabbits implanted above will be monitored for any overt signs of disease, fever, etc., during the administration period. After necropsy, all major organs will be examined for gross pathology, then removed and fixed for future examination, if necessary. Those tissues potentially involved in streptococcal disease will then be sectioned for microscopic histopathology.

- Heart -- The primary concern with any M protein-based vaccine is the connection between GAS and acute rheumatic fever. Hearts will be observed for damage or cell infiltration to the endocardium, cardiac muscle, and to the valves. And, although rare in experimental animals, the presence of Aschoff bodies will also be determined.
- Kidney -- Although the M protein region specified in this vaccine construct is principally conserved in GAS strains associated with acute rheumatic fever, there are also sequence similarities to M proteins from "nephritogenic" GAS strains. Kidneys will be examined for overall damage, but particularly the glomeruli.
- Joints -- Due to a potential association between GAS and arthritis, pathological examination will also include representative joints from immunized animals.

- Brain -- Cross reactivity between GAS antigens and brain tissue has also been observed, possibly associated with the onset of rheumatic chorea. Therefore, sections of brain from colonized animals, particularly the subthalamic and caudate nuclei, will be observed for pathological changes. In addition, the inferior surface of the brain, the olfactory bulb, and the meninges surrounding these areas will be examined for histopathology, due to their potential involvement following intranasal immunization.
- Nasopharyngeal passages -- As with any nasally delivered drug or vaccine, there exists a potential for irritation of the nasopharyngeal passages. Therefore, this region will be examined for gross irritation as well as sectioned to examine the histopathology of these tissues, including the turbinates and soft tissues.
- Blood and urine -- Blood and urine collected from the immunized rabbits will be subjected to routine hematology and clinical chemistry (blood) and urinalysis (urine). Blood and urine samples will be taken at two-week intervals through week 8 and then at 12 and 16 weeks.

Heart Reactivity of Sera from Rabbits Implanted with Recombinant S. gordonii

Indirect Immunofluorescence Assay

- Cut 4-5 (micro)m serial sections from a human heart biopsy, using a cryotome with a disposable knife at the recommended temperature for heart tissue (-18 to -200C).
- Affix sections to glass slides
- Dry slides under vacuum for minimum of 18 hr.
- Fix slides in acetone -- 2 min/room temperature (RT). (Slides may be further processed at this point or stored at -80(degrees)C. If slides are store at -80(degrees)C, they should be dried again under vacuum.)
- Wash in PBS -- l0 min/RT.

All subsequent incubations should be performed in a moist chamber.

- Cover sections with 100 (micro)L normal goat serum (50 (micro)L Vector Labs. ABC Kit Yellow Reagent + 3 (micro)L of PBS) -- 30 min/RT
- Blot dry
- Incubate with preimmune or immune rabbit serum (at dilution in PBS to be determined) -- 1 hr/RT
- Wash in PBS -- 15 min/RT
- Incubate with goat anti-rabbit IgG fluorescein conjugate (~1:100 dilution in PBS) -- 45 min/RT.
- Wash in PBS -- l5 min/RT.
- Mount wet with PBS/glycerol
- The presence or absence of heart reactivity is then observed under a fluorescence microscope.

Controls: Negative = PBS and normal rabbit serum; Positive = serum from rabbits injected with M6 protein in adjuvant and positive control serum supplied by sponsor. Reactivity is scored from (-) for PBS to (+++) for positive controls. Slides should be read by blinded, highly experienced individuals.

Exhibit 13

Donald G. Drapkin
35 East 62nd Street
New York, New York 10021

March 30, 2001

SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

Gabriel M. Cerrone
265 East 66th Street, Suite 16G
New York, New York 10021

Thomas E. Constance
c/o Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, New York 10022

Eric A. Rose, M.D.
112 East 78th Street
New York, New York 10021

Judson A. Cooper
c/o SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

Joshua D. Schein, Ph.D.
c/o SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

Re: SIGA Technologies, Inc. ("SIGA").

Gentlemen:

This letter is to confirm the understanding (the "Agreement") among Donald G. Drapkin ("Drapkin"), SIGA, Gabriel M. Cerrone ("Cerrone"), Thomas E. Constance ("Constance"), Eric A. Rose, M.D. ("Rose"), Judson A. Cooper ("Cooper") and Joshua D. Schein, Ph.D. ("Schein" and, together with Drapkin, SIGA, Cerrone, Constance, Rose and Cooper, the "Parties"), with respect to certain matters relating to SIGA.

1. Resignations. On or before April 16, 2001 or such other date as is consented to by Drapkin (the "Effective Date"), each of Cooper and Schein shall (i) resign from the Board of Directors of SIGA (the "Board") and from any and all offices held with SIGA and (ii) use his best

efforts to cause each of the Resigning Directors (as defined below) to resign from the Board and from any and all offices held with SIGA by each such Resigning Director, in each case, at no cost to SIGA. "Resigning Director" shall mean each member of the Board other than Schein and Cooper; provided, however, that the "Resigning Directors" shall not be construed to include Drapkin or any of his designees.

2. Appointments. Cooper and Schein shall use their best efforts to cause Drapkin and his designees to be elected to the Board.

3. Termination of Employment Agreements. (a) On the Effective Date, each of Cooper and Schein shall cause any agreement or other arrangement relating to their respective employment by SIGA, including, without limitation, the respective Amended and Restated Employment Agreements between SIGA and each of Cooper and Schein, dated as of October 6, 2000, to be immediately terminated voluntarily and at no cost to SIGA, pursuant to the respective Separation Agreement between each such Party and SIGA of even date herewith (the "Separation Agreements"), other than costs expressly provided for in this Agreement.

(b) At Drapkin's request, on or after the Effective Date, each of Cooper and Schein shall cause any consulting agreements or other arrangements between SIGA and any entity controlled by Cooper or Schein, including, without limitation, Prism Ventures LLC, to be immediately terminated at no cost to SIGA.

(c) On the Effective Date, SIGA shall enter into Mutual Releases with each of Cooper and Schein and with each Resigning Director, in the form attached hereto as Exhibit A.

4. Cooperation. (a) From the period commencing on the Effective Date and terminating on the first anniversary thereof, each of Cooper and Schein shall cooperate with SIGA, if and as reasonably requested by SIGA, to effect a transition of their respective responsibilities and to ensure that their respective successors and SIGA are aware of all matters that had been handled by such Party. Such cooperation by each of Cooper and Schein shall include, without limitation, performing up to ten hours per month of consulting services to SIGA if and as reasonably requested by SIGA. After receiving an invoice therefor, SIGA shall pay such Party $175 per hour consulting work actually performed pursuant to, and within the scope of, a request for such services made by the Chief Executive Officer of SIGA.

(b) Following the Effective Date, each of Cooper and Schein shall, upon reasonable notice, furnish such information and assistance to SIGA as may reasonably be required by SIGA in connection with any legal action, suit, proceeding, claim, complaint, dispute or investigation, whether at law, in equity, in arbitration or before the government of any nation, state, city, locality or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and including any external or internal investigation, involving SIGA or any of its affiliates or in which any of them is, or may become, a party.

5. Books and Records. On the Effective Date, each of Cooper and Schein shall turn over, and shall cause SIGA to turn over, to Drapkin or Drapkin's designee, all books and records of SIGA.

6. Lock-Up. (a) Each of Cooper and Schein shall not, and shall cause its respective affiliates to not, directly or indirectly, offer, sell, pledge, hypothecate, contract to sell, acquire any option to sell, grant any option to purchase, short or otherwise dispose of (or announce any offer, sale, contract of sale or other disposition of) (collectively, "Transfer") any shares acquired either prior to April 16, 2001 or pursuant to grants or vesting of either stock options or restricted stock thereafter, or any interest acquired either prior to April 16, 2001 or pursuant to grants or vesting of either stock options or restricted stock thereafter in any shares, of common stock, par value $.0001 per share ("Common Stock"), other capital stock of SIGA or any Convertibles (as defined below), during the period commencing on the date hereof and ending on April 16, 2003 (the "Lock-Up Period"), except that each of Cooper and Schein shall, notwithstanding the above restrictions, be entitled to Transfer (i) any such securities pursuant to a pledge or hypothecation to the extent necessary to margin them in a brokerage account (a "Permitted Pledge"), (ii) 250,000 in the case of Schein, or 220,500 in the case of Cooper, shares of Common Stock on or after October 16, 2001 and (iii) an additional 125,000 shares of Common Stock on or after each of April 16, 2002, July 16, 2002, October 16, 2002 and January 16, 2003; provided that, in any event, such Party shall not Transfer in any one day more than the greater of (x) 10,000 shares of Common Stock and (y) a number of shares of Common Stock equal to 5% of the total volume of shares of Common Stock traded on the open market on such day. Notwithstanding Cooper's relationship with his children, they shall not be deemed an "affiliate" of Cooper for purposes of this Agreement.

(b) Subject to the conditions contained in Section 13 hereof, Each of Drapkin, Cerrone, Constance and Rose shall not, and shall cause its respective affiliates to not Transfer any shares acquired either prior to April 16, 2001 or pursuant to grants or vesting of either stock options or restricted stock thereafter, or any interest acquired either prior to April 16, 2001 or pursuant to grants or vesting of either stock options or restricted stock thereafter in any shares, of Common Stock, other capital stock of SIGA or any Convertibles, during the Lock-Up Period, except that each of Drapkin, Cerrone, Constance and Rose shall, notwithstanding the above restrictions, be entitled to Transfer (i) any such securities pursuant to a Permitted Pledge, (ii) on or after October 16, 2001, 24.2% of the securities "beneficially owned" (as defined below) by such person as of October 16, 2001 which remain subject to such restrictions, (iii) on or after April 16, 2002, 16.0% of the securities beneficially owned by such person as of April 16, 2002 which remain subject to such restrictions, (iv) on or after July 16, 2002, 19.0% of the securities beneficially owned by such person as of July 16, 2002 which remain subject to such restrictions, (v) on or after October 16, 2002, 23.5% of the securities beneficially owned by such person as of October 16, 2002 which remain subject to such restrictions and (vi) on or after January 16, 2003, 30.7% of the securities beneficially owned by such person as of January 16, 2003 which remain subject to such restrictions; provided that, in any event, such Party shall not Transfer in any one day more than the greater of (x) 10,000 shares of Common Stock and (y) a number of shares of Common Stock equal to 5% of the total volume of shares of Common Stock traded on the open market on such day. As used in this Agreement, the term beneficially ownership shall have the meaning ascribed to it in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended, except that, for purposes hereof: (A) all Common Stock issuable upon conversion or exercise of Convertibles shall be deemed "beneficially owned," notwithstanding any limitation on the conversion or exercise thereof based on the amount of securities beneficially owned by the holder thereof; and (B) the 11,750 shares of Common Stock owned by the Drapkin Family Charity Foundation (the "Charity") shall not be deemed beneficially owned by Drapkin. Furthermore, notwithstanding Drapkin's relationship with the Charity, the Charity shall not be deemed an "affiliate" of Drapkin for purposes of this Agreement.

(c) At any time or times, at Drapkin's option, the provisions of Subsections 6(a) and 6(b) (the "Lock-Up") may be (i) terminated as a whole and rendered null and void; or (ii) modified so that the number of shares of Common Stock that each Party is allowed to Transfer shall be increased, pro rata in accordance with their respective beneficial ownership of Common Stock, by such amount as Drapkin shall decide in his sole discretion. Any such termination or modification of the Lock-Up shall be effective on and after the date specified in a notice from Drapkin to each other Party, which notice is sent no fewer than five days prior to such termination or modification of the Lock-Up. In the case of any modification of the Lock-Up in accordance with clause (ii) of the first sentence of this Subsection 6(c), Drapkin shall state the amount of such modification in the notice thereof required by the immediately preceding sentence.

(d) If a Party or an affiliate of such Party consummates any Transfer in violation of Subsection 6(a) or 6(b), such Party shall immediately pay to SIGA an amount of liquidated damages equal to the gross sales price of such securities or interest.

(e) No Party shall hold any shares of Common Stock, Convertibles or other capital stock of SIGA through any broker that has not agreed to send copies of all confirmations with respect to such securities to SIGA. SIGA shall keep records of all such confirmations received, and each Party shall have the right, upon at least five days prior written notice to SIGA, to inspect such records during SIGA's regular business hours, at SIGA's offices, at such inspecting Party's expense; provided, however, that no Party may exercise such inspection right more than once in any period of 90 consecutive calendar days. Upon at least ten days prior written notice from any Party (in such capacity the "Inspector") to any Party other than SIGA (in such capacity the "Inspected"), the Inspected shall provide the Inspector with copies of the Inspected's two most recent monthly statements for each of such Inspected's securities accounts that contains Common Stock, Convertibles or other capital stock of SIGA, which copies may be redacted so long as the information relating to holdings of, and transactions in, any such SIGA securities subject to the Lock-Up are visible; provided, however, that no Inspector may exercise such inspection right more than once in any period of 180 consecutive calendar days with respect to the same Inspected. No Party shall give SIGA's transfer agent stop transfer instructions solely on account of the Lock-Up; provided that such stop transfer instructions may be given with respect to any shares held by a Party that has breached this Section 6, including without limitation, any shares held in violation of the first sentence of this Subsection 6(e). The provisions of this Subsection 6(e) shall terminate 90 days after the end of the Lock-Up Period.

(f) On the Effective Date, Cooper and Schein shall grant to Drapkin an irrevocable proxy for the duration of the Lock-Up Period, in substantially the form attached hereto as Exhibit B, with respect to all shares of capital stock of SIGA held by such Party.

7. Representations and Warranties. Each of Cooper and Schein hereby represents and warrants, as of the date hereof and as of the Effective Date, each of the following:

(a) Since December 15, 2000, SIGA has taken no action for which approval of the Board was required nor has the Board approved any action, except for (i) the execution and delivery of and performance under this Agreement and (ii) filing a Registration Statement on Form S-8 registering Common Stock issued in connection with the Plan (as defined below), which actions have been duly authorized by the Board.

(b) Since December 15, 2000, no options or other rights to purchase securities of SIGA have vested or otherwise become exercisable nor have the provisions of any such options or other rights been amended or modified, except (i) the vesting pursuant to the original terms thereof of options to purchase Common Stock held by each of Thomas Konatich and David Kaufman, to the extent of 12,500 shares each, (ii) the vesting pursuant to the original terms thereof of options to purchase 25,000 shares of Common Stock held by Dennis Hruby and (iii) as expressly provided in this Agreement.

(c) SIGA has no contingent liabilities (whether known or unknown).

(d) Except as set forth on Schedule 7(d) hereto, SIGA is neither contemplating, nor is obligated to engage in, any transaction or transactions whereby SIGA would pay or receive compensation (in any form) that could reasonably be valued at $5,000 or more individually or $20,000 or more in the aggregate. Except for transactions pursuant to Sections 8 and 9 of this Agreement, as of the date hereof and as of the Effective Date, SIGA has not and will not have consummated, nor does or will SIGA have any binding obligation with respect to, is SIGA or will SIGA be obligated to incur any cost for failing to consummate, any transaction described on Schedule 7(d).

(e) Except as set forth on Schedule 7(e) hereto, there are no: (i) outstanding options, warrants or other rights to acquire Common Stock; (ii) securities convertible into or exchangeable for Common Stock; nor (iii) any rights (contingent or otherwise) to acquire, directly or indirectly, any of (i) or (ii), above ((i), (ii) and (iii), above, are referred to collectively as "Convertibles"). Schedule 7(e) sets forth, for each Convertible, all vesting and expiration dates and the number of shares of Common Stock subject thereto.

(f) Except as set forth on Schedule 7(f), no spouse or child of either Cooper or Schein owns any Common Stock, Convertibles or other securities of SIGA.

(g) Neither Cooper nor Schein beneficially owns any Common Stock, Convertibles or other securities of SIGA except as set forth on Schedule 7(g).

(h) Except as set forth on Schedule 7(h), SIGA is not party to any agreements or other arrangements or any amendments, renewals or other modifications thereof relating to the employment by SIGA of any person other than Cooper and Schein.

(i) The exercise price applicable to the Unvested Options (as defined below) is $1.125 per share of Common Stock. The Expiring Options (as defined below) were issued in three equal tranches, and the respective exercise prices applicable to each tranche of the Expiring Options are $1.50, $5.00 and $4.00 per share of Common Stock.

(j) Other than the Common Stock, SIGA does not have any other classes of voting securities outstanding.

(k) Except as expressly provided in this Agreement or disclosed in SIGA's public filings under the Securities Exchange Act of 1934, as amended, up to and including SIGA's proxy statement filed September 28, 2000, as of the date hereof and as of the Effective Date, none of the terms of any of the Resigning Directors' stock options, restricted stock or other awards, whether granted under the Plan or otherwise, have been modified, nor have any agreements or arrangements been entered into to so modify them.

(l) The modifications to the terms of the Unvested Options and the Expiring Options pursuant to Section 8 hereof is permissible under the Plan.

The representations and warranties contained in this Section 7 shall survive until April 16, 2003.

8. Adjustments to Certain Options. Subject to the conditions of Section 13 hereof: (i) SIGA shall cause any employee stock options held by Cooper and Schein that are scheduled to vest on November 1, 2001, to the extent of options to purchase up to 37,500 shares of Common Stock each (the "Unvested Options"), to instead vest on the Effective Date; and (ii) SIGA shall cause any employee stock options held by Cooper and Schein, that would expire within 90 days of such Party's termination, to the extent of options to purchase up to 50,001 shares of Common Stock each (the "Expiring Options"), to remain exercisable until such options would otherwise expire in accordance with their terms.

9. Fees of Counsel. SIGA shall pay for Cooper and Schein's reasonable attorneys' fees and disbursements, of no more than $20,000 in the aggregate, in connection with this Agreement upon an accounting therefor. SIGA shall pay for Drapkin's reasonable attorneys' fees and disbursements in connection with this Agreement upon an accounting therefor.

10. Mutual Release. (a) Drapkin, on behalf of himself and each of his predecessors, successors, heirs, executors, administrators, assigns ("Drapkin Releasor") hereby releases, remises and forever discharges each of Cooper, Schein and the members of the current Board of Directors of SIGA, together with each and all of their respective predecessors, successors, heirs, executors, administrators, assigns ("Drapkin Releasees") from the Released Claims (as defined below). "Released Claims" means all actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, variances, trespasses, damages, judgments, abstracts of judgments, liens, extents, executions, claims and demands whatsoever, in law, admiralty or equity (collectively, "Claims"), which the Releasor ever had, now has or hereafter can, shall or may have against any or all of the Releasees, for, upon or by reason of any matter, cause or thing whatsoever regarding SIGA or Drapkin's investment in SIGA from the beginning of the world to the day of the date of this Agreement, except for (i) Claims arising out of or related to this Agreement and (ii) Claims arising out of or resulting from any Drapkin Releasee's fraud or intentional misconduct. Drapkin Releasor further covenants and agrees not to bring suit against the Drapkin Releasees for any Released Claims.

(b) Each of Cooper and Schein, on behalf of themselves, each other and the members of the current Board of Directors of SIGA, in each case together with each and all of their respective predecessors, successors, heirs, executors, administrators, assigns (collectively, the "Insider Releasors") hereby releases, remises and forever discharges Drapkin, together with each and all of his predecessors, successors, heirs, executors, administrators and assigns ("Insider

Releasees") from all Claims which any Insider Releasor ever had, now has or hereafter can, shall or may have against any or all of the Insider Releasees, for, upon or by reason of any matter, cause or thing whatsoever regarding SIGA or Drapkin's investment in SIGA from the beginning of the world to the day of the date of this Agreement, except for (i) Claims arising out of or related to this Agreement and (ii) Claims arising out of or resulting from any Insider Releasee's fraud or intentional misconduct. Each Insider Releasor further covenants and agrees not to bring suit against any Insider Releasees for any Released Claims.

11. Registration. Subject to any suspension or black-out periods that are applicable generally to SIGA's securities that are registered under the Securities Act of 1933, as amended (the "Securities Act"), SIGA shall use its best efforts to have its Registration Statement on Form S-8 registering Common Stock issued in connection with SIGA's employee stock incentive plan (the "Plan") remain effective with respect to each option issued to Cooper and Schein under the Plan until the earlier of (i) the later of (A) the date of expiration of such option and (B) the one year anniversary of the last date on which any portion of such option is actually exercised and (ii) the one year anniversary of the date on which such option or any remaining portion of such option has been exercised in full. If SIGA fails to comply with the provisions of this Section 11, lost profits sustained by Cooper or Schein shall be deemed ordinary damages, to the extent proven to be caused by SIGA's breach of this Section 11.

12. Insurance and Indemnification. Except as otherwise provided herein:

(a) SIGA shall use its best efforts to provide each of Cooper and Schein with the same health insurance benefits that SIGA currently provides such Party until the earlier of (i) such Party's obtaining employment by an entity other than SIGA and (ii) April 16, 2003.

(b) SIGA shall use its best efforts to maintain Directors and Officers insurance at least as protective as its current policy.

(c) SIGA shall indemnify, in accordance with and to the full extent permitted by law, Cooper, Schein and any Resigning Director (each an "Indemnified Party") that is a party or is threatened to be made a party to any pending or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of Indemnified Party's acting as a director of SIGA, against any liability or expense actually and reasonably incurred by such Indemnified Party in respect thereof; provided, however, that, SIGA shall not be obligated to indemnify any such Indemnified Party (i) with respect to proceedings, claims or actions initiated or brought voluntarily by such Indemnified Party and not by way of defense, (ii) for any amounts paid in settlement of an action effected without the prior written consent of SIGA to such settlement or (iii) with respect to proceedings, claims or actions based upon or attributable to such Indemnified Party gaining in fact a personal profit or advantage to which such Indemnified Party is not entitled, (iv) with respect to proceedings, claims or actions resulting from such Indemnified Party's gross negligence or willful misconduct or (v) with respect to proceedings, claims or actions, the indemnification in respect of which by SIGA is not permitted by applicable law ((i) through (v) are collectively referred to herein as the "Indemnification Exclusions").

(d) If any Indemnified Party receives notice with respect to any matter that may give rise to a claim for indemnification under Subsection 12(c), then such Indemnified Party shall promptly thereafter (and in any event within ten days of receipt of notice of such matter) notify SIGA, describing the nature of the claim and stating that indemnification may be sought with respect to such matter. The Indemnified Party shall cooperate with SIGA to familiarize SIGA with the nature of the claim, including providing copies of all information and materials relating to the claim. SIGA shall be entitled to assume the defense of any matter for which indemnification is sought in accordance with Subsection 12(c); provided, however, that SIGA shall pay the reasonable fees and expenses of separate counsel retained by the Indemnified Party if SIGA's counsel determines, in its sole discretion, that there is a conflict of interest. In the event that SIGA does not assume the defense of the matter, then the Indemnified Party shall be entitled to defend against the matter; provided that the assumption of the defense of the matter by the Indemnified Party shall not prejudice the right of SIGA to later assume the defense of the matter (and as long as such assumption would not reasonably be expected to have a material adverse impact on the conduct of the defense of the matter). In the event that SIGA incurs expenses of any kind (including, without limitation, legal fees and disbursements) in defending, or in reimbursing the defense of, any Indemnified Party from, or in satisfaction or settlement of, any proceeding, claim or action, and it is ever determined that any of the Indemnification Exclusions apply, then such Indemnified Party shall immediately reimburse SIGA for all such expenses, together with interest thereon at prevailing rates.

13. Certain Conditions. The rights of Cooper and Schein under this Agreement, including, without limitation, (i) the release of Cooper and Schein by Drapkin contained in Section 10 hereof, (ii) SIGA's obligation to pay the fees for counsel to Cooper and Schein contained in Section 9 hereof, (iii) the adjustments to certain options held by Cooper and Schein, pursuant to Section 8 hereof, (iv) the right of Cooper and Schein to Transfer certain securities during the Lock-Up Period, as provided in Subsection 6(a) hereof, and (v) Drapkin's, Cerrone's, Constance's and Rose's respective obligations regarding restrictions on Transfer of certain securities during the Lock-Up Period, as provided in Subsection 6(b), are all subject to the following conditions:

(a) Drapkin and his designees shall be elected to the Board;

(b) Cooper, Schein and each Resigning Director shall resign from the Board and from any and all offices held by such Resigning Director with SIGA, in each case, at no cost to SIGA except to the extent expressly provided herein; and

(c) Any consulting agreements or other arrangements between SIGA and any entity controlled by Cooper or Schein, including, without limitation, Prism Ventures LLC, that Drapkin requests to be terminated shall be terminated at no cost to SIGA.

14. Securityholdings of Drapkin, Cerrone, Constance and Rose. Each of Drapkin, Cerrone, Constance nor Rose represents and warrants that, except as set forth on Schedule 14, such Party does not beneficially own any Common Stock, Convertibles or other securities of SIGA, excluding any such securities with respect to which such Party may be deemed the beneficial owner solely as the holder of a proxy with respect thereto.

15. Schedule 14f-1. Cooper, Schein and SIGA shall cause a Schedule 14f-1 Information Statement regarding the transactions contemplated by this Agreement, in form and substance reasonably satisfactory to Drapkin, to be filed with the Securities and Exchange

Commission and transmitted to the stockholders of SIGA at least 10 days prior to the Effective Date.

16. Successors and Assigns. All authority herein conferred or agreed to be conferred shall survive the death or incapacity of any Party hereto and any obligations of any Party shall be binding upon the heirs, personal representatives, successors, and assigns of such Party.

If this reflects your understanding of the Agreement, please sign below and return a copy of this letter to the undersigned.

Donald G. Drapkin

Accepted and Agreed to:

SIGA TECHNOLOGIES, INC.

By:

Name:
Title:

- ----------------------
Gabriel M. Cerrone

- ----------------------
Thomas E. Constance

- ----------------------
Eric A. Rose, M.D.

- ----------------------
Judson A. Cooper

- ----------------------
Joshua D. Schein, Ph.D.

EXHIBIT A

FORM OF
MUTUAL RELEASE

THIS MUTUAL RELEASE (this "Mutual Agreement"), made and entered into as of this __ day of April, 2001, by and between SIGA Technologies, Inc., 420 Lexington Avenue, Suite 620, New York, New York 10170, and [Joshua Schein, [INSERT ADDRESS]] [Judson Cooper, [INSERT ADDRESS]] {Jeffrey Rubin {INSERT ADDRESS}}{Eric I. Richman {INSERT ADDRESS}} {Thomas N. Lanier {INSERT ADDRESS}}. As used throughout this Agreement: "Company" refers to SIGA Technologies, Inc., together with its their past and present parents, subsidiaries, and affiliates, and each of their respective past and present officers, directors, agents, employees, successors and assigns, in both their individual and corporate capacities; and "Executive" refers to [Joshua Schein] [Judson Cooper] {Jeffrey Rubin} {Eric I. Richman} {Thomas N. Lanier}, his heirs, executors, administrators, agents, successors, assigns and dependents.

WHEREAS, Executive is serving [as the [Chief Executive Officer] [Chairman and Executive Vice President] of SIGA Technologies, Inc.] {[[and] as a member of the Board of Directors of SIGA Technologies, Inc.]}; and

WHEREAS, by mutual agreement between Executive and the Company, Executive has agreed to resign as an employee, officer and director of the Company effective as of the date hereof; and

WHEREAS, SIGA Technologies, Inc., [Executive,] [{the other(s) of Cooper and/or Schein}] Gabriel M. Cerrone, Thomas E. Constance, Donald G. Drapkin and Eric A. Rose, M.D. have entered into a letter agreement of dated as of March 30, 2001 (the "Restructuring Agreement") that contemplates the execution and delivery of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, the parties hereto agree as follows:

Section 1 Release of Claims by Executive.

(a) Except as necessary to enforce the terms of this Mutual Release, [the Separation Agreement dated as of March 30, 2001 among the parties hereto (the "Separation Agreement"), and the Restructuring Agreement,] and in exchange for and in consideration of the promises, covenants and agreements set forth herein [and therein], Executive hereby releases the Company to the maximum extent permitted by law from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, which Executive has or may have for any period prior to and including the date of his execution of this Mutual Release, including, but not limited to, any claim of defamation, wrongful discharge, breach of contract, claims for unpaid wages, claims arising under or related to [the Employment Agreement (as defined in the Separation Agreement)] {such Executive's service ("Board Service") as a member of the Board of Directors of the Company} and claims of discrimination under the Age Discrimination in

Employment Act of 1967 and all other federal, state and local laws, and any claim for attorneys' fees or costs.

(b) Executive represents that he does not have any claim, action or proceeding pending against the Company or which arises out of his [employment by the Company] {Board Service}. Executive represents and warrants that he has not assigned or subrogated any of his rights, claims and causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claim or claims on his behalf, and he agrees to indemnify and hold harmless the Company against any assignment of said rights, claims and/or causes of action.

(c) Executive represents and warrants that[, other than (i) the Employment Agreement, as modified by the Separation Agreement, and (ii) as provided for under the Restructuring Agreement,] Executive is not party to any agreement or arrangement respecting employment by the Company.

Section 2 Release of Claims by the Company. Except as necessary to enforce the terms of this Mutual Release, [the Separation Agreement and the Restructuring Agreement,] and in exchange for and in consideration of the promises, covenants and agreements set forth herein [and therein], the Company hereby releases Executive to the maximum extent permitted by law from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, arising out of Executive's [employment by the Company] {Board Service} which the Company has or may have for any period prior to and including the date of the execution of this Mutual Release; provided, however, that the Company does not release herein any claims the Company may now or in the future have against Executive for acts of intentional misconduct committed by Executive during Executive's [employment with the Company] {Board Service}.

Section 3 Acknowledgements.

(a) Executive acknowledges that he has read and understands the terms of this Mutual Release and has voluntarily agreed to these terms without coercion or undue persuasion by the Company.

(b) Executive acknowledges that he has been advised to consult with an attorney prior to executing this Mutual Release. Executive also acknowledges that he has had an adequate opportunity to review this Mutual Release before its execution.

(c) Executive acknowledges that he has been afforded an opportunity to take at least twenty-one (21) days to consider this Mutual Release and has been advised to consult with the attorneys of his choice prior to executing this Mutual Release. Executive further acknowledges that he will have a period of seven (7) calendar days following his execution of this Mutual Release in which to revoke his consent, and that such revocation will be effective only if received in writing by Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York, 10022, Attention: David M. Zlotchew, Esq., on or before the expiration of this seven (7) day period. This Mutual Release will not become effective or enforceable until the revocation period has expired.

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

SIGA TECHNOLOGIES, INC.

By:

[Joshua Schein]
[Judson Cooper]
{Jeffrey Rubin}
{Eric I. Richman}
{Thomas N. Lanier}

FORM OF
IRREVOCABLE PROXY

The undersigned ("Stockholder"), being the holder of _____ shares of common stock, $.0001 par value per share, of SIGA Technologies, Inc., a Delaware corporation (the "Company") (together with any shares of capital stock of the Company which the undersigned may acquire subsequent to the date hereof, the "Shares"), does hereby irrevocably constitute and appoint Donald G. Drapkin ("Proxyholder") Stockholder's true and lawful attorney, agent and proxy, to vote and otherwise act, or give written consent in lieu thereof, any or all of the Shares on Stockholder's behalf and in Stockholder's name, place and stead, as Stockholder's proxy and representative, and otherwise to exercise all voting rights and to enter into agreements, on Stockholder's behalf, with respect to the Shares in the same manner and to the same extent as if Proxyholder were the sole and absolute owner thereof in Proxyholder's own right; and full power and authority are hereby conferred upon Proxyholder to do all such things within the power of a shareholder as may be incident to the foregoing, including without limitation to attend meetings of the shareholders of the Company or any continuations or adjournments thereof on Stockholder's behalf, with full power of substitution and revocation and with all the powers Stockholder would possess if personally present thereat, or to consent in writing on Stockholder's behalf to any action of the shareholders of the Company.

Any proxy or proxies heretofore given by the undersigned to any person or persons with respect to the foregoing matters are hereby revoked. This Irrevocable Proxy shall be effective from the date hereof until April 16, 2003 (the "Term"), except as expressly provided below.

THIS IRREVOCABLE PROXY SHALL BE DEEMED COUPLED WITH AN INTEREST AND IS IRREVOCABLE, AND STOCKHOLDER RETAINS NO RIGHT TO CANCEL, RESCIND, QUALIFY OR MODIFY THIS PROXY IN ANY RESPECT DURING THE TERM.

This proxy shall remain in full force and effect and be binding upon any donee, transferee or assignee of Stockholder, except to the extent that Stockholder's entire interest in any Shares are transferred in accordance with the terms of the letter agreement dated as of March 30, 2001 among Proxyholder, the Company, Stockholder, Gabriel M. Cerrone, Thomas E. Constance, Eric A. Rose, M.D. and [the other of Cooper or Schein].

Dated as of April 16, 2001

[Stockholder's name]

FORM OF SEPARATION AGREEMENT

THIS AGREEMENT (this "Agreement"), made and entered into as of this 30th day of March, 2001, by and between SIGA Technologies, Inc., 420 Lexington Avenue, Suite 620, New York, New York 10170, and Joshua D. Schein, Ph.D., 524 Clubhouse Road, Woodmere, New York, 11598. As used throughout this Agreement: "Company" refers to SIGA Technologies, Inc., together with its their past and present parents, subsidiaries, and affiliates, and each of their respective past and present officers, directors, agents, employees, successors and assigns, in both their individual and corporate capacities; and "Executive" refers to Joshua D. Schein, Ph.D., his heirs, executors, administrators, agents, successors, assigns and dependents.

W I T N E S S E T H:

WHEREAS, Executive is serving as the Chief Executive Officer of SIGA Technologies, Inc. and as a member of the Board of Directors of SIGA Technologies, Inc.; and

WHEREAS, by mutual agreement between Executive and the Company, Executive has agreed to resign as an employee, officer and director of the Company effective as of April 16, 2001 or such other date as is consented to by Donald G. Drapkin (the "Effective Date"); and

WHEREAS, SIGA Technologies, Inc., Executive, Judson A. Cooper, Gabriel M. Cerrone, Thomas E. Constance, Donald G. Drapkin and Eric A. Rose, M.D. are entering into a letter agreement of even date herewith (the "Restructuring Agreement") in reliance, in part, upon the execution and delivery of, and performance under, this Agreement.

WHEREAS, there has been a "Change of Control" as such term is defined in the Employment Agreement (as defined herein).

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, the parties hereto agree as follows:

ARTICLE I: RESIGNATION AND TERMINATION OF EMPLOYMENT AGREEMENT

1.1 Resignation and Termination. Executive hereby resigns as an employee, officer and director of the Company effective as of the close of business on the Effective Date. Notwithstanding any provision of the Amended and Restated Employment Agreement between the SIGA Technologies, Inc. and Executive, dated October 6, 2000 (the "Employment Agreement"), to the contrary, such resignation shall not be deemed to be a breach by Executive or the Company of the Employment Agreement. Except as otherwise expressly provided in this Agreement, Executive agrees that this Agreement supercedes the Employment Agreement (and any other existing employment agreements between Executive and the Company). Without limiting the generality of the foregoing, Executive, in consideration of the benefits received hereunder and under the Restructuring Agreement, waives payment of any Change of Control Amount as defined in the Employment Agreement.

1.2 Certain Representations. Executive represents and warrants that, other than the Employment Agreement and as provided for under the Restructuring Agreement, Executive is not party to any agreement or arrangement respecting employment by the Company. Executive also represents and warrants that, to the best of his knowledge, he has fully complied with his obligations under the Employment Agreement and has done nothing contrary to its terms.

ARTICLE II: SEVERANCE PAYMENTS AND BENEFITS

Section 2.1 Payments. On the Effective Date, SIGA Technologies, Inc. shall pay Executive, any accrued, but unpaid Base Salary (as defined in the Employment Agreement) through the Effective Date in full and complete satisfaction of any and all amounts due to Executive from the Company upon termination of employment.

Section 2.2 Options. The terms of certain options held by Executive shall be modified in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

Section 2.3 Company Benefits. SIGA Technologies, Inc. shall provide Executive with certain health insurance benefits in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

Section 2.4 Withholding of Taxes. The Company will withhold from any benefits or compensation payable under this Agreement or the Restructuring Agreement all federal, state and local taxes, social security and all other customary withholdings as may be required pursuant to any law or governmental regulation or ruling.

Section 2.5 No Other Payments. Except as specifically provided in this Article 2 or in the Restructuring Agreement or as otherwise required by law, Executive shall not be entitled to receive any sums of money, payments, benefits or severance amounts from the Company following the Effective Date, whether pursuant to the Employment Agreement or otherwise.

ARTICLE III: CONFIDENTIAL INFORMATION AND RETURN OF PROPERTY

Section 3.1 Confidentiality. Executive acknowledges that during his service and employment with the Company he has been privy and made party to confidential information, including but not limited to knowledge or data relating to the Company and the Company's businesses and investments, information regarding vendors, employees, strategic and business plans, and analysis of competitors ("Confidential Information") and Trade Secrets (as defined below).

(a) It is a material condition of this Agreement that Executive complies with the terms of Section 9 of the Employment Agreement (entitled "Confidentiality, Ownership, and Covenants"), the terms of which are incorporated by reference herein; provided, however, that Executive shall be relieved of his obligations under Subsection (d) and clauses (i) and (ii) of

Subsection (e) thereof. Matters concerning notice and severability in connection with Section 9 of the Employment Agreement shall continue to be governed by Sections 15 and 16 of the Employment Agreement, each of which is incorporated by reverence herein.

(b) In addition to, and not limited by, the provisions of Section 9 of the Employment Agreement, Executive agrees that, following the Effective Date, Executive shall hold in a fiduciary capacity for the benefit of the Company all Trade Secrets and Confidential Information, which shall have been obtained by Executive during his service and employment with the Company and which is not generally available public knowledge (other than by acts by Executive). Executive shall not at any time, without the prior written consent of SIGA Technologies, Inc. or as may otherwise be required by law or any legal process (in which case Executive shall use his reasonable best efforts in cooperating with the Company in obtaining a protective order against disclosure by a court of competent jurisdiction), communicate or divulge any such Trade Secrets or Confidential Information to anyone other than the Company and those expressly designated by the Company. For purposes of this Agreement, "Trade Secrets" shall mean all information, without regard to form, including, but not limited to, technical or non-technical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, business projections, product plans, distribution lists or lists of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Section 3.2 Return of Property. All records, files, drawings, documents, models, equipment, and the like relating to the Company's business and any and all property (in what ever form or medium) of the Company in Executive's possession, custody or control shall be returned to SIGA Technologies, Inc. on or before the Effective Date. Executive hereby assigns to SIGA Technologies, Inc. all rights, title and interest in and to Trade Secrets and other products relating to the Company's business developed by him alone or in conjunction with others at any time while employed by or in the service of the Company. Executive shall take all such further actions as are reasonably necessary to effectuate the provisions of this Section 3.2.

ARTICLE IV: NO ADMISSION.

In executing this Agreement, neither the Company nor Executive admits any liability or wrongdoing, and the considerations exchanged herein do not constitute an admission of any liability, error, contract violation, or violation of any federal, state, or local law or regulation.

ARTICLE V: RELEASE

Section 5.1 Release of Claims by Executive.

(a) Except as necessary to enforce the terms of this Agreement and the Restructuring Agreement, and in exchange for and in consideration of the promises, covenants and agreements set forth herein and therein, Executive hereby releases the Company to the maximum extent permitted by law from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, which Executive has or may have for any period prior to and including the date of his execution of this Agreement, including, but not limited to, any claim of defamation, wrongful discharge, breach of contract, claims for unpaid wages, claims arising under or related to the Employment Agreement and claims of discrimination under the Age Discrimination in Employment Act of 1967 and all other federal, state and local laws, and any claim for attorneys' fees or costs.

(b) Executive represents that he does not have any claim, action or proceeding pending against the Company or which arises out of his employment by the Company. Executive represents and warrants that he has not assigned or subrogated any of his rights, claims and causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claim or claims on his behalf, and he agrees to indemnify and hold harmless the Company against any assignment of said rights, claims and/or causes of action

Section 5.2 Release of Claims by the Company. Except as necessary to enforce the terms of this Agreement and the Restructuring Agreement, and in exchange for and in consideration of the promises, covenants and agreements set forth herein, the Company hereby releases Executive from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, arising out of Executive's employment by the Company which the Company has or may have for any period prior to and including the date of the execution of this Agreement; provided, however, that the Company does not release herein any claims the Company may now or in the future have against Executive for acts of intentional misconduct committed by Executive during Executive's employment with the Company.

ARTICLE VI: FORM S-8

The Company shall have obligations with respect to the Registration Statement on Form S-8 registering Common Stock issued in connection with the Company's employee stock incentive plan in accordance with, and subject to the terms and conditions of, the Restructuring Agreement.

ARTICLE VII: INDEMNIFICATION AND DIRECTORS AND OFFICERS INSURANCE

The Company shall indemnify Executive in accordance with, and subject to the terms and conditions of the Restructuring Agreement. The Company shall cause Executive to be covered by its directors and officers liability insurance policy so long as it maintains such a policy for any current or former directors or officers; provided that this obligation shall cease upon the expiration of all applicable statutes of limitations applicable to potential causes of action against Executive which could be covered under such insurance policy.

ARTICLE VIII: MISCELLANEOUS

Section 8.1 Remedy. Should Executive engage in or perform, either directly or indirectly, any of the acts prohibited by Article 3 or, in any other way, violate such Article, it is agreed that the Company would suffer irreparable harm that would be impossible to quantify. Accordingly, the Company shall be entitled to full injunctive relief, to be issued by any competent court of equity, enjoining and restraining Executive and each and every other person, firm, organization, association, or corporation concerned therein, from the continuance of such violative acts. The foregoing remedy shall not be deemed to limit or prevent the exercise by the Company of any or all further rights and remedies which may be available to the Company hereunder or at law or in equity.

Section 8.2 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered, sent by facsimile or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to such address as provided in the preamble hereto or sent to such other address or facsimile number as each party may furnish to the other in writing from time to time in accordance with this Section 8.2.

Section 8.3 Applicable Law. This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of New York without giving effect to any choice of law principles or to where the parties are located at the time a dispute arises.

Section 8.4 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall (i) be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time or (ii) preclude insistence upon strict compliance in the future.

Section 8.5 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect and such invalid or unenforceable provision shall be reformulated by such court to preserve the intent of the parties hereto.

Section 8.6 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 will constitute one and the same Agreement.

Section 8.7 Headings. The Article, Section and Subsection headings used herein have been inserted for purposes of convenience only and shall not be used for interpretive purposes.

Section 8.8 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

Section 8.9 Affiliate. As used in this Agreement, "affiliate," with respect to any person or entity, shall mean any other person or entity which directly or indirectly through any one or more intermediaries owns or controls, is owned or controlled by, or is under common ownership or control with such person or entity.

Section 8.10 Assignment. No rights or obligations of Executive hereunder may be assigned by Executive to any other person or entity, except by will or the laws of descent and distribution. In the event of Executive's death prior to receipt by Executive of all amounts payable to Executive hereunder, such amounts shall be payable to Executive's designated beneficiaries on the same schedule as provided for in this Agreement. No rights or obligations of SIGA Technologies, Inc. under this Agreement may be assigned or delegated to any other person or entity, except to a successor to the business or substantially all of the assets of SIGA Technologies, Inc.

Section 8.11 Entire Agreement. Except as otherwise expressly provided herein, this Agreement, together with the Restructuring Agreement, constitutes the entire agreement of the parties with regard to the subject matter hereof, contains all the covenants, promises, representations, warranties and agreements between the parties with respect to Executive's resignation from the Company and supersedes all prior employment or severance agreements between Executive and the Company, including, but not limited to, the Employment Agreement (except as otherwise expressly provided herein). Executive acknowledges and agrees that the consideration provided for herein is adequate consideration for Executive waiving his rights under the Employment Agreement. Except as otherwise expressly provided herein, each party to this Agreement acknowledges that no representation, inducement, promise or agreement, oral or written, has been made by either party, or by anyone acting on behalf of either party, which is not embodied herein or in the Restructuring Agreement, and that no agreement, statement, or promise relating to Executive's resignation from the Company, that is not contained in this Agreement or the Restructuring Agreement, shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by the parties and consented to in writing by each party to the Restructuring Agreement. Each Party to the Restructuring Agreement that is not also a party hereto shall be a third party beneficiary of this Agreement.

Section 8.12 Legal Fees. The Company shall reimburse Executive for certain legal fees and expenses in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

ARTICLE IX: EXECUTIVE ACKNOWLEDGEMENTS

Section 9.1 Executive acknowledges that he has read and understands the terms of this Agreement and has voluntarily agreed to these terms without coercion or undue persuasion by the Company.

Section 9.2 Executive acknowledges that he has been advised to consult with an attorney prior to executing this Agreement. Executive also acknowledges that he has had an adequate opportunity to review this Agreement before its execution.

Section 9.3 Executive acknowledges that he has been afforded an opportunity to take at least twenty-one (21) days to consider this Agreement and has been advised to consult with the attorneys of his choice prior to executing this Agreement. Executive further acknowledges that he will have a period of seven (7) calendar days following his execution of this Agreement in which to revoke his consent, and that such revocation will be effective only if received in writing by Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York, 10022, Attention: David M. Zlotchew, Esq., on or before the expiration of this seven (7) day period. This Agreement will not become effective or enforceable until the revocation period has expired.

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

SIGA TECHNOLOGIES, INC.

By:

Joshua D. Schein, Ph.D.

Exhibit 15

FORM OF SEPARATION AGREEMENT

THIS AGREEMENT (this "Agreement"), made and entered into as of this 30th day of March, 2001, by and between SIGA Technologies, Inc., 420 Lexington Avenue, Suite 620, New York, New York 10170, and Judson A. Cooper, 61 Banksville Road, Armonk, New York, 10504. As used throughout this Agreement: "Company" refers to SIGA Technologies, Inc., together with its their past and present parents, subsidiaries, and affiliates, and each of their respective past and present officers, directors, agents, employees, successors and assigns, in both their individual and corporate capacities; and "Executive" refers to Judson A. Cooper, his heirs, executors, administrators, agents, successors, assigns and dependents.

W I T N E S S E T H:

WHEREAS, Executive is serving as the Chairman and Executive Vice President of SIGA Technologies, Inc. and as a member of the Board of Directors of SIGA Technologies, Inc.; and

WHEREAS, by mutual agreement between Executive and the Company, Executive has agreed to resign as an employee, officer and director of the Company effective as of April 16, 2001 or such other date as is consented to by Donald G. Drapkin (the "Effective Date"); and

WHEREAS, SIGA Technologies, Inc., Executive, Joshua D. Schein, Ph.D. Gabriel M. Cerrone, Thomas E. Constance, Donald G. Drapkin and Eric A. Rose, M.D. are entering into a letter agreement of even date herewith (the "Restructuring Agreement") in reliance, in part, upon the execution and delivery of, and performance under, this Agreement.

WHEREAS, there has been a "Change of Control" as such term is defined in the Employment Agreement (as defined herein).

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, the parties hereto agree as follows:

ARTICLE I: RESIGNATION AND TERMINATION OF EMPLOYMENT AGREEMENT

1.1 Resignation and Termination. Executive hereby resigns as an employee, officer and director of the Company effective as of the close of business on the Effective Date. Notwithstanding any provision of the Amended and Restated Employment Agreement between the SIGA Technologies, Inc. and Executive, dated October 6, 2000 (the "Employment Agreement"), to the contrary, such resignation shall not be deemed to be a breach by Executive or the Company of the Employment Agreement. Except as otherwise expressly provided in this Agreement, Executive agrees that this Agreement supercedes the Employment Agreement (and any other existing employment agreements between Executive and the Company). Without limiting the generality of the foregoing, Executive, in consideration of the benefits received hereunder and under the Restructuring Agreement, waives payment of any Change of Control Amount as defined in the Employment Agreement.

1.2 Certain Representations. Executive represents and warrants that, other than the Employment Agreement and as provided for under the Restructuring Agreement, Executive is not party to any agreement or arrangement respecting employment by the Company. Executive also represents and warrants that, to the best of his knowledge, he has fully complied with his obligations under the Employment Agreement and has done nothing contrary to its terms.

ARTICLE II: SEVERANCE PAYMENTS AND BENEFITS

Section 2.1 Payments. On the Effective Date, SIGA Technologies, Inc. shall pay Executive, any accrued, but unpaid Base Salary (as defined in the Employment Agreement) through the Effective Date in full and complete satisfaction of any and all amounts due to Executive from the Company upon termination of employment.

Section 2.2 Options. The terms of certain options held by Executive shall be modified in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

Section 2.3 Company Benefits. SIGA Technologies, Inc. shall provide Executive with certain health insurance benefits in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

Section 2.4 Withholding of Taxes. The Company will withhold from any benefits or compensation payable under this Agreement or the Restructuring Agreement all federal, state and local taxes, social security and all other customary withholdings as may be required pursuant to any law or governmental regulation or ruling.

Section 2.5 No Other Payments. Except as specifically provided in this Article 2 or in the Restructuring Agreement or as otherwise required by law, Executive shall not be entitled to receive any sums of money, payments, benefits or severance amounts from the Company following the Effective Date, whether pursuant to the Employment Agreement or otherwise.

ARTICLE III: CONFIDENTIAL INFORMATION AND RETURN OF PROPERTY

Section 3.1 Confidentiality. Executive acknowledges that during his service and employment with the Company he has been privy and made party to confidential information, including but not limited to knowledge or data relating to the Company and the Company's businesses and investments, information regarding vendors, employees, strategic and business plans, and analysis of competitors ("Confidential Information") and Trade Secrets (as defined below).

(a) It is a material condition of this Agreement that Executive complies with the terms of Section 9 of the Employment Agreement (entitled "Confidentiality, Ownership, and Covenants"), the terms of which are incorporated by reference herein; provided, however, that Executive shall be relieved of his obligations under Subsection (d) and clauses (i) and (ii) of

Subsection (e) thereof. Matters concerning notice and severability in connection with Section 9 of the Employment Agreement shall continue to be governed by Sections 15 and 16 of the Employment Agreement, each of which is incorporated by reverence herein.

(b) In addition to, and not limited by, the provisions of Section 9 of the Employment Agreement, Executive agrees that, following the Effective Date, Executive shall hold in a fiduciary capacity for the benefit of the Company all Trade Secrets and Confidential Information, which shall have been obtained by Executive during his service and employment with the Company and which is not generally available public knowledge (other than by acts by Executive). Executive shall not at any time, without the prior written consent of SIGA Technologies, Inc. or as may otherwise be required by law or any legal process (in which case Executive shall use his reasonable best efforts in cooperating with the Company in obtaining a protective order against disclosure by a court of competent jurisdiction), communicate or divulge any such Trade Secrets or Confidential Information to anyone other than the Company and those expressly designated by the Company. For purposes of this Agreement, "Trade Secrets" shall mean all information, without regard to form, including, but not limited to, technical or non-technical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, business projections, product plans, distribution lists or lists of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Section 3.2 Return of Property. All records, files, drawings, documents, models, equipment, and the like relating to the Company's business and any and all property (in what ever form or medium) of the Company in Executive's possession, custody or control shall be returned to SIGA Technologies, Inc. on or before the Effective Date. Executive hereby assigns to SIGA Technologies, Inc. all rights, title and interest in and to Trade Secrets and other products relating to the Company's business developed by him alone or in conjunction with others at any time while employed by or in the service of the Company. Executive shall take all such further actions as are reasonably necessary to effectuate the provisions of this Section 3.2.

ARTICLE IV: NO ADMISSION.

In executing this Agreement, neither the Company nor Executive admits any liability or wrongdoing, and the considerations exchanged herein do not constitute an admission of any liability, error, contract violation, or violation of any federal, state, or local law or regulation.

ARTICLE V: RELEASE

Section 5.1 Release of Claims by Executive.

(a) Except as necessary to enforce the terms of this Agreement and the Restructuring Agreement, and in exchange for and in consideration of the promises, covenants and agreements set forth herein and therein, Executive hereby releases the Company to the maximum extent permitted by law from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, which Executive has or may have for any period prior to and including the date of his execution of this Agreement, including, but not limited to, any claim of defamation, wrongful discharge, breach of contract, claims for unpaid wages, claims arising under or related to the Employment Agreement and claims of discrimination under the Age Discrimination in Employment Act of 1967 and all other federal, state and local laws, and any claim for attorneys' fees or costs.

(b) Executive represents that he does not have any claim, action or proceeding pending against the Company or which arises out of his employment by the Company. Executive represents and warrants that he has not assigned or subrogated any of his rights, claims and causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claim or claims on his behalf, and he agrees to indemnify and hold harmless the Company against any assignment of said rights, claims and/or causes of action

Section 5.2 Release of Claims by the Company. Except as necessary to enforce the terms of this Agreement and the Restructuring Agreement, and in exchange for and in consideration of the promises, covenants and agreements set forth herein, the Company hereby releases Executive from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, arising out of Executive's employment by the Company which the Company has or may have for any period prior to and including the date of the execution of this Agreement; provided, however, that the Company does not release herein any claims the Company may now or in the future have against Executive for acts of intentional misconduct committed by Executive during Executive's employment with the Company.

ARTICLE VI: FORM S-8

The Company shall have obligations with respect to the Registration Statement on Form S-8 registering Common Stock issued in connection with the Company's employee stock incentive plan in accordance with, and subject to the terms and conditions of, the Restructuring Agreement.

ARTICLE VII: INDEMNIFICATION AND DIRECTORS AND OFFICERS INSURANCE

The Company shall indemnify Executive in accordance with, and subject to the terms and conditions of the Restructuring Agreement. The Company shall cause Executive to be covered by its directors and officers liability insurance policy so long as it maintains such a policy for any current or former directors or officers; provided that this obligation shall cease upon the expiration of all applicable statutes of limitations applicable to potential causes of action against Executive which could be covered under such insurance policy.

ARTICLE VIII: MISCELLANEOUS

Section 8.1 Remedy. Should Executive engage in or perform, either directly or indirectly, any of the acts prohibited by Article 3 or, in any other way, violate such Article, it is agreed that the Company would suffer irreparable harm that would be impossible to quantify. Accordingly, the Company shall be entitled to full injunctive relief, to be issued by any competent court of equity, enjoining and restraining Executive and each and every other person, firm, organization, association, or corporation concerned therein, from the continuance of such violative acts. The foregoing remedy shall not be deemed to limit or prevent the exercise by the Company of any or all further rights and remedies which may be available to the Company hereunder or at law or in equity.

Section 8.2 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered, sent by facsimile or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to such address as provided in the preamble hereto or sent to such other address or facsimile number as each party may furnish to the other in writing from time to time in accordance with this Section 8.2.

Section 8.3 Applicable Law. This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of New York without giving effect to any choice of law principles or to where the parties are located at the time a dispute arises.

Section 8.4 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall (i) be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time or (ii) preclude insistence upon strict compliance in the future.

Section 8.5 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect and such invalid or unenforceable provision shall be reformulated by such court to preserve the intent of the parties hereto.

Section 8.6 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 will constitute one and the same Agreement.

Section 8.7 Headings. The Article, Section and Subsection headings used herein have been inserted for purposes of convenience only and shall not be used for interpretive purposes.

Section 8.8 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

Section 8.9 Affiliate. As used in this Agreement, "affiliate," with respect to any person or entity, shall mean any other person or entity which directly or indirectly through any one or more intermediaries owns or controls, is owned or controlled by, or is under common ownership or control with such person or entity.

Section 8.10 Assignment. No rights or obligations of Executive hereunder may be assigned by Executive to any other person or entity, except by will or the laws of descent and distribution. In the event of Executive's death prior to receipt by Executive of all amounts payable to Executive hereunder, such amounts shall be payable to Executive's designated beneficiaries on the same schedule as provided for in this Agreement. No rights or obligations of SIGA Technologies, Inc. under this Agreement may be assigned or delegated to any other person or entity, except to a successor to the business or substantially all of the assets of SIGA Technologies, Inc.

Section 8.11 Entire Agreement. Except as otherwise expressly provided herein, this Agreement, together with the Restructuring Agreement, constitutes the entire agreement of the parties with regard to the subject matter hereof, contains all the covenants, promises, representations, warranties and agreements between the parties with respect to Executive's resignation from the Company and supersedes all prior employment or severance agreements between Executive and the Company, including, but not limited to, the Employment Agreement (except as otherwise expressly provided herein). Executive acknowledges and agrees that the consideration provided for herein is adequate consideration for Executive waiving his rights under the Employment Agreement. Except as otherwise expressly provided herein, each party to this Agreement acknowledges that no representation, inducement, promise or agreement, oral or written, has been made by either party, or by anyone acting on behalf of either party, which is not embodied herein or in the Restructuring Agreement, and that no agreement, statement, or promise relating to Executive's resignation from the Company, that is not contained in this Agreement or the Restructuring Agreement, shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by the parties and consented to in writing by each party to the Restructuring Agreement. Each Party to the Restructuring Agreement that is not also a party hereto shall be a third party beneficiary of this Agreement.

Section 8.12 Legal Fees. The Company shall reimburse Executive for certain legal fees and expenses in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

ARTICLE IX: EXECUTIVE ACKNOWLEDGEMENTS

Section 9.1 Executive acknowledges that he has read and understands the terms of this Agreement and has voluntarily agreed to these terms without coercion or undue persuasion by the Company.

Section 9.2 Executive acknowledges that he has been advised to consult with an attorney prior to executing this Agreement. Executive also acknowledges that he has had an adequate opportunity to review this Agreement before its execution.

Section 9.3 Executive acknowledges that he has been afforded an opportunity to take at least twenty-one (21) days to consider this Agreement and has been advised to consult with the attorneys of his choice prior to executing this Agreement. Executive further acknowledges that he will have a period of seven (7) calendar days following his execution of this Agreement in which to revoke his consent, and that such revocation will be effective only if received in writing by Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York, 10022, Attention: David M. Zlotchew, Esq., on or before the expiration of this seven (7) day period. This Agreement will not become effective or enforceable until the revocation period has expired.

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

SIGA TECHNOLOGIES, INC.

By:

Judson A. Cooper