

## Soligenix

Ticker:  
**SNGX**

Current Price:  
\$0.24

Recommendation:  
**BUY**

Price Target: **\$1.50**

Time Frame:  
**12 Months**

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|                              |         |
|------------------------------|---------|
| LAST                         | \$0.24  |
| ANNHIGH                      | \$0.38  |
| ANNLOW                       | \$0.17  |
| Shares O/S-Diluted (model)   | 213,945 |
| Market Capitalization (mln)  | \$51    |
| 100-Day Average Daily Volume | 434     |



Source:BigCharts.com

### Investment Thesis

Our investment thesis remains unchanged for Soligenix, that is, driven principally by orBec®. We view orBec® (oral belcomethasone dipropionate or BDP) as a low risk, high reward proposition in acute, prophylactic and chronic GI GvHD (graft-versus-host disease), as well as for the prevention of acute radiation enteritis (cancer patients). With that said we believe it is worthy to mention that Soligenix is working in several other areas one of which includes the BioDefense space. Last week there was news of a publication in the June 2010 edition of Vaccine, which describes protection from mucosal and systemic ricin intoxication by intradermal administration of RiVax™, the Company's vaccine against ricin toxin.

### Highlights

**orBec® Remains the Principal Driver:** orBec® for GI GvHD: Expect the Pivotal Trial Results in 1H-2011. Soligenix recently raised additional capital (a capital raise of \$5.9 million) and now has cash to see it through to the results of the pivotal (pIII) acute trial. We believe the outcome of this trial has been de-risked as a result of the highly informed trial design based on the prior clinical record (Phase 2 & 3 prior trials).

**Beyond orBec® is there anything else ?** The Biodefense Platform: Soligenix's biodefense activities are focused on developing biomedical countermeasures pursuant to the Project BioShield Act of 2004. Specifically, Soligenix's lead program is a bioengineered vaccine designed to protect against the deadly effects of ricin toxin, which is considered a serious bioterrorism threat. There may also be additional utility in this platform in more traditional vaccines, such as flu.

**Soligenix is the world leader in ricin toxin vaccine research.** Soligenix has achieved positive Phase 1 clinical trial results with RiVax™, demonstrating that the vaccine is well tolerated and induces antibodies in humans that neutralize the ricin toxin, recently shown to be 2,000-fold more toxic than previously thought. Soligenix can also manufacture RiVax™ at scale and under cGMP conditions. Having met these clinical and manufacturing conditions, RiVax™ is eligible for government procurement orders. There are no FDA-licensed vaccines or therapeutics against ricin toxin.

**RiVax™ is Progressing.** The publication of the article (June 2010 edition of Vaccine) describes protection from mucosal and systemic ricin intoxication by intradermal administration of RiVax™. The article was authored by the Company's collaborators at the University of Texas Southwestern Medical Center at Dallas (UT Southwestern) where the vaccine originated. RiVax™ is currently being evaluated in Phase 1 human safety and immunogenicity trials, as well as non-human primate trials for efficacy.

**Don't Forget the Drug Delivery Platform too:** Soligenix has also developed a proprietary Lipid Polymer Micelle (LPM™) drug delivery technology. This technology is currently being used to enhance the oral delivery of leuprolide for the treatment of prostate cancer and endometriosis.

**Valuation:** Our valuation for Soligenix is based on several metrics, including FCFF, DCF EPS and Sum of the Parts models. These metrics all suggest a substantially higher target in the mid-to high teens.

## Fundamental Research:

### *Biotechnology*

June 29, 2010

#### **Soligenix and BioDefense**

**Project BioShield 2003:** President George Bush, in his State of the Union Address, proposed Project BioShield. The project was signed into law as the BioShield Act of 2004. Project BioShield is designed to fund countermeasures against chemical, biological, radiological or nuclear (CBRN) attack. The project allows the government to purchase next generation medical countermeasures (improved vaccines, diagnostics and therapeutics). The 2004 budget appropriation set aside \$5.6 billion over the next 10 years (the funds have already been allocated to the BioShield Special Reserve Fund, or SRF) to fund the development and procurement of countermeasures. The project also has provisions to expedite research through a range of instruments, including grants which have been accessed by many companies for a wide range of CBRN countermeasures.

Soligenix is addressing the development of products and technologies that can be used to protect against several biological threats considered agents of bioterrorism, consistent with biological warfare threats and emerging diseases that the National Institute of Allergy and Infectious Diseases (NIAID), a division of the NIH, has identified as high priorities. To accomplish this, the company is developing several potential products to prevent morbidity and mortality due to the threat of biological toxins for which preventive vaccination is the most feasible means to protect a susceptible population. This approach is being taken because the known mechanism of protection against toxin exposure is mediated through antibodies in the serum, or present on mucosal surfaces that can be elicited by vaccination with subunit immunogens.

To this end, Soligenix was awarded a \$9.4 million grant from NIAID, which will fund, over a five-year period, the development of formulation and manufacturing processes for vaccines, including RiVax™, that are stable at elevated temperatures. The grant will also fund the development of improved thermostable adjuvants expected to result in rapidly acting vaccines that can be given with fewer injections over shorter intervals. In addition, Soligenix is expanding the range of applicability of its lead product, oral beclomethasone dipropionate (BDP), for radiation injury following exposure to environmental radiation.

**RiVax™ Ricin Toxin Vaccine:** This is Soligenix's proprietary vaccine developed to protect against exposure to ricin toxin and is the most advanced vaccine product in the Company's portfolio. The immunogen in RiVax™ induces a protective immune response in animal models of ricin exposure and functionally active antibodies in humans. The immunogen consists of a genetically inactivated subunit ricin A chain that is enzymatically inactive and lacks residual toxicity of the holotoxin. One Phase 1 human clinical trial was completed, and a second trial is currently being conducted. The development of RiVax™ has been sponsored through a series of overlapping challenge grants (UC1) and cooperative grants (U01) from the NIH, granted to Soligenix and to the University of Texas Southwestern Medical Center (UTSW) where the vaccine originated. The second clinical trial is being supported by a grant from the FDA's Office of Orphan Products to UTSW. Soligenix and UTSW have collectively received approximately \$15 million in grant funding from the NIH for RiVax™. Results of the first Phase 1 human trial of RiVax™ established that the immunogen was safe and induced antibodies anticipated to protect humans from ricin exposure. The antibodies generated from vaccination, concentrated and purified, were capable of conferring immunity passively to recipient animals, indicating that the vaccine was capable of inducing functionally active antibodies in humans. The outcome of the study was published in the *Proceedings of the National Academy of Sciences* (Vitetta et al., 2006, PNAS, 105:2268-2273). The second trial, sponsored by the UTSW, is currently evaluating a more potent formulation of RiVax™ that contains a conventional adjuvant (salts of aluminum), anticipated to result in higher antibody titers of longer duration in human subjects. Soligenix has adapted the original manufacturing process for the immunogen contained in RiVax™ for large scale manufacturing and is further establishing correlates of the human immune response in non-human primates.

## Fundamental Research:

### *Biotechnology*

June 29, 2010

**RiVax™ Study Reviewed in June 2010 issue of Vaccine.** The purpose of the study was to determine if RiVax™ administered by intradermal (ID) injection is more immunogenic and protective at lower doses. ID vaccination has several practical advantages in protecting humans due to the ease of administration, especially when using an ID gun, thereby eliminating the need for needles and subsequent needle disposal. In the referenced publication, a comparison of ID and intramuscular (IM) vaccination with or without an aluminum salt adjuvant at several dose levels was investigated. The levels of anti-RiVax™ antibodies generated in serum as well as the ability of the vaccine to protect mice against ricin intoxication following systemic, gastric gavage or aerosol challenges were determined.

The major findings to emerge from this study are as follows: 1. ID vs. IM administration of RiVax™ without adjuvant conferred equal protection; 2. RiVax™ adsorbed to aluminum adjuvant was significantly better than RiVax™ alone in eliciting specific antibodies, resulting in both systemic and mucosal protection when 90-99% less vaccine was used; 3. Vaccination with RiVax™ adsorbed to aluminum adjuvant via the ID route was significantly better than vaccination via the IM route at protecting animals from ricin challenge, hence, smaller doses of vaccine may be required when ID vaccination is used; 4. In comparing IM vs. ID vaccination with RiVax™ adsorbed to aluminum adjuvant at low doses, the latter was more effective at protecting mice from ricin-induced lung damage; and 5. RiVax™ specific antibody levels correlated with post challenge survival.

The practicality of ID vaccination is a significant issue. "Since it is likely that a ricin vaccine would be used in an emergency setting or by the military, the ease of ID vaccination with jet injectors or similar devices with lower doses of vaccine is rather important," source: Robert N. Brey, PhD,

**What is next for RiVax™?** The Phase 1 clinical trial is complete. The trial demonstrated safety and immunogenicity in humans. A non-human primate study has been initiated. The Phase 1b clinical trial underway. The scale-up GMP process optimization and development is completed. The next milestones will be the completion of the phase 1B clinical trial, manufacturing at a large scale for commercial grade batches for future clinical trials and potential procurement contracts. Development will continue under the new \$9.4 million heat stabilization grant recently received.

**Model Assumptions:** We do not include any revenues for Biodefense (RiVax™) in our model. As such, progress with these programs represents upside to our forecast.

**Exhibit 1: Upcoming Potential Catalysts by Time Sequence**

| Product | Indication                   | Event   | Timing    | Significance |
|---------|------------------------------|---|-----------|--------------|
| orBec®  | GVHD Acute                   | FDA Grants SPA for Phase III trial  | completed |              |
| orBec®  | GVHD (all)                   | Sigma Tau Partnership for North American - 35% Royalty to Soligenix       | completed |              |
| orBec®  | GVHD Acute                   | EMEA Agreement of Phase III trial   | completed |              |
| orBec®  | GVHD Acute                   | Phase III Trial Start   | completed |              |
| orBec®  | GVHD Acute                   | Phase III Trial Completes & Reports                                       | 1H-2011   | +++          |
| orBec®  | GVHD Acute                   | NDA Filed (class II Amendment to existing NDA - 6 mos review )            | 2H-2011   | +++          |
| orBec®  | GVHD Acute                   | NDA Approved  | 1H-2012   | ++           |
| orBec®  | Chronic GVHD                 | Initiate Phase II Study Chronic GVHD                                      | 2H-2010   | +            |
| orBec®  | GVHD - Chronic               | Complete Phase II Study Chronic GVHD                                      | 1H-2012   | +++          |
| orBec®  | GVHD (all)                   | EU Partnership for Orbec®   | TBD       | ++           |
| orBec®  | GVHD - Acute                 | US GVHD Acute Launch  | 1H-2012   | +            |
| orBec®  | GVHD - Acute                 | EU GVHD Acute Launch  | 2H-2012   | +            |
| orBec®  | GVHD - Prevention            | US PII Prevention Study - Completes & Reports                             | soon      | ++           |
| orBec®  | GVHD - Prevention            | US PIII Pivotal Program Begins  | 1H-2011   | +            |
| orBec®  | GVHD - Prevention            | Complete & Report Pivotal Prevention Study                                | 2H-2012   | ++           |
| orBec®  | GVHD - Prevention            | US GVHD Prevention Launch   | 2013      | +            |
| orBec®  | GVHD - Prevention            | EU GVHD Prevention Launch   | 2013      | +            |
| orBec®  | GVHD - Chronic               | US GVHD Chronic Pivotal Program   | 2H-2012   | +            |
| orBec®  | GVHD - Chronic               | US GVHD Chronic Completes & Reports                                       | 2014      | ++           |
| orBec®  | GVHD - Chronic               | US GVHD Chronic Launch  | 2014      | +            |
| orBec®  | GVHD - Chronic               | EU GVHD Chronic Launch  | 2014      | +            |
| SGX-201 | Radiation Enteritis          | Fast Track Status Granted   | completed | +            |
| SGX-201 | Radiation Enteritis          | Initiate Phase VII Radiation Enteritis Starts (4 centers)                 | completed | +            |
| SGX-201 | Radiation Enteritis          | Phase VII Radiation Enteritis Completes & Reports                         | 1H-2011   | ++           |
| SGX-201 | Radiation Enteritis          | Pivotal Study Begins  | 1H-2012   | +            |
| SGX-201 | Radiation Enteritis          | Pivotal Study Completes & Reports   | 2014      | +            |
| SGX-201 | Radiation Enteritis          | Approval & Launch   | 2015      | ++           |
| LPM     | Leuprolide (prostate cancer) | Initiate Phase I/PkA Study: Proof of Concept in Man                       | 2H-2010   | +            |
| LPM     | Leuprolide (prostate cancer) | Proof of Concept in Man : Report Data: ?15% oral bioavailability in man   | 2H-2011   | +            |
| LPM     | Leuprolide (prostate cancer) | Partnership Deal for "LPM Platform"                                       | 1H-2012   | ++           |
| RiVax™  | Ricin Vaccine                | Complete Phase 1a trial (safety in man); Blood titers efficacious in mice | completed | +            |
| RiVax™  | Ricin Vaccine                | Complete Phase 1b trial   | 2H-2010   | +            |
| RiVax™  | Ricin Vaccine                | Begin PII in Man: (Safety) & Efficacy (blood titers) in Animal Model      | 1H-2011   | +            |
| RiVax™  | Ricin Vaccine                | Report PII Data   | 2H-2012   | +            |
| RiVax™  | Ricin Vaccine                | BARDA-DOD- HHS Review : Procurement                                       | 2014      | ++           |
| SGX-202 | Radiation Injury             | Animal Efficacy Studies   | 2H-2010   | +            |
| SGX-203 | Crohn's Disease Program      | Phase II Study  | 1H-2011   | ++           |

Stock Significance Scale: + of moderate importance; ++ higher level; +++ highly

Source: National Securities Forecasts and Company reports.

**Financials:** We estimate that Soligenix currently has approximately \$8 million in cash and equivalents, enough to get it to the finish line on the pivotal trial for orBec® in acute GvHD. In February, 2009 Soligenix out-licensed North American rights of orBec® to Sigma-Tau. In the initial deal, Soligenix received an upfront payment of \$6 million with another \$9 million in possible milestones over the next several years and a 35% royalty (inclusive of drug manufacture) on all North American and Mexico sales, and retains manufacturing rights to orBec®. Sigma-Tau will assume all commercialization costs in North America. Soligenix retains all rights to orBec® outside North America.

## Fundamental Research:

### *Biotechnology*

June 29, 2010

**Bull Case:** Soligenix is undervalued as the potential for orBec® is underappreciated. The prior trials (Phase 2 & 3) and the current confirmatory Phase 3 trial have effectively de-risked the outcome. The current confirmatory trial is highly powered (90%) and of the same design (drug, dose, patient population and expected control group outcomes) as the prior pivotal trial (powered at 80%) The primary endpoint: Treatment failure rate at Study Day 80, was highly statistically significant in the previous Phase 3 trial with p-value of 0.005. Market factors suggest orBec® can acquire significant penetration in the GvHD marketplace as the first approved drug for GI GVHD. The GvHD market is concentrated and closely-knit and information is disseminated rapidly among the Key Opinion Leaders (KOL's). Beyond GvHD (Acute, Prevention and Chronic) a wide range of other indications, such as Radiation Enteritis and Crohn's Disease exists. North American rights are partnered with Sigma-Tau EU and the rest of the world, however, are open for partnership. Soligenix also has an attractive drug delivery platform with Lipid Polymer Micelles (LPM) platform technology and a very active BioDefense program led by RiVax™ (Ricin Toxin Vaccine). All this, with a market capitalization of under \$50 million.

**Bear Case:** orBec® is similar to generic enteric-coated budesonide and other steroids which are cheaply available and used today off-label to treat GvHD. orBec® will not be able to achieve the price we project even with the pharmacoeconomic justifications, as hospitals will continue to use cheaper steroids to treat GvHD. Bears may also argue that the clinical risk is being underestimated in the current orBec® confirmatory trial. Soligenix has given away too much of the economics in the license deal with Sigma-Tau. The GvHD marketplace is small and treatment paradigm is shifting away from BMT toward new biologic therapies; as such, the market is becoming smaller, not larger, over time. The treatment paradigm in GvHD is not likely to shift towards prevention and that market opportunity is over-estimated. The market opportunity in chronic is unique in that these patients have a different set of immunological problems. As such, the clinical risk that a true benefit can be demonstrated in these patients is high. The remaining opportunities at the Company include the drug delivery platform (Lipid Polymer Micelle -LPM™) which is unproven, and the Company lacks the resources to continue to develop this platform. Lastly, the biodefense platform deserves minimal value as the Company is totally dependent on the US Government as a client. Prior experiences with other companies suggest that the road to generate meaningful profit is an arduous and difficult one.

**Our Take:** We know that while cheaper steroids are a potential commercial threat, multiple examples of therapeutics that were re-tasked exist in other marketplaces, and once on label, off-label use of cheap generics was eliminated. In addition, the two tablet system of immediate and time release makes orBec® unique in treating this disease. We see orBec® as the key driver for Soligenix. Based on our analysis of the Phase 2 and Phase 3 trials, we see low clinical risk in the current Phase 3 confirmatory trial. This trial uses a favorable endpoint and greater statistical powering, while keeping all other variables the same. As such, we see a high likelihood of success. The best case scenario for Soligenix is a positive outcome in the current confirmatory Phase 3, Acute GI GvHD trial, followed by positive outcome in the Phase 2 NIH sponsored prevention trial. Mechanistically, we believe a good outcome in acute GvHD does set the stage for off-label use in the prevention and chronic marketplaces. Beyond orBec® in GvHD we see tremendous potential in other GI diseases (Crohn's), Radiation Enteritis and on the BioDefense side, Radiation Injury (orBec® as a counter-measure). We view the Biodefense and LPM platforms as creating a positive upside option for investors. On the BioDefense side, little value is ascribed for RiVax™ and/or the vaccine development platform (vaccines stable at room temperature), but investors should note that Soligenix has recently received a \$9.4 million development award to support the heat stabilization platform. With cash to see the Company through to pivotal results, we believe the valuation is attractive.

**Fundamental Research:**  
**Biotechnology**  
**June 29, 2010**

**Valuation:** Our valuation for Soligenix is based on several metrics, including FCFF, DCF EPS and Sum of the Parts models. These metrics all suggest a target north of \$1.00 versus the current \$0.24 cents. The key assumptions we make are that orBec® reports positive data in the current Phase III confirmatory pivotal trial in acute GvHD (1H-2011). Positive data from the Phase 2 prevention study (2H-2010) will be important as well. Investors should pay close attention to the catalysts presented in time sequence. Each catalyst's outcome should impact valuation. For example, should Soligenix announce favorable terms for a partnership for orBec® European rights, it should drive valuation higher.

**Exhibit 2: Valuation Models for Soligenix: Cash Flow**

|         |    |      |
|---------|----|------|
| Average | \$ | 1.5  |
| Year    |    | 2010 |

DCF Valuation Using FCFF (mln):

|                               | 2009    | 2010    | 2011    | 2012  | 2013   | 2014   | 2015    | 2016    |
|-------------------------------|---------|---------|---------|-------|--------|--------|---------|---------|
| units (millions - \$)         | 2009E   | 2010E   | 2011E   | 2012E | 2013E  | 2014E  | 2015E   | 2016E   |
| EBIT                          | (7,306) | (7,579) | (7,080) | 272   | 16,883 | 54,686 | 145,953 | 252,537 |
| Tax Rate                      | 0%      | 0%      | 0%      | 10%   | 15%    | 25%    | 30%     | 38%     |
| EBIT(1-t)                     | (7,306) | (7,579) | (7,080) | 245   | 14,351 | 41,015 | 102,167 | 156,573 |
| CapEx                         | (11)    | (16)    | (33)    | (36)  | (40)   | (44)   | (48)    | (53)    |
| Depreciation                  | 126     | 139     | 145     | 150   | 156    | 163    | 169     | 176     |
| Change in NWC                 | (729)   | 160     | 195     | -     | -      | -      | -       | -       |
| FCFF                          | (6,462) | (7,616) | (7,163) | 359   | 14,467 | 41,134 | 102,288 | 156,696 |
| PV of FCFF                    | (7,754) | (7,616) | (5,969) | 249   | 8,372  | 19,837 | 41,107  | 52,477  |
| Discount Rate                 | 20%     |         |         |       |        |        |         |         |
| Long Term Growth Rate         | 1%      |         |         |       |        |        |         |         |
| Terminal Cash Flow            | 832,964 |         |         |       |        |        |         |         |
| Terminal Value YE2009         | 278,958 |         |         |       |        |        |         |         |
| NPV                           | 387,415 |         |         |       |        |        |         |         |
| NPV-Debt                      | -       |         |         |       |        |        |         |         |
| Shares out (thousands) 4Q-09E | 185,687 |         |         |       |        |        |         |         |
| NPV Per Share                 | \$ 2.1  |         |         |       |        |        |         |         |

Source: National Securities estimates

**Exhibit 3: Valuation Models for Soligenix: EPS**

|                   |         |
|-------------------|---------|
| Current Year      | 2010    |
| Year of EPS       | 2015    |
| Earnings Multiple | 10      |
| Discount Factor   | 30%     |
| Selected Year EPS | \$ 0.46 |
| NPV               | \$ 1.2  |

Source: National Securities estimates

|                   |    | Discount Rate and Earnings Multiple Varies, Year is Constant |        |        |        |        |        |     |
|-------------------|----|--|--------|--------|--------|--------|--------|-----|
|                   |    | 2015 EPS   |        |        |        |        |        |     |
|                   |    | 1.2  | 20%    | 25%    | 30%    | 35%    | 40%    | 45% |
| Earnings Multiple | 10 | \$1.84   | \$1.50 | \$1.23 | \$1.02 | \$0.85 | \$0.71 |     |
|                   | 15 | \$2.76   | \$2.25 | \$1.85 | \$1.53 | \$1.28 | \$1.07 |     |
|                   | 20 | \$3.68   | \$3.00 | \$2.47 | \$2.04 | \$1.70 | \$1.43 |     |
|                   | 25 | \$4.60   | \$3.75 | \$3.08 | \$2.55 | \$2.13 | \$1.79 |     |
|                   | 30 | \$5.52   | \$4.50 | \$3.70 | \$3.07 | \$2.56 | \$2.14 |     |
|                   | 35 | \$6.44   | \$5.25 | \$4.32 | \$3.58 | \$2.98 | \$2.50 |     |
|                   | 40 | \$7.36   | \$6.00 | \$4.94 | \$4.09 | \$3.41 | \$2.86 |     |
|                   | 45 | \$8.29   | \$6.76 | \$5.55 | \$4.60 | \$3.83 | \$3.22 |     |

**Exhibit 4: Valuation Models for Soligenix: Sum of the Parts**

| Soligenix Sum of the Parts    | LT Gr  | Discount Rate | Yrs. to Mkt | % Success | Peak Sales MM's | Term Val |
|-------------------------------|--|---------------|-------------|-----------|-----------------|----------|
| orBec® GvHD U.S. Acute        | 3%   | 30%           | 2           | 80%       | \$7             | \$26     |
| NPV                           |  |               |             |           |                 | \$0.07   |
| orBec® GvHD EU Acute          | 3%   | 30%           | 2           | 80%       | \$9             | \$32     |
| NPV                           |  |               |             |           |                 | \$0.08   |
| orBec® GvHD US Prophylactic   | 3%   | 30%           | 4           | 60%       | \$78            | \$289    |
| NPV                           |  |               |             |           |                 | \$0.33   |
| orBec® GvHD EU Prophylactic   | 3%   | 30%           | 4           | 60%       | \$49            | \$182    |
| NPV                           |  |               |             |           |                 | \$0.21   |
| orBec® GI GvHD US Chronic     | 3%   | 30%           | 5           | 75%       | \$75            | \$277    |
| NPV                           |  |               |             |           |                 | \$0.30   |
| orBec® GI GvHD EU Chronic     | 3%   | 30%           | 6           | 75%       | \$45            | \$168    |
| NPV                           |  |               |             |           |                 | \$0.14   |
| SGX 201 (Radiation Enteritis) | 3%   | 30%           | 6           | 50%       | \$17            | \$65     |
| NPV                           |  |               |             |           |                 | \$0.01   |
| Net Margin                    | Note: US & EU orBec sales are Royalty at 30% |               |             |           |                 | 30%      |
| MM Shrs OS                    |  |               |             |           |                 | 185      |
| Total                         |  |               |             |           |                 | \$1      |
| Net Cash/Shr                  |  |               |             |           |                 | \$0.03   |
| Grand Total                   |  |               |             |           |                 | \$1.17   |

Source: National Securities estimates

## Fundamental Research:

### *Biotechnology*

June 29, 2010

#### **Risks To Price Target**

Soligenix is a late stage biotechnology company and therefore subject to a number of financial and development risks. The key near term risk investors face is the outcome of the current confirmatory Phase 3 trial evaluating orBec® in GvHD for safety and efficacy. Clinical efficacy that meets or exceeds prior published results is the key area where investors are focused. Longer term risks include commercialization risk and risk off off-label use of cheaper generics.

**Soligenix Income Statement**

| Soligenix, Inc. Income Statement (\$ '000)                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----|
| SNGX: YE Dec. 31   | 2008A   | 2009A   | 1Q10A   | 2Q10E   | 3Q10E   | 4Q10E   | 2010E   | 2011E   | 1Q12E   | 2Q12E   | 3Q12E   | 4Q12E   | 2012E   | 2013E   | 2014E   | 2015E   | 2016E   |     |
| <b>Product Revenue (000's)</b>                                 |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| US orBec® Revenues (35% Royalty)                               |         |         |         |         |         |         |         |         | 74      | 378     | 769     | 1,172   | 2,393   | 15,168  | 49,575  | 103,258 | 159,739 |     |
| % Chg  |         |         |         |         |         |         | -       | -       |         |         | 203%    | #DIV/0! |         | 1505%   | 355%    | 172%    | 77%     |     |
| EU orBec® Revenues   |         |         |         |         |         |         |         |         | -       | -       | -       | 293     | 293     | 4,703   | 21,416  | 58,182  | 103,257 |     |
| % Chg  |         |         |         |         |         |         | -       | -       |         |         |         | #DIV/0! |         | 1505%   | 355%    | 172%    | 77%     |     |
| DOR-201  |         |         |         |         |         |         |         |         | -       | -       | -       | -       | -       | -       | -       | 6,665   | 17,487  |     |
| % Chg  |         |         |         |         |         |         | -       | -       |         |         |         |         |         |         |         | #DIV/0! | 162%    |     |
| Blank  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| % Chg  |         |         |         |         |         |         | -       | -       |         |         |         |         |         |         |         | #DIV/0! | #DIV/0! |     |
| Blank  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| % Chg  |         |         |         |         |         |         | -       | -       |         |         |         |         |         |         |         | #DIV/0! | #DIV/0! |     |
| <b>Total Revenues (Product Sales, Grants &amp; Milestones)</b> | -       | -       | -       | -       | -       | -       | -       | -       | 74      | 378     | 769     | 1,465   | 2,686   | 19,871  | 70,991  | 168,105 | 280,484 |     |
| Contract Research (grant) Revenues                             | 2,310   | 2,816   | 336     | 336     | 336     | 336     | 1,343   | 1,316   | 322     | 322     | 322     | 322     | 1,290   | 1,264   | 1,239   | 1,214   | 1,190   |     |
| % Chg  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| Cost of Grant Revenues   | 1,886   | 1,484   | 274     | 274     | 274     | 274     | 1,095   | 1,073   | 263     | 263     | 263     | 263     | 1,052   | 1,031   | 1,010   | 990     | 970     |     |
| % Chg  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| Sigma Tau Milestones (9 mln over 5 years starting in 2010)     |         |         |         |         |         |         |         | 1,000   | 500     | 500     | 500     | 500     | 2,000   | 6,000   | -       | -       | -       |     |
| % Chg  |         |         |         |         |         |         | -       | -       |         |         |         |         |         |         |         |         |         |     |
| EU Partership Milestones for orBec                             |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| % Chg  |         |         |         |         |         |         | -       | -       |         |         |         |         |         |         |         |         |         |     |
| LPM Platform: >15% bioavailability (Leuprolide) in man         |         |         |         |         |         |         |         |         |         | 5,000   |         |         | 5,000   | 5,000   | 2,500   | 2,500   | 2,500   |     |
| <b>Total Revenues (Product Sales, Grants &amp; Milestones)</b> | 424     | 1,332   | 62      | 62      | 62      | 62      | 248     | 1,243   | 634     | 5,938   | 1,328   | 2,024   | 9,924   | 31,104  | 73,720  | 170,829 | 283,203 |     |
| % Chg  |         |         | -94%    | 0%      | 0%      | 0%      | -81%    | 401%    | 943%    | 837%    | -78%    | 52%     | 698%    | 213%    | 137%    | 132%    | 66%     |     |
| <b>Expenses</b>  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| COGS (5% of Sales, includes small royalty to Orbec Licensor)   |         |         |         |         |         |         |         |         | 32      | 297     | 66      | 101     | 496     | 1,555   | 3,686   | 8,541   | 14,160  |     |
| COGS % Product Sales   |         | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      | 5%      |     |
| R&D  | 1,552   | 4,523   | 1,598   | 1,614   | 1,630   | 1,647   | 6,490   | 7,009   | 1,927   | 1,927   | 1,927   | 1,927   | 7,710   | 8,866   | 10,196  | 11,216  | 11,328  |     |
| R&D % Rev's  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| G&A  | 1,942   | 2,281   | 538     | 543     | 549     | 554     | 2,185   | 2,207   | 596     | 596     | 596     | 596     | 2,383   | 4,767   | 6,197   | 6,258   | 6,321   |     |
| G&A % Rev's  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |     |
| Stk Optn's   | 386     | 579     | 62      | 63      | 64      | 64      | 253     | 263     | 134     | 135     | 136     | 138     | 542     | 838     | 872     | 907     | 944     |     |
| Non-GAAP, Adj.   | 386     | 579     | 62      | 63      | 64      | 64      | 253     | 263     | 134     | 135     | 136     | 138     | 542     | 838     | 872     | 907     | 944     |     |
| <b>Total expenses</b>  | 3,880   | 7,384   | 2,199   | 2,221   | 2,243   | 2,265   | 8,927   | 9,479   | 2,688   | 2,955   | 2,726   | 2,762   | 11,131  | 16,026  | 20,950  | 26,923  | 32,753  |     |
| Oper. Inc. (Loss)  | (3,456) | (6,051) | (2,137) | (2,159) | (2,181) | (2,203) | (8,679) | (8,236) | (2,055) | 2,983   | (1,398) | (738)   | (1,207) | 15,079  | 52,769  | 143,906 | 250,450 |     |
| Oper Margin  |         |         | NM      | NM      | NM      | NM      | NM      | NM      | NM      | 50%     | NM      | NM      | -12%    | 48%     | 72%     | 84%     | 88%     |     |
| Other Income Expense (net)                                     | 34      | 17      | 0       | -       | -       | -       | -       | -       |         |         |         |         |         |         |         |         |         |     |
| <b>Pre-tax income</b>  | (3,422) | (6,034) | (2,136) | (2,159) | (2,181) | (2,203) | (8,679) | (8,236) | (2,055) | 2,983   | (1,398) | (738)   | (1,207) | 15,079  | 52,769  | 143,906 | 250,450 |     |
| Taxes  |         |         |         |         |         |         |         |         |         |         | (140)   | (74)    | (214)   | 2,262   | 13,192  | 43,172  | 95,171  |     |
| Tax Rate   |         |         |         |         |         |         | 0%      | 0%      | 0%      | 0%      | 10%     | 10%     | 10%     | 15%     | 25%     | 30%     | 38%     |     |
| <b>Net Income</b>  | (3,057) | (5,543) | (2,136) | (2,159) | (2,181) | (2,203) | (8,679) | (8,236) | (2,055) | 2,983   | (1,258) | (664)   | (994)   | 12,817  | 39,577  | 100,734 | 155,279 |     |
| <b>Net Margin</b>  |         |         | NM      | NM      | NM      | NM      | NM      | NM      | NM      | 50%     | NM      | NM      | NM      | NM      | 41%     | 54%     | 59%     | 55% |
| EPS  | (0.03)  | (0.04)  | (0.01)  | (0.01)  | (0.01)  | (0.01)  | (0.04)  | (0.04)  | (0.01)  | 0.01    | (0.01)  | (0.00)  | (0.00)  | 0.05    | 0.17    | 0.42    | 0.63    |     |
| Non GAAP EPS (dil)   | (0.03)  | (0.04)  | (0.01)  | (0.01)  | (0.01)  | (0.01)  | (0.04)  | (0.04)  | (0.01)  | 0.01    | (0.00)  | (0.00)  | (0.00)  | 0.06    | 0.17    | 0.42    | 0.63    |     |
| Wgtd Avg Shrs (Bas) - '000s                                    | 101,882 | 167,515 | 186,514 | 199,909 | 200,908 | 201,913 | 204,913 | 228,706 | 236,075 | 236,311 | 237,493 | 238,680 | 236,509 | 237,456 | 238,407 | 239,362 | 240,321 |     |
| Wgtd Avg Shrs (Dil) - '000s                                    | 101,882 | 167,515 | 186,514 | 199,924 | 200,923 | 201,928 | 204,928 | 228,721 | 236,090 | 236,326 | 237,508 | 238,695 | 236,524 | 237,471 | 238,422 | 239,377 | 240,336 |     |

Source: Company reports and National Securities

**Soligenix Balance Sheet**

| Soligenix Balance Sheet (\$)                                     |                |                |                |                 |                |                |                |                |                |                 |                 |                  |                  |
|--|----------------|----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|------------------|------------------|
|  | 2008A          | 2009A          | 1Q10A          | 2Q10E           | 3Q10E          | 4Q10E          | 2010E          | 2011E          | 2012E          | 2013E           | 2014E           | 2015E            | 2016E            |
| <b>Assets</b>  |                |                |                |                 |                |                |                |                |                |                 |                 |                  |                  |
| Cash and cash equiv.   | \$1,475        | \$7,692        | \$5,932        | \$8,868         | \$6,896        | \$4,865        | \$4,865        | \$4,495        | \$4,884        | \$19,496        | \$61,080        | \$164,468        | \$323,586        |
| Grants Receivable  | 278            | 24             | 57             | 57              | 57             | 57             | 57             | 57             | 57             | 57              | 57              | 57               | 57               |
| Inventory, net   | 82             | 43             | 40             | 40              | 40             | 40             | 40             | 140            | 290            | 515             | 853             | 1,359            | 2,118            |
| Prepaid Expenses   | 87             | 141            | 146            | 146             | 146            | 146            | 146            | 146            | 146            | 146             | 146             | 146              | 146              |
| <b>Total current assets</b>                                      | <b>\$1,923</b> | <b>\$7,900</b> | <b>\$6,175</b> | <b>\$9,111</b>  | <b>\$7,139</b> | <b>\$5,109</b> | <b>\$5,109</b> | <b>\$4,838</b> | <b>\$5,377</b> | <b>\$20,215</b> | <b>\$62,136</b> | <b>\$166,030</b> | <b>\$325,907</b> |
| Office & Lab Equipment & Other - PPE                             | 21             | 21             | 20             | 474             | 428            | 428            | 428            | 294            | 187            | 207             | 239             | 283              | 342              |
| Intangible Assets, net   | 1,419          | 1,463          | 1,110          | 1,110           | 1,110          | 1,110          | 1,110          | 750            | 409            | 84              | 0               | 0                | 0                |
| <b>Total assets</b>  | <b>\$3,363</b> | <b>\$9,384</b> | <b>\$7,306</b> | <b>\$10,695</b> | <b>\$8,677</b> | <b>\$6,647</b> | <b>\$6,647</b> | <b>\$5,882</b> | <b>\$5,973</b> | <b>\$20,506</b> | <b>\$62,375</b> | <b>\$166,313</b> | <b>\$326,249</b> |
| <b>Liabilities:</b>  |                |                |                |                 |                |                |                |                |                |                 |                 |                  |                  |
| Accounts Payable   | 1,015          | 845            | 962            | 962             | 962            | 962            | 962            | 962            | 962            | 962             | 962             | 962              | 962              |
| Accr'd Compensation  | 371            | 365            | 31             | 31              | 31             | 31             | 31             | 31             | 31             | 31              | 31              | 31               | 31               |
| <b>Total current liabilities</b>                                 | <b>\$1,386</b> | <b>\$1,210</b> | <b>\$993</b>   | <b>\$993</b>    | <b>\$993</b>   | <b>\$993</b>   | <b>\$993</b>   | <b>\$993</b>   | <b>\$993</b>   | <b>\$993</b>    | <b>\$993</b>    | <b>\$993</b>     | <b>\$993</b>     |
| Commitments & Contingencies                                      | -              | -              | -              | -               | -              | -              | -              | -              | -              | -               | -               | -                | -                |
| <b>Total liabilities</b>   | <b>\$1,386</b> | <b>\$1,210</b> | <b>\$993</b>   | <b>\$993</b>    | <b>\$993</b>   | <b>\$993</b>   | <b>\$993</b>   | <b>\$993</b>   | <b>\$993</b>   | <b>\$993</b>    | <b>\$993</b>    | <b>\$993</b>     | <b>\$993</b>     |
| <b>Stockholders' equity:</b>                                     |                |                |                |                 |                |                |                |                |                |                 |                 |                  |                  |
| Pf'd Stk 5,000,000 shares authorized, none issued or outstanding |                |                |                |                 |                |                |                |                |                |                 |                 |                  |                  |
| Common Stock \$0.001 Par Value, 400,000,000 shares authorized;   | 119            | 186            | 187            | 187             | 187            | 187            | 187            | 187            | 187            | 187             | 187             | 187              | 187              |
| Additional Paid In Capital                                       | 104,176        | 116,341        | 116,614        | 122,163         | 122,325        | 122,498        | 122,498        | 129,959        | 131,045        | 132,761         | 135,052         | 138,256          | 142,913          |
| Accum. Deficit   | (102,318)      | (108,352)      | (110,488)      | (112,647)       | (114,828)      | (117,031)      | (117,031)      | (125,257)      | (126,251)      | (113,434)       | (73,857)        | 26,878           | 182,157          |
| Total Shareholder's Equity                                       | 1,977          | 8,174          | 6,313          | 9,702           | 7,684          | 5,654          | 5,654          | 4,889          | 4,981          | 19,514          | 61,383          | 165,320          | 325,256          |
| <b>Total Liab &amp; Equity</b>                                   | <b>\$3,363</b> | <b>\$9,384</b> | <b>\$7,306</b> | <b>\$10,695</b> | <b>\$8,677</b> | <b>\$6,647</b> | <b>\$6,647</b> | <b>\$5,882</b> | <b>\$5,974</b> | <b>\$20,507</b> | <b>\$62,375</b> | <b>\$166,313</b> | <b>\$326,249</b> |
| Shares Iss'd (000)   | 97,761         | 185,687        | 185,872        | 213,945         | 214,373        | 214,802        | 214,802        | 235,957        | 236,903        | 237,852         | 238,805         | 239,761          | 240,722          |
| Shares Out (000)   | 97,761         | 185,687        | 185,872        | 213,945         | 214,373        | 214,802        | 214,802        | 235,957        | 236,903        | 237,852         | 238,805         | 239,761          | 240,722          |
| Treasury Stock   |                |                |                |                 |                |                |                |                |                |                 |                 |                  |                  |
| Common Authz'd   | 250,000        | 400,000        | 400,000        | 400,000         | 400,000        | 400,000        | 400,000        | 400,000        | 400,000        | 400,000         | 400,000         | 400,000          | 400,000          |

Source: Company reports and National Securities

**Fundamental Research:**  
**Biotechnology**  
**June 29, 2010**

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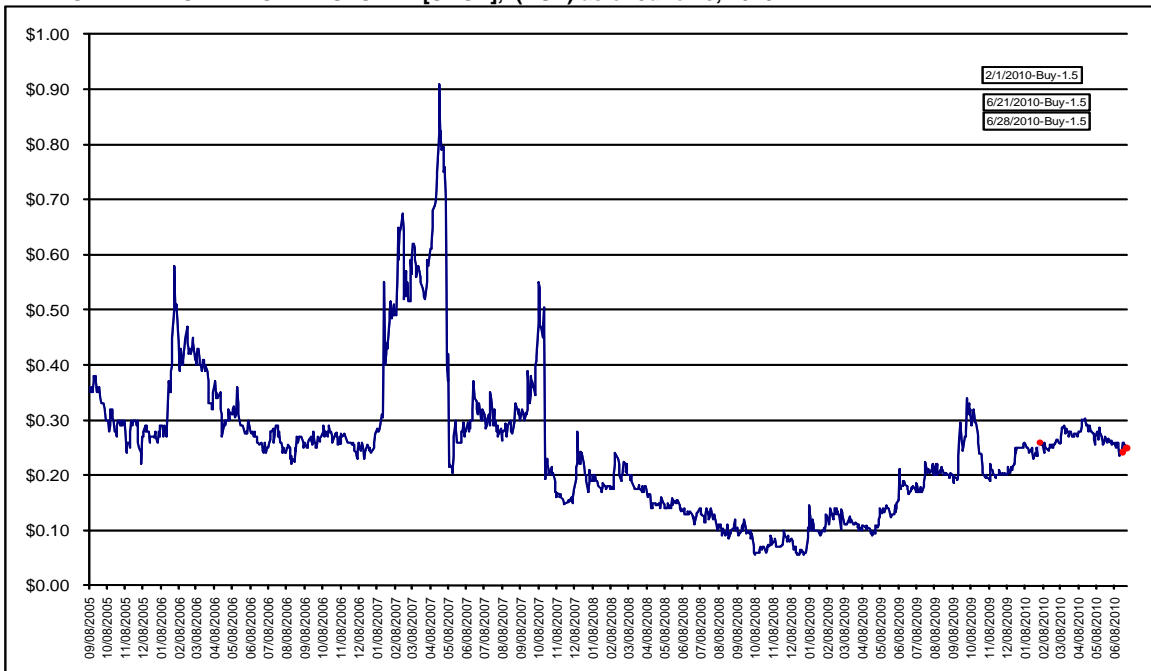
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