SIGA TECHNOLOGIES INC
Form 10QSB
November 15, 2004

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the Quarter Ended September 30, 2004 — 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 601 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 |_|.

As of November 10, 2004 the registrant had outstanding 24,500,648 shares of common stock.

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Part 1
Financial Information

Item 1. Financial Statements

SIGA TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	September 30, 2004
ASSETS	
Current Assets	
Cash and cash equivalents	$ 3,176,327
Accounts receivable	41,505
Prepaid expenses	89,098
Total current assets	3,306,930
Equipment, net	159,523
Goodwill	898,334
Intangible assets, net	3,981,423
Other assets	217,972
Total assets	$ 8,564,182
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Accounts payable	$ 633,243
Accrued expenses and other	264,765
Total liabilities	898,008
Stockholders' equity	
Series A convertible preferred stock ($.0001 par value, 10,000,000 shares authorized, 68,038 and 81,366 issued and outstanding at September 30, 2004 and December 31, 2003, respectively)	58,672
Common stock ($.0001 par value, 50,000,000 shares authorized, 24,500,648 and 18,676,851 issued and outstanding at September 30, 2004 and December 31, 2003, respectively)	2,450
Additional paid-in capital	48,679,650
Accumulated deficit	(41,074,598)
Total stockholders' equity	7,666,174
Total liabilities and stockholders' equity	$ 8,564,182

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

SIGA TECHNOLOGIES, INC.

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

	Three months ended September 30,		Nine S
	2004	2003	2004

Revenues			
Research and development contracts	$ 532,724	$ 176,342	$ 992
Operating expenses			
Selling, general and administrative	919,165	684,223	3,036
Research and development	826,827	1,000,911	2,872
Patent preparation fees	83,580	65,003	230
Purchased in-process research and development	568,329	--	568
Loss on impairment of intangible assets	--	--	610
Total operating expenses	2,397,901	1,750,137	7,318
Operating loss	(1,865,177)	(1,573,795)	(6,325
Other income, net	27,824	3,336	59
Net loss	$ (1,837,353)	$ (1,570,459)	$ (6,266
Weighted average shares outstanding: basic and diluted	23,875,368	16,825,628	23,462
Net loss per share: basic and diluted	(0.08)	$ (0.09)	(

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

SIGA TECHNOLOGIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Nine months en September 3 2004	
Cash flows from operating activities:		
Net loss	$(6,266,556)	$(
Adjustments to reconcile net loss to net cash used in operating activities:		
Purchased in-process research and development	568,329	
Loss on impairment of intangible assets	610,063	
Bad debt expense	--	
Depreciation	269,455	
Amortization of intangible assets	473,564	
Stock based compensation	47,400	
Changes in assets and liabilities:		
Accounts receivable	(2,719)	
Prepaid expenses	(38,760)	
Other assets	(27,977)	
Accounts payable and accrued expenses	331,776	

Net cash used in operating activities	(4,035,425)	(
Cash flows from investing activities:		
Acquisition of intangible assets	(1,033,022)	
Capital expenditures	(49,932)	
Net cash flow used in investing activities	(1,082,954)	
Cash flows from financing activities:		
Net proceeds from issuance of common stock	6,784,607	
Receipts of stock subscriptions outstanding	--	
Proceeds from exercise of options and warrants	69,375	
Principal payments on capital lease obligations	--	
Net cash provided from financing activities	6,853,982	
Net increase (decrease) in cash and cash equivalents	1,735,603	
Cash and cash equivalents at beginning of period	1,440,724	
Cash and cash equivalents at end of period	$ 3,176,327	$
Non-cash supplemental information:		
Conversion of preferred stock to common stock	$ 13,994	$
Transfer of intangible assets for investment in Pecos Labs, Inc.	$ 15,000	$
Shares issued for assets from ViroPharma Incorporated	$ 1,480,000	$
Shares issued for services	$ 47,400	$
Supplemental information of business acquired:		
Fair value of assets acquired:		
Equipment	$ --	$
Intangible assets	--	
Goodwill	--	
Less, liabilities assumed and non-cash consideration:		
Current liabilities	--	
Stock issued	--	(
Stock options and warrants issued	--	
Accrued acquisition costs	--	

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

SIGA TECHNOLOGIES, INC.
Notes to the September 30, 2004 Unaudited Condensed Consolidated Financial Statements

1. Organization and Basis of Presentation

Organization

The financial statements of SIGA Technologies, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and the rules of the Securities and Exchange Commission (the "SEC") for quarterly reports on Forms 10-QSB and do not include all of the

information and footnote disclosures required by generally accepted accounting principles for complete financial statements. These statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2003, included in the 2003 Form 10-KSB.

Basis of presentation

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. The Company has incurred cumulative net losses and expects to incur additional losses to perform further research and development activities. The Company does not have commercial products and has limited capital resources. The Company anticipates that its current resources will be sufficient to finance anticipated needs for operations and capital expenditures through at least fiscal year ending 2005. 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. See Note 5 for recent private placement offerings.

2. Significant Accounting Policies

Business Combinations, Goodwill and Intangible Assets

The Company accounts for business combinations in accordance with the provisions of Statement of Financial Accounting Standards No. 141 "Business Combinations" ("SFAS 141"). SFAS 141 requires business combinations to be accounted for using the purchase method of accounting. It also specifies the types of acquired intangible assets required to be recognized and reported separately from goodwill.

The Company accounts for the impairment of goodwill in accordance with the provisions of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. The impairment test consists of a comparison of the fair value of goodwill with its carrying amount. If the carrying amount of goodwill exceeds its fair value, a second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any. After an impairment loss is recognized, the adjusted carrying amount of goodwill is its new accounting basis. The annual impairment testing required under SFAS 142 requires management to make assumptions and judgments regarding the estimated fair value of the Company's goodwill. Such assumptions include the present value discount factor used to determine the fair value of a reporting unit, which is ultimately used to identify potential goodwill impairment. Such estimated fair values might produce significantly different results if other reasonable assumptions and estimates were to be used.

The Company accounts for the impairment of long-lived assets such as acquired technology, non-compete agreements and research contracts in accordance with the provisions of Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Company compares the carrying amount of the asset to the estimated undiscounted future cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, the Company records an impairment charge for the difference between the carrying amount of the asset and its fair value. Changes in events or circumstances to the Company that may affect long-lived assets

include, but are not limited to, cancellations or terminations of research contracts or pending government research grants.

Net loss per share

The Company computes, presents and discloses earnings per share in accordance with SFAS 128 "Earnings Per Share" ("EPS") which specifies the computation, presentation and disclosure requirements for earnings per share of entities with publicly held common stock or potential common stock. The statement defines two earnings per

share calculations, basic and diluted. The objective of basic EPS is to measure the performance of an entity over the reporting period by dividing income (loss) by the weighted average shares outstanding. The objective of diluted EPS is consistent with that of basic EPS, that is to measure the performance of an entity over the reporting period, while giving effect to all dilutive potential common shares that were outstanding during the period. The calculation of diluted EPS is similar to basic EPS except the denominator is increased for the conversion of potential common shares.

For the three months ended September 30, 2004 and 2003 and the nine months ended September 30, 2004 and 2003, the Company's Series A convertible preferred stock has been excluded from the computation of diluted loss per share as they are anti-dilutive. For the three months ended September 30, 2004 and 2003 and the nine months ended September 30, 2004 and 2003, outstanding options to purchase the Company's common stock with exercise prices ranging from $1.00 to $5.50 have been excluded from the computation of dilutive loss per share as they are anti-dilutive. For the three months ended September 30, 2004 and 2003 and the nine months ended September 30, 2004 and 2003, outstanding warrants to purchase the Company's common stock with exercise prices ranging from $1.00 to $3.63 have been excluded from the computation of dilutive loss per share as they are anti-dilutive.

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. Significant estimates include the fair value of goodwill and intangible assets and the value of options and warrants granted by the Company. Actual results could differ from those estimates.

Accounting for stock based compensation

The Company has elected 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" ("APB 25"). 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 Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), as amended by SFAS 148, "Accounting for Stock-Based Compensation -

Transaction and Disclosure, an amendment to FASB Statement No. 123."

Had compensation cost for 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 net loss per share would have been as follows:

	Three Months Ended September 30, 2004	2003	
Net loss, as reported	($1,837,353)	($1,570,459)	($6,
Add: Stock-based employee compensation expense recorded under APB No. 25	--	--	
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(816,882)	(75,055)	(1,
Pro forma net loss	($2,654,235)	($1,645,514)	($7,
Net loss per share:			
Basic and diluted -as reported	$ (0.08)	$ (0.09)	$
Basic and diluted -pro forma	$ (0.11).	$ (0.10)	$

The weighted average fair value of options granted to employees during 2004 was $1.08 using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for 2004: no dividend yield, expected volatility of 100%, weighted average risk free interest rates of 3.89% and a weighted average expected term of 6.5 years.

The weighted average fair value of options granted to employees during 2003 was $1.19 using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for 2003: no dividend yield, expected volatility of 100%, weighted average risk free interest rates of 3.18% and a weighted average expected term of 4 years.

Recent Accounting Pronouncements

In December 2003, the FASB revised its FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46R). FIN 46R clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements". FIN 46R requires that a business enterprise review all of its legal structures used to conduct its business activities, including those to hold assets, and its majority-owned subsidiaries, to determine whether those legal

structures are variable interest entities (VIEs) required to be consolidated for financial reporting purposes by the business enterprise. A VIE is a legal structure for which the holders of a majority voting interest may not have a controlling financial interest in the legal structure. FIN 46R provides guidance for identifying those legal structures and provides guidance for determining whether a business enterprise shall consolidate a VIE. FIN 46R requires that a business enterprise that holds a significant variable interest in a VIE make new disclosures in their financial statements. The Company adopted the provisions of FIN 46R for the period ended March 31, 2004. The Company does not hold any interests in VIEs that would require consolidation or additional disclosures.

In March 2004, the Emerging Issues Task Force issued EITF 03-06, "Participating Securities and the Two-Class Method under FASB Statement No. 128". This statement provides additional guidance on the calculation and disclosure requirements for earnings per share. The FASB concluded in EITF 03-06 that companies with multiple classes of common stock or participating securities, as defined by SFAS No. 128, calculate and disclose earnings per share based on the two-class method. The adoption of this statement did not have an impact to the Company's financial statements presentation as the Company is in a loss position.

3. Business acquisition of Plexus Vaccine, Inc.

On May 23, 2003, the Company acquired substantially all of the assets of Plexus and assumed certain liabilities in exchange for 1,950,000 shares of the Company's common stock and 190,950 of the Company's options and warrants at an exercise price of $1.62 per share. The results of operations of Plexus have been included in the statement of operations of the combined entity since May 23, 2003.

Selected Unaudited Pro Forma Financial Information

The Company has prepared a condensed pro forma statement of operations in accordance with SFAS 141, for the three and nine months ended September 30, 2003 as if Plexus were part of the Company as of January 1, 2003.

	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2003
Revenues	$ 176,342	$ 719,798
Net loss	$ (1,570,459)	$ (5,931,951)
Net loss per common share - basic and diluted	$ (0.09)	$ (0.38)
Weighted average number of common shares outstanding	16,825,628	15,791,389

4. Intangible Assets

Purchase of Intangible Assets

In August 2004, the Company acquired certain government grants and two early stage antiviral programs, Smallpox and Arenavirus, targeting certain agenda of biological warfare for a purchase price of $1,000,000 in cash and 1,000,000 shares of the Company's common stock from ViroPharma Incorporated ("ViroPharma"). Each program is in the early stage of development and the Company expects both programs to be completed in or by 2008. The shares issued to ViroPharma were valued at the closing date price.

The total purchase price of approximately $2.5 million was preliminarily allocated to the government grants (approximately $1.9 million) and to purchased in-process research and development (approximately $464,000 allocated to the Smallpox program and approximately $104,000 to the Arenavirus program) ("IPRD"). The grants will be amortized over the contractual life of each grant or 2 years. The amount expensed as IPRD was attributed to technology that has not reached technological feasibility and has no alternate future use. The value allocated to IPRD was determined using the income approach that included an excess earnings analysis reflecting the appropriate costs of capital for the purchase. Estimates of future cash flows related to the IPRD were made for both the Smallpox and Arenavirus programs. The aggregate discount rate of approximately 55% utilized to discount the programs' cash flows were based on consideration of the Company's weighted average cost of capital as well as other factors, including the stage of completion and the uncertainty of technology advances for these programs. If the programs are not successful or completed in a timely manner, the Company's product pricing and growth rates may not be achieved and the Company may not realize the financial benefits expected from the programs.

Transfer of Intangible Assets to Pecos Labs, Inc.

In May 2004, the Company sold intangible assets from its immunological bioinformatics technology and certain non-core vaccine development assets to a privately-held company, Pecos Labs, Inc. ("Pecos") in exchange for 150,000 shares of Pecos common stock. In addition, concurrent with the asset transfer, the Company terminated its employment agreement with the President of the Company. The Company paid approximately $270,000 in severance to the President as well as accelerated vesting on 100,000 stock options that were due to vest in May 2004. No compensation charge was recorded as the exercise price of the options was above the fair value market price on the date of termination. In addition, the Company reduced the covenant not to compete with the President to one year from the date of termination.

As a result of the Pecos transaction in the second quarter of 2004, the Company performed an impairment review of the intangible assets in accordance with SFAS 144. The impairment of intangible assets consists of $307,063 of impairments to unamortized intangible assets related to the grants transferred to Pecos and $303,000 of impairment to the unamortized covenant not to compete with the President of the Company due to the reduction of the covenant to one year from the date of termination.

The Company is accounting for its investment in Pecos under the cost method under Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock" based upon its 10% ownership of Pecos. The Company valued the 150,000 common shares at $0.10 per share based on an investment made at a concurrent time by an outside investor to Pecos at $0.10 per share.

Amortization of Intangible Assets

For the three and nine months ended September 30, 2004, amortization of acquired

technology was approximately $55,000 and $165,000, respectively, amortization of customer contract and grants was approximately $90,000 and $163,000, respectively, and amortization of a covenant not to compete was approximately $51,000 and $146,000, respectively. The Company anticipates amortization expense to be approximately $833,000, $1,318,000, $904,000, $219,000, and $219,000 for the fiscal years ending December 31, 2004, 2005, 2006, 2007, and 2008, respectively.

5. Stockholders' Equity

At September 30, 2004, the Company's authorized share capital consisted of 60,000,000 shares, of which 50,000,000 are designated common shares and 10,000,000 are designated preferred shares. The Company's Board of Directors is authorized to issue preferred shares in series with rights, privileges and qualifications of each series determined by the Board.

Holders of the Series A Convertible Preferred Stock are entitled to (i) cumulative dividends at an annual rate of 6% payable when and if declared by the Company's board of directors; (ii) in the event of liquidation of the Company, each holder is entitled to receive $1.4375 per share (subject to certain adjustment) plus all accrued but

unpaid dividends; (iii) convert each share of Series A to a number of fully paid and non-assessable shares of common stock as calculated by dividing $1.4375 by the Series A Conversion Price (shall initially be $1.4375); and (iv) vote with the holders of other classes of shares on an as-converted basis.

In January 2004, MacAndrews & Forbes Holdings Inc. ("MacAndrews & Forbes"), a holding company of which the Company's Chairman of the Board of Directors is Vice Chairman and a director, and TransTech Pharma, Inc., a related party to the Company and an affiliate of MacAndrews & Forbes ("TransTech Pharma"), completed the final portion of their investment, following the approval of the Company's stockholders at its annual meeting of stockholders held on January 8, 2004. Immediately following the stockholders' meeting, MacAndrews & Forbes invested $1,840,595 in exchange for 1,278,191 shares of common stock at a price of $1.44 per share, and warrants to purchase up to an additional 639,095 shares of common stock at an exercise price of $2.00 per share; and TransTech Pharma invested $5,000,000 in exchange for 3,472,222 shares of common stock and warrants to purchase up to an additional 1,736,111 shares of common stock on the same terms. In addition, as part of the investment, MacAndrews & Forbes and TransTech Pharma each were given the right to appoint one board member to the Board of Directors, subject to certain terms and conditions. On January 8, 2004, in accordance with the terms of the investment, the respective designees of MacAndrews & Forbes and TransTech Pharma were appointed to serve on SIGA's board of directors. In 2004, the Company paid $120,000 to TransTech Pharma for work performed in connection with the DegP SBIR grant.

During the three months September 30, 2004, the Company reached a settlement agreement for breach of contract with a founder of the Company, whereby the founder returned 40,938 common shares, 150,000 warrants and $15,000 to the Company. The common shares were retired by the Company in the period ended September 30, 2004. Other than the $15,000 recorded as Other income, this transaction had no affect on the Statement of Operations.

6. Employee Agreements

In July 2004, the Company entered into an employment agreement with Bernard L. Kasten, M.D. to serve as the Company's Chief Executive Officer. The employment agreement provides for an annual salary of $250,000 plus, at the discretion of the Board of Directors, bonus payments for a 3-year initial term with an automatic 3-year renewal unless either party gives notice that it does not want to renew. The agreement also provides for an option grant of 2,500,000 options to purchase common stock with an exercise price of $1.30, of which 500,000 vested upon signing, 1 million options vest over the 3-year initial term and the remaining 1 million options vest over the renewal term.

In July 2004, the Company entered into an amendment to its existing employment agreement with the Company's Chief Scientific Officer. Pursuant to the amendment, the employment agreement is effective through December 31, 2007 and provides for an annual salary of $225,000 plus, at the discretion of the Board of Directors, a bonus not to exceed 50% of the Chief Scientific Officer's salary. The agreement also provides for an option grant of 150,000 options to purchase common stock with an exercise price of $1.40, of which 75,000 vest on December 31, 2005 and 75,000 vest on December 31, 2006.

In June 2004, the Company entered into an amendment to its existing employment agreement with the Company's Chief Financial Officer. Pursuant to the amendment, the employment agreement is effective through December 31, 2005 and provides for an annual salary of $230,000 plus a one-time payment of $50,000 for the Chief Financial Officer's prior service as Acting Chief Executive Officer. An additional bonus not to exceed 25% of the Chief Financial Officer's salary may be awarded at the discretion of the Board of Directors. The agreement also provides for an option grant of 150,000 options to purchase common stock with an exercise price of $1.40, of which 75,000 vested upon signing and the remainder to vest on a prorata basis from January 1, 2005 through December 31, 2005.

The Company's employment agreement with its Vice President of Business Development became effective in August 2004. The employment agreement provides for an annual salary of $230,000 plus bonuses based on certain objectives and goals met for a 3-year initial term with a 1-year renewal unless either party gives notice that it does not want to renew. The agreement also provides for an option grant of 200,000 options to purchase common stock with an exercise price of $1.40, of which 50,000 vested upon signing and 50,000 vesting each anniversary of the 3-year initial term. The agreement also provides for an option grant, at the discretion of the Board of Directors and not to exceed 25,000 shares, upon certain milestone events during the 3-year initial term.

In addition to the 3,000,000 options granted to the executives mentioned above, during the three months ended September 30, 2004, the Company granted 120,500 options at fair market value at the date of the grant with a ten-year term and an exercise price of $1.40 per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results 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 Quarterly Report. In addition to historical information, the following discussion and other parts of this Quarterly Report contain forward-looking information that involves risks and uncertainties.

Overview

Since our inception in December 1995, we have been principally engaged in the research and development of novel products for the prevention and treatment of serious infectious diseases, including products for use in the defense against biological warfare agents such as Smallpox. The effort to develop a drug for Smallpox is being aided by a $1.6 million contract with the U.S. Army which commenced in January 2003 and a Small Business Innovation Research (SBIR) grant from the National Institutes for Health (NIH) totaling approximately $5.8 million which commenced in August 2004. In addition, commencing August 2004, we received SBIR grants from the NIH totaling $6.2 million to develop a drug for Arenavirus. Smallpox and Arenavirus have been designated as Category A bioterrorism agents by the Centers for Disease Control (CDC).

We are developing technology for the mucosal delivery of our 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. Our anti-infectives programs are aimed at the increasingly serious problem of drug resistance, and they are designed to block the ability of infectious agents to attach to human tissue, the first step in the infection process.

In August 2004, we acquired certain government grants and two early stage antiviral programs, Smallpox and Arenavirus, targeting certain agents of biological warfare from ViroPharma Incorporated ("ViroPharma") for a purchase price of $1,000,000 in cash and 1,000,000 shares of our common stock on the date of the closing. As part of the closing, we were awarded Phase I and II SBIR grants from the NIH totaling approximately $12 million, which will be received over the next two years, for the development of drugs for the treatment of Smallpox and Arenavirus as noted above.

In May 2004, we sold intangible assets from our immunological bioinformatics technology and certain non-core vaccine development assets to a privately-held company, Pecos Labs, Inc. ("Pecos") in exchange for 150,000 shares of Pecos common stock. As a result of this transaction, we performed an impairment review of the intangible assets and concluded that the carrying amount of certain transferred intangible assets of $307,063 would not be recoverable. In addition, we terminated our employment agreement with our President. We paid approximately $270,000 in severance to the President as well as accelerated vesting on 100,000 stock options that were due to vest in May 2004. No compensation charge was recorded as the exercise price of the options was above the fair value market price on the date of termination. In addition, we reduced the covenant not to compete with the President to one year from the date of termination. We recognized $303,000 of impairment to the unamortized covenant not to compete with our former President due to the reduction of the covenant to one year from the date of termination.

We do not have commercial biomedical products, and we do not expect to have such products for several years, if at all. We believe that we will need additional funds to complete the development of our biomedical products. 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. Management believes it has sufficient funds to support operations through at least the year ending December 31, 2005.

Our biotechnology operations are run out of our research facility in Corvallis, Oregon. We continue to seek to fund a major portion of our ongoing vaccine and anti-infectives programs through a combination of government contracts and grants and strategic alliances. While we have had success in obtaining strategic alliances, contracts 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.

Recent Accounting Pronouncements

In December 2003, the FASB revised its FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46R). FIN 46R clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements". FIN 46R requires that a business enterprise review all of its legal structures used to conduct its business activities, including those to hold assets, and its majority-owned subsidiaries, to determine whether those legal structures are variable interest entities (VIEs) required to be consolidated for financial reporting purposes by the business enterprise. A VIE is a legal structure for which the holders of a majority voting interest may not have a controlling financial interest in the legal structure. FIN 46R provides guidance for identifying those legal structures and provides guidance for determining whether a business enterprise shall consolidate a VIE. FIN 46R requires that a business enterprise that holds a significant variable interest in a VIE make new disclosures in their financial statements. We adopted the provisions of FIN 46R for the period ended March 31, 2004. We do not hold any interests in VIEs that would require consolidation or additional disclosures.

In March 2004, the Emerging Issues Task Force issued EITF 03-06, "Participating Securities and the Two-Class Method under FASB Statement No. 128". This statement provides additional guidance on the calculation and disclosure requirements for earnings per share. The FASB concluded in EITF 03-06 that companies with multiple classes of common stock or participating securities, as defined by SFAS No. 128, calculate and disclose earnings per share based on the two-class method. The adoption of this statement did not have an impact to our financial statements presentation as the Company is in a loss position.

Contractual Obligations, Commercial Commitments and Purchase Obligations

As of September 30, 2004, our purchase obligations are not material. We lease certain facilities and office space under operating leases. Minimum future rental commitments under operating leases having non-cancelable lease terms in excess of one year are as follows:

Year ending December 31,	
2004	$ 47,355
2005	190,627
2006	195,975
2007	200,863
2008	5,817
Thereafter	--

Total	$640,637

Results of Operations

Three months ended September 30, 2004 and September 30, 2003

Revenues from grants and research and development contracts were $532,724 for the three months ended September 30, 2004, compared to $176,342 for the same period of 2003, an approximate 202% increase. The increase is due to revenue from the Small Business Innovation Research (SBIR) grants awarded to us as the result of our purchase of certain assets from ViroPharma in August 2004. Revenues from these grants were $430,417 in the three month period ended September 30, 2004. Revenue from the U.S. Army contract was $88,419 for the three months ended September 30, 2004, an increase of approximately 14% from the $77,343 received in the prior year. We also received $13,888 from an SBIR grant that we have in conjunction with Oregon State University that was awarded in the current year three month period. During the three months ended September 30, 2003 we received $40,000 under a subcontract with Oregon State University and $58,999 in revenue from an SBIR grant. Work underwritten by this grant was completed in May 2004.

Selling, general and administrative expenses for the three months ended September 30, 2004 were $919,165 an increase of approximately 34% from expenses of $684,223 for the three months ended September 30, 2003. Legal

expenses were $212,753 for the three months ended September 30, 2004 compared to $24,627 for the prior year three month period. The increase was the primarily due to the expenses incurred in association with hiring our new Chief Executive Officer and other employee contractual matters and the settlement of a lawsuit against a founder. Payroll expenses increased approximately 32% from $187,034 for the three months ended September 30, 2003 to $246,949 in the current year period. The increase reflects the addition of the new Chief Executive Officer and Vice President of Business Development and a one-time bonus payment of $50,000 to the Chief Financial Officer. The increase in payroll costs was partially offset by the salary of $54,000 of our former President who was terminated in the second quarter of 2004. Consulting fees declined approximately 12% to $195,864 for the three months ended September 30, 2004 from $223,307 in the prior year period. This decrease in consulting expenses was offset by an increase in expenses associated with obtaining government funding and higher investor relations costs.

Research and development expenses were $826,827 for the three months ended September 30, 2004, an approximately 17% decrease from $1,000,911 for the same period in 2003. The decrease was primarily the result of a decrease in amortization by approximately 42% from $108,104 to $63,132 due to the sale of certain intangible assets to Pecos Labs, Inc. in May 2004. The sale also resulted in a reduction of sponsored research and development expense of approximately $210,000 from the prior year three month period as well as a $32,902 decrease in travel expenses as the result of integration of Plexus in the prior year period. Offsetting these decreases was an additional amortization expense of $81,779 for the grants purchased in conjunction with the ViroPharma asset acquisition in the current year period. The decreases in expenses were also partially offset by the approximately 37% increase in laboratory supply costs to $144,864 for the three months ended September 30, 2004 from $105,853 in the prior year period.

All of our product programs are in the early stage of development except

for the strep vaccine which is in Phase I clinical trials. At this stage of development, we cannot make estimates of the potential cost for any program to be completed or the time it will take to complete the project. For the three months ended September 30, 2004, excluding non-cash and other charges, we estimate that we spent a total of approximately $680,000 on all our research programs: approximately $272,000 or 40% of the total was spent for the development of Smallpox antivirals; approximately $136,000 or 20% of the total was spent for the development of the Smallpox vaccine; approximately $204,000 or 30% of the total was spent for the development of the Arenavirus antiviral and the remaining 10% of the total, approximately $68,000, was spent on the development of other programs.

For the three months ended September 30, 2003, excluding non-cash and other charges, we estimate that we spent approximately $800,000 on all our product programs: approximately $320,000, or 40% of the total was spent for the Smallpox anti-viral program; approximately $200,000 or 25% of the total was spent for the DegP anti-infectives program; approximately 120,000 or 15% of the total was spent on the Smallpox vaccine program; approximately $80,000 or 10% of the total was spent on SARS and other vaccine programs including other vaccines acquired from Plexus; and approximately $80,000 or 10% of the total was spent for all other programs.

In addition to our own programs, we are working with TransTech Pharma on a Smallpox anti-viral product and our DegP broad spectrum anti-biotic. There is a high risk of non-completion of any program because of the lead time to program completion and uncertainty of the costs. Net cash inflows from any products developed from these programs is at least two to three years away. However, we could receive additional grants, contracts or technology licenses in the short-term. The potential cash and timing is not known and we cannot be certain if they will ever occur.

The risk of failure to complete any program is high, as each is in the relatively early stage of development. Products for the biological warfare defense market, such as the Smallpox anti-viral, could be available for sale in two to three years. We believe the products directed toward this market are on schedule. We expect the future research and development cost of this program to increase as the potential products enter animal studies and safety testing. Funds for future development will be partially paid for by the contract we have with the U.S. Army and the SBIR grants from the NIH, additional government funding and from future financing. If we are unable to obtain additional federal grants and contracts or funding in the required amounts, the development timeline for these products would slow or possibly be suspended. The clinical trials for our Strep vaccine through Phase II are being funded under an agreement with the NIH. The time to market for this product should be several years from now because of the nature of the FDA requirements for approval of a pediatric vaccine. We expect to fund the development of the Strep vaccine beyond the Phase II clinical trials through a corporate collaboration or from additional funding from debt or equity financings. We do not yet have a corporate partner for this product and there is no assurance that we will ever have one or that we will be able to raise the funds needed to go forward. If the funding is not available or the clinical trials are not successful, the program could be delayed or cancelled. We believe this product program is on schedule. Delay or suspension of any of our programs could have an adverse impact on our ability to raise funds in the future, enter into collaborations with corporate partners or obtain additional federal funding from contracts or grants.

Patent preparation expenses for the three months ended September 30, 2004 were $83,580 an approximate 29% increase from the prior year period expense of

$65,003. The increase is due to a higher number of foreign patent filings in the current year period.

For the three months ended September 30, 2004, as a result of the acquisition of certain government grants and two early stage antiviral programs, Smallpox and Arenavirus, targeting certain agenda of biological warfare from ViroPharma Incorporated, $568,329 was immediately expensed as purchased in-process research and development ("IPRD"). The amount expensed as IPRD was attributed to technology that has not reached technological feasibility and has no alternate future use. The value preliminarily allocated to IPRD was determined using the income approach that included an excess earnings analysis reflecting the appropriate costs of capital for the purchase. Estimates of future cash flows related to the IPRD were made for both the Smallpox and Arenavirus programs. The aggregate discount rate of approximately 55% utilized to discount the programs' cash flows were based on consideration of the Company's weighted average cost of capital, as well as other factors including the stage of completion and the uncertainty of technology advances for these programs. If the programs are not successful or completed in a timely manner, the Company's product pricing and growth rates may not be achieved and the Company may not realize the financial benefits expected from the programs.

Other income, net was $27,824 for the three months ended September 30, 2004, compared to $3,336 for the three months ended September 30, 2003. The increase is the result of higher cash balances in the three months ended September 30, 2004 compared to the prior year period. The increase in cash balances was the result of the completion of the investment by MacAndrews & Forbes Holdings Inc., TransTech Pharma, Inc. and related parties in January 2004. Additionally, we received $15,000 in the three months ended September 30, 2004, as a result of a settlement of a lawsuit against a founder. No such income was received in the prior year period.

Nine months ended September 30, 2004 and September 30, 2003

Revenues from grants and research and development contracts were $992,478 for the nine months ended September 30, 2004, compared to $625,016 for the same period of 2003, an approximate 59% increase. The increase is the result of revenue from the Small Business Innovation Research (SBIR) grants awarded to us as the result of our purchase of certain assets from ViroPharma in August 2004. Revenues from these grants were $430,417 in the nine month period ended September 30, 2004. Revenue from the U.S. Army contract was $269,357 for the nine months ended September 30, 2004, compared to $226,804 received in the prior year. During the nine months ended September 30, 2003 we received $351,433 in revenue from an SBIR grant from the NIH compared to revenue from the grant of $254,816 in the current year prior. Work underwritten by this grant was completed in May 2004 causing the decline compared to the prior year.

Selling, general and administrative expenses for the nine months ended September 30, 2004 were $3,036,559 an increase of approximately 52% from expenses of $1,993,007 for the nine months ended September 30, 2003. Approximately 69% of the increase was due to materially higher legal expenses. The expenses were incurred as the result of costs incurred to review and amend our corporate governance policies and procedures to ensure compliance with the regulations promulgated under the Sarbanes Oxley Act of 2002, as well as the NASDAQ Stock Market. Also contributing to the increase in legal expenses were costs incurred in connection with a review of a potential business combination, the sale of certain non-core vaccine assets, the hiring of a new Chief Executive Officer and a legal action we initiated against a founder. Payroll expenses increased approximately 124% in the nine months ended September 30, 2004 to $826,437 from $368,525 in the nine months ended September 30, 2004. The increase was the result of the addition of former Plexus employees to our staff in May 2003 and, therefore, only partially included in the prior year balance, the addition of the salary expense of the Chief Executive Officer hired in July of

2003, the approximate $270,000 severance payment associated with the termination agreement entered into with our former President in May 2004 and one time bonus payments totaling $110,000. Consulting expenses for marketing efforts to present our programs to agencies of the federal government increase approximately 9% in the current year period to a total of $609,194. Furthermore, the nine months ended September 30, 2004 had an increase of approximately $41,000 for amortization of certain intangible assets acquired in the Plexus transaction in May 2003 compared to the prior year period, which was only a partial period of amortization.

Research and development expenses increased approximately 35% to $2,872,818 for the nine months ended September 30, 2004 from $2,121,154 for the same period in 2003. Amortization of certain intangible assets acquired in connection with the Plexus acquisition and the acquisition of assets from ViroPharma increased by approximately $194,000 and accounted for approximately 26% of the period to period increase. Payroll expense for the nine months ended September 30, 2004, increased approximately 19% to $1,098,241 compared to prior year expense of approximately $925,688. The increase was the result of the addition of former Plexus employees to our staff, an increase in staff to accelerate development on our lead products and bonus payments. Sponsored research expense increased by approximately $266,000 for the nine months ended September 30, 2004 compared to the same period in 2003 as the result of payments for work being performed on former Plexus programs at a Danish University and payments made to TransTech Pharma, Inc. for work performed on the SBIR grant that was concluded in May 2004.

All our product programs are in the early stage of development except for the strep vaccine which is in Phase I clinical trials. At this stage of development, we cannot make estimates of the potential cost for any program to be completed or the time it will take to complete the project. For the nine months ended September 30, 2004, excluding non-cash charges, we estimate that we spent a total of approximately $2,545,000 on all our research programs: approximately $865,000 or 34% of the total for the development of the Smallpox anti-viral; approximately $509,000 or 20% of the total for the development of Smallpox vaccine; approximately $305,000 or 12% of the total for the development of the strep vaccine; approximately $200,000 of the total for the development of the Arenavirus anti-viral and approximately $666,000 or 26% of the total on all other programs including programs that were transferred to Pecos in the second quarter of 2004.

For the nine months ended September 30, 2003, excluding non-cash charges, we estimate we spent a total of $1,615,000 on all our product programs: approximately $375,000, or 23% of total was spent for the strep vaccine program; approximately $510,000 or 32% of the total was spent for the Smallpox antiviral program; approximately $390,000 or 24% of the total was spent for the DegP anti-infectives program; approximately $260,000 or 16% of the total was spent for other anti-infective programs and approximately $80,000 or 5% of the total was spent on the SARS antiviral program.

In addition to our own programs we are working with TransTech Pharma on a Smallpox anti-viral product and our DegP broad spectrum anti-biotic. There is a high risk of non-completion of any program because of the lead time to program completion and uncertainty of the costs. Net cash inflows from any products developed from these programs is at least two to three years away. However, we could receive additional grants, contracts or technology licenses in the short-term. The potential cash and timing is not known and we cannot be certain if they will ever occur.

The risk of failure to complete any program is high, as each is in the relatively early stage of development. Products for the biological warfare defense market, such as the Smallpox anti-viral, could be available for sale in two to three years. We believe the products directed toward this market are on schedule. We expect the future research and development cost of this program to increase as the potential products enter animal studies and safety testing. Funds for future development will be partially paid for by the contract we have with the U.S. Army and the SBIR grants from the NIH, additional government funding and from future financing. If we are unable to obtain additional federal grants and contracts or funding in the required amounts, the development timeline for these products would slow or possibly be suspended. The clinical trials for our Strep vaccine through Phase II are being funded under an agreement with the NIH. The time to market for this product should be several years from now because of the nature of the FDA requirements for approval of a pediatric vaccine. We expect to fund the development of the Strep vaccine beyond the Phase II clinical trials through a corporate collaboration or from additional funding from debt or equity financings. We do not yet have a corporate partner for this product and there is no assurance that we will ever have one or that we will be able to raise the funds needed to go forward. If the funding is not available or the clinical trials are not successful, the program could be delayed or cancelled. We believe this product program is on schedule. Delay or suspension of any of our programs could have an adverse impact on our ability to raise funds in the future, enter into collaborations with corporate partners or obtain additional federal funding from contracts or grants.

Patent preparation expenses for the nine months ended September 30, 2004 were $230,320 compared to $187,109 for the nine months ended September 30, 2003. The 23% increase was the result of increased costs of patent work required on the intellectual property acquired in the Plexus transaction, including foreign patent filings.

For the nine months ended September 30, 2004, as a result of the acquisition of certain government grants, Smallpox and Arenavirus, and two early stage antiviral programs targeting certain agenda of biological warfare from ViroPharma Incorporated, $568,329 was immediately expensed as purchased in-process research and development ("IPRD"). The amount expensed as IPRD was attributed to technology that has not reached technological feasibility and has no alternate future use. The value preliminarily allocated to IPRD was determined using the income approach that included an excess earnings analysis reflecting the appropriate costs of capital for the purchase. Estimates of future cash flows related to the IPRD were made for both the Smallpox and Arenavirus programs. The aggregate discount rate of approximately 55% utilized to discount the programs' cash flows were based on consideration of the Company's weighted average cost of capital as well as other factors, including the stage of completion and the uncertainty of technology advances for these programs. If the programs are not successful or completed in a timely manner, the Company's product pricing and growth rates may not be achieved and the Company may not realize the financial benefits expected from the programs.

For the nine months September 30, 2004, we incurred a $307,063 loss on impairment of intangible assets due to the transfer of certain grants to Pecos Labs, Inc. and incurred an impairment of $303,000 to intangible assets due to the change of the covenant not to compete with our President who was terminated during the current year period.

Other income, net was $59,055 for the nine months ended September 30, 2004, compared to $13,048 for the nine months ended September 30, 2003. The increase is the result of higher cash balances in the nine months ended September 30, 2004 compared to the prior year period. The increase in cash balances was the result of the completion of the investment by MacAndrews & Forbes Holdings Inc., TransTech Pharma, Inc. and related parties in January 2004. Additionally, we received $15,000 in the nine

months ended September 30, 2004, as the result of the settlement of a lawsuit against a founder. No such income occur in the prior year period.

Liquidity and Capital Resources

As of September 30, 2004, we had $3,176,327 in cash and cash equivalents.

In August 2004, we acquired certain government grants and two early stage antiviral programs, Smallpox and Arenavirus, targeting certain agents of biological warfare from ViroPharma for a purchase price of $1,000,000 in cash and 1,000,000 shares of our common stock. As part of the closing, we were awarded Phase I and II SBIR grants from the NIH totaling approximately $12 million, which will be received over the next two years, for the development of drugs for the treatment of Smallpox and Arenavirus as noted above.

In May 2004, we sold intangible assets from our immunological bioinformatics technology and certain non-core vaccine development assets to a privately-held company, Pecos Labs, Inc. ("Pecos") in exchange for 150,000 shares of Pecos common stock. As a result of this transaction, we performed an impairment review of the intangible assets and concluded that the carrying amount of certain transferred intangible assets of $307,063 would not be recoverable. In addition, we terminated our employment agreement with our President. We paid approximately $270,000 in severance to our former President as well as accelerated vesting on 100,000 stock options that were due to vest in May 2004. No compensation charge was recorded as the exercise price of the options was above the fair value market price on the date of termination. In addition, we reduced the covenant not to compete with our former President to one year from the date of termination. We recognized $303,000 of impairment to the unamortized covenant not to compete with our former President due to the reduction of the covenant to one year from the date of termination.

In October 2003, MacAndrews & Forbes Holdings Inc., TransTech Pharma, Inc. and related parties, exercised their option to invest an additional $9,000,000 in us under the terms of the agreement signed in August 2003, as amended in October 2003. Upon exercise of the option, we received gross proceeds of $2,159,405 in exchange for 1,499,587 shares of common stock at a price of $1.44 per share and warrants to purchase 749,794 shares of common stock. The warrants have an initial exercise price of $2.00 per share and a term of seven years. The sale of the remaining 4,750,413 shares of common stock and warrants to purchase 2,375,206 shares of common stock on the same terms was subject to shareholder approval. On January 8, 2004, at a meeting of shareholders, the transaction was approved, the additional $6,840,595 of gross proceeds was received and the common shares and warrants were issued.

We anticipate that our current resources will be sufficient to finance our currently anticipated needs for operating and capital expenditures at least through the year ending December 31, 2005. 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, will be on commercially reasonable terms.

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.

We lease certain facilities and office space under operating leases. Minimum future rental commitments under operating leases having noncancellable lease terms are $47,355, $190,627 and $195,975 for the years ending December 31, 2004, 2005 and 2006, respectively.

Off-Balance Sheet Arrangements

SIGA does not have any off-balance sheet arrangements.

Safe Harbor Statement

This report contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including statements regarding the efficacy of potential products, the timelines for bringing such products to market and the availability of funding sources for continued development of such products. Forward-looking statements are based on management's estimates, assumptions and projections, and are subject to uncertainties, many of which are beyond the control of SIGA. Actual results may differ materially from those anticipated in any forward-looking statement. Factors that may cause such differences include the risks that (a) potential products that appear promising to SIGA or its collaborators cannot be shown to be efficacious or safe in subsequent pre-clinical or clinical trials, (b) SIGA or its collaborators will not obtain appropriate or necessary governmental approvals to market these or other potential products, (c) SIGA may not be able to obtain promised funding for its development projects or other needed funding, and (d) SIGA may not be able to secure or enforce adequate legal protection, including patent protection, for its products. More detailed information about SIGA and risk factors that may affect the realization of forward-looking statements, including the forward-looking statements in this presentation, is set forth in SIGA's filings with the Securities and Exchange Commission, including SIGA's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, and in other documents that SIGA has filed with the Commission. SIGA urges investors and security holders to read those documents free of charge at the Commission's Web site at http://www.sec.gov. Interested parties may also obtain those documents free of charge from SIGA. SIGA does not undertake to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.

Item 3. Controls and Procedures

As of the end of the fiscal quarter ended September 30, 2004, the Company's management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) of the Securities Exchange Act of 1934, as amended). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that such disclosure controls and procedures were effective for recording, processing, summarizing and reporting information that the Company is required to disclose in reports filed under the Securities and Exchange Act of 1934, as amended.

There have been no changes in the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act, as amended) or in other factors during the fiscal quarter ended September 30, 2004, that materially affected, or are reasonably

likely to materially affect, the Company's internal controls over financial reporting.

Part II
Other information

Item 1. Legal Proceedings - SIGA is not a party, nor is its property the subject of, any legal proceedings other than routine litigation incidental to its business.

Item 2. Changes in Securities and Use of Proceeds - None

Item 3. Defaults upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders - None

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.1 Employment Agreement, dated as of July 29, 2004, between SIGA and John Odden.

10.2 Amendment No. 5 to Employment Agreement, dated as of July 29, 2004, between SIGA and Dr. Dennis E. Hruby.

10.3 Amendment No. 3 to Amended and Restated Employment Agreement, dated as of July 29, 2004, between SIGA and Thomas N. Konatich.

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

(1) On July 6, 2004, SIGA filed a Current Report on Form 8-K dated July 6, 2004, pursuant to which SIGA reported under Item 5 that SIGA issued a press release announcing the appointment of Bernard L. Kasten, M.D. as its Chief Executive Officer.

(2) On August 24, 2004, SIGA filed a Current Report on Form 8-K dated August 24, 2004, pursuant to which SIGA reported under Item 7.01 that SIGA issued a press release announcing the receipt of two grants totaling approximately $12 million from the National Institutes of Health.

(3) On September 14, 2004, SIGA filed a Current Report on Form 8-K dated September 14, 2004, pursuant to which SIGA reported under Item 7.01 that

SIGA issued a press release announcing that it had been designated as a prime contractor by the U.S. Air Force Surgeon General's office to create rational development of vaccines and therapeutics against potential agents of biological warfare.

(4) On October 5, 2004, SIGA filed a Current Report on Form 8-K dated October 6, 2004, pursuant to which SIGA reported under Item 7.01 that SIGA issued a press release announcing that the company's lead compound, SIGA-246 has demonstrated significant antiviral activity against several mouse models of poxvirus disease.

(5) On October 25, 2004, SIGA filed a Current Report on Form 8-K dated October 12, 2004, pursuant to which SIGA reported under Item 7.01 that SIGA issued a press release announcing that Dennis Hruby, SIGA's Chief Scientific Officer, will present at the Rodman & Renshaw Techvest Conference on October 27, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has fully caused the report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGA Technologies, Inc.
(Registrant)

Date November 15, 2004

By: /s/ Thomas N. Konatich

Thomas N. Konatich
Chief Financial Officer
(Authorized Signatory and
Principal Accounting Officer
and Financial Officer and Vice
President, Finance)