

SIGA Technologies Reports Financial Results for the Second Quarter and First Half of 2011

NEW YORK, Aug. 1, 2011 (GLOBE NEWSWIRE) -- SIGA Technologies, Inc. (Nasdaq:SIGA), a company specializing in the development of pharmaceutical agents to fight biodefense pathogens, today reported its financial results for the three and six months ended June 30, 2011.

Revenue for the three months ended June 30, 2011 was \$2.5 million, compared to \$4.4 million in 2010, and the operating loss for the quarter was \$11.1 million, compared to \$3.0 million for the comparable period last year. Earnings per diluted share, which includes non-operational items such as a one-time \$33 million income tax benefit primarily relating to a partial release of the related valuation allowance and a \$2 million gain relating to an adjustment to the fair market valuation of certain warrants, was \$0.44 for the three months ended June 30, 2011. In comparison, there was a net loss per diluted share of \$0.12 for the three months ending June 30, 2010.

Revenue for the six months ended June 30, 2011 was \$4.2 million, compared to \$9.5 million in the corresponding 2010 period. The first six months of 2011 had an operating loss of \$17.6 million; in comparison, the operating loss was \$6.0 million in the first six months of 2010. Earnings per diluted share, which includes a one-time \$33 million income tax benefit and a \$4 million gain relating to an adjustment to the fair market valuation of certain warrants, was \$0.35 in the first six months of 2011, compared to a net loss per diluted share of \$0.23 in 2010.

In addition to reporting financial results for the quarter and last six months, SIGA is also reporting that during the second quarter it commenced performance on its \$433 million base contract with the Biomedical Advanced Research and Development Authority ("BARDA"). Under the base contract, SIGA will sell to BARDA 1.7 million courses of ST-246.

Key Financial Results for Second Quarter and First Half 2011

Revenues

For the second quarter of 2011, revenue from research and development ("R&D") grants and contracts was \$2.5 million, compared to \$4.4 million for the second quarter of 2010. The decrease of \$1.9 million is primarily due to a \$0.9 million decrease in grant and contract usage by the ST-246® program and a \$0.5 million decrease in grant and contract usage by the broad-spectrum program. Grant and contract usage has declined this quarter for the ST-246® program because the Company has been focused on low-cost development activities within the program, such as analyzing and organizing data in preparation of submitting study reports to regulatory authorities. Grant and contract usage has declined for the broad-spectrum program due to the conclusion of a contract.

For the first half of 2011 and 2010, revenue was \$4.2 million and \$9.5 million, respectively, a decrease of \$5.3 million. Revenues decreased mainly due to a \$4.1 million revenue decrease stemming from lower grant usage by the ST-246® program and the conclusion of certain federal grants and contracts related to the Lassa fever and broad-spectrum programs.

Research and Development

Research and development ("R&D") expenses in the second quarter of 2011 and 2010 were \$3.8 and \$4.9 million, respectively, a decrease of \$1.1 million. The decrease is mainly due to slower grant-related spending in the development programs, partially offset by an increase in employee-related compensation cost.

For the six months ended June 30, 2011 and 2010, we incurred R&D expenses of \$7.4 million and \$10.8 million, respectively, a decrease of \$3.4 million. The decrease is mainly due to a \$3.7 million decrease in ST-246®-related expenditures. Partially offsetting the decrease in ST-246® expenditures was a \$0.7 million increase in employee-related compensation expense. This increase was mostly due to the hiring of additional R&D personnel.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the three months ended June 30, 2011 and 2010 were \$9.3 million and \$2.2 million, respectively, reflecting an increase of approximately \$7.1 million. The increase is primarily attributable to a \$6.6 million increase in employee compensation expenses and a \$365,000 increase in legal expenses. In turn, employee compensation expenses increased mainly due to a \$6.3 million increase in stock-based compensation.

For the six month periods ended June 30, 2011 and 2010, SG&A expenses were \$13.6 million and \$4.2 million, respectively, an increase of \$9.4 million. The increase is primarily attributable to a \$7.9 million increase in employee compensation expenses and a \$1.0 million increase in legal expenses. In turn, employee compensation expenses increased mainly due to a \$7.3 million increase in stock-based compensation.

Patent Preparation Expenses

Patent preparation expenses were \$413,000 and \$755,000 for the three and six months ended June 30, 2011, respectively. This represents increases of \$107,000 and \$129,000, respectively, over the comparable 2010 periods and is related to the Company's efforts to protect ST-246® and other drug candidates in expanded geographic territories.

Income Tax Benefit

For the three and six months ended June 30, 2011, an income tax benefit of \$33 million was recorded primarily due to a partial reduction of the related valuation allowance. The valuation allowance was reduced because a significant portion of deferred tax assets were deemed realizable as a result of the execution and active status of the BARDA contract and the current forecast of pre-tax earnings.

Financial Condition and Liquidity

Cash, cash equivalents and short-term investments on June 30, 2011 were \$15.0 million, compared to \$21.3 million on December 31, 2010.

Quarterly Report on Form 10-Q

SIGA is filing today with the Securities and Exchange Commission its Second Quarter Report on Form 10-Q for the quarterly period ended June 30, 2011. SIGA urges its investors to read this quarterly filing as well as its Annual Report on Form 10-K, also filed with the SEC, for further details concerning the Company. The Second Quarter Report on Form 10-Q and the Annual Report on Form 10-K are also available on the Company's website, at www.siga.com

About SIGA Technologies, Inc.

In the United States and around the world, populations face a serious but unmet need for drugs to protect against potentially catastrophic emerging viral pathogens and biological weapons of mass destruction. SIGA Technologies, Inc. is a pharmaceutical company specializing in the development and commercialization of therapeutic solutions for some of the most lethal disease causing pathogens in the world - smallpox, Ebola, dengue, Lassa fever and other dangerous viruses. Our business is to discover, develop, manufacture and successfully commercialize drugs to prevent and treat these high priority threats. Our mission is to disarm dreaded viral diseases and create robust, modern biodefense countermeasures. For more information about SIGA, please visit SIGA's web site at www.siga.com.

The SIGA Technologies, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=4504>

Forward-looking Statements

This press release contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including statements relating to the safety and efficacy of our products, the progress of our development programs and timelines for bringing products to market, the enforceability of the BARDA Contract and the resolution of our ongoing litigation with PharmAthene, Inc. 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 (i) the risk that 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, (ii) the risk that SIGA or its collaborators will not obtain appropriate or necessary governmental approvals to market these or other potential products, (iii) the risk that SIGA may not be able to obtain anticipated funding for its development projects or other needed funding, (iv) the risk that SIGA may not be able to secure funding from anticipated or current government contracts and grants, (v) the risk that SIGA may not be able to secure or enforce sufficient legal rights in its products, including patent protection, for its products, (vi) the risk that any challenge to our patent and other property rights, if adversely determined, could affect our business and, even if determined favorably, could be costly, (vii) the risk that regulatory requirements applicable to SIGA's products may result in the need for further or additional testing or documentation that will delay or prevent seeking or obtaining needed approvals to market these products, (viii) the risk that one or more protests could be filed and upheld in whole or in part or other governmental action taken, in either case leading to a delay of performance under the BARDA Contract, (ix) the risk that our BARDA Contract is modified or cancelled at the request or requirement of the U.S. Government, (x) the risk that the volatile and competitive nature of the biotechnology industry may hamper SIGA's efforts, (xi) the risk that the changes in domestic and foreign economic and market conditions may

adversely affect SIGA's ability to advance its research or its products, and (xii) the effect of federal, state, and foreign regulation, including drug regulation and international trade regulation, on SIGA's business. 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, 2010, and in other documents that SIGA has filed with the SEC. SIGA urges investors and security holders to read those documents free of charge at the SEC's Web site at <http://www.sec.gov>. Interested parties may also obtain those documents free of charge from SIGA. Forward-looking statements speak only as of the date they are made, and except for our ongoing obligations under the United States of America federal securities laws, we undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise.

CONTACT: KCSA Strategic Communications

Todd Fromer / Robert Fink

212-896-1215 / 1236

Tfromer@kcsa.com / Rfink@kcsa.com



Source: SIGA Technologies, Inc.

News Provided by Acquire Media