

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**FORM 10-Q**

**(Mark One)**

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

**For the Quarterly Period Ended March 31, 2008**

**OR**

- Transition Report Pursuant To Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

**For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File No. 0-23047**

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**SIGA Technologies, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**13-3864870**

(IRS Employer Identification No.)

**420 Lexington Avenue, Suite 408  
New York, NY**

(Address of principal executive offices)

**10170**

(zip code)

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

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  No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one): Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Smaller Reporting Company .

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes  No .

As of May 2, 2008 the registrant had 34,006,048 shares of common stock outstanding.

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**PART I – FINANCIAL INFORMATION**

## Item 1 – Financial Statements

**SIGA TECHNOLOGIES, INC.****CONSOLIDATED BALANCE SHEETS**

	<b>Unaudited March 31, 2008</b>	<b>December 31, 2007</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,090,173	\$ 6,832,290
Accounts receivable	551,931	986,489
Prepaid expenses	121,410	130,115
<b>Total current assets</b>	<b>5,763,514</b>	<b>7,948,894</b>
Property, plant and equipment, net	1,317,265	1,479,678
Goodwill	898,334	898,334
Other assets	267,975	261,766
<b>Total assets</b>	<b>\$ 8,247,088</b>	<b>\$ 10,588,672</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 949,204	\$ 1,321,146
Accrued expenses and other	551,220	594,524
Accrued bonuses	46,800	202,000
<b>Total current liabilities</b>	<b>1,547,224</b>	<b>2,117,670</b>
Common stock warrants	2,156,659	3,242,797
<b>Total liabilities</b>	<b>3,703,883</b>	<b>5,360,467</b>
Commitments and contingencies	—	—
<b>Stockholders' equity</b>		
Common stock (\$.0001 par value, 100,000,000 shares authorized, 33,955,215 and 33,937,549 issued and outstanding at March 31, 2008 and December 31, 2007, respectively)	3,396	3,394
Additional paid-in capital	67,404,289	67,230,987
Accumulated deficit	(62,864,480)	(62,006,176)
<b>Total stockholders' equity</b>	<b>4,543,205</b>	<b>5,228,205</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 8,247,088</b>	<b>\$ 10,588,672</b>

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

**SIGA TECHNOLOGIES, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
Revenues		
Research and development	\$ 1,982,540	\$ 1,867,441
Operating expenses		
Selling, general and administrative	1,004,804	877,116
Research and development	2,836,025	2,649,588
Patent preparation fees	129,605	137,686
Total operating expenses	3,970,434	3,664,390
Operating loss	(1,987,894)	(1,796,949)
Decrease (increase) in fair market value of common stock rights and common stock warrants	1,086,138	(1,459,168)
Other income, net	43,452	114,440
Net loss	\$ (858,304)	\$ (3,141,677)
Weighted average shares outstanding: basic and diluted	33,946,494	32,590,966
Net loss per share: basic and diluted	\$ (0.03)	\$ (0.10)

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

**SIGA TECHNOLOGIES, INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
Cash flows from operating activities:		
Net loss	\$ (858,304)	\$ (3,141,677)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	320,419	257,985
Amortization of intangible assets	—	20,655
(Increase) decrease in fair market value of rights and warrants	(1,086,138)	1,459,168
Stock based compensation	147,369	36,949
Changes in assets and liabilities:		
Accounts receivable	434,558	(661,560)
Prepaid expenses	8,705	(558)
Other assets	(6,209)	(8,027)
Accounts payable and accrued expenses	(570,446)	70,837
Net cash used in operating activities	<u>(1,610,046)</u>	<u>(1,966,228)</u>
Cash flows from investing activities:		
Capital expenditures	(158,006)	(40,297)
Net cash used in investing activities	<u>(158,006)</u>	<u>(40,297)</u>
Cash flows from financing activities:		
Net proceeds from exercise of warrants and options	25,935	1,139,424
Repayment of notes payable	—	(27,690)
Net cash provided by financing activities	<u>25,935</u>	<u>1,111,734</u>
Net decrease in cash and cash equivalents	(1,742,117)	(894,791)
Cash and cash equivalents at beginning of period	6,832,290	10,639,530
Cash and cash equivalents at end of period	<u>\$ 5,090,173</u>	<u>\$ 9,744,739</u>

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

**SIGA TECHNOLOGIES, INC.**  
**Notes to the March 31, 2008 Consolidated Financial Statements (Unaudited)**

**1. Basis of Presentation**

SIGA Technologies, Inc. (“SIGA” or the “Company”) is a bio-defense company engaged in the discovery, development and commercialization of products for use in defense against biological warfare agents such as smallpox and Arenaviruses. The Company is also engaged in the discovery and development of other novel anti-infectives, and antibiotics for the prevention and treatment of serious infectious diseases. The Company’s anti-viral programs are designed to prevent or limit the replication of viral pathogens. SIGA’s anti-infectives programs target the increasingly serious problem of drug resistant bacteria and emerging pathogens.

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the rules and regulations of the Securities and Exchange Commission (the “SEC”) for quarterly reports on Forms 10-Q and should be read in conjunction with the Company’s consolidated audited financial statements and notes thereto for the year ended December 31, 2007, included in the 2007 Form 10-K. All terms used but not defined elsewhere herein have the meaning ascribed to them in the Company’s 2007 annual report on Form 10-K filed on March 13, 2008. In the opinion of management, all adjustments (consisting of normal and recurring adjustments) considered necessary for a fair statement of the results of the interim periods presented have been included. The results of operations for the three months ended March 31, 2008 are not necessarily indicative of the results expected for the full year.

The accompanying consolidated 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. Management’s plans with regard to these matters include continued development of its products as well as seeking additional research support funds and future financial arrangements. Although management will continue to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient future financing on commercially reasonable terms or that the Company will be able to secure funding from anticipated government contracts and grants. Management believes that existing cash balances combined with cash flows primarily from continuing government grants and contracts, anticipated new government grants and contracts or reduction of certain operating expenses will be sufficient to support its operations beyond the next twelve months, and will fund the Company’s business objectives during that period. If the Company is unable to raise adequate capital or achieve profitability, future operations will need to be scaled back or discontinued. Continuance of the Company as a going concern is dependent upon, among other things, the success of the Company’s research and development programs and the Company’s ability to obtain adequate financing. The financial statements do not include any adjustments relating to the recoverability of the carrying amount of recorded assets and liabilities that might result from the outcome of these uncertainties.

**2. Significant Accounting Policies**

***Use of Estimates***

The consolidated financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. These estimates include the realization of deferred tax assets, useful lives and impairment of tangible assets and goodwill, and the value of options and warrants granted or issued by the Company. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from these estimates.

***Cash and cash equivalents***

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

***Property, Plant and Equipment***

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the various asset classes. Estimated lives are 5 years for laboratory

equipment; 3 years for computer equipment; 7 years for furniture and fixtures; and the life of the lease for leasehold improvements. Maintenance, repairs and minor replacements are charged to expense as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are removed from the Consolidated Balance Sheet and any gain or loss is reflected in the Consolidated Statement of Operations.

#### ***Revenue Recognition***

The Company recognizes revenue from contract research and development and research payments in accordance with SEC Staff Accounting Bulletin No. 104, Revenue Recognition, (“SAB 104”). In accordance with SAB 104, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, collectibility is reasonably assured, contractual obligations have been satisfied and title and risk of loss have been transferred to the customer. The Company recognizes revenue from non-refundable up-front payments, not tied to achieving a specific performance milestone, over the period which the Company is obligated to perform services or based on the percentage of costs incurred to date, estimated costs to complete and total expected contract revenue. Payments for development activities are recognized as revenue as earned, over the period of effort. Substantive at-risk milestone payments, which are based on achieving a specific performance milestone, are recognized as revenue when the milestone is achieved and the related payment is due, providing there is no future service obligation associated with that milestone. In situations where the Company receives payment in advance of the performance of services, such amounts are deferred and recognized as revenue as the related services are performed.

For the three months ended March 31, 2008 and 2007, revenues from National Institutes of Health (“NIH”) contracts and grants were 98% and 66%, respectively, of total revenues recognized by the Company. Revenues from contracts with the United States Air Force for the three months ended March 31, 2008 and 2007 were 2% and 34%, respectively.

#### ***Accounts Receivable***

Accounts receivable are recorded net of provisions for doubtful accounts. An allowance for doubtful accounts is based on specific analysis of the receivables. At March 31, 2008 and December 31, 2007, the Company had no allowance for doubtful accounts.

#### ***Research and development***

Research and development expenses include costs directly attributable to the conduct of research and development programs, including employee related costs, materials, supplies, depreciation on and maintenance of research equipment, the cost of services provided by outside contractors, and facility costs, such as rent, utilities, and general support services. All costs associated with research and development are expensed as incurred. Costs related to the acquisition of technology rights, for which development work is still in process, and that have no alternative future uses, are expensed as incurred.

#### ***Goodwill***

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

The Company evaluates goodwill for impairment annually, in the fourth quarter of each year. In addition, the Company would test goodwill for recoverability between annual evaluations whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Examples of such events could include a significant adverse change in legal matters, liquidity or in the business climate, an adverse action or assessment by a regulator or government organization, loss of key personnel, or new circumstances that would cause an expectation that it is more likely than not that we would sell or otherwise dispose of a reporting unit. Goodwill impairment is determined using a two-step approach in accordance with Statement of Financial Accounting Standards No. 142 “Goodwill and Other Intangible Assets” (“SFAS 142”). The impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value. In 2007, the Company operated as one business and one reporting unit. Therefore, the goodwill impairment analysis was performed on the basis of the Company as a whole using the market capitalization of the Company as an estimate of its fair value.

#### ***Income taxes***

Income taxes are accounted for under the asset and liability method prescribed by Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes.” Deferred income taxes are recorded for temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets and liabilities reflect the tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided if it is more likely than not that some or the entire deferred tax asset will not be realized.

The Company applies the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement 109* (“FIN 48”). FIN 48 prescribes a comprehensive model for the manner in which a company should recognize, measure, present and disclose in its financial statements all material uncertain tax positions that the Company has taken or expects to take on a tax return.

The Company has no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months from December 31, 2007 or from March 31, 2008. As of March 31, 2008, the only tax jurisdiction to which the Company is subject is the United States. Open tax years relate to years in which unused net operating losses were generated. Thus, upon adoption of FIN 48, the Company’s open tax years extend back to 1995. In the event that the Company concludes that it is subject to interest and/or penalties arising from uncertain tax positions, the Company will present interest and penalties as a component of income taxes. No amounts of interest or penalties were recognized in the Company’s Consolidated Statements of Operations or Consolidated Balance Sheets on December 31, 2007 or as of and for the three months ended March 31, 2008.

#### ***Net income per common 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.

The Company incurred losses for the three months ended March 31, 2008 and 2007, and as a result, certain equity instruments are excluded from the calculation of diluted loss per share. At March 31, 2008 and 2007, outstanding options to purchase 8,092,601 and 7,431,412 shares, respectively, of the Company’s common stock with exercise prices ranging from \$0.94 to \$4.63 have been excluded from the computation of diluted loss per share as they are anti-dilutive. At March 31, 2008 and 2007, outstanding warrants to purchase 8,257,377 and 9,166,632 shares, respectively, of the Company’s common stock, with exercise prices ranging from \$1.18 to \$4.99 have been excluded from the computation of diluted loss per share as they are anti-dilutive.

#### ***Fair value of financial instruments***

The carrying value of cash and cash equivalents, accounts payable and accrued expenses approximates fair value due to the relatively short maturity of these instruments. Common stock rights and warrants which are classified as assets or liabilities under the provisions of EITF 00-19, are recorded at their fair market value as of each reporting period.

#### ***Concentration of credit risk***

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

#### ***Share-based Compensation***

The Company accounts for its stock-based compensation programs under the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment” (“SFAS 123(R)”), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to the Employee Stock Purchase Plan (“employee stock purchases”) based on estimated fair values. The Company does not have a stock purchase plan at the current time.

#### ***Segment information***

The Company is managed and operated as one business. The entire business is managed by a single management team that reports to the chief executive officer. The Company does not operate separate lines of business or separate business entities with respect to any of its product candidates. Accordingly, the Company does not prepare discrete financial information with respect to separate product areas or by location and only has one reportable segment as defined by SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information”.

## **Recent accounting pronouncements**

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities,” (“SFAS No. 161”). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The adoption of SFAS No. 161 will not affect our consolidated financial condition and results of operations, but may require additional disclosures if we enter into derivative and hedging activities.

Effective January 1, 2008, the Company implemented Statement of Financial Accounting Standard No. 157, *Fair Value Measurement*, (FAS 157), for financial assets and liabilities that are required to be measured at fair value. The adoption of FAS 157 did not have an impact on our financial position or results of operations.

In February 2008, the FASB issued FASB Staff Position 157-2 (FSP 175-2), which delayed the implementation of FAS 157 until January 1, 2009, for non-financial assets and liabilities that are not required to be measured at fair value on a recurring basis. Pursuant to FSP 157-2, the Company did not adopt FAS 157 for non-financial assets and liabilities that include goodwill. We are currently assessing the impact of FAS 157 on our non-financial assets and liabilities.

FAS 157 provides that the measurement of fair value requires the use of techniques based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations where inputs are observable or where significant value drivers are observable.
- Level 3 – Instruments where significant value drivers are unobservable to third parties.

The Company uses model-derived valuations where inputs are observable in active markets to determine the fair value of certain common stock warrants on a recurring basis and classify such warrants in Level 2. At March 31, 2008, the fair value of such warrants was \$2,156,000.

## **3. Stockholders' Equity**

On March 31, 2008, the Company's authorized share capital consisted of 110,000,000 shares, of which 100,000,000 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.

### *2006 Placement*

On October 19, 2006, the Company sold 2,000,000 shares of the Company's common stock at \$4.54 per share and warrants to purchase 1,000,000 shares of the Company's common stock. The warrants have an initial exercise price of \$4.99 per share and may be exercised at any time and from time to time through and including the seventh anniversary of the closing date. As of March 31, 2008, warrants to acquire 1,000,000 shares of common stock were outstanding.

The Company accounted for the transaction under the provisions of EITF 00-19 which requires that free standing derivative financial instruments that require net cash settlement be classified as assets or liabilities at the time of the transaction, and recorded at their fair value. EITF 00-19 also requires that any changes in the fair value of the derivative instruments be reported in earnings or loss as long as the derivative contracts are classified as assets or liabilities. At March 31, 2008, the fair market value of the warrants was \$982,000. The Company applied the Black-Scholes model to calculate the fair values of the respective derivative instruments using the contracted term of the warrants. Management estimates the expected volatility using a combination of the Company's historical volatility and the volatility of a group of comparable companies. SIGA recorded a gain of \$553,000 representing the decline in the instruments' fair value from December 31, 2007 to March 31, 2008.

### *2005 Placement*

In November 2005, the Company sold 2,000,000 shares of the Company's common stock at \$1.00 per share and warrants to purchase 1,000,000 shares of the Company's common stock at an initial exercise price of \$1.18 per share, at

any time and from time to time through and including the seventh anniversary of the closing date. As of March 31, 2008, warrants to acquire 725,000 shares of common stock were outstanding.

The Company accounted for the transaction under the provisions of EITF 00-19. On March 31, 2008, the fair market value of the warrants to acquire common stock was \$1.2 million. SIGA recorded a gain of \$533,000 for the decline in the instruments' fair value from December 31, 2007 to March 31, 2008.

#### **4. Related Parties**

During the three months ended March 31, 2008, the Company incurred costs of \$2,500 related to work performed by TransTech Pharma, Inc., a related party, and its affiliates. There are no outstanding accounts payable to related parties as of March 31, 2008.

#### **5. Stock Compensation Plans**

In January 1996, the Company implemented its 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan"). The Plan as amended provides for the granting of up to 11,000,000 shares of the Company's common stock to employees, consultants and outside directors of the Company. The exercise period for options granted under the Plan, except those granted to outside directors, is determined by a committee of the Board of Directors. Stock options granted to outside directors pursuant to the Plan must have an exercise price equal to or in excess of the fair market value of the Company's common stock at the date of grant.

For the three months ended March 31, 2008 and 2007, the Company recorded compensation expense of approximately \$147,000 and \$37,000, respectively, related to employees and directors stock options. The total fair value of options vested during the three months ended March 31, 2008 and 2007, was \$27,000 and \$188,000, respectively. The total compensation cost not yet recognized related to non-vested awards at March 31, 2008 is \$1.3 million. The weighted average period over which total compensation cost is expected to be recognized is 1.0 years.

#### **6. Commitments and Contingencies**

As of March 31, 2008, our purchase obligations are not material. We lease certain facilities and office space under operating leases. On December 31, 2007, minimum future rental commitments under operating leases having non-cancelable lease terms in excess of one year are as follows:

Year ended December 31,	Lease obligations
2008	576,948
2009	579,648
2010	466,448
2011	443,748
Total	\$ 2,066,792

*Other*

On December 20, 2006, PharmAthene, Inc. (“PharmAthene”) filed an action against SIGA in the Court of Chancery in the State of Delaware, captioned *PharmAthene, Inc. v. SIGA Technologies, Inc.*, C.A. No. 2627-N. In its Complaint, PharmAthene asks the Court to order the Company to enter into a license agreement with PharmAthene with respect to SIGA-246, as well as issue a declaration that SIGA is obliged to execute such a license agreement, and award damages resulting from SIGA’s supposed breach of that obligation. PharmAthene also alleges that SIGA breached an obligation to negotiate such a license agreement in good faith, as well as seeks damages for promissory estoppel and unjust enrichment based on supposed information, capital and assistance that PharmAthene allegedly provided to SIGA during the negotiation process. On January 9, 2007, SIGA filed a motion to dismiss the Complaint in its entirety for failure to state a claim upon which relief can be granted. The Company moved to stay discovery on January 26, 2007 and this motion was granted on March 8, 2007. On January 16, 2008, the Court of Chancery denied SIGA’s motion to dismiss and lifted the stay of discovery. Discovery is proceeding. The Company filed its answer to the Complaint on January 31, 2008. SIGA plans to defend itself vigorously.

## SIGA TECHNOLOGIES, INC.

### 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, SIGA has pursued 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 and hemorrhagic Fevers. During the third quarter of 2006, we were awarded a 3 year, \$16.5 million contract from the NIH and an additional 3 year, \$4.8 million Phase II continuation grant from the NIH. Both awards support the continuing development of our smallpox drug candidate, ST-246. Our efforts to develop ST-246 were also supported by previous grants from the NIH totaling \$5.8 million, a \$1.0 million agreement with Saint Louis University, and a \$1.6 million contract with the U.S. Army. Our initiative to advance SIGA's Hemorrhagic Fevers programs is supported by a 3 year, \$6.0 million grant from the NIH, received in September 2006 and previous grants from the NIH totaling \$6.3 million. In September 2007, the Company received a two-year grant for a total of approximately \$600,000, supporting the Company's development of ST-246 treatment of smallpox vaccine-related adverse events.

Our anti-viral programs are designed to prevent or limit the replication of the viral pathogen. Our anti-infectives programs are aimed at the increasingly serious problem of drug resistance. These programs are designed to block the ability of bacteria to attach to human tissue, the first step in the infection process. In July 2007, we were awarded a two-year grant for a total of \$530,000 to support our Strep program.

We do not have commercial products, and we cannot predict with certainty when our products will be able to be sold in substantial quantities. We will need additional funds to complete the development of our 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 future financing on terms acceptable to us. Management believes that its existing cash balances combined with cash flows primarily from continuing government grants and contracts, anticipated new government grants and contracts or reduction of certain operating expenses will be sufficient to support SIGA's operations beyond the next twelve months, and that sufficient cash flows will be available to meet the Company's business objectives during that period.

Our technical operations are based in our research facility in Corvallis, Oregon. We continue to seek to fund a major portion of our ongoing antiviral, antibiotic and vaccine programs through a combination of government grants, contracts and strategic alliances. While we have had success in obtaining strategic alliances, contracts and grants, there is no assurance 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. We expect to incur operating losses for the foreseeable future and there can be no assurance that we will ever achieve profitable operations.

#### Critical Accounting Estimates

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on the results we report in our consolidated financial statements, which we discuss under the heading "Results of Operations" following this section of our Management's Discussion and Analysis. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Our most critical accounting estimates include the assessment of recoverability of goodwill, which could impact goodwill impairments, and the assessment of recoverability of long-lived assets, which primarily impacts operating income if impairment exists. Below, we discuss these policies further, as well as the estimates and judgments

involved. Other key accounting policies, including revenue recognition, are less subjective and involve a far lower degree of estimation and judgment.

## **Significant Accounting Policies**

The following is a brief discussion of the more significant accounting policies and methods used by us in the preparation of our consolidated financial statements. Note 2 of the Notes to the Consolidated Financial Statements includes a summary of all of the significant accounting policies.

### ***Share-based Compensation***

The Company accounts for its stock-based compensation programs under the provisions of Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment” (“SFAS 123(R)”), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options and employee stock purchases related to the Employee Stock Purchase Plan (“employee stock purchases”) based on estimated fair values. SFAS 123(R) requires companies to estimate the fair value of share-based awards on the grant date using an option pricing model. The value of the portion of the award that is ultimately expected to vest is recorded as expense over the requisite periods in the Company’s consolidated statement of operations.

### ***Fair value of financial instruments***

The carrying value of cash and cash equivalents, accounts payable and accrued expenses approximates fair value due to the relatively short maturity of these instruments. Common stock rights and warrants which are classified as assets or liabilities under the provisions of EITF 00-19 are recorded at their fair market value as of each reporting period. The Company applies the Black-Scholes pricing model to calculate the fair values of common stock rights and warrants using the contracted term of the instruments and expected volatility that is calculated as a combination of the Company’s historical volatility and the volatility of a group of comparable companies.

### ***Revenue Recognition***

The Company recognizes revenue from contract research and development and research progress payments in accordance with SEC Staff Accounting Bulletin No. 104, *Revenue Recognition*, (“SAB 104”). In accordance with SAB 104, revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, collectibility is reasonably assured, contractual obligations have been satisfied and title and risk of loss have been transferred to the customer. The Company recognizes revenue from non-refundable up-front payments, not tied to achieving a specific performance milestone, over the period during which the Company is obligated to perform services or based on the percentage of costs incurred to date, estimated costs to complete and total expected contract revenue. Payments for development activities are recognized as revenue is earned, over the period of effort. Substantive at-risk milestone payments, which are based on achieving a specific performance milestone, are recognized as revenue when the milestone is achieved and the related payment is due, providing there is no future service obligation associated with that milestone. In situations where the Company receives payment in advance of the performance of services, such amounts are deferred and recognized as revenue as the related services are performed.

### ***Goodwill***

Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired.

The Company evaluates goodwill for impairment annually, in the fourth quarter of each year. In addition, the Company would test goodwill for recoverability between annual evaluations whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Examples of such events could include a significant adverse change in legal matters, liquidity or in the business climate, an adverse action or assessment by a regulator or government organization, loss of key personnel, or new circumstances that would cause an expectation that it is more likely than not that we would sell or otherwise dispose of a reporting unit. Goodwill impairment is determined using a two-step approach in accordance with Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets” (“SFAS 142”). The impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value. In 2007, the Company operated as one business and one reporting unit. Therefore, the goodwill impairment analysis was performed on the basis of the Company as a whole using the market capitalization of the Company as an estimate of its fair value. In the past, our market capitalization has been significantly in excess of the Company’s carrying value. It is reasonably likely that the future market capitalization of SIGA may exceed or fall short of our current market capitalization. If future market capitalization falls short of the Company’s carrying value, a potential impairment might result. The use of the discounted expected future cash flows to

evaluate the fair value of the Company as a whole is reasonably likely to produce different results than the Company's market capitalization.

#### **Recent accounting pronouncements**

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities," ("SFAS No. 161"). SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The adoption of SFAS No. 161 will not affect our consolidated financial condition and results of operations, but may require additional disclosures if we enter into derivative and hedging activities.

Effective January 1, 2008, the Company implemented Statement of Financial Accounting Standard No. 157, *Fair Value Measurement*, (FAS 157), for financial assets and liabilities that are required to be measured at fair value. The adoption of FAS 157 did not have an impact on our financial position or results of operations.

In February 2008, the FASB issued FASB Staff Position 157-2 (FSP 157-2), which delayed the implementation of FAS 157 until January 1, 2009, for non-financial assets and liabilities that are not required to be measured at fair value on a recurring basis. Pursuant to FSP 157-2, the Company did not adopt FAS 157 for non-financial assets and liabilities that include goodwill. We are currently assessing the impact of FAS 157 on our non-financial assets and liabilities.

FAS 157 provides that the measurement of fair value requires the use of techniques based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The inputs create the following fair value hierarchy:

- Level 1 – Quoted prices for identical instruments in active markets
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations where inputs are observable or where significant value drivers are observable.
- Level 3 – Instruments where significant value drivers are unobservable to third parties.

We use model-derived valuations where inputs are observable in active markets to determine the fair value of certain common stock warrants on a recurring basis and classify such warrants in Level 2. At March 31, 2008, the fair value of such warrants was \$2,156,000.

### **Results of Operations**

#### **Three months ended March 31, 2008 and 2007**

Revenues from research and development contracts and grants for the three months ended March 31, 2008 and 2007 were \$2.0 million and \$1.9 million, respectively. During the three months ended March 31, 2008 and 2007, we recognized \$1.9 million and \$1.2 million, respectively, from NIH grants and an agreement with the NIH supporting our lead programs. Revenues recorded from our programs with the USAF were \$35,000 and \$630,000, respectively, for the three months ended March 31, 2008 and 2007. In January 2008, we completed a one-year agreement with the USAF for approximately \$1.4 million, for the development of counter-measures against Dengue viruses and other water-related viral agents.

Selling, general and administrative expenses ("SG&A") for the three months ended March 31, 2008 and 2007 were \$1.0 million and \$877,000, respectively. SG&A for the three months ended March 31, 2008 increased by approximately \$128,000, or 14.6% from the same period in the prior year, mainly due to an increase of \$150,000 in our business development expenses and an increase of \$120,000 in employee-related expenses, of which, \$57,000 reflects an increase in stock-based, non-cash compensation. This increase was partially offset by a decrease in legal expenses of \$185,000.

Research and development ("R&D") expenses were \$2,836,000 and \$2,650,000 for the three months ended March 31, 2008 and 2007, respectively. Expenditures related to clinical and pre-clinical testing and manufacturing of

our lead drug candidates increased by \$236,000 from the three months ended March 31, 2007, while expenditures related to our agreements with the USAF declined by \$116,000 from the same period in the prior year.

During the three months ended March 31, 2008 and 2007, we spent \$1.2 million and \$1.1 million, respectively, on the development of our lead drug candidate, ST-246. For the three months ended March 31, 2008, we spent \$232,000 on internal human resources and \$968,000 mainly on manufacturing and clinical testing. For the three months ended March 31, 2007, we spent \$257,000 on internal human resources and \$820,000 on clinical testing of ST-246. From inception of the ST-246 development program to-date, we expended a total of \$10.8 million related to the program, of which \$2.7 million and \$8.1 million were spent on internal human resources, and manufacturing, clinical and pre-clinical work, respectively. These resources reflect SIGA's research and development expenses directly related to the program. They exclude additional expenditures such as the cost to acquire the program, patent costs, allocation of indirect expenses, and the value of other services received from the NIH and the Department of Defense ("DoD").

During the three months ended March 31, 2008 and 2007, we spent \$379,000 and \$257,000, respectively, to support the development of ST-193, a drug candidate for Lassa fever virus, ST-294, a drug candidate for certain arenavirus pathogens, and other drug candidates for hemorrhagic fevers. For the three months ended March 31, 2008, we spent \$60,000 on internal human resources and \$319,000 mainly on pre-clinical testing. For the three months ended March 31, 2007, we spent \$59,000 on internal human resources and \$198,000 on pre-clinical testing. From inception of our program to develop ST-193, ST-294 and other drug candidates for hemorrhagic fevers, to-date, we spent a total of \$4.9 million related to the program, of which \$1.8 million and \$3.1 million were expended on internal human resources and pre-clinical work, respectively. These resources reflect SIGA's research and development expenses directly related to the program. They exclude additional expenditures such as the cost to acquire the program, patent costs, allocation of indirect expenses, and the value of other services received from the NIH and the DoD.

For the three months ended March 31, 2008 and 2007, we spent \$100,000 and \$422,000, respectively, in expenses related to our USAF agreements. For the three months ended March 31, 2008 we spent \$77,000 and \$23,000 for internal human resources and external R&D services, respectively. During the same period in 2007, we spent \$251,000 and \$171,000 on internal human resources and external R&D services, respectively. Costs related to our work on the USAF Agreements from September 2005 to date were \$3.4 million, of which we spent \$1.8 million and \$1.6 million on internal human resources and external R&D services, respectively. These resources reflect SIGA's research and development expenses directly related to this agreement. They exclude additional expenditures such as patent costs and allocation of indirect expenses.

Patent preparation expenses were \$130,000 and \$138,000 for the three months ended March 31, 2008 and 2007, respectively.

Changes in the fair value of common stock rights and common stock warrants sold together with common stock in October 2006 and November 2005 are recorded as gains or losses. For the three months ended March 31, 2008, we recorded a gain of \$1.1 million reflecting a decline in the fair market value of warrants to purchase common stock during the period. For the three months ended March 31, 2007, we recorded a loss of \$1.5 million reflecting an increase in the fair market value of rights and warrants to purchase common stock. The warrants and rights to purchase common stock of SIGA were recorded at fair market value and classified as liabilities at the time of the transaction.

For the three months ended March 31, 2008 and 2007, we recorded other income of \$43,000 and \$114,000, respectively, mainly related to interest income on our cash and cash equivalent balance. The decline in other income is due to lower cash and cash equivalent balance during the three months ended March 31, 2008 as compared to the same period in the prior year.

Our product programs are in the early stage of development. At this stage of development, we cannot make reasonable estimates of the potential cost for most of our programs to be completed or the time it will take to complete the project. Our lead product, ST-246, is an orally administered anti-viral drug that targets the smallpox virus. In December 2005 the FDA accepted our IND application for ST-246 and granted it Fast-Track status. In December 2006, the FDA granted Orphan Drug designation to ST-246, for the prevention as well as the treatment of smallpox. We expect that costs to complete the program will approximate \$15 million to \$20 million, and that the project could be completed in 24 months to 36 months. There is a high risk of non-completion of any program, including ST-246, because of the lead time to program completion and uncertainty of the costs. Net cash inflows from any products developed from our programs is at least one 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, other than our smallpox program which successfully completed 21-day dose-escalating studies in 2007, is in the relatively early stage of development. Products for the biological warfare defense market, such as the ST-246 smallpox anti-viral, could generate revenues in one to three years. We believe the products directed toward this market are on schedule. We expect the future research and development cost of our biological warfare defense programs to increase as the potential products enter animal studies and safety testing, including human safety trials. Funds for future development will be partially paid for by NIH contracts and grants, 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. 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.

## **Liquidity and Capital Resources**

On March 31, 2008, we had \$5.1 million in cash and cash equivalents.

### Operating activities

Net cash used in operations during the three months ended March 31, 2008 and 2007 was \$1.6 million and \$2.0 million, respectively. During the three months ended March 31, 2008, our accounts receivable balance declined by \$435,000 as a result of collection of accounts receivable that were outstanding on December 31, 2007, compared with an increase of \$662,000 in our accounts receivable balance during the same period in the prior year. During the three months ended March 31, 2008, we have used approximately \$570,000 to reduce our payables balance, compared with an increase of \$71,000 in the payables balance during the same period in the prior year.

### Investing activities

Capital expenditures during the three months ended March 31, 2008 and 2007, were \$158,000 and \$40,000, respectively, and mainly supported acquisitions of laboratory equipment.

### Financing activities

Cash provided by financing activities was \$26,000 and \$1.1 million during the three months ended March 31, 2008 and 2007, respectively, mainly representing cash received from the exercise of options and warrants to purchase shares of common stock.

### Other

We have incurred cumulative net losses and expect to incur additional losses to perform further research and development activities. We do not have commercial products and have limited capital resources. Our plans with regard to these matters include continued development of our products as well as seeking additional working capital through a combination of collaborative agreements, strategic alliances, research grants, equity and debt financing. Although we continue to pursue these plans, there is no assurance that we will be successful in obtaining future financing on commercially reasonable terms or that we will be able to secure funding from anticipated government contracts and grants.

We believe that our existing cash balances combined with cash flows primarily from continuing government grants and contracts, anticipated new government grants and contracts or reduction of certain operating expenses will be sufficient to support our operations beyond the next twelve months, and that sufficient cash flows will be available to meet our business objectives during that period.

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.

## **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 anticipated funding for its development projects or other needed funding, (d) SIGA may not be able to secure funding from anticipated government contracts and grants, (e) SIGA may not be able to secure or enforce adequate legal protection, including patent protection, for its products and (f) unanticipated internal control deficiencies or weaknesses or ineffective disclosure controls and procedures. 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, 2007, 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. Forward-looking statements speak only as of the date they are made, and except for our ongoing obligations under the U.S. 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.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

None

**Item 4. Controls and Procedures**

(a) Disclosure Controls and Procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the fiscal period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Part II**  
Other information

Item 1. Legal Proceedings - On December 20, 2006, PharmAthene, Inc. ("PharmAthene") filed an action against us in the Court of Chancery in the State of Delaware, captioned *PharmAthene, Inc. v. SIGA Technologies, Inc.*, C.A. No. 2627-N. In its Complaint, PharmAthene asks the Court to order the Company to enter into a license agreement with PharmAthene with respect to SIGA-246, as well as issue a declaration that we are obliged to execute such a license agreement, and award damages resulting from our supposed breach of that obligation. PharmAthene also alleges that we breached an obligation to negotiate such a license agreement in good faith, as well as seeks damages for promissory estoppel and unjust enrichment based on supposed information, capital and assistance that PharmAthene allegedly provided to us during the negotiation process. On January 9, 2007, we filed a motion to dismiss the Complaint in its entirety for failure to state a claim upon which relief can be granted. The Company moved to stay discovery on January 26, 2007 and this motion was granted on March 8, 2007. On January 16, 2008, the Court of Chancery denied our motion to dismiss and lifted the stay of discovery. Discovery is proceeding. The Company filed its answer to the Complaint on January 31, 2008. SIGA plans to defend itself vigorously.

Item 1A. Risk Factors – There are no material changes to the Risk Factors disclosed in our Annual report on Form 10-K for the fiscal year ended December 31, 2007.

Item 2. Unregistered Sale of Equity 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

- \* [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.](#)

\* Filed herein

## SIGNATURES

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

SIGA Technologies, Inc.  
(Registrant)

Date: May 9, 2008

By: */s/ Thomas N. Konatich*

Thomas N. Konatich  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eric A. Rose, M.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of SIGA Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2008

By: /s/ Eric A. Rose

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Eric A. Rose, M.D.  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas N. Konatich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SIGA Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2008

By: /s/ Thomas N. Konatich

Thomas N. Konatich  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of SIGA Technologies, Inc. (the "Company") for the period ending March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric A. Rose, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §§.1350, as adopted pursuant to §§.906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 9, 2008

*/s/ Eric A. Rose*

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Eric A. Rose, M.D.  
Chief Executive Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of SIGA Technologies, Inc. (the "Company") for the period ending March 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas N. Konatich, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §§.1350, as adopted pursuant to §§.906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (3) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (4) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 9, 2008

/s/ *Thomas N. Konatich*

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Thomas N. Konatich  
Chief Financial Officer