SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

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

For the Fiscal Year Ended December 31, 2001 — Commission File No. 0-23047

SIGA Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	13-3864870
(State or other jurisdiction of incorporation or organization)	(IRS Employer Id. No.)
420 Lexington Avenue, Suite 620 New York, NY	10170
(Address of principal executive offices)	(zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

None

(Title of Class)

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.0001 par value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. |_|.

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing sale price of the Common Stock on March 18, 2002 as reported on the Nasdaq SmallCap Market was approximately $26,464,233. As of March 18, 2002 the registrant had outstanding 10,139,553 shares of Common Stock.

SIGA Technologies, Inc.

Form 10-KSB

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PART I

Item 1. Business

Certain statements in this Annual Report on Form 10-KSB, including certain statements contained in "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words or phrases "can be", "expects", "may affect", "may depend", "believes", "estimate", "project", and similar words and phrases are intended to identify such forward-looking statements. Such forward-looking statements are subject to various known and unknown risks and uncertainties and SIGA cautions you that any forward-looking information provided by or on behalf of SIGA is not a guarantee of future performance. SIGA's actual results could differ materially from those anticipated by such forward-looking statements due to a number of factors, some of which are beyond SIGA's control, in addition to those risks discussed below and in SIGA's other public filings, press releases and statements by SIGA's management, including (i) the volatile and competitive nature of the biotechnology industry, (ii) changes in domestic and foreign economic and market conditions, and (iii) the effect of federal, state and foreign regulation on SIGA's businesses. All such forward-looking statements are current only as of the date on which such statements were made. SIGA does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

SIGA Technologies, Inc. is referred to throughout this report as "SIGA," "we" or "us."

Introduction

SIGA is a development stage biotechnology company. Our focus is on the discovery, development and commercialization of vaccines, antibiotics and novel anti-infectives for serious infectious diseases. Our lead vaccine candidate is for the prevention of group A streptococcal pharyngitis or "strep throat." We are developing a technology for the mucosal delivery of our vaccines which may allow those vaccines to activate the immune system at the mucus lined surfaces of the body -- the mouth, the nose, the lungs and the gastrointestinal and urogenital tracts -- the sites of entry for most infectious agents. SIGA's anti-infectives programs are aimed at the increasingly serious problem of drug resistance; they are designed to block the ability of bacteria to attach to human tissue, the first step in the infection process.

Technology

Vaccine Technologies: Mucosal Immunity and Vaccine Delivery

Using proprietary technology licensed from The Rockefeller University ("Rockefeller"), SIGA is developing certain commensal bacteria ("commensals") as a means to deliver mucosal vaccines. Commensals are harmless bacteria that naturally inhabit the body's surfaces with different commensals inhabiting different surfaces, particularly the mucosal surfaces. Our vaccine candidates use genetically engineered commensals to deliver antigens for a variety of pathogens to the mucosal immune system. When administered, the genetically engineered ("recombinant") commensals colonize the mucosal surface and replicate. By activating a local mucosal immune response, our vaccine candidates are designed to prevent infection and disease at the earliest possible stage. By comparison, most conventional vaccines are designed to act after infection has already occurred.

Our commensal vaccine candidates use Gram-positive bacteria, one of two major classes of bacteria. Rockefeller scientists have identified a protein region that is used by Gram-positive bacteria to anchor proteins to their surfaces. We are using the proprietary technology licensed from Rockefeller to combine antigens from a wide range of infectious organisms, both viral and bacterial, with the surface protein anchor region of a variety of commensal organisms. By combining a specific antigen with a specific commensal, vaccines may be tailored to both the target pathogen and its mucosal point of entry.

To target an immune response to a particular mucosal surface, a vaccine would employ a commensal organism that naturally inhabits that surface. For example, vaccines targeting sexually transmitted diseases might employ Lactobacillus acidophilus, a commensal colonizing the female urogenital tract. Vaccines targeting gastrointestinal ("GI") diseases could employ Lactobacillus casei, a commensal colonizing the GI tract. We have conducted initial experiments using Streptococcus gordonii ("S. gordonii"), a commensal that colonizes the oral cavity and that may potentially be used in vaccines targeting pathogens that enter through the upper respiratory tract, such as the influenza virus.

By using an antigen unique to a given pathogen, the technology may potentially be applied to any infectious agent that enters the body through a mucosal surface. Our founding scientists have expressed and anchored a variety of viral and bacterial antigens on the outside of S. gordonii, including the M6 protein from group A streptococcus, a group of organisms that cause a range of diseases, including strep throat, necrotizing fasciitis, impetigo and scarlet fever. In addition, proteins from other infectious agents, such as HIV and human papilloma virus have also been expressed using this system. We believe this technology will enable the expression of most antigens regardless of size or shape. In animal studies, we have shown that the administration of a recombinant S. gordonii vaccine prototype induces both a local mucosal immune response and a systemic immune response.

We believe that mucosal vaccines developed using our proprietary commensal delivery technology could provide a number of advantages, including:

- More complete protection than conventional vaccines: Mucosal vaccines in general may be more effective than conventional parenteral (injectable) vaccines, due to their ability to produce both a systemic and local (mucosal) immune response.

- Safety advantage over other live vectors: A number of bacterial pathogens have been genetically rendered less infectious, or attenuated, for use as live vaccine vectors. Commensals, by virtue of their substantially harmless nature, may offer a safer delivery vehicle without fear of genetic reversion to the infectious state inherent in attenuated pathogens.

- Non-injection administration: Oral, nasal, rectal or vaginal administration of the vaccine eliminates the need for painful injections with their potential adverse reactions.

- Potential for combined vaccine delivery: The Children's Vaccine Initiative, a world wide effort to improve vaccination of children sponsored by the World Health Organization (WHO), has called for the development of combined vaccines, specifically to reduce the number of needle sticks per child, by combining several vaccines into one injection, thereby increasing compliance and decreasing disease. We believe our commensal delivery technology can be an effective method of delivery of multi-component vaccines within a single commensal organism that address multiple diseases or diseases caused by multiple strains of an infectious agent.

- Eliminating need for refrigeration: One of the problems confronting the effective delivery of parenteral vaccines is the need for refrigeration at all stages prior to injection. The stability of the commensal organisms in a freeze-dried state would, for the most part, eliminate the need for special climate conditions, a critical consideration, especially for the delivery of vaccines in developing countries.

- Low cost production: By using a live bacterial vector, extensive downstream processing is eliminated, leading to considerable cost savings in the production of the vaccine. The potential for eliminating the need for refrigeration would add considerably to these savings by reducing the costs inherent in refrigeration for vaccine delivery.

Anti-Infectives Technology: Prevention of Attachment and Infectivity

The bacterial infectious process generally includes three steps: colonization, invasion and disease. The adherence of bacteria to a host's surface is crucial to establishing colonization. Bacteria adhere through a number of mechanisms, but generally by using highly specialized surface structures which, in turn, bind to specific structures or molecules on the host's cells or, as discussed below, to inanimate objects residing in the host. Once adhered, many bacteria will invade the host's cells and either establish residence or continue invasion into deeper tissues. During any of these stages, the invading bacteria can cause the outward manifestations of disease, in some cases through the production and release of toxin molecules. The severity of disease, while dependent on a large combination of factors, is often the result of the ability of the bacteria to persist in the host. These bacteria accomplish this persistence by using surface molecules which can alter the host's nonspecific mechanisms or its highly specific immune responses to clear or destroy the organisms.

Unlike conventional antibiotics, as discussed above, our anti-infectives approaches aim to block the ability of pathogenic bacteria to attach to and colonize human tissue, thereby preventing infection at its earliest stage. Our scientific strategy is to inhibit the expression of bacterial surface proteins required for bacterial infectivity. We believe that this approach has promise in the areas of hospital-acquired drug-resistant infections and a broad range of other diseases caused by bacteria.

Many special surface proteins used by bacteria to infect the host are anchored in the bacterial cell wall. Scientists at Rockefeller University have identified an amino acid sequence and related enzyme, a selective protease, that are essential for anchoring proteins to the surface of most Gram-positive bacteria. Published information indicates that this amino acid sequence is shared by more than 50 different surface proteins found on a variety of Gram-positive bacteria. This commonality suggests that this protease represents a promising target for the development of a new class of antibiotic products for the treatment of a wide range of infectious diseases. Experiments by our founding scientists have shown that without this sequence, proteins cannot become anchored to the bacterial surface and thus the bacteria are no longer capable of attachment, colonization or infection. Such "disarmed" bacteria should be readily cleared by the body's immune system. Our drug discovery strategy is to use a combination of structure-based drug design and high throughput screening procedures to identify compounds that inhibit the protease, thereby blocking the anchoring process. If successful, this strategy should provide relief from many Gram-positive bacterial infections, but may prove particularly important in combating diseases caused by the emerging antibiotic resistance of the Gram-positive organisms S. aureus, Streptococcus pneumoniae, and the enterococci.

In contrast to the above program, which focuses on Gram-positive bacteria, our pilicide program, based upon initial research performed at Washington University, focuses on a number of new and novel targets all of which impact on the ability of Gram-negative bacteria to assemble adhesive pili on their surfaces. Pili are proteins on the surfaces of Gram-negative bacteria -- such as E. coli, salmonella, and shigella -- that are required for the attachment of the bacteria to human tissue, the first step in the infection process. This research program is based upon the well-characterized interaction between a periplasmic protein -- a chaperone -- and the protein subunits required to form pili. In addition to describing the process by which chaperones and pili subunits interact, we have developed the assay systems necessary to screen for potential therapeutic compounds, and have provided an initial basis for selecting novel antibiotics that work by interfering with the pili adhesion mechansism.

Surface Protein Expression System ("SPEX")

The ability to overproduce many bacterial and human proteins has been made possible through the use of recombinant DNA technology. The introduction of DNA molecules into E. coli has been the method of choice to express a variety of gene products, because of this bacteria's rapid reproduction and well-understood genetics. Yet despite the development of many efficient E. coli-based gene expression systems, the most important concern continues to be associated with subsequent purification of the product. Recombinant proteins produced in this manner do not readily cross E. coli's outer membrane, and as a result, proteins must be purified from the bacterial cytoplasm or periplasmic space. Purification of proteins from these cellular compartments can be very difficult. Frequently encountered problems include low product yields, contamination with potentially toxic cellular material (i.e., endotoxin) and the formation of large amounts of partially folded polypeptide chains in non-active aggregates termed inclusion bodies.

To overcome these problems, we have taken advantage of our knowledge of Gram-positive bacterial protein expression and anchoring pathways. This pathway has evolved to handle the transport of surface proteins that vary widely in size, structure and function. Modifying the approach used to create commensal mucosal vaccines, we have developed methods which, instead of anchoring the foreign protein to the surface of the recombinant Gram-positive bacteria, result in it being secreted into the surrounding medium in a manner which is readily amenable to simple batch purification. We believe the advantages of this approach include the ease and lower cost of Gram-positive bacterial growth, the likelihood that secreted recombinant proteins will be folded properly, and the ability to purify recombinant proteins from the culture medium without having to disrupt the bacterial cells and liberating cellular contaminants. Gram-positive bacteria may be grown simply in scales from those required for laboratory research up to commercial mass production.

Our Product Candidates and Research and Discovery Programs

Mucosal Vaccines

Development of our mucosal vaccine candidates involves: (i) identifying a suitable immunizing antigen from a pathogen; (ii) selecting a commensal that naturally colonizes the mucosal point of entry for that pathogen; and (iii) genetically engineering the commensal to express the antigen on its surface for subsequent delivery to the target population.

Strep Throat Vaccine Candidate. Until the age of 15, many children suffer recurrent strep throat infections. Up to three percent of ineffectively treated strep throat cases progress to rheumatic fever, a debilitating heart disease, which worsens with each succeeding streptococcal infection. Since the advent of penicillin therapy, rheumatic fever in the United States has experienced a dramatic decline. However, in the last decade, rheumatic fever has experienced a resurgence in the United States. Part of the reason for this is the latent presence of this organism in children who do not display symptoms of a sore throat, and, therefore, remain untreated and at risk for development of rheumatic fever. Based on data from the Centers for Disease Control and Prevention, there are five to 10 million cases of pharyngitis due to group A streptococcus in the United States each year. There are over 32 million children in the principal age group targeted by us for vaccination. Worldwide, it is estimated that one percent of all school age children in the developing world have rheumatic heart disease. Additionally, despite the relative ease of treating strep throat with antibiotics, the specter of antibiotic resistance is always present. In fact, resistance to erythromycin, the second line antibiotic in patients allergic to penicillin, has appeared in a large number of cases.

No vaccine for strep throat has been developed because of the problems associated with identifying an antigen that is common to the more than 120 different serotypes of group A streptococcus, the bacterium that causes the disease. We have licensed from Rockefeller a proprietary antigen which is common to most types of group A streptococcus, including types that have been associated with rheumatic fever. When this antigen was orally administered to animals, it was shown to provide protection against multiple types of group A streptococcal infection. Utilizing this antigen, we are seeking to develop a mucosal vaccine for strep throat.

Our strep throat vaccine candidate expresses the strep throat antigen on the surface of the commensal S. gordonii, which lives on the surface of the teeth and gums. Pre-clinical research in mice and rabbits has established the ability of this vaccine candidate to colonize and induce both a local and systemic immune response. We are collaborating with the National Institutes of Health (the "NIH") and the University of Maryland Center for Vaccine Development on the clinical development of this vaccine candidate. In cooperation with the NIH we filed an Investigational New Drug Application ("IND") with the United States Food and Drug Administration (the "FDA") in December 1997. The first stage of these clinical trials, utilizing the commensal delivery system without the strep throat antigen, were completed at the University of Maryland in 2000. The study showed the commensal delivery system to be well-tolerated and that it spontaneously eradicated or was easily eradicated by conventional antibiotics. A second clinical trial of the commensal delivery system without the strep throat antigen was initiated in 2000 at the University of Maryland. The study was completed in January 2002 and the results corroborated the results of the earlier study regarding tolerance and spontaneous eradication.

STD Vaccine Candidates. One of the great challenges in vaccine research remains the development of effective vaccines to prevent sexually transmitted diseases (STDs). Two principal pathogens that are transmitted via this route are chlamydia, the most common bacterial STD, and Neisseria, the causative agent of gonorrhea. To date, a great deal of effort has been expended, without appreciable success, to develop effective injectable prophylactic vaccines versus these pathogens. Given that both of these pathogens enters the host through the mucosa, we believe that induction of a vigorous mucosal response to certain bacterial antigens may protect against acquisition of the initial infection. To test this hypothesis, we have expressed newly discovered antigens from these pathogens in our proprietary mucosal vaccine delivery system. These live recombinant vaccines will be delivered to animals and tested for local and systemic immune response induction, and whether these responses can block subsequent bacterial infections. We have licensed technology from Oregon State University and Washington University in support of our chlamydia and Neisseria programs, respectively. In February 2000 we entered into an option agreement with the Ross Products Division of Abbott Laboratories (Ross) which will provide funding to further development of an STD vaccine product. The research program was completed in late 2001 and a report has been sent of Ross. Ross is currently reviewing the data presented and the will decide whether or not they will exercise their option under the agreement.,

Mucosal Vaccine Delivery System

We are developing our proprietary mucosal vaccine delivery system, which is a component of our vaccine program, for license to other vaccine developers. Our commensal vaccine candidates utilize Gram-positive bacteria as vectors for the presentation of antigens. We are using proprietary technology to anchor antigens from a wide range of infectious organisms, both viral and bacterial, to the surface protein anchor region of a variety of commensal organisms. By combining a specific antigen with a specific commensal, we believe that vaccines can be tailored to both the target pathogen and its mucosal point of entry.

We have developed several genetic methods for recombining foreign sequences into the genome of Gram-positive bacteria at a number of non-essential sites. Various parameters have been tested and optimized to improve the level of foreign protein expression and its immunogenicity. In pre-clinical studies, recombinant commensals have been implanted into the oral cavities of several animal species with no observed deleterious effects. The introduced vaccine strains have taken up residence for prolonged periods of time and induce both a local mucosal (IgA) as well as a systemic immune response (IgG and T-cell).

We have completed two early stage clinical evaluations of our mucosal vaccine delivery system based on the commensal bacterium, S. gordonii. These clinical studies were designed to test the safety of the formulation, to monitor the extent and duration of colonization of the nasal and oral cavities and to determine if the delivery system could be eradicated at the end of the study with a regimen of conventional antibiotics. A total of 47 volunteers between the ages of 18 and 40 completed the first study, performed in the United Kingdom, in which S. gordonii was delivered to the nasal passage and oral cavity. A total of 60 volunteers completed a second study which was conducted at the University of Maryland as part of our strep throat vaccine program as described above. The results of the studies indicated the delivery system was well-tolerated and that the delivery system spontaneously eradicated or was easily eradicated by conventional antibiotics. The ongoing clinical studies at the University of Maryland are also designed to evaluate S. gordonii as a commensal bacterial delivery system for our vaccine targeting strep throat.

Anti-Infectives

Our anti-infectives program is targeted principally toward drug-resistant bacteria and hospital-acquired infections. According to estimates from the Centers for Disease Control, approximately two million hospital-acquired infections occur each year in the United States.

Our anti-infectives approaches aim to block the ability of bacteria to attach to and colonize human tissue, thereby blocking infection at the first stage in the infection process. By comparison, antibiotics available today act by interfering with either the structure or the metabolism of a bacterial cell, affecting its ability to survive and to reproduce. No currently available antibiotics target the attachment of a bacterium to its target tissue. By preventing attachment, the bacteria should be readily cleared by the body's immune system.

Gram-Positive Antibiotic Technology. Our lead anti-infectives program is based on a novel target for antibiotic therapy. Our founding scientists have identified an enzyme, a selective protease, utilized by most Gram-positive bacteria to anchor certain proteins to the bacterial cell wall. These surface proteins are the means by which certain bacteria recognize, adhere to and colonize specific tissue. Our strategy is to develop protease inhibitors as novel antibiotics. We believe protease inhibitors will have wide applicability to Gram-positive bacteria in general, including antibiotic resistant staphlyococcus and a broad range of serious infectious diseases including meningitis and respiratory tract infections. In 1997, we entered into a collaborative research and license agreement with Wyeth ("Wyeth") to identify and develop protease inhibitors as novel antibiotics. In the first quarter of 2001 we received a milestone payment from Wyeth for delivery of the first quantities of protease for screening, and high-throughput screening for protease inhibitors was initiated. In connection with our effort on this program we have entered into a license with the University of California at Los Angeles (UCLA) for certain technology that may be incorporated into our development of products for Wyeth.

Gram-Negative Antibiotic Technology. We have entered into a set of technology transfer and related agreements with MedImmune, Inc. ("MedImmune"), Astra AB and The Washington University, St. Louis ("Washington University"), pursuant to which we acquired rights to certain Gram-negative antibiotic targets, products, screens and services developed at Washington University. In February 2000, we ended our collaborative research and development relationship with Washington University on this technology. (See "Collaborative Research and Licenses"). We maintain a non-exclusive license to technology acquired through these related agreements. We are using this technology in the development of antibiotics against Gram-negative pathogens. These bacteria use structures called pili to adhere to target tissue, and we plan to exploit the assembly and export of these essential infective structures as novel anti-infective targets. We continue to work on enhancing the intellectual property that we share with Washington University.

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

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

Biological Defense Program. The U.S. governments budget for the fiscal year beginning October 1, 2002 proposes a $1.5 billion increase in federal spending on bioterrorism related research and infrastructure which will bring total spending in this area to more than $1.7 billion. One of the major concerns is smallpox, although declared extinct in 1980 by the World Health Organization, it is believed that rogue nations such as Iran, Iraq, Libya and North Korea may have an illegal inventory of the virus that causes small pox. The only legal inventory of the virus is held under extremely tight security at the Centers For Disease Control in Atlanta, Georgia and at a laboratory in Russia. As a result of this threat, the U.S. government will be making significant expenditures on finding a way to counteract the virus if turned loose by terrorists or on a battlefield. SIGA, in collaboration with Rockefeller University and Oregon State University, is working on ways to disable the virus' ability to replicate. If the virus can not replicate, it can not overwhelm the immune system and, theoretically, can not kill its victims. The parties are also working on developing nasal sprays and lozenges that could combat toxins such as anthrax. In September 2000, we entered into a subcontract agreement with Oregon State University. The subcontract agreement is part of a project targeted towards developing novel antiviral drugs capable of preventing disease and pathology for smallpox in the event this pathogen were to be used as an agent of bioterrorism. The project is being funded by a grant from the NIH to Oregon State University. The basic virology aspects of the project will be conducted at OSU and the drug development will be performed by SIGA under subcontract.

Veterinary Vaccines

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

Veterinary Program. We believe our vaccine and anti-infectives technologies also provide opportunities to develop biopharmaceutical products for the veterinary health care market. Based on sales of the major companies in the veterinary market, we estimate the world wide veterinary market to have been approximately $4 billion in 2001. In the U.S. alone, there are 120 million cats and dogs, 2 million horses, 100 million cattle, 56 million hogs and 8 million sheep and goats. In December 2000 we entered into a collaborative agreement with Fort Dodge Animal Health, a division of Wyeth, focusing on the design of novel vaccines for the prevention of veterinary diseases. The research collaboration combines SIGA's bacterial commensal delivery technology with Fort Dodge's proprietary veterinary antigens. SIGA will be responsible for the construction and characterization of candidate vaccines while Fort Dodge will assess the immunogenicity and protective capacity of the target animal species. We are in discussions with a number of potential strategic partners to undertake collaborative development agreements in this field. To date, we have not concluded any agreements with these potential strategic partners.

Surface Protein Expression System

Our proprietary SPEX protein expression uses the protein export and anchoring pathway of Gram-positive bacteria as a means to facilitate the production and purification of biopharmaceutical proteins. We have developed vectors which allow foreign genes to be inserted into the chromosome of Gram-positive bacteria in a manner such that the encoded protein is synthesized, transported to the cell surface and secreted into the medium. This system has been used to produce milligram quantities of soluble antigenically authentic protein that can be easily purified from the culture medium by affinity chromatography. We believe this technology can be extended to a variety of different antigens and enzymes.

We have commenced yield optimization and process validation of this system. This program is designed to transfer the method from a laboratory scale environment to a commercial production facility. Our business strategy is to license this technology on a non-exclusive basis for a broad range of applications.

Collaborative Research and Licenses

We sponsor research and development activities in laboratories at Oregon State University and at the University of California, Los Angeles. We have a research and development facility in Corvallis, Oregon. We have entered into the following license agreements and collaborative research arrangements:

Rockefeller University. SIGA and Rockefeller have entered into an exclusive worldwide license agreement whereby we have obtained the right and license to make, use and sell mucosal vaccines based on gram-positive organisms and products for the therapy, prevention and diagnosis of diseases caused by streptococcus, staphylococcus and other organisms. The license covers two issued United States patents and one issued European patent as well as 11 pending United States patent applications and corresponding foreign patent applications. The issued United States patents expire in 2005 and 2014, respectively. The agreement generally requires us to pay royalties on sales of products developed from the licensed technologies and fees on revenues from sublicensees, where applicable, and we are responsible for certain milestone payments and for the costs of filing and prosecuting patent applications. In the year ended December 31, 2001, we recognized revenue from sublicensees of $1,025,000.

Oregon State University. Oregon State is also a party to our license agreement with Rockefeller whereby we have obtained the right and license to make, use and sell products for the therapy, prevention and diagnosis of diseases caused by streptococcus. Pursuant to a separate research support agreement with Oregon State, we provided funding for sponsored research through December 31, 1999, with exclusive license rights to all inventions and discoveries resulting from this research. At this time, no additional funding is contemplated under this agreement, however we retain the exclusive licensing rights to the inventions and discoveries that may arise from this collaboration. During 1999, we acquired an option to enter into a license with the University in which we will acquire the rights to certain technology pertaining to the potential development of a chlamydia vaccine. In February 2000, we exercised our option and pursuant to an exclusive license agreement dated March, 2000, we have made certain payments to the University as part of our obligation under the option.

In September 2000, we entered into a subcontract with Oregon State University. The contract is for a project which is targeted towards developing novel antiviral drugs capable of preventing disease and pathology for smallpox in the event this pathogen were to be used as an agent of bioterrorism. The project is being funded by a grant from the NIH. The basic virology aspects of the project will be conducted at OSU and the drug development will be performed by SIGA under the subcontract. The budget for the subcontract work will be negotiated on a year by year basis with OSU depending on progress of the program and funding available. In the year ended December 31, 2001 we recognized revenue of $15,000. On October 5, 2001 the agreement was extended through August 31, 2002.

National Institutes of Health. We have entered into a clinical trials agreement with the NIH pursuant to which the NIH, with our cooperation, will conduct clinical trials of our strep throat vaccine candidate.

Wyeth. We have entered into a collaborative research and license agreement with Wyeth in connection with the discovery and development of anti-infectives for the treatment of gram-positive bacterial infections. Pursuant to the agreement, Wyeth provided funding for a joint research and development program, subject to certain milestones, through September 30, 1999 and is responsible for additional milestone payments. In May 2001, we entered into an amendment to the July 1, 1997 agreement. The amendment extended the term of the Agreement to September 30, 2001. The extension provided for Wyeth to continue to pay the Company at a rate of $450,000 per year through the term of the amended agreement. During the term of the agreement as amended, we received $787,500 from Wyeth to support work performed by SIGA under the agreement and $237,500 for achieving a research milestone. For the year ended December 31, 2001 we recognized revenue of $1,025,000. The agreement to fund additional research was not extended beyond September 30, 2001.

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

Washington University. In February 1998, we entered into a research collaboration and worldwide license agreement with Washington University pursuant to which we obtained the right and license to make, use and sell antibiotic products based on gram-negative technology for all human and veterinary diagnostic and therapeutic uses. The license covered five pending United States patent applications and corresponding foreign patent applications. The agreement generally required us to pay royalties on sales of products developed from the licensed technologies and fees on revenues from sublicensees, where applicable, and we were responsible for certain milestone payments and for the costs of filing and prosecuting patent applications. Pursuant to the agreement, we agreed to provided funding to Washington University for sponsored research through February 6, 2001, with exclusive license rights to all inventions and discoveries resulting from this research. During 1999, a dispute arose between the parties regarding their respective performance under the agreement. In February 2000, the parties reached a settlement agreement and mutual release of their obligations under the research collaboration agreement. Under the terms of the settlement, we are released from any further payments to the University and have disclaimed any rights to the patents licensed under the original agreement. As part of the settlement agreement, we entered into a non-exclusive license to certain patents covered in the original agreement.

Abbott Laboratories. In March 2000, we entered into an agreement with the Ross Products Division of Abbott Laboratories ("Ross"). The agreement grants Ross an exclusive option to negotiate an exclusive license to certain SIGA technology and patents in addition to certain research development services. In exchange for research services and the option, Ross was obligated to pay us $120,000 in three installments of $40,000. The entire $120,000 was recognized in our results of operations, $40,000 of which was recognized for the year ended December 31, 2001.

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

Intellectual Property and Proprietary Rights

Protection of our proprietary compounds and technology is essential to our business. Our policy is to seek, when appropriate, protection for our lead compounds and certain other proprietary technology by filing patent applications in the United States and other countries. We have licensed the rights to seven issued United States patents and one issued European patent. We have also licensed the rights to one allowed United States patent application, four pending United States patent applications as well as corresponding foreign patent applications. We are joint owner with Washington University of one issued, one allowed application, and seven pending applications as well as foreign counterparts. We are also exclusive owner of three pending U.S. applications based on research conducted in our facility in Oregon.

The patents and patent applications licensed to us relate to all of the core technology used in the development of our leading product candidates, including the mucosal vaccine delivery system, the SPEX protein expression system for producing biopharmaceutical products, the protective streptococcal antigens and the antibiotic development target, as well as a variety of early stage research projects. Each of our products represented by each of the patents is in a very early stage in its development process.

We also rely upon trade secret protection for our confidential and proprietary information. No assurance can be given that other companies will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or that we can meaningfully protect our trade secrets.

Government Regulation

Regulation by governmental authorities in the United States and other countries will be a significant factor in the production and marketing of any biopharmaceutical products that we may develop. The nature and the extent to which such regulations may apply to us will vary depending on the nature of any such products. Virtually all of our potential biopharmaceutical products will require regulatory approval by governmental agencies prior to commercialization. In particular, human therapeutic products are subject to rigorous pre-clinical and clinical testing and other approval procedures by the FDA and similar health authorities in foreign countries. Various federal statutes and regulations also govern or influence the manufacturing, safety, labeling, storage, record keeping and marketing of such products. The process of obtaining these approvals and the subsequent compliance with appropriate federal and foreign statutes and regulations requires the expenditure of substantial resources.

In order to test clinically, produce and market products for diagnostic or therapeutic use, a company must comply with mandatory procedures and safety standards established by the FDA and comparable agencies in foreign countries. Before beginning human clinical testing of a potential new drug, a company must file an IND and receive clearance from the FDA. This application is a summary of the pre-clinical studies that were conducted to characterize the drug, including toxicity and safety studies, as well as an in-depth discussion of the human clinical studies that are being proposed.

The pre-marketing program required for approval by the FDA of a new drug typically involves a time-consuming and costly three-phase process. In Phase I, trials are conducted with a small number of patients to determine the early safety profile, the pattern of drug distribution and metabolism. In Phase II, trials are conducted with small groups of patients afflicted with a target disease in order to determine preliminary efficacy, optimal dosages and expanded evidence of safety. In Phase III, large scale, multi-center comparative trials are conducted with patients afflicted with a target disease in order to provide enough data for statistical proof of efficacy and safety required by the FDA and others.

The FDA closely monitors the progress of each of the three phases of clinical testing and may, in its discretion, reevaluate, alter, suspend or terminate the testing based on the data that have been accumulated to that point and its assessment of the risk/benefit ratio to the patient. Estimates of the total time required for carrying out such clinical testing vary between two and ten years. Upon completion of such clinical testing, a company typically submits a New Drug Application ("NDA") or Product License Application ("PLA") to the FDA that summarizes the results and observations of the drug during the clinical testing. Based on its review of the NDA or PLA, the FDA will decide whether to approve the drug. This review process can be quite lengthy, and approval for the production and marketing of a new pharmaceutical product can require a number of years and substantial funding; there can be no assurance that any approvals will be granted on a timely basis, if at all.

Once the product is approved for sale, FDA regulations govern the production process and marketing activities, and a post-marketing testing and surveillance program may be required to monitor continuously a product's usage and its effects. Product approvals may be withdrawn if compliance with regulatory standards is not maintained. Other countries in which any products developed by us may be marketed, could impose a similar regulatory process.

Commercialization of animal health products can be accomplished more rapidly than human health products. Unlike the human market, potential vaccine or therapeutic products can be tested directly on the target animal as soon as the product leaves the research laboratory. The data collected in these trials is submitted to the U.S. Department of Agricultural for review and eventual product approval.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly evolving technology and intense competition. Our competitors include most of the major pharmaceutical companies, which have financial, technical and marketing resources significantly greater than ours. Biotechnology and other pharmaceutical competitors include Cubist Pharmaceuticals, Inc., Corixa Corporation, Microcide Pharmaceuticals, Inc., ID Vaccines Ltd., Actinova PLC, and Antex Biologics, Inc. Academic institutions, governmental agencies and other public and private research organizations are also conducting research activities and seeking patent protection and may commercialize products on their own or through joint venture. There can be no assurance that our competitors will not succeed in developing products that are more effective or less costly than any which are being developed by us or which would render our technology and future products obsolete and noncompetitive.

Human Resources and Facilities

As of March 18, 2002 we had 12 full time employees. None of our employees are covered by a collective bargaining agreement and we consider our employee relations to be good.

Item 2. Properties

Our headquarters are located in New York, New York and our research and development facilities are located in Corvallis, Oregon. In New York, we lease approximately 5,200 square feet under a lease that expires in November 2002. In Corvallis, we lease approximately 10,000 square feet under a lease that expires in December 2004.

Item 3. Legal Proceedings

SIGA is not a party, nor is its property the subject of, any pending legal proceedings other than routine litigation incidental to its business.

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

Not applicable.

Part II

Item 5. Market For Registrant's Common Equity and Related Stockholder Matters

Price Range of Common Stock

Our common stock has been traded on the Nasdaq SmallCap Market since September 9, 1997 and trades under the symbol "SIGA." Prior to that time there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low closing sales prices for the common stock, as reported on the Nasdaq SmallCap Market.

Price Range

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

2001	High	Low
First Quarter	$4.09	$1.65
Second Quarter	$4.24	$1.75
Third Quarter	$4.05	$2.29
Fourth Quarter	$4.00	$2.03

As of March 18, 2002, the closing sales price of our common stock was $2.61 per share. There were 53 holders of record as of March 18, 2002. We believe that the number of beneficial owners is substantially greater than the number of record holders, because a large portion of common stock is held in broker "street names."

We have paid no dividends on our common stock and we do not expect to pay cash dividends in the foreseeable future. We are not under any contractual restriction as to our present or future ability to pay dividends. We currently intend to retain any future earnings to finance the growth and development of our business.

Recent Sales of Unregistered Securities

In May, June and August 2001 holders of the Company's 6% convertible debentures, consisting of an aggregate principal amount $1,375,000 and $105,719 of accrued interest, agreed to convert the debt and interest into convertible preferred stock and common stock. The holders of debentures in the principal amount of $1,350,000 received 1,011,593 shares of Series A Preferred Shares at a conversion price of $1.4375 per share. The preferred shares have a cumulative dividend of 6% per annum payable in cash or preferred stock at the Company's discretion. The shares are convertible into common stock on a one-for-one basis. Each holder of preferred stock is entitled to the number of votes into which the shares of preferred stock are convertible into common stock. In July 2001, holders of 617,327 shares of the Series A Convertible Preferred stock converted their preferred shares and accrued dividends into 626,578 shares of common stock. In November 2001 a holder of 14,972 shares of the preferred stock converted a portion of his preferred shares and accumulated dividends into 15,141 shares of common stock.

On May 8, 2001, we completed a private placement of an aggregate of 425,000 shares of common stock and 425,000 warrants. We received gross proceeds of $850,000. The warrants have a term of seven years and may be exercised at $2.94 per share.

In June 2001, we entered into a one year consulting agreement, pursuant to which a consultant will provide public relations services to SIGA in exchange for 50,000 shares of restricted common stock. As of December 31, 2001, we recorded charges to earnings of $77,333, based on the difference between the fair value and the price of this restricted common stock.

In August 31, 2001, we completed a private placement of an aggregate of 409,636 shares of common stock and 307,226 warrants to purchase common stock. The warrants may be exercised at $3.55 per share and have a term of seven years. We received net proceeds $1,145,470 from the transaction.

On October 12, 2001, we completed a private placement of an aggregate of 850,000 shares of common stock and 425,000 warrants to purchase common stock. The warrants have a term of seven years and may be exercised at $3.60 per share. We received net proceeds of approximately $1,145,470 out of the $2,550,000 gross proceeds from the transaction.

Recent Developments

In March of 2002 we signed a non-binding letter of intent to acquire all of the outstanding shares of Allergy Therapeutics (Holdings) Limited. Additionally, as part of the transaction we will acquire an exclusive license to certain vaccine-related property from Elan Corporation, through its subsidiaries. Under the terms of the letter, we will issue shares to the Allergy stockholders which will result in 47.5% ownership to each of the former shareholders of Siga and the former shareholders of Allergy of the outstanding common stock, on a fully diluted basis. Elan Corporation will own 5% of the outstanding common stock on a fully diluted basis.

The transaction is subject to certain conditions, including, without limitation, the completion of due diligence, the negotiation and execution of definitive agreements, obtaining any necessary regulatory approvals and the approval of the transaction by SIGA's and Allergy Therapeutics' respective shareholders.

Item 6. Management's Discussion and Analysis of Financial Condition and Result of Operations

The following discussion should be read in conjunction with our financial statements and notes to those statements and other financial information appearing elsewhere in this Annual Report. In addition to historical information, the following discussion and other parts of this Annual Report contain forward-looking information that involves risks and uncertainties.

Overview

We are a development stage, technology company, whose primary focus is in biopharmaceutical product development. Since inception in December 1995 our efforts have been principally devoted to research and development, securing patent protection, obtaining corporate relationships and raising capital. Since inception through December 31, 2001, we have sustained cumulative net losses of $26,171,175, including non-cash charges in the amount of $1,457,458 for the write-off of research and development expenses associated with the acquisition of certain technology rights acquired from a third party in exchange for our common stock. In addition, a non-cash charge of $2,875,743 was incurred for stock option and warrant compensation expense. Our losses have resulted primarily from expenditures incurred in connection with research and development, patent preparation and prosecution and general and administrative expenses. From inception through December 31, 2001, research and development expenses amounted to $12,009,076, patent preparation and prosecution expenses totaled $1,354,754, general and administration expenses amounted to $15,383,445. From inception through December 31, 2001 revenues from research and development agreements and government grants totaled $3,287,181.

Since inception, SIGA has had limited resources, has incurred cumulative net operating losses of $26,171,175 and expects to incur additional losses to perform further research and development activities. We do not have commercial biomedical products, and we do not expect to have such for several years, if at all. We believe that we will need additional funds to complete the development of our biomedical products. 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 the second quarter of 2003.

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 antibiotic programs through a combination of government grants and strategic alliances. While we have had success in obtaining strategic alliances 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.

In March of 2002 we signed a non-binding letter of intent to acquire all of the outstanding shares of Allergy Therapeutics (Holdings) Limited. Additionally, as part of the transaction we will acquire an exclusive license to certain vaccine-related property from Elan Corporation, through its subsidiaries. Under the terms of the letter, we will issue shares to the Allergy stockholders which will result in 47.5% ownership to each of the former shareholders of Siga and the former shareholders of Allergy of the outstanding common stock, on a fully diluted basis. Elan Corporation will own 5% of the outstanding common stock on a fully diluted basis.

The transaction is subject to certain conditions, including, without limitation, the completion of due diligence, the negotiation and execution of definitive agreements, obtaining any necessary regulatory approvals and the approval of the transaction by SIGA's and Allergy Therapeutics' respective shareholders.

Significant Accounting Policies

Financial Reporting Release No. 60, which was recently released by the Securities and Exchange Commission, requires all companies to include a discussion of critical accounting policies or methods used in the preparation of financial statements. Note 2 of the Notes to the Financial Statements includes a summary of the significant accounting policies and methods used in the preparation of our Financial Statements. The following is a brief discussion of the more significant accounting policies and methods used by us. In addition, Financial Reporting Release No. 61 was recently released by the SEC to require all companies to include a discussion to address, among other things, liquidity, off-balance sheet arrangements, contractual obligations and commercial commitments.

Revenue Recognition

The Company recognizes revenue in accordance with SEC Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101), as amended by SAB 101A and 101B. SAB 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services rendered; (3) the fee is fixed and determinable; and (4) collectibility is reasonably assured. Under the provisions of SAB 101 the Company recognizes revenue from government research grants, contract research and development and progress payments as services are performed, provided a contractual arrangement exists, the contract price is fixed or determinable, and the collection of the resulting receivable is probable.

Valuation of Investments

We periodically review the carrying value of our investments for continued appropriateness. This review is based upon our projections of anticipated future cash flows. While we believe that our estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect our evaluations.

SIGA does not have any off-balance sheet arrangements.

Results of Operations

Twelve Months ended December 31, 2001 and December 31, 2000.

Revenues from grants and research and development contracts were $1,159,500 for the twelve months ended December 31, 2001 compared to $483,120 for the same period of 2000. The approximate 140% increase in revenue for the period ended December 31, 2001 is primarily the result of an increase in revenue from Wyeth. Upon consummation of an Amendment to extend our agreement with Wyeth through September 30, 2001 we were able to recognize revenue of $450,000 from payments made to fund research that had been recorded as deferred revenue at December 31, 2000. In total, for the twelve months ended December 31, 2001, $1,025,000 of revenue from research and milestones payments were recorded from Wyeth under our agreement with them dated July 1997. For the twelve months ended December 31, 2000 no revenue from Wyeth was recorded. Income for the twelve months ended December 31, 2000 was primarily from payments made under Small Business Innovation Research (SBIR) grants received from the National Institutes of Health (NIH).

General and administrative expenses for the twelve months ended December 31, 2001 were $2,570,869, a decrease of approximately 47% from an expense of $4,851,100 for the twelve months ended December 31, 2000. Included in the expenses for the twelve months ended December 31, 2001 were non-cash charge of $612,750 to reflect the granting of options to directors with an exercise price that is less than the fair market value of our shares at the time of the grant. For the twelve months ended December 31, 2000 there were non-cash charges of $1,524,602 associated with grants of options and warrants to certain consultants and directors and $511,000 to reserve the amount advanced to a third party. Excluding these charges, expenses declined approximately 41%. The decrease in expenditures was primarily the result of a significant reduction in administrative payroll resulting from the elimination of staff associated with the internet product and a non-cash credit taken for the cancellation of a portion of a warrant grant to a certain consultant. An increase in legal expenses associated with the "Change in Control" partially offset the decrease.

Research and development expenses decreased to $1,733,188 for the twelve months ended December 31, 2001 from $2,608,907 for the same period in 2000. The approximate 34% decline in expenses from the twelve months ended December 31, 2000 was primarily the result of the discontinuance of activities associated with the Internet product. Research and development expenses for our core biotechnology programs were essentially the same in both years.

In July 2000, we acquired 12.5% equity position in Open-I-media. Under the terms of the agreement, Open-I-media received $170,000 in cash, 40,336 shares of our common stock, and certain assets consisting of the instant messenger product, PeerFinder and fixed fixed assets with a net book value of $80,697. At December 31, 2001 and 2000 we assessed the value of our investment in Open-I-media. We reviewed certain events and changes in circumstances indicating that the carrying amount of the investment in Open-I-media may not be recoverable in its entirety. In 2000, we elected to reduce the carrying amount of our investment to reflect its recoverable value as of the year-end and recorded an impairment charge of $156,000. At December 31, 2001, management reviewed all available information and as a result of our analysis, we determined that the carrying value of our investment should be written off. An impairment charge of $256,106 was recorded for the year ended December 31, 2001.

Patent preparation expense of $117,264 for the twelve months ended December 31, 2001 was approximately 10% higher than the $106,647 incurred for the twelve months ending December 31, 2000. The increase in spending from the prior year period reflects the result of an increase in cost associated with foreign patent filings.

Total operating loss for the twelve months ended December 31, 2001 was $3,729,606 an approximate 47% reduction from the $7,083,534 loss incurred for the twelve months ended December 31, 2000. The decline in the operating loss was primarily due to an increase in revenue and a material reduction in general and administrative and research and development expense as described above.

Net interest expense for the twelve months ended December 31, 2001 was $192,679 compared to an expense of $550,464 for the twelve months ended December 31, 2000. The 65% decrease in interest expense is the result of the conversion of the remainder of the $1,500,000 principle amount of the 6% convertible debenture and accrued interest during the twelve months ended December 31, 2001.

Quarterly Results of Operations

The following table sets forth selected unaudited quarterly statements of operations data, in dollar amounts and as percentages of net revenue, for the four quarters ended December 31, 2000 and for the four quarters ended December 31, 2001. This information has been prepared substantially on the same basis as the audited financial statements appearing elsewhere in this annual statement, and all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly the unaudited quarterly results of operations data. The quarterly data should be read with our financial statement and then noted to those statements appearing elsewhere in the annual statement.

2000

($ in 000's)	Q1	Q2	Q3	Q4
Revenue	$ 81	$ 91	$ 193	$ 118
G&A	$ 811	$ 966	$1,808	$1,266
% of Revenue	1,001%	1,062%	937%	1,073%
R&D	$ 763	$ 392	$ 876	$ 578
% of Revenue	942%	431%	454%	490%
Patent Prep. Costs	$ 26	$ 38	$ 20	$ 22
% of Revenue	32%	42%	10%	19%
Operating Loss	$1,519	$1,305	$2,511	$1,747
% of Revenue	1,875%	1,434%	1,301%	1,481%
Net Loss	$1,638	$1,447	$2,658	$2,046
% of Revenue	2,022%	1,590%	1,377%	1,734%
Basic and diluted loss per share	(0.25)	(0.20)	(0.36)	(0.27)

2001

($ in 000's)	Q1	Q2	Q3	Q4
Revenue	$ 305	$ 683	$ 158	$ 15
G&A	$ 65	$ 635	$1,259	$ 611
% of Revenue	21%	93%	797%	4,073%
R&D	$ 431	$ 429	$ 498	$ 376
% of Revenue	141%	63%	315%	2,507%
Patent Prep. Costs	$ 18	$ 63	$ (11)	$ 47
% of Revenue	6%	9%	(7)%	313%
Operating Loss	$ 209	$ 445	$1,588	$1,019
% of Revenue	69%	65%	1,005%	6,793%
Net Loss	$ 368	$ 520	$1,591	$1,251
% of Revenue	121%	76%	1,007%	8,340%
Basic and diluted loss per share	(0.05)	(0.07)	(0.19)	(0.13)

Liquidity and Capital Resources

As of December 31, 2001 we had $3,148,160 in cash and cash equivalents. In July of 1997 we entered into a collaborative two year research and license agreement with Wyeth. Under the terms of the agreement, we have granted Wyeth an exclusive worldwide license to develop, make, use and sell products derived from specified technologies. The agreement required Wyeth to sponsor further research by us for the development of the licensed technologies for a period of two years from the effective date of the agreement. On May 11, 2001, we entered into an amendment to the July 1, 1997 agreement. The amendment extended the term of the Agreement to September 30, 2001. The extension provided for Wyeth to continue to pay the Company at a rate of $450,000 per year through the term of the amended agreement. During the amended term of the agreement, September 30, 1999 through September 30, 2001, we have received $787,500 from Wyeth to support work performed by SIGA under the agreement. In addition, we received $237,000 for achieving a research milestone. The agreement to fund additional research was not extended beyond September 30, 2001. Since the inception of the agreement through December 31, 2001 we have recorded a total of $2,725,000 of revenue from Wyeth.

In May, June and August 2001 holders of the Company's 6% convertible debentures, consisting of an aggregate principal amount $1,375,000 and $105,719 of accrued interest, agreed to convert the debt and interest into convertible preferred stock and common stock. The holders of debentures in the principal amount of $1,350,000 received 1,011,593 shares of Series A Convertible Preferred Shares at a conversion price of $1.4375 per share. The preferred shares have a cumulative dividend of 6% per annum payable in cash or preferred stock at the Company's discretion. The shares are convertible into common stock on a one for one basis. Each holder of preferred stock is entitled to the number of votes into which the shares of preferred stock are convertible into common stock. In July 2001 holders of 617,327 shares of the Series A Convertible Preferred Shares converted their preferred shares and accrued dividends into 626,578 shares of common stock. In November 2001 a holder of the preferred shares converted a portion of his preferred shares and accumulated dividends into 15,141 shares of common stock.

On May 8, 2001, we completed a private placement of an aggregate of 425,000 shares of common stock and 425,000 warrants. We received gross proceeds of $850,000. The warrants have a term of seven years and may be exercised at $2.94 per share.

In August 31, 2001, we completed a private placement of an aggregate of 409,636 shares of common stock and 307,226 warrants to purchase common stock. The warrants may be exercised at $3.55 per share and have a term of seven years. We received net proceeds $1,145,470 from the transaction.

On October 12, 2001, we completed a private placement of an aggregate of 850,000 shares of common stock and 425,000 warrants to purchase common stock. The warrants have a term of seven years and may be exercised at $3.60 per share. We received net proceeds of approximately $2,361,500 out of the $2,550,000 gross proceeds from the transaction.

In March of 2002 we signed a non-binding letter of intent to acquire all of the outstanding shares of Allergy Therapeutics (Holdings) Limited. Additionally, as part of the transaction we will acquire an exclusive license to certain vaccine-related property from Elan Corporation, through its subsidiaries. Under the terms of the letter, we will issue shares to the Allergy stockholders which will result in 47.5% ownership to each of the former shareholders of Siga and the former shareholders of Allergy of the outstanding common stock, on a fully diluted basis. Elan Corporation will own 5% of the outstanding common stock on a fully diluted basis.

The transaction is subject to certain conditions, including, without limitation, the completion of due diligence, the negotiation and execution of definitive agreements, obtaining any necessary regulatory approvals and the approval of the transaction by SIGA's and Allergy Therapeutics' respective shareholders.

We anticipate that our current resources will be sufficient to finance our currently anticipated needs for operating and capital expenditures approximately through the second quarter of 2003. 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.

The Company leases certain facilities and office space under operating leases. Minimum future rental commitments under operating leases having noncancelable lease terms are $226,333, $105,002 and $108,152 for the years ending December 31, 2002, 2003 and 2004, respectively. Future minimum leases payments for equipment under capital leases amount to $192,196 for the year ended December 31, 2002.

Risk Factors That May Affect Results of Operations and Financial Condition

We have incurred operating losses since our inception and expect to incur net losses and negative cash flow for the foreseeable future. We incurred net losses of $3.7 million and $7.8 million for the years ended December 31, 2001 and 2000, respectively. As of December 31, 2001 and December 31, 2000, our accumulated deficit was $26.1 million and $22.4 million, respectively. We expect to continue to incur significant operating and capital expenditures and, as a result, we will need to generate significant revenues to achieve and maintain profitability.

We cannot guarantee that we will achieve sufficient revenues for profitability. Even if we do achieve profitability, we cannot guarantee that we can sustain or increase profitability on a quarterly or annual basis in the future. If revenues grow slower than we anticipate, or if operating expenses exceed our expectations or cannot be adjusted accordingly, our business, results of operations and financial condition will be materially and adversely affected. Because our strategy includes acquisitions of other businesses, acquisition expenses and any cash used to make these acquisitions will reduce our available cash.

We are in various stages of product development and there can be no assurance of successful commercialization. Our research and development programs are at an early stage of development. The United States Food and Drug Administration has not approved any of our biopharmaceutical product candidates. Any drug candidates developed by us will require significant additional research and development efforts, including extensive pre-clinical and clinical testing and regulatory approval, prior to commercial sale. We cannot be sure our approach to drug discovery will be effective or will result in the development of any drug. We cannot expect that any drugs that do result from our research and development efforts will be commercially available for many years.

We have limited experience in conducting pre-clinical testing and clinical trials. Even if we receive initially positive pre-clinical results, such results do not mean that similar results will be obtained in the later stages of drug development, such as additional pre-clinical testing or human clinical trials. All of our potential drug candidates are prone to the risks of failure inherent in pharmaceutical product development, including the possibility that none of our drug candidates will or can:

- be safe, non-toxic and effective;
- otherwise meet applicable regulatory standards;
- receive the necessary regulatory approvals;
- develop into commercially viable drugs;
- be manufactured or produced economically and on a large scale;
- be successfully marketed;
- be reimbursed by government and private consumers; and
- achieve customer acceptance.

In addition, third parties may preclude us from marketing our drugs through enforcement of their proprietary rights, or third parties may succeed in marketing equivalent or superior drug products. Our failure to develop safe, commercially viable drugs would have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

Benefits of SIGA's acquisition of Allergy Therapeutics may not be realized. If SIGA and Allergy Therapeutics executed definitive agreements and complete the proposed acquisition, Allergy Therapeutics will become a SIGA subsidiary. Both enterprises have previously operated independently. A successful combination will require, among other things, integration of their products and services, sales and marketing, information and software systems, coordination of employee retention, hiring and training, and coordination of ongoing and future product development, collaborative and licensing efforts. The consolidation of functions, the integration of departments, systems and procedures, and the relocation of staff may present management challenges. We may not be able to integrate the operations of Allergy Therapeutics with our operations without encountering difficulties. The integration may not be completed as rapidly as we expect and the integration may not achieve the benefits we currently anticipate.

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

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

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

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

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

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

If our technologies or those of our collaborators are alleged or found to infringe the patents or proprietary rights of others, we may be sued or have to license those rights from others on unfavorable terms.

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

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

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

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

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

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

We may have difficulty managing our growth. We expect to experience growth in the number of our employees and the scope of our operations. This growth has placed, and may continue to place, a significant strain on our management and operations. Our ability to manage this growth will depend upon our ability to broaden our management team and our ability to attract, hire and retain skilled employees. Our success will also depend on the ability of our officers and key employees to continue to implement and improve our operational and other systems and to hire, train and manage our employees.

We depend on key employees in a competitive market for skilled personnel. We are highly dependent on the principal members of our management, operations and scientific staff. The loss of any of their services would have a material adverse effect on our business. We currently have employment agreements with individuals who we consider to be "Key Employees." We do not maintain a key person life insurance policy on the life of any employee.

Our future success also will depend in part on the continued service of our key scientific, software, bioinformatics and management personnel and our ability to identify, hire and retain additional personnel, including customer service, marketing and sales staff. We experience intense competition for qualified personnel. We may not be able to continue to attract and retain personnel necessary for the development of our business.

Our activities involve hazardous materials and may subject us to environmental regulatory liabilities. Our biopharmaceutical research and development involves the controlled use of hazardous and radioactive materials and biological waste. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these materials and certain waste products. Although we believe that our safety procedures for handling and disposing of these materials comply with legally prescribed standards, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of an accident, we could be held liable for damages, and this liability could exceed our resources.

We believe that we are in compliance in all material respects with applicable environmental laws and regulations and currently do not expect to make material additional capital expenditures for environmental control facilities in the near term. However, we may have to incur significant costs to comply with current or future environmental laws and regulations.

Our potential products may not be acceptable in the market or eligible for third party reimbursement resulting in a negative impact on our future financial results. Any products successfully developed by us or our collaborative partners may not achieve market acceptance. The antibiotic products which we are attempting to develop will compete with a number of well-established traditional antibiotic drugs manufactured and marketed by major pharmaceutical companies. The degree of market acceptance of any of our products will depend on a number of factors, including:

- the establishment and demonstration in the medical community of the clinical efficacy and safety of such products,

- the potential advantage of such products over existing treatment methods, and

- reimbursement policies of government and third-party payors.

Physicians, patients or the medical community in general may not accept or utilize any products that may be developed by us or our collaborative partners. Our ability to receive revenues and income with respect to drugs, if any, developed through the use of our technology will depend, in part, upon the extent to which reimbursement for the cost of such drugs will be available from third-party payors, such as government health administration authorities, private health care insurers, health maintenance organizations, pharmacy benefits management companies and other organizations. Third-party payors are increasingly disputing the prices charged for pharmaceutical products. If third-party reimbursement was not available or sufficient to allow profitable price levels to be maintained for drugs developed by us or our collaborative partners, it could adversely affect our business.

If our products harm people, we may experience product liability claims that may not be covered by insurance. We face an inherent business risk of exposure to potential product liability claims in the event that drugs, if any, developed through the use of our technology are alleged to have caused adverse effects on patients. Such risk exists for products being tested in human clinical trials, as well as products that receive regulatory approval for commercial sale. We may seek to obtain product liability insurance with respect to drugs developed by us and our collaborative partners. However, we may not be able to obtain such insurance. Even if such insurance is obtainable, it may not be available at a reasonable cost or in a sufficient amount to protect us against liability.

We may be required to perform additional clinical trials or change the labeling of our products if we or others identify side effects after our products are on the market, which could harm sales of the affected products. If we or others identify side effects after any of our products, if any, after they are on the market, or if manufacturing problems occur,

- regulatory approval may be withdrawn;
- reformulation of our products, additional clinical trials, changes in labeling of our products may be required;
- changes to or re-approvals of our manufacturing facilities may be required;
- sales of the affected products may drop significantly;
- our reputation in the marketplace may suffer; and
- lawsuits, including class action suits, may be brought against us.

Any of the above occurrences could harm or prevent sales of the affected products or could increase the costs and expenses of commercializing and marketing these products.

Difficult Manufacturing Requirements. The manufacture of commensals is a time-consuming and complex process. Our management believes that we have the ability to acquire or produce quantities of commensals sufficient to support our present needs for research and our projected needs for our initial clinical development programs. However, we believe that improvements in our manufacturing technology will be required to enable us to meet the volume and cost requirements needed for certain commercial applications of commensal products. Products based on commensals have never been manufactured on a commercial scale. The manufacture of all of our products will be subject to current GMP requirements prescribed by the FDA or other standards prescribed by the appropriate regulatory agency in the country of use. There can be no assurance that we will be able to manufacture products, or have products manufactured for it, in a timely fashion at acceptable quality and prices, that they or third party manufacturers can comply with GMP or that they or third party manufacturers will be able to manufacture an adequate supply of product.

The future issuance of preferred stock may adversely effect the rights of the holders of our common stock. Our certificate of incorporation allows our Board of Directors to issue up to 10,000,000 shares of preferred stock and to fix the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of these shares without any further vote or action by the stockholders. The rights of the holders of common stock will be subject to, and could be adversely affected by, the rights of the holders of any preferred stock that we may issue in the future. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire a majority of our outstanding voting stock, thereby delaying, deferring or preventing a change in control.

Item 7. Financial Statements and Supplementary Data

The financial statements required by Item 7 are included in this Annual Report beginning on Page F-1.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 9. Directors and Executive Officers of the Registrant

Name	Age	Position
Donald G. Drapkin	54	Chairman of the Board
Thomas N. Konatich	56	Acting Chief Executive Officer, Chief Financial Officer, Secretary and Treasurer
Dennis E. Hruby, Ph.D.	50	Chief Scientific Officer
Gabriel M. Cerrone	30	Director
Thomas E. Constance	65	Director
Mehmet C. Oz, M.D.	40	Director
Eric A. Rose, M.D.	50	Director
Michael Weiner, M.D.	55	Director

Donald G. Drapkin has served as Chairman of the Board and a Director of SIGA since April 19, 2001. Mr. Drapkin has been a Director and Vice Chairman of MacAndrews & Forbes Holdings Inc. and various of its affiliates since 1987. Prior to joining MacAndrews & Forbes, Mr. Drapkin was a partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP for more than five years. Mr. Drapkin is also a Director of the following corporations which file reports pursuant to the Securities Exchange Act of 1934: Anthracite Capital, Inc.; Black Rock Asset Investors; The Molson Companies Limited; Panavision, Inc.; Playboy Enterprises, Inc.; Playboy.com, Inc.; Revlon Consumer Products Corporation; Revlon, Inc.; and The Warnaco Group, Inc.

Thomas N. Konatich has served as Vice President, Chief Financial Officer and Treasurer since April 1, 1998. He was named Secretary of SIGA on June 29, 2001 and has been our Acting Chief Executive Officer since October 5, 2001. From November 1996 through March 1998, Mr. Konatich served as Chief Financial Officer and a Director of Innapharma, Inc., a privately held pharmaceutical development company. From 1993 through November 1996, Mr. Konatich served as Vice President and Chief Financial Officer of Seragen, Inc., a publicly traded biopharmaceutical development company. From 1988 to 1993, he was Treasurer of Ohmicron Corporation, a venture capital financed environmental biotechnology firm. Mr. Konatich has an MBA from the Columbia Graduate School of Business.

Dennis F. Hruby, Ph.D. has served as Vice-President - Chief Scientific Officer since June 2000. From April 1, 1997 through June 2000 Dr. Hruby was our Vice President of Research. From January 1996 through March 1997, Dr. Hruby served as a senior scientific advisor to SIGA. Dr. Hruby is a Professor of Microbiology at Oregon State University, and from 1990 to 1993 was Director of the Molecular and Cellular Biology Program and Associate Director of the Center for Gene Research and Biotechnology. Dr. Hruby specializes in virology and cell biology research, and the use of viral and bacterial vectors to produce recombinant vaccines. He is a member of the American Society of Virology, the American Society for Microbiology and a fellow of the American Academy of Microbiology. Dr. Hruby received a Ph.D. in microbiology from the University of Colorado Medical Center and a B.S. in microbiology from Oregon State University.

Gabriel M. Cerrone has served as a Director of SIGA since April 19, 2001. Mr. Cerrone has been Senior Vice President of Investments of Fahnestock & Co., Inc., a financial services firm since March 1999. From March 1998 to March 1999, Mr. Cerrone was Managing Director of Investments at Barington Capital, L.P., a merchant bank, and, from June 1994 to February 1998, he was Senior Vice President of Investments at Blair & Company, a financial services firm focusing on microcap companies. Mr. Cerrone is a Director of the following privately-held companies: Callisto Pharmaceuticals, Inc. and Macro Holdings, LLC. He is also the sole general partner of Panetta Partners, Ltd., a firm which acts as an investor in, and consultant to, primarily emerging technology companies. Mr. Cerrone is a 1994 graduate of New York University's Stern School of Business.

Thomas E. Constance has served as a Director of SIGA since April 19, 2001. Mr. Constance is Chairman and a partner of Kramer Levin Naftalis & Frankel LLP, a law firm in New York City. Mr. Constance is a Director of the following corporations which file reports pursuant to the Securities Exchange Act of 1934: Uniroyal Technology Corp. and Kroll Inc. Mr. Constance is also a Director of Callisto Pharmaceuticals, Inc., a privately-held company. Mr. Constance serves as a Trustee of the M.D. Sass Foundation and St. Vincent's Services. He also serves on the Advisory Board of Barington Capital, L.P.

Mehmet C. Oz, M.D. has served as a Director of SIGA since April 19, 2001. Dr. Oz has been a Cardiac Surgeon at Columbia University Presbyterian Hospital since 1993 and an Associate Professor of Surgery there since July 2000. Dr. Oz directs the following programs at Columbia University Presbyterian Hospital: the Cardiovascular Institute, the complementary medicine program, the clinical profusion program and clinical trials of new surgical technology. Dr. Oz received his undergraduate degree from Harvard University in 1982, and, in 1986, he received a joint M.D. and M.B.A. from the University of Pennsylvania Medical School and the Wharton School of Business.

Eric A. Rose, M.D. has served as a Director of SIGA since April 19, 2001. From April 19, 2001 until June 21, 2001, Dr. Rose served as Interim Chief Executive Officer of SIGA. Dr. Rose is currently Chairman of the Department of Surgery and Surgeon-in-Chief of the Columbia Presbyterian Center of New York Presbyterian Hospital, a position he has held since August 1994. Dr. Rose is a past President of the International Society for Heart and Lung Transplantation. Dr. Rose was recently appointed as Morris & Rose Milstein Professor of Surgery at Columbia University's College of Physicians and Surgeons' Department of Surgery. Dr. Rose is also a Director of the following corporation that files reports pursuant to the Securities Exchange Act of 1934: Nexell Therapeutics Inc. (f/k/a VimRx). Dr. Rose is a graduate of both Columbia College and Columbia University College of Physicians & Surgeons.

Michael Weiner, M.D. has served as a Director of SIGA since April 19, 2001. Dr. Weiner has been a Professor of Pediatrics at Columbia University College of Physicians and Surgeons since 1996. Dr. Weiner is also the Director of Pediatric Oncology at New York Presbyterian Hospital. Dr. Weiner was formerly a Director of Nexell Therapeutics, Inc. (f/k/a VimRx) from March 1996 to February 1999. Dr. Weiner is a 1972 graduate of the New York State Health Sciences Center at Syracuse, and he was a post graduate student at New York University and Johns Hopkins.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than ten-percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) reports that they file.

Based solely upon review of the copies of such reports furnished to the Company and written representations from certain of the Company's executive officers and directors that no other such reports were required, the Company believes that during the fiscal year ended December 31, 2001 all Section 16(a) filing requirements applicable to its officers, directors and greater than ten-percent beneficial owners were complied with on a timely basis.

Item 10. Executive Compensation

The following table sets forth the total compensation paid or accrued for the years ended December 31, 2001, 2000 and 1999 for each person who acted as SIGA's Chief Executive Officer at any time during the year ended December 31, 2001 and its most highly compensated executive officers, other than its Chief Executive Officer, whose salary and bonus for the fiscal year ended December 31, 2001 were in excess of $100,000 each.

Summary Compensation Table

		Annual Compensation		
			Other Annual Compensation	Long-Term Compensation Securities Underlying Options
Name and Principal Position	Year	Salary ($)	($)	(#)
Thomas N. Konatich,	2001	177,542	--	--
Chief Financial Officer and Acting CEO	2000	170,000	--	100,000
	1999	170,000	--	--
Joshua D. Schein (1)	2001	92,852	--	--
Chief Executive Officer	2000	250,000	--	500,000
	1999	225,000	--	150,000
Eric A. Rose, M.D. (1)	2001	--	--	600,000
Interim Chief Executive Officer	2000	--	--	--
	1999	--	--	--
Philip N. Sussman (1)	2001	99,483	--	420,000
Chief Executive Officer	2000		--	--
	1999	--	--	--
Dennis E. Hruby	2001	196,055	--	--
Chief Scientific Officer	2000	180,000	--	125,000
	1999	170,000	--	--
Judson A. Cooper (1)	2001	92,852	--	--
Executive Vice President	2000	250,000	--	500,000
	1999	225,000	--	150,000

(1) No longer employed by SIGA at December 31, 2001

Option Grants for the Year Ended December 31, 2001

The following table sets forth grants of stock options during the year ended December 31, 2001 to anyone who served as Chief Executive Officer during the year. The exercise price at the time of the grant to Mr. Sussman was the equal to the fair market value at the time of the grant. The grant to Dr. Rose as at a discount of approximately 7% to the fair market value at the time of the grant.

Name	Common Stock Underlying Options Granted	% of Total Options Granted to Employees	Exercise Price Per Share	Expiration Date
Eric A. Rose, M.D......................	600,000	16.4%	$ 2.50	8/15/11
Philip N. Sussman (1)..................	420,000	11.5%	$ 3.94	6/22/11

(1) Mr. Sussman was not employed by SIGA at December 31, 2001. The options granted have been forfeited.

Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table provides certain summary information concerning stock options held as of December 31, 2001 by SIGA's Chief Executive Officer and its four most highly compensated executive officers, other than its Chief Executive Officer. No options were exercised during fiscal 2001 by any of the officers.

	Number of Securities Underlying Unexercised Options #		Value of Unexercised In-The-Money Options at Fiscal Year-End($)(1)	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable
Thomas N. Konatich	195,000	0	90,000	0
Eric A. Rose, M.D.	600,000	0	240,000	0
Philip N. Sussman	0	0	0	0
Joshua D. Schein	700,001	0	739,584	0
Dennis Hruby	115,000	60,000	67,500	45,000
Judson A. Cooper	700,001	0	739,584	0

(1) Based upon the closing price on December 31, 2001 as reported on the Nasdaq SmallCap Market and the exercise price per option.

Stock Option Plan

As of January 1, 1996, we adopted our 1996 Incentive and Non-Qualified Stock Option Plan. An amendment and restatement of such plan, as amended, was adopted on May 3, 2001 and was further refined by the Board of Directors on June 29, 2001 (the "Plan"). The Plan was approved by our stockholders at an annual meeting on August 15, 2001. Stock options may be granted to key employees, consultants and outside directors pursuant to the Plan.

The Plan is administered by a committee (the "Committee") comprised of disinterested directors. The Committee determines persons to be granted stock options, the amount of stock options to be granted to each such person, and the terms and conditions of any stock options as permitted under the Plan. The members of the Committee are Mehmet C. Oz, M.D. and Michael Weiner, M.D.

Both Incentive Options and Nonqualified Options may be granted under the Plan. An Incentive Option is intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). Any Incentive Option granted under the Plan will have an exercise price of not less than 100% of the fair market value of the shares on the date on which such option is granted. With respect to an Incentive Option granted to an employee who owns more than 10% of the total combined voting stock of SIGA or of any parent or subsidiary of SIGA, the exercise price for such option must be at least 110% of the fair market value of the shares subject to the option on the date the option is granted.

The Plan, as amended, provides for the granting of options to purchase 7,500,000 shares of common stock, of which 5,139,811 options were outstanding as of December 31, 2001.

Employment Contracts and Directors Compensation

Thomas N. Konatich, SIGA's Vice President, Chief Financial Officer, Secretary, Treasurer and Acting Chief Executive Officer, is employed by SIGA under an employment agreement that was to expire April 1, 2000. On January 19, 2000 the employment agreement was amended, and in October, 2000, the agreement was amended and restated. The amended agreement would have expired on April 1, 2002 but was further amended as of January 31, 2002 to expire on December 31, 2002 and is cancelable by SIGA only for cause, as defined in the agreement. Mr. Konatich receives an annual base salary of $182,500. He received options to purchase 95,000 shares of common stock, at $4.44 on April 1, 1998. The options vested on a pro rata basis on the first, second, third and fourth anniversaries of the agreement. On January 19, 2000 he received an additional grant to purchase 100,000 shares at an exercise price of $2.00 per share. The options vest on a pro rata basis each quarter through January 19, 2002. Mr. Konatich is also eligible to receive additional stock options and bonuses at the discretion of the Board of Directors. Under the amended and restated agreement, as the result of the change in control on April 19, 2001, Mr. Konatich would, upon termination within 18 months of such change in control, be paid his compensation for the remainder of his employment term and will receive a tax gross-up payment. Under the terms of the amended agreement, upon a change in control, Mr. Konatich was entitled to have funds in the amount of such remaining salary and gross-up payment placed in escrow in his name although no such escrow fund was established. Additionally, as the result of the change of control, all unvested options held by Mr. Konatich have become exercisable. As of January 31, 2002, Mr. Konatich signed an amendment and waiver to his employment agreement. Under the amendment and waiver, the term of Mr. Konatich's agreement was extended through December 31, 2002 and he agreed to waive the provision regarding the escrow and gross-up of the unpaid portion of the compensation due for the term of his agreement created by the change of control that occurred on April 19, 2001. Mr. Konatich also agreed to certain exceptions from the "Change of Control" provision of his employment agreement. On January 31, 2002 Mr. Konatich was granted and "Incentive Stock Option" to purchase 50,000 shares at an exercise price of $3.94 per share. Such options vest in four equal annual installments beginning on August 15, 2002.

Dr. Dennis Hruby, Chief Scientific Officer ("CSO"), is employed by SIGA under an employment agreement that was to expire on December 31, 2000. In May 2000, the employment agreement was amended, extending Mr. Hruby's employment until December 31, 2002, except that the Company may terminate the agreement upon 180 days written notice, and changing Mr. Hruby's title from Vice President of Research to CSO. Dr. Hruby received options to purchase 10,000 shares of common stock at an exercise price of $5.00 per share on April 1, 1997 and 40,000 shares of common stock at an exercise price of $4.63 per share on April 1, 1998. The options become exercisable on a pro rata basis on the first, second, third and fourth anniversaries of the agreement. Dr. Hruby is eligible to receive additional stock options and bonuses at the discretion of the Board of Directors. Under the amendment, Dr. Hruby was granted options to purchase 125,000 shares of the Company's common stock at $2.00 per share. The options vest ratably over the remaining term of the amendment. As of January 31, 2002, SIGA and Dr. Hruby entered into a third amendment to Dr. Hruby's employment agreement. The amendment changed the terms of the lock-up agreed to in the prior amendment to the employment agreement. On January 31, 2002 Dr. Hruby was granted and "Incentive Stock Option" to purchase 50,000 shares at an exercise price of $3.94 per share. Such options vest in four equal annual installments beginning on August 15, 2002.

Dr. Joshua Schein, SIGA's former Chief Executive Officer, resigned as Chief Executive Officer effective as of April 19, 2001. Prior to his resignation, Dr. Schein was employed under an agreement through December 31, 1999 which had a base annual salary of $225,000 and granted him 16,667 options per year, exercisable at the fair market value on the date of the grant. In January 2000 he entered into a new employment agreement with SIGA, which agreement was amended and restated as of October 6, 2000, expires January 2005 and is cancelable by SIGA only for cause, as defined in the agreement. The agreement is renewable for additional one year terms unless cancelled by either party in writing 180 days prior to cancellation. Dr. Schein receives an annual base salary of $250,000 and he was granted 500,000 fully vested stock options upon signing the new agreement. The options are exercisable at $2.00 per share, the fair market value on the date of grant. He is eligible to receive additional stock options and bonuses at the discretion of the Board of Directors. Under the amended and restated agreement, in the event of a change in control, Dr. Schein will be paid his compensation for the remainder of his employment term and will receive a tax gross-up payment, and all unvested options held by Dr. Schein will become vested and exercisable. In addition, Dr. Schein will receive a cash payment equal to 1.5% of the total consideration received by SIGA in a sale of all or substantially all of the assets or stock of SIGA, or a transaction where the holders of the voting capital stock of SIGA immediately prior to the transaction own less than a majority of the voting capital stock of the acquiring or surviving entity. In the event of a sale, merger or public spin-out of any subsidiary or material asset of SIGA, Dr. Schein shall receive a fee equal to 1.5% of the value of SIGA's shares of the subsidiary or material asset. Pursuant to the Separation Agreement between Dr. Schein and SIGA, dated as of March 31, 2001, the employment agreement between Dr. Schein and SIGA was terminated.

Judson Cooper, SIGA's former Chairman of the Board and Executive Vice President, resigned those positions effective as of April 19, 2001. Prior to his resignation, Mr. Cooper was employed under an employment agreement through December 31, 1999 which had a base annual salary of $225,000 and granted him 16,667 options per year, exercisable at the fair market value on the date of the grant. In January 2000 he entered into a new employment agreement, which agreement was amended and restated as of October 6, 2000, expires January 2005 and is cancelable by SIGA only for cause, as defined in the agreement. The agreement is renewable for additional one year terms unless cancelled by either party in writing 180 days prior to cancellation. Mr. Cooper receives an annual base salary of $250,000 and he was granted 500,000 fully vested stock options upon signing the new agreement. The options are exercisable at $2.00 per share, the fair market value on the date of grant. He is eligible to receive additional stock options and bonuses at the discretion of the Board of Directors. Under the amended and restated agreement, in the event of a change in control, Mr. Cooper will be paid his compensation for the remainder of his employment term and will receive a tax gross-up payment, and all unvested options held by Mr. Cooper will become vested and exercisable. In addition, Mr. Cooper will receive a cash payment equal to 1.5% of the total consideration received by SIGA in a sale of all or substantially all of the assets or stock of SIGA, or a transaction where the holders of the voting capital stock of SIGA immediately prior to the transaction own less than a majority of the voting capital stock of the acquiring or surviving entity. In the event of a sale, merger or public spin-out of any subsidiary or material asset of SIGA, Mr. Cooper shall receive a fee equal to 1.5% of the value of SIGA's shares of the subsidiary or material asset. Pursuant to the Separation Agreement between Mr. Cooper and SIGA, dated as of March 31, 2001, the employment agreement between Mr. Cooper and SIGA was terminated.

Philip N. Sussman, SIGA's former President and Chief Executive Officer, resigned those positions effective October 5, 2001. Prior to his resignation, he was employed under an employment agreement that he entered into on June 22, 2001 and was to expire on June 21, 2003. The annual base salary due to Mr. Sussman under the agreement was $300,000. Under the terms of the agreement, SIGA granted to Mr. Sussman on June 29, 2001 non-qualified options to purchase 420,000 shares of SIGA stock at an exercise price of $3.94 per share. The options were to have become exercisable on a pro rata basis on the first, second, third and fourth anniversaries of the agreement.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following tables set forth certain information regarding the beneficial ownership of SIGA's voting securities as of December 31, 2001 of (i) each person known to SIGA to beneficially own more than 5% of the applicable class of voting securities, (ii) each director and director nominee of SIGA, (iii) each Named Officer, and (iv) all directors and officers of SIGA as a group. As of March 18, 2002, a total of 10,139,553 shares of common stock and a total of 379,294 shares of Series A preferred stock were outstanding. Each share of common stock and Series A preferred stock is entitled to one vote on matters on which common stockholders are eligible to vote. The column entitled "Percentage of Total Voting Stock" shows the percentage of total voting stock beneficially owned by each listed party.

Ownership of Common Stock

Name and Address of Beneficial Owner (1)	Amount of Beneficial Ownership (2)	Percentage of Common Stock Outstanding	Percentage of Total Voting Stock Outstanding
Judson Cooper	1,152,117(3)	10.6%	10.3%
Howard Gittis 35 East 62nd Street New York, NY 10021	1,005,902(4)	9.7%	9.3%
Panetta Partners, Ltd.(5) 265 E. 66th St. Suite 16G New York, NY 10021	790,472(6)	7.3%	7.1%
Joshua D. Schein	1,178,517(3)	10.9%	10.5%
Thomas N. Konatich	195,000(7)	1.9%	1.9%
Dennis E. Hruby	115,000(7)	1.1%	1.1%
Philip N. Sussman 145 W. 86th Street New York, NY 10024	0	*	*
Donald G. Drapkin 35 East 62nd Street New York, NY 10021	2,855,058(8)(9)(10)	23.4%	22.7%
Gabriel M. Cerrone(5) 265E. 66th Street, Suite 16G New York, NY 10021	1,926,972(6)(11)	16.2%	15.7%
Thomas E. Constance 919 Third Avenue, 41st Floor New York, NY 10022	253,467(12)	2.4%	2.4%
Mehmet C. Oz, M.D 177 Fort Washington Ave New York, NY 10032	125,000(13)	1.2%	1.2%
Eric A. Rose, M.D 122 East 78th Street New York, NY 10021	790,090(14)	7.3%	7.0%
Michael Weiner, M.D 161 Fort Washington Ave New York, NY 10032	125,000(13)	1.2%	1.2%
All Officers and Directors as a group (nine persons)	6,385,587(15)	42.4%	41.3%

* Less than 1%

(1) Unless otherwise indicated the address of each beneficial owner identified is 420 Lexington Avenue, Suite 620, New York, NY 10170.

(2) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated. For purposes of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares as of a given date which such person has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above on a given date, any security which such person or persons has the right to acquire within 60 days after such date is deemed to be outstanding for the purpose of computing the percentage ownership of such person or persons, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(3) Includes options to purchase 700,001 shares of common stock owned directly and beneficial ownership of options to purchase 12,500 shares of common stock, held by Prism Ventures LLC, an entity jointly owned by Mr. Cooper and Dr. Schein.

(4) Includes 260,178 shares issuable upon exercise of a warrant.

(5) Mr. Cerrone, as the sole general partner of Panetta Partners, Ltd., may be deemed to beneficially own the shares owned by Panetta Partners, Ltd.

(6) Includes 649,388 shares issuable upon exercise of warrants.

(7) Messrs. Konatich and Hruby own no shares of common stock. All shares listed as beneficially owned by Messrs. Konatich and Hruby are shares issuable upon exercise of stock options.

(8) Includes 1,125,000 shares of common stock issuable upon exercise of options and 30,500 shares issuable upon exercise of warrant.

(9) Mr. Drapkin has entered into a management restructuring agreement, pursuant to which he has been granted proxies giving him voting power over an aggregate of 905,632 shares of common stock, included in the figures in the above table.

(10) Mr. Drapkin holds, inter alia, a warrant (an "Investor Warrant") to purchase 347,826 shares of common stock. However, the Investor Warrant provides that, with certain limited exceptions, it is not exercisable if, as a result of such exercise, the number of shares of common stock beneficially owned by Mr. Drapkin and his affiliates (other than shares of common stock which may be deemed beneficially owned through the ownership of the unexercised portion of such Investor Warrant) would exceed 9.99% of the outstanding shares of common stock. As a result of the restrictions described in the immediately preceding sentence and the other securities which Mr. Drapkin may be deemed beneficially to own, Mr. Drapkin's Investor Warrant is not presently exercisable. If not for the 9.99% limit, Mr. Drapkin could be deemed to beneficially own 3,202,884 shares of common stock, or 25.5% of the outstanding shares of common stock and 24.8% of the total shares of voting stock outstanding.

(11) Includes 790,472 shares held by and issuable upon exercise of warrants held by Panetta Partners and 1,075,000 shares issuable upon exercise of options.

(12) Includes 12,200 shares issuable upon exercise of warrants and 225,000 shares of common stock issuable upon exercise of options.

(13) Includes 12,500 shares issuable upon exercise of warrants and 100,000 shares issuable upon exercise of options.

(14) Includes 88,610 shares issuable upon exercise of warrants and 600,000 shares of common stock issuable upon exercise of options.

(15) See footnotes (5), (6), (7), (8), (9), (10), (11), (12), (13) and (14).

Item 12. Certain Relationships and Related Transactions

Effective January 15, 1998, we entered into a consulting agreement with Prism Ventures LLC pursuant to which Prism has agreed to provide certain business services to SIGA, including business development, operations and other advisory services, licensing, strategic alliances, merger and acquisition activity, financings and other corporate transactions. Pursuant to the terms of the agreement, Prism receives an annual fee of $150,000 and 16,667 stock options per year. The agreement expired on January 15, 2001, and was cancelable by SIGA only for cause as defined in the agreement. Mr. Cooper and Dr. Schein are the members of Prism. In October of 1998, SIGA and Prism agreed to suspend the agreement for as long as the two principals are employed by SIGA under the provisions of their amended employment agreements. Pursuant to separation agreements entered into by Dr. Schein and Mr. Cooper and SIGA, dated as of March 31, 2001, their employment agreements with SIGA have been terminated. During 2001, Prism received no payments pursuant to the agreement.

Effective September 9, 1999 we entered into a consulting agreement with Stefan Capital, LLC pursuant to which Stefan has agreed to provide certain business services to SIGA. Pursuant to the terms of the agreement, Stefan received five year warrants to purchase 100,000 shares of our common stock at an exercise price of $1.00. As of December 31, 2001, 50,000 warrants have been exercised. Mr. Jeffrey Rubin, one of SIGA's directors until his resignation on April 19, 2001, is a principal of Stefan.

Effective January 19, 2000, SIGA entered into a consulting agreement with Mr. Scott Eagle, a former director. Mr. Eagle provided consulting services concerning SIGA's strategic review and development of alternate internet and related technologies. The agreement expired on January 19, 2001. Pursuant to the terms of the agreement, Mr. Eagle received five year warrants to purchase 50,000 shares of SIGA common stock at an exercise price of $1.00 per share.

Thomas E. Constance, a director of SIGA, is Chairman of Kramer Levin Naftalis & Frankel LLP, a law firm in New York City, which SIGA retained to provide legal services during fiscal year 2001.

PART IV

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

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

3(b) Bylaws of the Company (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

3(c) Certificate of Designations of Series and Determination of Rights and Preferences of Series A Convertible Preferred Stock of the Company dated July 2, 2001 (Filed herewith).

4(a) Form of Common Stock Certificate (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

4(b) Warrant Agreement dated as of September 15, 1996 between the Company and Vincent A. Fischetti (1) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

4(c) Warrant Agreement dated as of November 18, 1996 between the Company and David de Weese (1) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

4(d) Registration Rights Agreement between the Company and MedImmune, Inc., dated as of February 10, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

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

10(a) License and Research Support Agreement between the Company and The Rockefeller University, dated as of January 31, 1996; and Amendment to License and Research Support Agreement between the Company and The Rockefeller University, dated as of October 1, 1996(2) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(b) Research Agreement between the Company and Emory University, dated as of January 31, 1996(2) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(c) Research Support Agreement between the Company and Oregon State University, dated as of January 31, 1996(2) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)). Letter Agreement dated as of March 5, 1999 to continue the Research Support Agreement. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

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

10(e) Amended and Restated Employment Agreement between the Company and Dr. Joshua D. Schein, dated as of October 6, 2000 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(f) Amended and Restated Employment Agreement between the Company and Judson A. Cooper, dated as of October 6, 2000 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(g) Employment Agreement between the Company and Dr. Kevin F. Jones, dated as of January 1, 1996 (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(h) Employment Agreement between the Company and David de Weese, dated as of November 18, 1996(1) (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(i) Consulting Agreement between the Company and CSO Ventures LLC, dated as of January 1, 1996 (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(j) Consulting Agreement between the Company and Dr. Vincent A. Fischetti, dated as of January 1, 1996 (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(k) Consulting Agreement between the Company and Dr. Dennis Hruby, dated as of January 1, 1996 (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(l) Letter Agreement between the Company and Dr. Vincent A. Fischetti, dated as of March 1, 1996 (Incorporated by reference to Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).

10(m) Employment Agreement between the Company and Dr. Dennis Hruby, dated as of April 1, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(n) Clinical Trials Agreement between the Company and National Institute of Allergy and Infectious Diseases, dated as of July 1, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(o) Research Agreement between the Company and The Research Foundation of State University of New York, dated as of July 1, 1997(2) (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(p) Collaborative Research and License Agreement between the Company and Wyeth, dated as of July 1, 1997(2) (Incorporated by reference to Amendment No. 3 to Form SB-2 Registration Statement of the Company dated September 2, 1997 (No. 333-23037)).

10(q) Collaborative Evaluation Agreement between the Company and Chiron Corporation, dated as of July 1, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(r) Consulting Agreement between the Company and Dr. Scott Hultgren, dated as of July 9, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(s) Letter of Intent between the Company and MedImmune, Inc., dated as of July 10, 1997 (Incorporated by reference to Amendment No. 1 to Form SB-2 Registration Statement of the Company dated July 11, 1997 (No. 333-23037)).

10(t) Research Collaboration and License Agreement between the Company and The Washington University, dated as of February 6, 1998 (2). (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(u) Settlement Agreement and Mutual Release between the Company and The Washington University, dated as of February 17, 2000 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

10(v) Technology Transfer Agreement between the Company and MedImmune, Inc., dated as of February 10, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(w) Employment Agreement between the Company and Dr. Dennis Hruby, dated as of January 1, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997). Amendment to the Agreement, dated as of October 15, 1999 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999). Amendment to the Agreement dated as of June 12, 2000).

10(x) Employment Agreement between the Company and Dr. Walter Flamenbaum, dated as of February 1, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(y) Employment Agreement between the Company and Thomas Konatich, dated as of April 1, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997). Extension and Amendment of the Agreement, dated as of January 19, 2000 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999). Amendment and Restatement of the Agreement, dated as of October 6, 2000 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(z) Consulting Agreement between the Company and Prism Ventures LLC, dated as of January 15, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(aa) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated June 21, 1999 (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1999).

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

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

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

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

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

10(gg) Stock Purchase Agreement between the Company and MedImmune, Inc., dated as of February 10, 1998. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997).

10(hh) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated May 3, 2000. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(ii) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated August 1, 2000. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(jj) Small Business Innovation Research Grant to the Company by the National Institutes for Health, dated August 21, 2000. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(kk) Stock Purchase Agreement between the Company and Open-i Media, Inc. dated July 7, 2000. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(ll) Agreement between the Company and Oregon State University for the Company to provide contract research services to the University dated September 24, 2000. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(mm) Agreement between the Company and Maxygen, Inc. dated October 17, 2000. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(nn) License and Research Agreements between the Company and the Regents of the University of California dated December 6, 2000. (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(oo) Research Agreement between the Company and the University of Maryland dated January 3, 2001) (Incorporated by reference to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2000).

10(pp) Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan dated August 15, 2001 (Filed herewith).

10(qq) Letter Agreement among the Company, Donald G. Drapkin, Gabriel Cerrone, Thomas E. Constance, Eric A. Rose, Judson A. Cooper and Joshua D. Schein dated March 30, 2001 (Filed herewith).

10(rr) Separation Agreement between the Company and Joshua D. Schein dated as of March 30, 2001 (Filed herewith).

10(ss) Separation Agreement between the Company and Judson A. Cooper dated as of March 30, 2001 (Filed herewith).

10(tt) Employment Agreement between the Company and Philip Sussman dated June 22, 2001 (Filed herewith).

10(uu) Amendment to Employment Agreement between the Company and Dr. Dennis Hruby dated as of January 31, 2002 (Filed herewith).

10(vv) Amendment and Waiver to Employment Agreement between the Company and Thomas Konatich dated as of January 31, 2002 (Filed herewith).

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(1) These agreements were entered into prior to the reverse split of the Company's Common Stock and, therefore, do not reflect such reverse split.

(2) Confidential information is omitted and identified by an * and filed separately with the SEC with a request for Confidential Treatment.

(b) Reports on Form 8-K

On October 12, 2001, the Company filed an amendment to a Current Report on Form 8-K/A, reporting adjustments to its June 30, 2001 Balance Sheet.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGA TECHNOLOGIES, INC.
(Registrant)

Date: April 1, 2002

By: /s/ Thomas N. Konatich
Thomas N. Konatich
Chief Financial Officer & Acting
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Donald G. Drapkin Donald G. Drapkin	Chairman of the Board	March 29, 2002
/s/ Thomas N. Konatich Thomas N. Konatich	Acting Chief Executive Officer, Chief Financial Officer and Secretary	March 29, 2002
/s/ Gabriel M. Cerrone Gabriel M. Cerrone	Director	March 29, 2002
/s/ Thomas E. Constance Thomas E. Constance	Director	March 29, 2002
Mehmet C. Oz, M.D.	Director	March 29, 2002
/s/ Eric A. Rose Eric A. Rose, M.D.	Director	March 29, 2002
/s/ Michael Weiner Michael Weiner, M.D.	Director	March 29, 2002

SIGA Technologies, Inc.
(A development stage company)
Financial Statements
December 31, 2001 and 2000

SIGA Technologies, Inc.
(A development stage company)
Index to Financial Statements

Report of Independent Accountants

To the Board of Directors and Stockholders
of SIGA Technologies, Inc.

In our opinion, the accompanying balance sheets and related statements of operations, of cash flows and of changes in stockholders' equity (deficit) present fairly, in all material respects, the financial position of SIGA Technologies, Inc. (a development stage company) at December 31, 2001 and 2000, and the results of its operations and cash flows for the years ended December 31, 2001 and 2000, and for the period from December 28, 1995 ("Inception") through December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

New York, New York
February 15, 2002, except as to note 14 which is as of March 11, 2002.

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

	December 31, 2001	December 31, 2000
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,148,160	$ 1,707,385
Accounts receivable	55,000	37,800
Prepaid expenses	153,416	5,644
Total current assets	3,356,576	1,750,829
Equipment, net	703,239	1,027,702
Investment in Open-i Media	--	275,106
Other assets	147,873	156,556
Total assets	$ 4,207,688	$ 3,210,193
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	$ 210,391	$ 209,278
Accrued expenses	263,616	305,912
Capital lease obligations	192,196	391,407
Deferred revenue	--	450,000
Total current liabilities	666,203	1,356,597
6% Convertible debt, net of unamortized debt discount	--	719,561
Accrued Debenture Interest	--	80,281
Non current capital lease obligations	--	129,018
Total liabilities	666,203	2,285,457
Commitments and contingencies	--	--
Stockholders' equity:		
Series A Convertible preferred stock ($.0001 par value, 10,000,000 shares authorized, 379,294 and 0 issued and outstanding at December 31, 2001 and 2000 respectively)	398,441	--
Common stock ($.0001 par value, 50,000,000 shares authorized, 10,139,553 and 7,471,837 issued and outstanding at December 31, 2001 and December 31, 2000, respectively)	1,016	747
Additional paid-in capital	29,348,786	23,793,983
Deferred Compensation	(35,583)	(428,425)
Deficit accumulated during the development stage	(26,171,175)	(22,441,569)
Total stockholders' equity	3,541,485	924,736
Total liabilities and stockholders' equity	$ 4,207,688	$ 3,210,193

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

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

	Year Ended December 31, 2001	Year Ended December 31, 2000	For the Period December 28, 1995 (Date of Inception) to December 31, 2001
Revenues:			
Research and development contracts	$ 1,159,500	$ 483,120	$ 3,287,181
Operating expenses:			
General and administrative	2,570,869	4,851,100	15,383,445
Research and development (including amounts to related parties of $104,000, $75,000 and $488,581 for the years ended December 31, 2001 and 2000, and for the period from the date of inception of December 31, 2001, respectively)	1,733,188	2,608,907	12,009,076
Patent preparation fees	117,264	106,647	1,354,754
Total operating expenses	4,421,321	7,566,654	28,747,275
Operating loss	(3,261,821)	(7,083,534)	(25,460,094)
Interest income/(expense)	(192,679)	(550,464)	(347,044)
Loss on impairment of investment	(275,106)	(155,591)	(430,697)
Other income/gain on sale of securities	--	--	66,660
Net loss	$(3,729,606)	$(7,789,589)	$(26,171,175)
Basic and diluted loss per share	$ (.44)	$ (1.08)	
Weighted average common shares outstanding used for basic and diluted loss per share	8,499,961	7,202,856	
Comprehensive loss:			
Net loss	$(3,729,606)	$(7,789,589)	$(26,171,175)
Total comprehensive loss	$(3,729,606)	$(7,789,589)	$(26,171,175)

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

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

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

	Deferred Compensation	Stock Subscriptions Outstanding	Deficit Accumulated During the Development Stage	Unrealized Gains (Losses) on Available for Sale of Securities	Total Stockholders' Equity (Deficit)
Issuance of common stock at inception	$ --	$ (1,248)		--	
Net loss	--	--	$ (1,000)	--	$ (1,000)
Balances at December 31, 1995	--	(1,248)	(1,000)	--	(1,000)
Net proceeds from issuance and sale of common stock ($1.50 per share)		--	--	--	1,551,437
Net proceeds from issuance and sale of common stock ($3.00 per share)		--		--	749,010
Receipt of stock subscriptions outstanding		1,248	--	--	1,248
Issuance of compensatory options and warrants		--	--	--	367,461
Net loss		--	(2,268,176)	--	(2,268,176)
Balances at December 31, 1996	--	--	(2,269,176)	--	399,980
Net proceeds from issuance and sale of common stock ($5.00 per share)					12,179,609
Issuance of warrants with bridge notes		--	--	--	133,000
Stock option and warrant compensation		--	--	--	68,582
Net loss	--	--	(2,194,638)	--	(2,194,638)
Balance at December 31, 1997	--	--	(4,463,814)	--	10,586,533
Issuance of common stock to acquire third party's right to certain technology ($4.34 per share)					1,457,458
Issuance of compensatory options and warrants		--	--	--	175,870
Stock option and warrant compensation		--	--	--	14,407
Unrealized losses on available for sale securities		--	--	(34,816)	(34,816)
Net loss	--	--	(6,551,666)	--	(6,551,666)
Balance at December 31, 1998	--	--	(11,015,480)	(34,816)	5,647,786

Issuance of common stock for software development ($1.25 per share)					31,250
Issuance of compensatory common stock, options and warrants					51,550
Stock option and warrant compensation					75,278
Unrealized gains on available for sale securities				34,816	34,816
Net loss			(3,636,500)		(3,636,500)
Balance at December 31, 1999	--	--	(14,651,980)	--	2,204,180

(Continued)

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

	Series A Convertible Preferred Stock Shares	Series A Convertible Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital
Net proceeds from exercising of stock options			$ 19,875	$ 2	$ 52,772
Net proceeds from the issuance of common stock ($5.0 per share)			600,000	60	2,882,940
Issuance of common stock in connection with software development			102,721	10	500,334
Issuance of common shares in connection with acquisition of 12.5% equity interest in a private company			40,336	4	179,996
Issuance of common shares upon conversion of debentures			90,193	9	49,246
Warrants granted in connection with the issuance of debentures					1,320,170
Issuance of compensatory options and warrants to non-employees					1,218,145
Issuance of compensatory options to employees					278,750
Stock options and warrants compensation related to services received from non-employees					185,876
Amortization of deferred compensation					
Issuance of shares in exchange for services			16,000	1	(1)
Amendment of warrants issued to a non-employee for services					270,256
Net loss					
Balance at December 31, 2000			7,471,837	747	23,793,983
Issuance of preferred stock upon conversion of debentures	1,011,593	1,036,707			
Common stock issued upon conversion of preferred series A stock	(632,299)	(638,266)	641,719	64	651,735
Net proceeds from issuance of common stock ($2.00 to $3.00 per share)			1,684,636	169	4,356,801
Issuance of common shares upon conversion of stock options			167,250	17	196,846
Issuance of common shares upon exercising of warrants			70,000	7	159,613
Issuance of restricted common stock to non-employee			50,000	5	77,328
Issuance of common shares upon cashless warrant exercise			35,640	4	(4)
Issuance of common stock upon conversion of debentures			18,471	3	15,916
Issuance of compensatory stock options to the board of directors					612,750
Cancellation of warrants issued to consultant					(783,598)
Compensation charge relating to common stock issued below fair value market					103,040
Compensation charge relating to modification of options to acquire common shares					72,660
Amortization of deferred compensation					
Stock options issued to non-employee					79,054
Warrants issued to a non-employee					28,318
Forfeiture of options issued to a director					(15,656)
Net loss					
Balance at December 31, 2001	379,294	$ 398,441	10,139,553	$ 1,016	$ 29,348,786

	Deferred Compensation	Stock Subscriptions Outstanding	Deficit Accumulated During the Development Stage	Unrealized Gains (Losses) on Available for Sale of Securities	Total Stockholders' Equity (Deficit)
Net proceeds from exercising of stock options					$ 52,774
Net proceeds from the issuance of common stock ($5.0 per share)					2,883,000
Issuance of common stock in connection with software development					500,344
Issuance of common shares in connection with acquisition of 12.5% equity interest in a private company					180,000
Issuance of common shares upon conversion of debentures					49,255
Warrants granted in connection with the issuance of debentures					1,320,170
Issuance of compensatory options and warrants to non-employees	$ (1,218,145)				--
Issuance of compensatory options to employees	(278,750)				--
Stock options and warrants compensation related to services received from non-employees					185,876
Amortization of deferred compensation	1,068,470				1,068,470
Issuance of shares in exchange for services					--

Amendment of warrants issued to a non-employee for services					270,256
Net loss			$ (7,789,589)		(7,789,589)
Balance at December 31, 2000	(428,425)	--	(22,441,569)	--	924,736
Issuance of preferred stock upon conversion of debentures					1,036,707
Common stock issued upon conversion of preferred series A stock					13,533
Net proceeds from issuance of common stock ($2.00 to $3.00 per share)					4,356,970
Issuance of common shares upon conversion of stock options					196,863
Issuance of common shares upon exercising of warrants					159,620
Issuance of restricted common stock to non-employee					77,333
Issuance of common shares upon cashless warrant exercise					--
Issuance of common stock upon conversion of debentures					15,919
Issuance of compensatory stock options to the board of directors					612,750
Cancellation of warrants issued to consultant	248,713				(534,885)
Compensation charge relating to common stock issued below fair value market					103,040
Compensation charge relating to modification of options to acquire common shares					72,660
Amortization of deferred compensation	121,389				121,389
Stock options issued to non-employee					79,054
Warrants issued to a non-employee	7,084				35,402
Forfeiture of options issued to a director	15,656				--
Net loss			(3,729,606)		(3,729,606)
Balance at December 31, 2001	$ (35,583)	$ --	$(26,171,175)	$ --	$ 3,541,485

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

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

	Year Ended December 31, 2001	Year Ended December 31, 2000	For the Period December 28, 1995 (Date of Inception) to December 31, 2001
Cash flows from operating activities:			
Net loss	$(3,729,606)	$(7,789,589)	$(26,171,175)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	324,463	356,089	1,275,349
Stock, options and warrant compensation	566,743	1,524,602	2,875,743
Loss on impairment of investment	275,106	155,591	430,697
Loss on write-off of capital equipment	--	--	97,969
Amortization of debt discount	232,393	589,312	954,705
Write-off of in-process research and development	--	--	1,457,458
Realized gain on sale of marketable securities	--	--	(66,660)
Non-cash research and development	--	500,344	500,344
Changes in assets and liabilities:			
Accounts receivable	(17,200)	9,770	(55,000)
Prepaid expenses and other current assets	(147,772)	32,635	(153,416)
Other assets	8,683	(9,554)	(147,872)
Accounts payable and accrued expenses	(27,649)	162,132	487,539
Deferred Revenue	(450,000)	450,000	--
Accrued Interest	20,390	80,281	100,672
Net cash used in operating activities	(2,944,449)	(3,938,387)	(18,413,647)
Cash flows from investing activities:			
Capital expenditures	--	(98,126)	(2,157,254)
Sale (purchase) of investment securities	--	--	66,660
Investment in Open-I-Media	--	(170,000)	(170,000)
Net cash flow used in investing activities	--	(268,126)	(2,260,594)
Cash flows from financing activities:			
Net proceeds from issuance of common stock	4,356,970	2,883,000	21,720,026
Receipts of stock subscriptions outstanding	--	--	1,248
Gross proceeds from sale of convertible debentures	--	1,500,000	1,500,000
Proceeds from exercise of stock options and warrants to acquire common stock	356,483	52,774	409,257
Net proceeds from sale of warrants	--	52,174	52,174
Convertible debentures and warrants issuance costs	--	(52,500)	(52,500)
Proceeds from bridge notes	--	--	1,000,000
Repayment of bridge notes	--	--	(1,000,000)
Proceeds from sale and leaseback of equipment	--	--	1,139,085
Principal payments on capital lease obligations	(328,229)	(280,091)	(946,889)
Net cash provided from financing activities	4,385,224	4,155,357	23,822,401
Net increase in cash and cash equivalents	1,440,775	(51,156)	3,148,160
Cash and cash equivalents at beginning of period	1,707,385	1,758,541	--
Cash and cash equivalents at end of period	$ 3,148,160	$ 1,707,385	$ 3,148,160
Supplemental disclosure of non-cash investing and financing activities:			
Fixed assets exchanged in acquisition	$	$ 80,697	$ 80,697
Fair value of common shares exchanged in acquisition	$	$ 180,000	$ 180,000
Notes payable converted into equity	$ 1,375,000	$ 125,000	$ 1,500,000

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

1. Organization and Basis of Presentation

Organization

SIGA Technologies, Inc. ("SIGA" or the "Company") was incorporated in the State of Delaware on December 28, 1995 ("Inception") as SIGA Pharmaceuticals, Inc. The Company is engaged in the discovery, development and commercialization of vaccines, antibiotics, and novel anti-infectives for the prevention and treatment of infectious diseases. The Company's technologies are licensed from third parties.

Basis of presentation

The Company's activities since inception have consisted primarily of sponsoring and performing research and development, performing business and financial planning, preparing and filing patent applications and raising capital. Accordingly, the Company is considered to be a development stage company.

The accompanying financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Since inception the Company has incurred cumulative net operating losses of $22,171,175 and expects to incur additional losses to perform further research and developement activities. The Company does not have commercial biomedical products and mangement believes that it will need additional funds to complete the development of its biomedical products. Management's plans with regard to these matters include continued developement 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.

2. Summary of Significant Accounting Policies

Cash and cash equivalents

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

Equipment

Equipment is stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, which are as follows:

Laboratory equipment	5 years
Leasehold improvements	Life of lease
Computer equipment	3 years
Furniture and fixtures	7 years

Revenue recognition

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

Research and development

Research and development costs are expensed as incurred and include costs of third parties who conduct research and development, pursuant to development and consulting agreements, on behalf of the Company. Costs related to the acquisition of technology rights, for which development work is still in process, and that have no alternative future uses, are expensed as incurred and considered a component of research and development costs.

Income taxes

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

Net loss per common share

Basic EPS is computed by dividing income (loss) available to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period. The computation of Diluted EPS does not assume conversion, exercise or contingent exercise of securities that would have an antidilutive effect on earnings.

At December 31, 2001, 379,294 shares of the Company's convertible Series A preferred stock have been excluded from the computation of diluted loss per share as they are antidulutive. At December 31, 2001 and 2000, outstanding options to purchase 5,139,811 and 2,167,061 shares of the Company's common stock, respectively, with exercise prices ranging from $1.0 to $5.5 have been excluded from the computation of diluted loss per share as they are antidilutive. Outstanding warrants to purchase 4,231,428 and 3,694,202 shares of the Company's common stock, at December 31, 2001 and 2000, respectively, with exercise prices ranging from $1.00 to $8.25 were also antidilutive and excluded from the computation of diluted loss per share.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates include the value of options and warrants granted by the Company. Actual results could differ from those estimates.

Fair value of financial instruments

The carrying value of cash and cash equivalents, and accounts payable and accrued expenses approximates fair value due to the relatively short maturity of these instruments.

Concentration of credit risk

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

Accounting for stock based compensation

The Company has adopted Statement of Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). As provided for by SFAS 123, the Company has elected to continue to account for its stock-based compensation programs according to the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, compensation expense has been recognized to the extent of employee or director services rendered based on the intrinsic value of compensatory options or shares granted under the plans. The Company has adopted the disclosure provisions required by SFAS 123.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. The impact of these changes is not material and did not affect net loss.

Recent pronouncements

In June of 2001, the Financial Accounting Standard Board issued Statement of Financial Accounting Standards No. 141 ("FAS 141"), Business Combinations. FAS 141 requires that the purchase method of accounting be used for all business combinations for which the date of acquisition is after June 30, 2001, establishes specific criteria for the recognition of intangible assets separately from goodwill, and requires unallocated negative goodwill to be written off immediately as an extraordinary gain (instead of being deferred and amortized). The Company has not historically engaged in transactions that qualify for the use of the pooling of interests method and therefore, this aspect of the new standard will not have an impact on the financial results.

Statement of Financial Accounting Standards No. 142 ("FAS 142"), Goodwill and Other Intangible Assets, also issued in 2001, addresses the accounting for goodwill and intangible assets subsequent to their acquisition. FAS 142 requires that goodwill and indefinite lived intangible assets will no longer be amortized; goodwill will be tested for impairment at least annually at the reporting unit level; intangible assets deemed to have an indefinite life will be tested for impairment at least annually; and the amortization period of intangible assets with finite lives will no longer be limited to forty years. The provisions of FAS 142 will be effective for fiscal years beginning after December 31, 2001 and must be applied prospectively.

The Company will adopt FAS 141 and 142 on January 1, 2002 and will apply their provisions to future transactions.

In August 2001, the Financial Accounting Standards Boards issued Statement of Financial Accounting Standards (FAS) No. 143, "Accounting for Asset Retirement Obligations," ("SFAS No. 143") which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Statement applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. The effective date for SFAS No. 143 is for financial statements issued for fiscal years beginning after June 15, 2002. The Company does not expect that the adoption of the provisions of FAS 143 will have a material impact on its results of its operations or financial position.

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS No. 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 supersedes FASB Statement No. 121, "Accounting for the Impairment of Long-Lived Assts and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions". The Company does not expect that the adoption of the provisions of SFAS No. 144 will have material impact on its results of it operations or financial position.

3. Equipment

Equipment consisted of the following at December 31, 2001 and 2000

Laboratory equipment	$ 862,005	$ 862,005
Leasehold improvements	618,315	618,315
Computer equipment	153,360	153,360
Furniture and fixtures	291,637	291,637
	1,925,317	1,925,317
Less - Accumulated depreciation	(1,222,078)	(897,615)
Equipment, net	$ 703,239	$ 1,027,702

Depreciation expense for the years ended December 31, 2001 and December 31, 2000 was $324,463 and $356,089, respectively.

At December 31, 2001 and 2000, laboratory equipment, computer equipment and furniture included approximately $730,500, $117,000 and $291,600, respectively, of equipment acquired under capital leases. Accumulated depreciation related to such equipment approximated $538,300, $144,000 and $149,171 respectively, at December 31, 2001, and $392,200, $105,000 and $107,514 respectively, at December 31, 2000.

4. Stockholders' Equity

At December 31, 2001, 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.

In September and October 1997, the Company completed an initial public offering of 2,875,000 shares of its common stock at an offering price of $5.00 per share. The Company realized gross proceeds of $14,375,000 and net proceeds, after deducting underwriting discounts and commissions, and other offering expenses payable by the Company, of $12,179,609.

In October 2001, the Company raised gross proceeds of $2.55 million in a private offering of common stock and warrants to purchase the Company's common stock. The Company sold 850,000 shares of common stock and 425,000 warrants. The warrants are exercisable at $3.60 and have a term of seven years. In connection with the offering the Company issued 100,000 warrants to purchase shares of the Company's common stock to consultants. The warrants are exercisable at a price of $3.60 and have a term of five years. The fair value of the warrants on the date of grant was approximately $221,300.

In August 2001, the Company raised gross proceeds of $1,159,500 in a private offering of 409,636 shares of common stock and 307,226 warrants to purchase shares of the Company's common stock. The warrants are exercisable at $3.55 per share and have a term of seven years.

In June 2001, the Company entered into a one year consulting agreement under which the consultant assists the Company with public relations efforts in Europe in exchange for 50,000 shares of the Company's restricted common stock. The restricted stock vests at an equal rate over the period of the agreement. As the restricted stock vests, the Company will record charges to earnings based upon the difference between the fair value and the price of the restricted stock. As of December 31, 2001, the Company has recorded charges to earnings in the amount of $77,333.

In May 2001, the Company raised gross proceeds of $850,000 in a private offering of common stock and warrants to purchase shares of the Company's common stock. The Company sold 425,000 shares of common stock and 425,000 warrants. The warrants are exercisable at $2.94 and have a term of seven years. The investors consisted of members of the board of directors, existing investors and new investors representing 43.4%, 5.9% and 50.8% of the investors in the transaction, respectively. The Company recorded a charge to earnings in the amount of $103,040 representing the intrinsic value of the restricted stock purchased by members of the board of directors.

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

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

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

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

In connection with the placement of the debentures and warrants, the Company recorded debt discount of approximately $1.0 million. Such amount represents the value of the warrants calculated using the Black-Scholes valuation model. The discount is amortized over the term of the debentures. Additionally, during the years ended December 31, 2001 and 2000, the Company recorded interest expense of $232,393 and $589,312 respectively, related to the amortization of such debt discount. In 2001 and 2000, debentures with a principal amount of $1,375,000 and $108,664, respectively, along with accrued interest, were converted into 1,011,593 and 108,884 shares of the Company's preferred and common stock, respectively.

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

Holders of the Series A Convertible Preferred Stock are entitled to (i) cumulative dividends at the 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.

As of December 31, 2001, all of the debentures were converted into shares of the Company's preferred or common stock.

In November 1999, 16,000 shares of the Company's common stock were issued in exchange for professional services. The Company recognized non-cash compensation expense of $21,500 for the year ended December 31, 1999 based upon the fair value of the stock on the date of grant. The Company issued the shares in 2000.

Stock option plan and warrants

In January 1996, the Company implemented its 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan"). The Plan as amended provided for the granting of up to 1,500,000 shares of the Company's common stock to employees, consultants and outside directors of the Company. In November 2000 and August 2001, the shareholders of the Company approved increases in the number of options to purchase common shares available for grant under the plan to 7,500,000. The exercise period for options granted under the Plan, except those granted to outside directors, is determined by a committee of the Board of Directors. Stock options granted to outside directors pursuant to the Plan must have an exercise price equal to or in excess of the fair market value of the Company's common stock at the date of grant and become exercisable over a period of three years with a third of the grant being exercisable at the completion of each year of service subsequent to the grant.

In May 2001, subject to approval by the shareholders, the Company granted 3,225,000 options, at an exercise price of $2.50 per share, to the members of the new board of directors. Subsequent to the approval by the shareholders the Company recorded charges to earnings in the amount of $612,750 based upon the difference between the fair market value and the exercise price of the options.

Transactions under the Plan are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Granted in 1996 through December 31, 1998	673,895	$ 3.94
Forfeited	(133,334)	4.14
Outstanding at December 31, 1998	540,561	3.88
Granted	612,500	1.12
Forfeited	(22,500)	1.37
Outstanding at December 31, 1999	1,130,561	2.42
Granted	1,144,000	2.00
Forfeited	(107,500)	1.19
Outstanding at December 31, 2000	2,167,061	2.26
Granted	3,660,000	2.67
Forfeited	(500,125)	3.60
Exercised	(187,125)	1.26
Total outstanding at December 31, 2001	5,139,811	$ 2.50
Options available for future grant at December 31, 2001	2,173,064	
Weighted average fair value of options granted during 2000	$ 1.85	
Weighted average fair value of options granted during 2001	$ 1.84	

The following table summarizes information about options outstanding at December 31, 2001:

	Number Outstanding December 31, 2001	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at December 31, 2001	Weighted Average Exercise Price
$ 1.00	10,000	8.22	1.00	10,000	1.00
1.13	325,000	7.83	1.13	325,000	1.13
1.50	33,334	4.00	1.50	33,334	1.50
2.00 - 2.50	4,385,250	9.17	2.37	4,374,375	2.36
4.00 - 7.50	386,227	2.56	4.72	376,227	4.60
	5,139,811			5,118,936	

The following table summarizes information about warrants outstanding at December 31, 2001:

Number of Warrants Outstanding	Exercise Price
100,000	$ 1.00
405,000	1.45 - 1.50
359,000	2.00
2,551,212	2.94 - 3.63
16,216	4.63
310,000	5.00
240,000	6.38 - 6.90
250,000	8.25
4,231,428	

On December 31, 2001, options granted outside of the plan included 125,000 options granted to an employee and 300,000 options granted to consultants. These options are outstanding at December 31, 2001.

In August 2000 the Company entered into an agreement with a consultant to provide the Company with financial consulting, planning, structuring, business strategy, and public relations services and raising equity capital. The term of the agreement is for a period of fifteen months with a guarantee of a six-month retention from August 1, 2000, through February 1, 2001. The consultant was paid a fee of $40,000 upon signing of the agreement, and will be paid an additional $40,000 every two months for the term of the agreement unless terminated by the Company at the end of the initial six month period. Under the provisions of the agreement, the consultant received warrants to purchase 500,000 shares of the Company's common stock. 200,000 warrants with an exercise price of $3.63 per share vested upon the date of the agreement. Of the remaining 300,000 warrants, 100,000 warrants will vest on May 1, 2001 with an exercise price of $6.50 per share, 100,000 vest on August 1, 2001 with an exercise price of $7.50 per share and 100,000 vest on October 1, 2001 with an exercise price of $9.50 per share. The warrants will become exercisable over a period of five years. Unvested warrants will terminate in the event the agreement is terminated. During the year ended December 31, 2000, the Company recorded a non-cash charge associated with such warrants in the amount of $645,786. In January 2001 the Company and the consultant terminated their arrangement. In addition to the cancellation of 300,000 unvested warrants, the consultant agreed to return 150,000 of its vested warrants to the Company. In connection with the cancellation and return of the invested warrants, the Company recorded a non-cash benefit of $535,000 in the results of its operations for the year ended December 31, 2001.

In July 2000 the Company entered into an agreement with a consultant to serve as the Company's public relations agent. The consultant is paid a monthly retainer of $6,000 and received options to purchase 75,000 shares of the Company's common stock: 25,000 are exercisable at $5.75 per share, 25,000 at $6.50 per share and 25,000 at $7.50 per share. After an initial four-month term, the Company may terminate the agreement on thirty days notice. During the year ended December 31, 2000, the Company recorded a non-cash charge associated with such options in the amount of $160,314. The options were vested and exercisable at December 31, 2000. No charge was recorded for the year ended December 31, 2001.

In connection with the development of its licensed technologies the Company entered into a consulting agreement with the scientist who developed such technologies, under which the consultant serves as the Company's Chief Scientific Advisor. The scientist, who is a stockholder, has been paid an annual consulting fee of $75,000. The agreement, which commenced in January 1996 and is only cancelable by the Company for cause, as defined in the agreement, had an initial term of two years and provided for automatic renewals of three additional one year periods unless either party notifies the other of its intention not to renew. Research and development expense incurred under the agreement amounted to $75,000 and $75,000 for the years ended December 31, 2000 and 1999, respectively. In June 2001, the Company entered into an amended consulting agreement with the scientist under which the scientist will provide services to the Company for a three year period commencing on September 10, 2001. In consideration for the consulting services the scientist will be paid an annual fee of $50,000 payable quarterly. In addition, the Company granted the scientist options to purchase 225,000 shares of common stock at $3.94 per share. On September 10, 2001, ten percent of the options vested and the remaining shall vest in 36 monthly installments beginning on October 10, 2001. For the year ended December 31, 2001, the Company recorded a charge of $79,000.

In January 2000 the Company entered into a one year consulting agreement with a member of its Board of Directors. In exchange for the consulting services, the Company granted the member of the Board warrants to purchase 50,000 shares of common stock at an exercise price of $1.00. The warrants vested immediately and will become exercisable on January 19, 2001. During the year ended December 31, 2001 and December 31, 2000, the Company recorded a non-cash charge associated with such warrants in the amount of $35,402 and $134,598, respectively.

In September 1999 the Company entered into a consulting agreement with one of its directors under which the director will provide the Company with business valuation services in exchange for warrants to purchase 100,000 shares of the Company's common stock, at an exercise price of $1.00 per share. Of these warrants, 50,000 were exercisable on the date of grant and the remaining 50,000 on the first anniversary of the consulting agreement. The warrants must be exercised on or prior to September 9, 2004. The Company recognized non-cash compensation expense of $108,202 and $46,848 for the years ended December 31, 2000 and 1999, respectively, based upon the fair value of such warrants. All the warrants were vested and exercisable at December 31, 2000.

In June 1998 the Company granted a consultant options to purchase 150,000 shares of the Company's common stock at an exercise price of $5.00 per share. 50,000 options vested immediately, and the remaining 100,000 vest pro rata over a period of ten quarters. The options have a term of five years. The Company recognized non-cash compensation expense of $41,424 and $58,480 for the years ended December 31, 2000 and 1999, respectively, based upon the fair value of the options on the date of the grant.

In May 1998, the Company granted a consultant options to purchase 5,000 shares of the Company's common stock, at an exercise price of $4.25. The Company recognized non-cash compensation expense of $15,655 for the year ended December 31, 1998 based upon the fair value of such options on the date of the grant.

In January 1998 the Company issued warrants to a third party to purchase 16,216 shares of the Company's common stock, at an exercise price of $4.60 per share in connection with an operating lease. The Company recognized a non-cash charge of $57,875 for the year ended December 31, 1998 based upon the fair value of such warrants on the date the grant.

In September 1997, in connection with the Company's IPO, the Company issued the underwriters warrants to purchase 225,000 shares of common stock at an exercise price of $8.25 per share. All the warrants, which have a term of five years, are exercisable at December 31, 1999.

In November 1996, the Company entered into an employment agreement with its former President and Chief Executive Officer. Under the terms of the agreement, the employee received warrants to purchase 461,016 shares of common stock at $3.00 per share (see Note 6). These warrants expire on November 18, 2006. Upon termination of the employment agreement on April 21, 1998, 230,508 unvested warrants were surrendered to the Company. 230,508 of the warrants are still outstanding at December 31, 2001.

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for warrants issued to employees and stock options granted under the Plan. Had compensation cost for warrants issued and stock options granted been determined based upon the fair value at the grant date for awards, consistent with the methodology prescribed under SFAS 123, the Company's net loss and loss per share would have been increased by approximately $7,163,483, or $0.84 per share for the year ended December 31, 2001, and approximately $1,922,000, or $0.27 per share for the year ended December 31, 2000.

The fair value of the options and warrants granted to employees and consultants during 2001 and 2000 ranged from $1.55 to $4.71 on the date of the respective grant using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for 2001: no dividend yield, expected volatility of 100%, risk free interest rates of 3.85%-4.74%, and an expected term of 3 to 5 years. The following weighted-average assumptions were used for 2000: no dividend yield, expected volatility of 100%, risk free interest rates of 5.94%-6.3%, and an expected term of 3 to 5 years.

5. Income Taxes

The Company has incurred losses since inception which have generated net operating loss carryforwards of approximately $16,575,000 and $13,866,000, respectively, at December 31, 2001 and 2000 for federal and state income tax purposes. These carryforwards are available to offset future taxable income and begin expiring in 2010 for federal income tax purposes. As a result of a previous change in stock ownership, the annual utilization of the net operating loss carryforwards is subject to limitation.

The net operating loss carryforwards and temporary differences, arising primarily from deferred research and development expenses result in a noncurrent deferred tax asset at December 31, 2001 and December 31, 2000 of approximately $9,811,000 and $8,888,000, respectively. In consideration of the Company's accumulated losses and the uncertainty of its ability to utilize this deferred tax asset in the future, the Company has recorded a valuation allowance of an equal amount on such date to fully offset the deferred tax asset.

For the years ended December 31, 2001 and December 31, 2000, the Company's effective tax rate differs from the federal statutory rate principally due to net operating losses and other temporary differences for which no benefit was recorded, state taxes and other permanent differences.

6. Related Parties

Employment agreements

In September 1998, the Company and its Chief Executive Officer and Chairman ("EVPs") entered into employment agreements commencing October 1, 1998 and expiring on December 31, 2000. Under the agreements, the EVPs were each paid an annual minimum compensation of $225,000, and were granted a minimum of 16,666 options to purchase shares of the Company's common stock per annum. The Company incurred $450,000 of expense for the year ended December 31, 1999 pursuant to these agreements.

In November 1999, the EVPs were each granted non-qualified stock options to purchase 150,000 shares under the Company's 1996 Incentive and Non-Qualified Stock Option Plan, at an exercise price of $1.30, which expire in ten years. 37,500 options vested immediately. 75,000 will vest in November 2000, and the remaining 37,500 will vested in November 2001.

In January 2000, the Company entered into new employment agreements with its EVPs, expiring in January 2005. The new agreements provide for an annual salary of $250,000, with annual increases of at least 5%. In addition, both of the EVPs were granted fully-vested options to purchase 500,000 shares of the Company's common stock at $2.00 per share. Under the provisions of the agreements, the EVPs would each receive a cash payment equal to 1.5% of the total consideration received by the Company in a transaction resulting in a greater than 50% change in ownership of the outstanding common stock of the Company.

On March 30, 2001, the Company, its EVPs and certain investors (the "Investors") in the Company entered into an agreement under which the EVP's agreed to resign from Siga and use their best efforts to cause each of the current directors of Siga to resign. Under the agreement, certain Investors were to be appointed as Chairman of the Board and as Chief Executive Officer. In addition, as prescribed in the agreement, the amended employment agreement entered into by the Company and the EVPs in October 2000 was terminated with no cost to the Company, the vesting of 37,500 options granted to the EVPs was accelerated, exercise terms were extended and the EVPs are entitled to certain benefits until April 2003. In addition, each of the parties to the agreement have agreed to lock up their respective shares of common stock and options of Siga for 24 months subject to certain release provisions. In connection with the amendment of the terms of the EVP's options, the Company recorded a non-cash charge of $73,000 in the year ended December 31, 2001.

In January 2000, the Company amended its employment agreement with its CFO, extending his employment until April 2002. Under this amendment, the CFO received options to purchase 100,000 shares of the Company's common stock at $2.00 per share. The options vest ratably over two years and expire in January 2010.

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

In January 2002, the Company and it Chief Financial Officer ("CFO") entered into an amendment to the CFO's employment agreement, extending his employment until December 31, 2002.

In May 2000, the Company and its Vice President for Research entered into an amendment of the Vice Presidents employment agreement, extending his employment until December 31, 2002, except that the Company may terminate the agreement upon 180 days written notice. Under the amendment the employee's title was changed to Chief Scientific Officer ("CSO"). The CSO was granted options to purchase 125,000 shares of the Company's common stock at $2.00 per share. The options vest ratably over the remaining term of the amendment. During the year ended December 31, 2001 and 2000, the Company recorded non-cash compensation charges of $112,168 and $130,999 related to these options, respectively.

In November 1999, the Company entered into two year employment agreements with three newly-hired Vice Presidents ("VPs"), of Business Development, Investor Relations, and Marketing, at annual salaries of $95,000, $100,000, and $120,000, respectively. Each VP was also granted options to purchase 100,000 shares of the Company's common stock at an exercise price of $1.125 per share, to vest ratably over two years. As of December 31, 2001, the VPs were no longer with the Company, 12,500 and 100,000 unvested options were forfeited by the Company at December 31, 2001 an 2000, respectively.

In June 2001, the Company entered into an employment agreement with an individual to serve as the Company's President and Chief Executive Officer (the "Executive"), expiring in June 2003. The agreement provides for an annual salary of $300,000. In addition the Executive was granted options to purchase 420,000 shares of the Company's common stock at $3.94 per share.

In October, 2001, the Company and the Executive entered into a separation and release agreement under which the Company will pay the Executive $40,000 over a period through October 5, 2002. Options previously granted to the Executive have been cancelled.

7. Technology Purchase Agreement

In February 1998, the Company entered into an agreement with a third party pursuant to which the Company acquired the third party's right to certain technology, intellectual property and related rights in the field of gram negative antibiotics in exchange for 335,530 shares of the Company's common stock. Research and development expense related to this agreement amounted to $1,457,458 for the year ended December 31, 1998.

8. Collaborative Research and License Agreement

In July 1997, the Company entered into a collaborative research and license agreement with Wyeth (the "Collaborator"). Under the terms of the agreement, the Company has granted the collaborator an exclusive worldwide license to develop, make, use and sell products derived from specified technologies. The agreement required the collaborator to sponsor further research by the Company for the development of the licensed technologies for a period of two years from the effective date of the agreement, in return for payments totaling $1,200,000. In consideration of the license grant the Company is entitled to receive royalties equal to specified percentages of net sales of products incorporating the licensed technologies. The royalty percentages increase as certain cumulative and annual net sales amounts are attained. The Company could receive milestone payments, under the terms of the agreement of up to $13,750,000 for the initial product and $3,250,000 for the second product developed from a single compound derived from the licensed technologies. Such milestone payments are contingent upon the Company making project milestones set forth in the agreement, and, accordingly, if the Company is unable to make such milestones, the Company will not receive such milestone payments. During 1999, the

Company recognized $337,500 in revenue related to this agreement. In 2000, the Company received $450,000 from the Collaborator. The Company recorded the entire amount as deferred revenue on December 31, 2000 and recognized it in its results of operations upon the signing of an amendment to the agreement in May 2001. In addition, for the year ended December 31, 2001, the Company recorded $575,000 in revenue relating to the agreement of which $237,500 reflected a milestone payment. The agreement expired in September 2001.

9. License and Research Support Agreements

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

In February 2001, the Company entered into a subcontract agreement with the Oregon State University. Under the agreement, the Oregon State University subcontracted to Siga certain duties it has under a grant received from the National Institute of Health for the development of Proxvirus Proteinase Inhibitors. The term of the agreement lapsed on August 31, 2001. On October 5, 2001, the agreement was extended through August 31, 2002.

In March 2000 the Company entered into an agreement with the Ross Products Division of Abbott Laboratories (Ross), under which the Company granted Ross an exclusive option to negotiate an exclusive license to certain Company technology and patents, in addition to certain research development services. In exchange for the research services and the option, Ross is obligated to pay the Company $120,000 in three installments of $40,000. The first payment of $40,000 was received in March 2000 and is being recognized ratably, over the expected term of the arrangement. The remaining installments are contingent upon meeting certain milestones under the agreement and will be recognized as revenue upon completion and acceptance of such milestones. The first milestone was met, and the Company received an additional payment of $40,000 in the quarter ended September 30, 2000. During the year ended December 31, 2001 and 2000, the Company recognized revenue in the amount of $45,000 and $80,000, respectively.

In May, August and September 2000 the Company was awarded three Phase I Small Business Innovation Research (SBIR) grants from the National Institutes for Health in the amounts of $26,000, $96,000 and $125,000 respectively. The grants are for the periods May 3, 2000 to August 31, 2000, August 1, 2000 to January 31, 2001, and September 15, 2000 to March 14, 2001 respectively, and will support the Company's antibiotic and vaccine development programs. For the years ending December 31, 2001 and 2000, the Company has recognized revenue from the grants in the amount of $64,500 and $182,643 respectively.

In July and September, 1999 the Company was awarded two Phase I research grants by the Small Business Innovation Research Program (SBIR) of $109,072 and $293,446 respectively. The first grant was to help support the Company's antibiotic discovery efforts for the period July 1, 1999 through December 31, 1999. The second grant provides support for the Company's effort to develop a vaccine targeting strep throat, in collaboration with the National Institutes of Health (NIH). The grant award is for a period of twelve months beginning on October 1, 1999. For the years ending December 31, 2000 and 1999 the Company had recognized revenue from the two grants of $220,457 and $182,061, respectively.

10. Product Development Agreement

In October 1999 the Company entered into an agreement with Open-iMedia, a software and web development company ("Development Company"). Under the terms of the agreement the Company was to acquire and the Development Company was to develop, the source code for a client/server chat and instant messaging application. In March 2000, the Company entered into an agreement with the Development Company for creative and technical services, and for business strategy consulting in exchange for $280,000 in cash and 13,605 shares of the Company's common stock.

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

In July 2000 the Company acquired a 12.5% equity position in the Development Company. Under the terms of the agreement, the Development Company received: (i) $170,000 in cash; (ii) 40,336 shares of the Company's common stock; and (iii) certain assets consisting of the instant messenger product, PeerFinder and fixed assets with a net book value of $80,697. In addition, the Company received the right to appoint one director to the Development Company's board of directors. At December 31, 2001 and 2000, the Company reassessed the value of its investment in Open-I. The Company reviewed certain events and changes in circumstances indicating that the carrying amount of the investment in Open-I may not be recoverable in its entirety. In 2000, management elected to reduce the carrying amount of its investment to reflect its recoverable value as of the year-end and recorded an impairment charge of $156,000. At December 31, 2001, management reviewed all available information and as a result of its analysis determined that the carrying value of its investment should be written off.

11. Other Agreements

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

Hypernix. The Company advanced Hypernix $261,000 and $250,000 in May and July 2000,respectively, under the agreement. On August 10, 2000, the Company terminated the letter of intent. Siga recorded charges of $261,000 and $250,000 for the three months ended June 30, 2000 and September 30, 2000 respectively, to reserve the amounts advanced to Hypernix.

In March 2001, the Company received a payment from Hypernix in the amount of $84,375.

12. Commitments and Contingencies

Operating lease commitments

The Company leases certain facilities and office space under operating leases. Minimum future rental commitments under operating leases having noncancelable lease terms in excess of one year are as follows:

Year ended December 31,	
2002	$ 226,333
2003	105,002
2004	108,152
2005 and thereafter	--
	$ 439,487

Capital lease commitments

In July, August and September 1998, the Company sold certain laboratory equipment, computer equipment and furniture to a third party for $493,329, $385,422 and $260,333, respectively, under sale-leaseback agreements. The leases have terms of 42 months and require minimum monthly payments of $13,171, $10,290 and $6,950, respectively. The Company has an option to purchase the equipment at 15% of the original cost at the end of the lease term.

Future minimum lease payments for assets under capital leases at December 31, 2000 are as follows:

Year ended December 31,	
2002	$ 195,053
Total Minimum Payments	195,053
Less: amounts representing interest	2,857
Present value of future minimum lease payments	192,196
Less current portion of capital lease obligations	192,196
Capital lease obligations, net current portion	$ -

13. Segments

Since the announcement in September 1999 that the Company intended to pursue an Internet initiative, the Company operated its Internet initiative as a separate segment. The Internet segment generated operating expenses of approximately $1,018,000 during 2000 and has no identifiable assets at December 31, 2001 and 2000. At December 31, 2001 and 2000 the Company has no internet related operations.

14. Subsequent Events

In March 2002, the Company entered into a non-binding Letter of Intent (the "Letter") to acquire all of the outstanding shares of Allergy Therapeutics (Holdings) Limited. ("Allergy"). Under the terms of the letter, Siga will issue shares to the Allergy Stockholders which will result in 47.5% ownership to each of the former shareholders of Siga and former shareholders of Allergy of the outstanding common stock, on a fully diluted basis. As part of the transaction, Elan Pharma International Limited ("Elan") will enter into an exclusive license for certain technology with Siga in exchange for 5% of the Company's common stock on a fully diluted basis.

CERTIFICATE OF DESIGNATION OF SERIES
AND DETERMINATION OF RIGHTS AND
PREFERENCES OF SERIES A CONVERTIBLE
PREFERRED STOCK OF SIGA TECHNOLOGIES, INC.

SIGA Technologies, Inc., a Delaware corporation (the "Company"), acting pursuant to ss.151 of the General Corporation Law of Delaware, does hereby submit the following Certificate of Designation of Series and Determination of Rights and Preferences of its Series A Convertible Preferred Stock.

FIRST: The name of the Company is SIGA Technologies, Inc.

SECOND: By unanimous consent of the Board of Directors of the Company dated June 14, 2001, the following resolutions were duly adopted:

WHEREAS the Certificate of Incorporation ("Certificate of Incorporation") of the Company authorizes Preferred Stock consisting of 10,000,000 shares, par value $0.0001 per share, issuable from time to time in one or more series; and

WHEREAS the Board of Directors of the Company is authorized, subject to limitations prescribed by law and by the provisions of Article Fourth of the Company's Restated Certificate of Incorporation, as amended, to establish and fix the number of shares to be included in any series of Preferred Stock and the designation, rights, preferences, powers, restrictions and limitations of the shares of such series; and

WHEREAS it is the desire of the Board of Directors to establish and fix the number of shares to be included in a new series of Preferred Stock and the designation, rights, preferences and limitations of the shares of such new series;

NOW, THEREFORE, BE IT RESOLVED that pursuant to Article Fourth of the Certificate of Incorporation there is hereby established a new series of One Million One Hundred Thousand (1,100,000) shares of Series A Convertible Preferred Stock of the Company (the "Series A Preferred Stock") to have the designation, rights, preferences, powers, restrictions and limitations set forth in a supplement of Article IV as follows:

1. Dividends.

(a) The holders of the outstanding shares of Series A Preferred Stock shall be entitled to receive, out of any funds legally available therefor, dividends at the annual rate of 6% of the Original Series A Issue Price (as defined below) per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization of such shares), payable in cash or, at the option of the Company, in shares of Series A Preferred Stock valued at the Liquidation Amount of such shares. Such dividends shall be payable if, as and when declared by the Company's Board of Directors or upon a liquidation, dissolution or winding up as provided in Section 2, and not otherwise. Such dividends shall accrue on each share of Series A Preferred Stock from the date of original issuance of such share, whether or not earned or declared, but shall not compound. Such dividends shall be cumulative so that if such dividends in respect of any previous or current annual dividend period, at the annual rate specified above, shall not have been paid or declared and a sum sufficient for the payment thereof set apart, the deficiency shall first be paid before any dividend or other distribution shall be paid or declared and set apart for the Common Stock.

(b) Each dividend paid in cash shall be mailed to the holders of record of the Series A Preferred Stock as their names and addresses appear on the share register of the Company or at the office of the transfer agent on the corresponding dividend payment date. Holders of Series A Preferred Stock will receive written notification from the Company or the transfer agent if a dividend is paid in kind, which notification will specify the number of shares of Series A Preferred Stock paid as a dividend and the recipient's aggregate holdings of Series A Preferred Stock as of that dividend payment date and after giving effect to the dividend.

2. Liquidation, Dissolution or Winding Up: Certain Mergers, Consolidations and Asset Sales.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, by reason of their ownership thereof, but prior and in preference to any payments made to any holders of Common Stock and any other class or series of capital stock of the Company which is junior to the Series A Preferred Stock with respect to rights to receive distributions upon liquidation an amount equal to $1.4375 per share (hereafter, the "Original Series A Issue Price") (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization of such shares), plus any accrued but unpaid dividends thereon (the "Liquidation Amount"). If upon any such liquidation, dissolution or winding up of the Company the remaining assets of the Company available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full amount to which they shall be entitled, the holders of shares of Series A Stock shall share ratably in any distribution of the remaining assets and funds of the Company in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

(b) After the payment of all preferential amounts required to be paid to the holders of Series A Preferred Stock and any other class or series of capital stock ranking on parity with the Series A Preferred Stock upon the dissolution, liquidation or winding up of the Company, the holders of shares of Common Stock then outstanding shall share ratably in the distribution of the remaining assets and funds of the Company.

(c) Any merger or consolidation of the Company into or with another Company (except one in which the holders of capital stock of the Company immediately prior to such merger or consolidation continue to hold at least fifty percent by voting power of the capital stock of the surviving Company after such merger or consolidation) or the sale of all or substantially all of the assets of the Company, shall be deemed to be a liquidation of the Company, and all consideration payable to the stockholders of the Company (in the case of a merger or consolidation), or all consideration payable to the Company, together with all other available assets of the Company (in the case of an asset sale), shall be distributed to the holders of capital stock of the Company in accordance with Subsections 2(a) and 2(b) above. The Company shall promptly provide to the holders of shares of Series A Preferred Stock such information concerning the terms of such merger, consolidation or asset sale and the value of the assets of the Company as may reasonably be requested by the holders of Series A Preferred Stock. If applicable, the Company shall cause the agreement or plan of merger or consolidation to provide for a rate at which the shares of capital stock of the Company are converted into or exchanged for cash, new securities or other property which gives effect to this provision. The amount deemed distributed to the holders of Series A Preferred Stock upon any such merger or consolidation shall be the cash or the value of the property, rights or securities distributed to such holders by the acquiring person, firm or other entity. The value of such property, rights or other securities shall be determined in good faith by the Board of Directors of the Company. Notwithstanding anything to the contrary contained in this paragraph, a holder of Series A Preferred Stock may elect to give effect to the conversion rights contained in Section 4 (or the rights contained in Sections 4(i), if applicable) instead of giving effect to the provisions contained in this subparagraph (c) with respect to the shares of Series A Preferred Stock owned by such holder.

3. Voting.

Each holder of outstanding shares of Series A Preferred Stock shall be entitled to the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held by such holder are then convertible (as adjusted from time to time pursuant to Section 4 hereof), at each meeting of stockholders of the Company (and written actions of stockholders in lieu of meetings) with respect to any and all matters presented to the stockholders of the Company for their action or consideration (including, without limitation, any matter voted on together with the holders of Common Stock). Except as provided by law, by any of the provisions contained herein or by the provisions establishing any other series of stock, holders of Series A Preferred Stock and of any other outstanding series of stock shall vote together with the holders of Common Stock as a single class.

4. Optional Conversion. The holders of the Series A Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(a) Right to Convert. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing $1.4375 by the Series A

Conversion Price (as defined below) in effect at the time of conversion. The "Series A Conversion Price" shall initially be $1.4375. Such Series A Conversion Price and the rate at which shares of Series A Preferred Stock may be converted into shares of Common Stock shall be subject to adjustment as provided below.

In the event of a liquidation of the Company, the Conversion Right shall terminate at the close of business on the first full day preceding the date fixed for the payment of any amounts distributable on liquidation to the holders of Series A Preferred Stock. In the event of liquidation, the Company shall provide to each holder of shares of Series A Preferred Stock at least 20 days prior to the termination of the Conversion Right, notice of such event of liquidation which notice shall include the full amounts that will be distributable on such liquidation, as the case may be.

(b) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then effective Series A Conversion Price.

(c) Mechanics of Conversion.

(i) In order for a holder of Series A Preferred Stock to convert such shares into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Series A Preferred Stock at the office of the transfer agent for the Series A Preferred Stock (or at the principal office of the Company if the Company serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Series A Preferred Stock represented by such certificate or certificates. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Company, duly executed by the registered holder or his or its attorney duly authorized in writing. The date of receipt of such certificates and notice by the transfer agent (or by the Company if the Company serves as its own transfer agent) shall be the conversion date (the "Conversion Date"). The Company shall, as soon as practicable after the Conversion Date, issue and deliver at such office to such holder of Series A Preferred Stock, or to his or its nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled, together with cash in lieu of any fraction of a share.

(ii) The Company shall at all times when the Series A Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Series A Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Preferred Stock. Before taking any action which would cause an adjustment reducing the Series A Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, the Company will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Series A Conversion Price.

(iii) Upon any such conversion, no adjustment to the Series A Conversion Price shall be made for accrued or declared but unpaid dividends on the Series A Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

(iv) All shares of Series A Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate on the Conversion Date, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and payment of any dividends declared or accrued but unpaid thereon. Any shares of Series A Preferred Stock so converted shall be retired and canceled and shall not be reissued, and the Company (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized Series A Preferred Stock accordingly.

(v) The Company shall pay any and all issue and other taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock pursuant to this Section 4. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid.

(d) Adjustments to Conversion Price for Diluting Issues:

(i) Special Definitions. For purposes of this Subsection 4(d), the following definitions shall apply:

(A) "Option" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(B) "Series A Original Issue Date" shall mean the date on which a share of Series A Preferred Stock was first issued.

(C) "Convertible Securities" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock.

(D) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Company after the Series A Original Issue Date other than:

(I) Upon conversion of any Convertible Securities, or upon exercise of any Options and shares of Common Stock issued or issuable upon conversion of shares of Series A Preferred Stock.

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

(III) shares issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4(e) or 4(f) of Sections B or C hereof; or

(IV) in consideration for the acquisition (whether by merger or otherwise) by the Company of all or substantially all of the capital stock or assets of any other entity, or securities issued in consideration of any licensing, corporate partnering or strategic alliance transaction.

(ii) No Adjustment of Conversion Price. No adjustment in the number of shares of Common Stock into which the Series A Preferred Stock is convertible shall be made, by adjustment in the Series A Conversion Price thereof: (a) unless the consideration per share (determined pursuant to Subsection 4(d)(iv)) for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Series A Conversion Price in effect on the date of, and immediately prior to, the issue of such Additional Shares, or (b) if prior to such issuance, the Company receives written notice from the holders of at least fifty percent of the then outstanding shares of Series A Preferred Stock, agreeing that no such adjustment shall be made as the result of the issuance of Additional Shares of Common Stock.

(iii) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Company shall at any time after the Series A Original Issue Date issue Additional Shares of Common Stock (but excluding shares issued as a stock split or combination as provided in Subsection 4(e) or upon a dividend or distribution as provided in Subsection 4(f)), without consideration or for a consideration per share less than the Series A Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, the Series A Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Series A Conversion Price by a fraction, (A) the numerator of which shall be (1) the

number of shares of Common Stock outstanding immediately prior to such issue plus (2) the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the Series A Conversion Price; and (B) the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common Stock so issued; provided that, for the purpose of this Subsection 4(d)(iii), all shares of Common Stock issuable upon conversion of Convertible Securities outstanding immediately prior to such issue shall be deemed to be outstanding.

(iv) Determination of Consideration. For purposes of this Subsection 4(d), the consideration received by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

Cash and Property: Such consideration shall:

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

(II) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

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

(v) Multiple Closing Dates. In the event the Company shall issue on more than one date Additional Shares of Common Stock which are comprised of shares of the same series or class of Preferred Stock, and such issuance dates occur within a period of no more than 120 days, then the Series A Conversion Price shall be adjusted only once on account of such issuances, with such adjustment to occur upon the final such issuance and to give effect to all such issuances as if they occurred on the date of the final such issuance.

(e) Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time after the Series A Original Issue Date effect a subdivision of the outstanding Common Stock, the Series A Conversion Price in effect immediately before that subdivision shall be proportionately decreased. If the Company shall at any time or from time to time after the Series A Original Issue Date combine the outstanding shares of Common Stock, the Series A Conversion Price then in effect immediately before the combination shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Certain Dividends and Distributions. In the event that the Company at any time, or from time to time after the Series A Original Issue Date, shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, then and in each such event the Series A Conversion Price then in effect shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price then in effect by a fraction:

(i) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(ii) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Series A Conversion Price shall be adjusted pursuant to this paragraph as of the time of actual payment of such dividends or distributions; and provided further, however, that no such adjustment shall be made if the holders of Series A Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Preferred Stock had been converted into Common Stock on the date of such event.

(g) Adjustments for Other Dividends and Distributions. In the event that the Company at any time or from time to time after the Series A Original Issue Date, shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Company other than shares of Common Stock, then and in each such event provision shall be made so that the holders of the Series A Preferred Stock shall receive upon conversion thereof in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Company that they would have received had the Series A Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period giving application to all adjustments called for during such period under this paragraph with respect to the rights of the holders of the Series A Preferred Stock; and provided further, however, that no such adjustment shall be made if the holders of Series A Preferred Stock simultaneously receive a dividend or other distribution of such securities in an amount equal to the amount of such securities as they would have received if all outstanding shares of Series A Preferred Stock had been converted into Common Stock on the date of such event.

(h) Adjustment for Reclassification, Exchange, or Substitution. If the Common Stock issuable upon the conversion of the Series A Preferred Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation, or sale of assets provided for below), then and in each such event the holder of each such share of Series A Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification, or other change, by holders of the number of shares of Common Stock into which such shares of Series A Preferred Stock might have been converted immediately prior to such reorganization, reclassification, or change, all subject to further adjustment as provided herein.

(i) Adjustment for Merger or Reorganization, etc. In case of any consolidation or merger of the Company with or into another Company, or the sale of all or a significant amount of the assets of the Company to another Company (other than a consolidation, merger or sale which is covered by Subsection 2(b)), each share of Series A Preferred Stock shall thereafter be convertible (or shall be converted into a security which shall be convertible) into the kind and amount of shares of stock or other securities or property to which a holder of the number of shares of Common Stock deliverable upon conversion of such Series A Preferred Stock would have been entitled upon such consolidation, merger or sale; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors) shall be made in the application of the provisions in this Section 4 set forth with respect to the rights and interest thereafter of the holders of the Series A Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series A Preferred Stock. Notwithstanding anything to the contrary contained herein, each holder of shares of Series A Preferred Stock shall have the right to elect to give effect to the conversion rights contained in Section 4 (or the rights contained in Sections 2(c), if applicable) instead of giving effect to the provisions contained in this paragraph (i) with respect to the shares of Series A Preferred Stock owned by such holder.

(j) No Impairment. The Company will not, by amendment of its Certificate of of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4, and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

(k) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price pursuant to this Section 4, the Company shall, at its expense, promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Series A Conversion Price then in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which then would be received upon the conversion of Series A Preferred Stock.

(l) Notice of Record Date. In the event:

(i) that the Company declares a dividend (or any other distribution) on its Common Stock payable in Common Stock or other securities of the Company;

(ii) that the Company subdivides or combines its outstanding shares of Common Stock;

(iii) of any reclassification of the Common Stock (other than a subdivision or combination of its outstanding shares of Common Stock or a stock dividend or stock distribution thereon), or of any consolidation or merger of the Company into or with another Company, or of the sale of all or a significant amount of the assets of the Company; or

(iv) of the involuntary or voluntary dissolution, liquidation or winding up of the Company then the Company shall cause to be filed at its principal office or at the office of the transfer agent of the Series A Preferred Stock, and shall cause to be mailed to the holders of the Series A Preferred Stock at their last addresses as shown on the records of the Company or such transfer agent, at least ten days prior to the date specified in (A) below or twenty days before the date specified in (B) below, a notice stating

(A) the record date of such dividend, distribution, subdivision or combination, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, subdivision or combination are to be determined, or

(B) the date on which such reclassification, consolidation, merger, sale, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, dissolution or winding up.

5. Mandatory Conversion.

(a) Each share of Series A Preferred Stock shall automatically be converted into shares of Common Stock at its then effective Conversion Price at any time upon the written consent of the holders of a majority of the shares of Series A Preferred Stock then outstanding (the date of such closing or consent, the "Mandatory Conversion Date").

(b) All holders of record of shares of Series A Preferred Stock shall be given written notice of the Mandatory Conversion Date and the place designated for mandatory conversion of all such shares of Series A Preferred Stock pursuant to this Section 5. Such notice need not be given in advance of the occurrence of the Mandatory Conversion Date. Such notice shall be sent by first class or registered mail, postage prepaid, to each record holder of Series A Preferred Stock, at such holder's address last shown on the records of the transfer agent for such Series A Preferred Stock (or the records of the Company, if it serves as its own transfer agent). Upon receipt of such notice, each holder of shares of Series A Preferred Stock shall surrender his or its certificate or certificates for all such shares to the Company at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Common Stock to which such holder is entitled pursuant to this Section 5. On the Mandatory Conversion Date, all rights with respect to the Series A Preferred Stock so converted, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock) will terminate, except only the rights of the holders thereof, upon surrender of their certificate or certificates therefor, to receive certificates for the number of shares of Common Stock into which such Series A Preferred Stock have been converted, and, in each case, payment of any declared or accrued but unpaid dividends thereon. If required by the Company, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer in form satisfactory to the Company, duly executed by the registered holder or by his or its attorney duly authorized in writing. As soon as practicable after the Mandatory Conversion Date and the surrender of the certificate or certificates for Series A Preferred Stock, the Company shall issue and deliver to such holder, or on their written order, a certificate or certificates for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof, and cash as provided in Subsection 4(b) in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion.

(c) All certificates evidencing shares of Series A Preferred Stock which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the Mandatory Conversion Date, be deemed to have been retired and canceled, and the shares of Series A Preferred Stock represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. The Company may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized Series A Preferred Stock accordingly.

IN WITNESS WHEREOF, the Company has caused this Certificate to be executed by its Chief Executive Officer and attested to by its Secretary this 27th day of June 2001.

SIGA TECHNOLOGIES, INC.

By:

Name:
Title:

ATTEST:

- ----------------------
Name:
Title: Secretary

Exhibit 10(pp)

SIGA Technologies, Inc.
Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan

1. The Plan

The SIGA Technologies, Inc. 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan") was initially adopted in 1996. The Plan subsequently was amended in 1998, 1999 and 2000 to increase the number of shares of Company Stock with respect to which awards may be granted under the Plan. The Plan was amended and restated in its entirety and renamed the SIGA Technologies, Inc. Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan on May 3, 2001, by the Board of Directors, subject to approval by the stockholders of the Company. The Plan is hereby further amended and restated, subject to stockholder approval. The terms of the Plan, as amended and restated, shall apply to all Options granted after the effective date set forth in Section 24 hereof. The purposes of the Plan are to attract and retain the best available personnel, to provide an additional incentive to the employees, consultants and non-employee directors of SIGA Technologies, Inc., a Delaware corporation (the "Company"), and to promote the success of the Company's business.

1. Definitions

As used in the Plan, the following definitions apply to the terms indicated below:

(a) "Affiliate" shall mean an entity (whether or not incorporated), controlling, controlled by or under common control with the Company.

(b) "Board of Directors" shall mean the Board of Directors of SIGA Technologies, Inc.

(c) "Cause" shall have the meaning set forth in any employment agreement between the Participant and the Company in effect as of the date the event giving rise to cause occurred. In the absence of such an employment agreement provision, "Cause" shall mean: (a) the Participant's conviction of any crime (whether or not involving the Company) constituting a felony in the jurisdiction involved; (b) conduct of the Participant related to the Participant's employment for which either criminal or civil penalties against the Participant or the Company may be sought; (c) material violation of the Company's policies, including, without limitation, those relating to sexual harassment, the disclosure or misuse of confidential information, or those set forth in Company manuals or statements of policy; (d) serious neglect or misconduct in the performance of the Participant's duties for the Company or willful or repeated failure or refusal to perform such duties; or (e) any material violation by the Participant of the terms of any agreement between the Participant and the Company, including, without limitation, any employment or non-competition agreement.

Any rights the Company may have hereunder in respect of the events giving rise to Cause shall be in addition to the rights the Company may have under any other agreement with a Participant or at law or in equity. Any determination of whether a Participant's employment is (or is deemed to have been) terminated for Cause shall be made by the Committee in its sole discretion, which determination shall be final and binding on all parties. If, subsequent to a Participant's termination of employment (whether voluntary or involuntary) without Cause, it is discovered that the Participant's employment could have been terminated for Cause, such Participant's employment shall be deemed to have been terminated for Cause. A Participant's termination of employment for Cause shall be effective as of the date of the occurrence of the event giving rise to Cause, regardless of when the determination of Cause is made.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) "Committee" shall mean the Committee appointed by the Board of Directors to administer the Plan; provided, however, that the Committee shall at all times consist of two or more persons, all of whom are "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and "outside directors" within the meaning of Section 162(m) of the Code. With respect to any matters relating to the grant of Options to non-employee members of the Board of Directors or to individuals who are not reasonably expected to be "covered employees" within the meaning of Section 162(m) of the Code at the time the Option is exercised, the Committee may be the entire Board of Directors.

(f) "Company" shall mean SIGA Technologies, Inc. or any successor thereto. References to the Company also shall include the Company's Affiliates unless the context clearly indicates otherwise.

(g) "Company Stock" shall mean the common stock of the Company, par value $0.000l per share.

(h) "Disability" shall mean a disability described in Section 422(c)(6) of the Code. The existence of a Disability shall be determined by the Committee in its absolute discretion.

(i) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(j) "Fair Market Value" shall mean, with respect to a share of Company Stock on an applicable date:

(i) If the principal market for the Company Stock (the "Market") is a national securities exchange or the National Association of Securities Dealers Automated Quotation System ("NASDAQ") National Market, the last sale price or, if no reported sales take place on the applicable date, the average of the high bid and low asked price of Company Stock as reported for such Market on such date or, if no such quotation is made on such date, on the next preceding day on which there were quotations, provided that such quotations shall have been made within the ten (10) business days preceding the applicable date;

(ii) If the Market is the NASDAQ National List, the NASDAQ Supplemental List or another market, the average of the high bid and low asked price for Company Stock on the applicable date, or, if no such quotations shall have been made on such date, on the next preceding day on which there were quotations, provided that such quotations shall have been made within the ten (10) business days preceding the applicable date; or,

(iii) In the event that neither paragraph (i) nor (ii) shall apply, the Fair Market Value of a share of Company Stock on any day shall be determined in good faith by the Committee in a manner consistently applied.

(k) "Incentive Stock Option" shall mean an Option that is an "incentive stock option" within the meaning of Section 422 of the Code and that is identified as an Incentive Stock Option in the applicable Option Agreement.

(l) "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option

(m) "Option" shall mean an option to purchase shares of Company Stock (whether an Incentive Stock Option or a Non-Qualified Stock Option) that is granted pursuant to the Plan.

(n) "Option Agreement" shall mean an agreement, in such form and including such terms as the Committee in its sole discretion shall determine, evidencing an Option.

(o) "Participant" shall mean an individual who is eligible to participate in the Plan pursuant to Section 5 hereof and to whom an Option is granted pursuant to the Plan, and, upon his or her death, the individual's successors, heirs, executors and administrators, as the case may be.

(p) "Plan" shall mean this SIGA Technologies, Inc. Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan, as it may be amended from time to time. Prior to the effective date hereof, the Plan was referred to as the SIGA Technologies, Inc. 1996 Incentive and Non-Qualified Stock Option Plan and the SIGA Corporation 1996 Stock Option Plan.

(q) "Reload Option" shall mean an Option granted to a Participant in accordance with Section 6 hereof upon the exercise of an Option.

(r) References in this Plan to a "termination of employment" or to a Participant or employee who terminates employment or the like, mean the Participant's (i) ceasing to be employed by, or to provide consulting or other services for, the Company or any corporation (or any of its subsidiaries) which assumes the Participant's award in a transaction to which Section 424(a) of the Code applies or (ii) ceasing to be a member of the Board of Directors. For purposes of the foregoing, if a Participant (a) at the time of reference, is an employee, consultant or a member of the Board of Directors, or any two of the three relationships, or (b) ceases to be an employee, consultant or a member of the Board of Directors and immediately is engaged in another of such relationships with the Company, the Participant shall not be considered to have terminated employment until he ceases the last of such relationships with the Company.

2. Stock Subject to the Plan

(a) Plan Limit

Subject to adjustment as provided in Section 9 hereof, the Committee may grant Options hereunder with respect to shares of Company Stock that in the aggregate do not exceed 7,500,000 shares. To the extent that any Options terminate, expire or are cancelled without having been exercised, the shares covered by such Options shall again be available for grant under the Plan.

Shares of Company Stock issued under the Plan may be either newly issued shares or treasury shares, at the discretion of the Committee.

(b) Individual Limit

Subject to adjustment as provided in Section 9 hereof, during any calendar year, the Committee shall not grant any one Participant Options hereunder with respect to more than 4,900,000 shares of Company Stock, which limit shall include any shares represented by an Option granted within the same year that has been cancelled.

3. Administration of the Plan

The Plan shall be administered by the Committee, provided, however, that in the absence of the appointment of the Committee or for any other reason determined by the Board of Directors, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee. The Committee shall from time to time designate the individuals who shall be granted Options and the amount and type of such Options.

The Committee shall have fill authority to administer the Plan, including authority to interpret and construe any provision of the Plan and the terms of any Option issued under it, correct any defect or supply any omission or reconcile any inconsistency in the Plan and any Option Agreement, adopt such rules and regulations for administering the Plan as it may deem necessary or appropriate, and delegate such administrative responsibilities as it deems appropriate, provided, however, that the Committee shall retain the responsibility to designate the Option recipients and the amount and type of such Options. Decisions of the Committee shall be final and binding on all parties. The Committee's determinations under the Plan may, but need not, be uniform and may be made on a Participant-by-Participant basis (whether or not two or more Participants are similarly situated).

The Committee may, in its absolute discretion, without amending the Plan, accelerate the date on which any Option granted under the Plan becomes vested or otherwise adjust any of the terms of such Option (except that no such adjustment shall, without the consent of a Participant, reduce the Participant's rights under any previously granted and outstanding Option unless the Committee determines that such adjustment is necessary or appropriate to prevent such Option from constituting "applicable employee remuneration" within the meaning of Section 162(m) of the Code).

Whether an authorized leave of absence, or absence in military or government service, shall constitute a termination of employment, and the impact, if any, of any such leave of absence on Options theretofore granted under the Plan shall be determined by the Committee in its absolute discretion, subject to applicable law.

A majority of the Committee shall constitute a quorum at any meeting, and the acts of a majority of the members present, or acts unanimously approved in writing by the entire Committee without a meeting, shall be the acts of the Committee.

No member of the Committee shall be liable for any action, omission, or determination relating to the Plan, and the Company shall indemnify and hold harmless each member of the Committee and each other director or employee of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been delegated against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim with the approval of the Committee) arising out of any action, omission or determination relating to the Plan, unless, in either case, such action, omission or determination was taken or made by such member, director or employee in bad faith and without reasonable belief that it was in the best interests of the Company.

4. Eligibility

The persons who shall be eligible to receive Options pursuant to the Plan shall be (i) officers and salaried employees of the Company and its subsidiaries (including employees who are also directors and prospective salaried employees conditioned on their becoming salaried employees), (ii) members of the Board of Directors (whether or not they also are employees of the Company), (iii) such consultants to the Company and its subsidiaries as the Committee shall select in its discretion, and (iv) any other key persons, as determined by the Committee in its sole discretion, provided, however, that Incentive Stock Options only may be granted to employees of the Company. For purposes of the preceding sentence, an employee means an individual who is (or is expected to be) classified as an employee of the Company for purposes of the Company's payroll. A director shall not be considered an employee of the Company as a result of the Company's payment of a director's fee.

5. Options

The Committee may grant Options pursuant to the Plan. Each Option shall be evidenced by an Option Agreement in such form and including such terms as the Committee shall from time to time approve. Options shall comply with and be subject to the following terms and conditions:

(a) Identification of Options

Each Option granted under the Plan shall be clearly identified in the applicable Option Agreement as either an Incentive Stock Option or as a Non-Qualified Stock Option. In the absence of such identification, an Option shall be deemed to be a Non-Qualified Stock Option.

(b) Exercise Price

The exercise price-per-share of any Non-Qualified Stock Option granted under the Plan shall be such price as the Committee shall determine (which may be equal to, less than or greater than the then Fair Market Value of a share of Company Stock) on the date on which such Non-Qualified Stock Option is granted; provided, that such price may not be less than the minimum price required by law. Subject to Paragraph (d) of this Section 6, the exercise price-per-share of any Incentive Stock Option granted under the Plan shall be not less than 100% of the Fair Market Value of a share of Company Stock on the date on which such Incentive Stock Option is granted (except as permitted in connection with the assumption or issuance of Options in a transaction to which Section 424(a) of the Code applies) and, to the extent any compensation payable in respect of an Option is intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code, the exercise price-per-share of such Option shall be not less than 100% of the Fair Market Value of a share of Company Stock on the date on which such Option is granted.

(c) Term and Exercise of Options

(1) Each Option shall be exercisable at such times and under such conditions as determined by the Committee and set forth in the applicable Option Agreement, including performance criteria with respect to the Company and/or the Participant. Except as provided in Section 7 hereof, an Option shall first be exercisable as of the date on which it vests, and shall remain exercisable until the expiration of ten (10) years from the date such Option was granted; provided, however, that each Option shall be subject to earlier termination, expiration or cancellation as provided in the Plan.

(2) Each Option shall be exercisable in whole or in part. The partial exercise of an Option shall not cause the expiration, termination or cancellation of the remaining portion thereof. Upon the partial exercise of an Option, the Option Agreement evidencing such Option shall be returned to the Participant exercising such Option together with the delivery of the certificates described in Section 6(c)(4) hereof.

(3) An Option shall be exercised by delivering notice to the Company's principal office, to the attention of its Secretary, at such time as the Committee reasonably may require. Such notice shall be accompanied by the Option Agreement evidencing the Option, shall specify the number of shares of Company Stock with respect to which the Option is being exercised and the effective date of the proposed exercise and shall be signed by the Participant. The Participant may withdraw such notice at any time prior to the close of business on the business day immediately preceding the effective date of the proposed exercise, in which case such Option Agreement shall be returned to him. Payment for shares of

Company Stock purchased upon the exercise of an Option shall be made on the effective date of such exercise either:

(i) in cash, by certified check, bank cashier's check or wire transfer; or

(ii) unless provided otherwise in the applicable Option Agreement, in shares of Company Stock owned by the Participant (which, if acquired pursuant to the exercise of a stock option, were acquired at least six months prior to the option exercise date) and valued at their Fair Market Value on the effective date of such exercise, or partly in shares of Company Stock with the balance in cash, by certified check, bank cashier's check or wire transfer; or

(iii) unless provided otherwise in the applicable Option Agreement, pursuant to procedures adopted by the Committee whereby the Participant, by a properly written notice, shall direct (A) an immediate market sale or margin loan respecting all or a part of the shares of Company Stock to which the Participant is entitled upon exercise pursuant to an extension of credit by the Company to the Participant of the exercise price (B) the delivery of the shares of Company Stock from the Company directly to the brokerage firm, and (C) the delivery of the exercise price from the sale or margin loan proceeds from the brokerage firm directly to the Company.

(iv) at the discretion of the Committee and to the extent permitted by law, by such other provision as the Committee may from time to time prescribe.

(v) In addition, the Company may, in its sole discretion and at the request of the Participant, (A) lend to the Participant, with full recourse, an amount equal to such portion of the payment for the shares of Company Stock pursuant to the Option as the Committee may determine; or (B) guarantee a loan obtained by the Participant from a third-party for the purpose of tendering such payment.

Any payment in shares of Company Stock shall be effected by the delivery of such shares to the Secretary of the Company, duly endorsed in blank or accompanied by stock powers duly executed in blank, together with any other documents and evidences as the Secretary of the Company shall require from time to time.

(4) Certificates for shares of Company Stock purchased upon the exercise of an Option shall be issued in the name of the Participant or his or her beneficiary (or permitted transferee), as the case may be, and delivered to the Participant or his or her beneficiary (or permitted transferee), as the case may be, as soon as practicable following the effective date on which the Option is exercised.

(d) Limitations on Grant of Incentive Stock Options

(1) To the extent that the aggregate Fair Market Value (determined as of the time the option is granted) of the stock with respect to which Incentive Stock Options granted under this Plan and all other plans of the Company (and any plans of any "subsidiary corporation" or "parent corporation" of the Company within the meaning of Section 424 of the Code) are first exercisable by any employee during any calendar year shall exceed the maximum limit (currently, $100,000), if any, imposed from time to time under Section 422 of the Code, such options shall be treated as Non-Qualified Stock Options. In such an event, the determination of which Options shall remain Incentive Stock Options and which shall be treated as Non-Qualified Stock Options shall be based on the order in which such Options were granted, with the excess over the first $100,000 granted deemed to be Non-Qualified Stock Options. All other terms and provisions of such Options that are deemed to be Non-Qualified Stock Options shall remain~ unchanged. Upon the exercise of an Option that, pursuant to this Section 6(d)(1) is treated in part as an Incentive Stock Option and in part as a Non-Qualified Stock Option, the Company shall issue separate stock certificates evidencing the shares of Company Stock treated as acquired upon exercise of an Incentive Stock Option and the shares of Company Stock treated as acquired upon exercise of a Non-Qualified Stock Option and shall identify each such certificate accordingly in its stock transfer records.

(2) No Incentive Stock Option may be granted to an individual if, at the time of the proposed grant, such individual owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any of its "subsidiary corporations" or "parent corporations" (within the meaning of Section 424 of the Code), unless (i) the exercise price of such Incentive Stock Option is at least one hundred ten percent (110%) of the Fair Market Value of a share of Company Stock at the time such Incentive Stock Option is granted and (ii) such Incentive Stock Option is not exercisable after the expiration of five years from the date such Incentive Stock Option is granted.

(e) Grants of Reload Options

If provided in the applicable Option Agreement, an additional option (the "Reload Option") shall be granted to any Participant who, pursuant to Section 6(c)(3)(ii), delivers shares of Company Stock in partial or full payment of the exercise price of an Option (the "Original Option"). The Reload Option shall be for a number of shares of Company Stock equal to the number thus delivered, shall have an exercise price equal to the Fair Market Value of a share of Company Stock on the date of exercise of the Original Option, and shall have an expiration date no later than the expiration date of the Original Option. A Reload Option only may be granted if the exercise price-per-share of the Original Option is no less than the Fair Market Value of a share of Company Stock on its date of grant.

(f) Effect of Termination of Employment

(1) Unless otherwise provided in an applicable Option Agreement, in the event that the employment of a Participant with the Company shall terminate for any reason other than Cause, Disability or death (i) Options granted to such Participant, to the extent that they were vested at the time of such termination, shall remain exercisable until the expiration of 90 days after such termination, on which date they shall expire, and (ii) Options granted to such Participant, to the extent that they were not vested at the time of such termination, shall expire at the close of business on the date of such termination; provided, however, that no Option shall be exercisable after the expiration of its term.

(2) Unless otherwise provided in an applicable Option Agreement, in the event that the employment of a Participant with the Company shall terminate on account of the death or Disability of the Participant (i) Options granted to such Participant, to the extent that they were vested at the time of such termination, shall remain exercisable (pursuant to Section 16 hereof) until the expiration of one year after such termination, on which date they shall expire, and (ii) Options granted to such Participant, to the extent that they were not vested at the time of such termination, shall expire at the close of business on the date of such termination; provided. however, that no Option shall be exercisable after the expiration of its term.

(3) Unless otherwise provided in an applicable Option Agreement, in the event of the termination of a Participant's employment for Cause, all outstanding Options granted to such Participant shall expire at the commencement of business on the effective date of such termination (or deemed termination in accordance with Section 2(c)).

(g) Other Option Grants.

The Committee, in its discretion, may grant Options with terms different than those set forth herein to the extent such Options are in substitution for and have terms equivalent to options granted by another company that was merged into or acquired by the Company or an Affiliate or whose assets or substantially all of whose assets were acquired by the Company or an Affiliate.

6. Pre-Vesting Exercise

(a) Pre-Vesting Exercise

The Committee, in an Option Agreement, may permit a Participant to exercise an Option prior to the date on which it vests; provided, however, the unvested portion of the Company Stock issuable upon exercise of such Option shall be subject to the nontransferability, forfeiture and repayment provisions of this Section 7 until such shares vest.

(b) Restrictions on Transferability

Until a share of Company Stock vests, the Participant may not transfer or assign the Participant's rights to such share of Company Stock or to any cash payment related thereto. Until a share of Company Stock so vests, no attempt to transfer or assign such shares or the right to any cash payment related thereto, whether by transfer, pledge, hypothecation or otherwise and whether voluntary or involuntary, by operation of law or otherwise, shall vest the transferee or assignee with any interest or right in or with respect to such share of Company Stock or such cash payment, and the attempted transfer or assignment shall be of no force and effect.

Each such certificate that is issued pursuant to this Section 7 shall bear the following legend, in addition to any legends or restrictions imposed pursuant to Section 12 hereof:

> "The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including forfeiture and restrictions against transfer) contained in the SIGA Technologies, Inc. Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan and an Agreement entered into between the registered owner of such shares and SIGA Technologies, Inc. A copy of the Plan and Agreement is on file in the office of the Secretary of SIGA Technologies, Inc."

Such legend shall not be removed from the certificates evidencing such exercised shares of Company Stock until such shares vest, at which time stock certificates shall be issued pursuant to Section 12 hereof free of such legend.

Each such stock certificate, together with the stock powers relating to such shares of Company Stock, shall be deposited by the Company with a custodian designated by the Company (the "Certificate Custodian"). The Company may designate itself as Certificate Custodian hereunder. The Company shall cause such Certificate Custodian to issue to the Participant a receipt evidencing the certificates that are registered in the name of the Participant and are held by the Certificate Custodian.

(c) Dividends

Unless the Committee in its absolute discretion otherwise determines, any securities or other property (including dividends paid in cash) received by a Participant with respect to a share of Company Stock issued pursuant to this Section 7, as a result of any dividend, stock split, reverse stock split, recapitalization, merger, consolidation, combination, exchange of shares or otherwise, will not vest until such share of Company Stock vests, and shall be promptly deposited with the Certificate Custodian designated pursuant to Section 7(b) hereof until such share vests, at which time such property shall be delivered to the Participant. Any such cash dividends, prior to the date the share vests, shall be merely an unfunded, unsecured promise of the Company to pay a sum of money to the Participant in the future.

(d) Forfeiture and Repayment

Upon termination of a Participant's employment with the Company or an Affiliate for any reason (including death), all unvested shares of Company Stock exercised pursuant to any Option hereunder shall be immediately and irrevocably forfeited. In the event of any such forfeiture, the Certificate Custodian shall surrender to the Company as soon as practicable after the effective date of such forfeiture all certificates for such shares issued to Participant by the Company. As soon as practicable after such surrender, but in no event later than 30 days after such surrender, Participant shall be entitled to a payment by the Company in an amount, in cash equal to the aggregate of the exercise price-per-share paid for each exercised but unvested share of Company Stock so forfeited.

7. Right of Recapture

If at any time within one year after the date on which a Participant exercises an Option, the Committee determines in its discretion that the Company has been materially harmed by the Participant, whether such harm (a) results in the Participant's termination or deemed termination of employment for Cause or (b) results from any activity of the Participant determined by the Committee to be in competition with any activity of the Company, or otherwise inimical, contrary or harmful to the interests of the Company (including, but not limited to, accepting employment with or serving as a consultant, adviser or in any other capacity to an entity that is in competition with or acting against the interests of the Company), then any gain realized by the Participant from such exercise shall be paid by the Participant to the Company upon notice from the Company. Such gain shall be determined as of the date of such exercise, without regard to any subsequent change in the Fair Market Value of a share of Company Stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Participant by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement).

8. Adjustment Upon Changes in Company Stock

(a) Shares Available for Grants

Subject to any required action by the stockholders of the Company, in the event of any change in the number of shares of Company Stock outstanding by reason of any stock dividend or split, reverse stock split, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the maximum number of shares of Company Stock with respect to which the Committee may grant Options under Section 3 hereof shall be appropriately adjusted by the Committee. In the event of any change in the number of shares of Company Stock outstanding by reason of any other event or transaction, the Committee may, but need not, make such adjustments in the number and class of shares of Company Stock with respect to which Options may be granted under Section 3 hereof as the Committee may deem appropriate. Any such adjustment pursuant to this Section 9(a) shall be made by the Committee, whose determination shall be final, binding and conclusive.

(b) Outstanding Options -- Increase or Decrease in Issued Shares Without Consideration

Subject to any required action by the stockholders of the Company, in the event of any increase or decrease in the number of issued shares of Company Stock resulting from a subdivision or consolidation of shares of Company Stock or the payment of a stock dividend (but only on the shares of Company Stock), or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company, the Committee shall proportionally adjust the number of shares of Company Stock subject to each outstanding Option and the exercise price-per-share of Company Stock of each such Option. Any such adjustment pursuant to this Section 9(b) shall be made by the Committee, whose determination shall be final, binding and conclusive.

(c) Outstanding Options -- Certain Mergers

Subject to any required action by the stockholders of the Company, in the event that the Company shall be the surviving corporation in any merger or consolidation (except a merger or consolidation as a result of which the holders of shares of Company Stock receive securities of another corporation), each Option outstanding on the date of such merger or consolidation shall pertain to and apply to the securities which a holder of the number of shares of Company Stock subject to such Option would have received in such merger or consolidation.

(d) Outstanding Options -- Certain Other Transactions

In the event of (1) a dissolution or liquidation of the Company, (2) a sale of all or substantially all of the Company's assets, (3) a merger or consolidation involving the Company in which the Company is not the surviving corporation or (4) a merger or consolidation involving the Company in which the Company is the surviving corporation but the holders of shares of Company Stock receive securities of another corporation and/or other property, including cash, the Committee shall, in its absolute discretion, have the power to:

(i) cancel, effective immediately prior to the occurrence of such event, each Option outstanding immediately prior to such event (whether or not then vested), and, in full consideration of such cancellation, pay to the Participant to whom such Option was granted an amount in cash, for each share of Company Stock subject to such Option equal to the excess of (A) the value, as determined by the Committee in its absolute discretion, of the property (including cash) received by the holder of a share of Company Stock as a result of such event over (B) the exercise price of such Option; or

(ii) provide for the exchange of each Option outstanding immediately prior to such event (whether or not then vested) for an option on some or all of the property which a holder of the number of shares of Company Stock subject to such Option would have received in such transaction or on shares of the acquiror or surviving corporation and, incident thereto, make an equitable adjustment as determined by the Committee in its absolute discretion in the exercise price of the Option, or the number of shares or amount of property subject to the Option or, if appropriate, provide for a cash payment to the Participant to whom such Option was granted in partial consideration for the exchange of the Option.

(e) Outstanding Options -- Other Changes

In the event of any change in the capitalization of the Company or a corporate change other than those specifically referred to in Sections 9(b), (c) or (d) hereof, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to

Options outstanding on the date on which such change occurs and in the per-share exercise price of each such Option as the Committee may consider appropriate to prevent dilution or enlargement of rights. In addition, if and to the extent the Committee determines it is appropriate, the Committee may elect to cancel each Option outstanding immediately prior to such event (whether or not then vested), and, in full consideration of such cancellation, pay to the Participant to whom such Option was granted an amount in cash, for each share of Company Stock subject to such Option, equal to the excess of (A) the Fair Market Value of Company Stock on the date of such cancellation over (B) the exercise price of such Option.

(f) Effect of Loss of Affiliate Status

If an entity ceases to be an Affiliate because the Company sells its interest in such entity to another party or parties, such event shall constitute a termination of employment from the Company and its Affiliates by Participants employed by such entity as of the date it ceases to be an Affiliate. The Committee may, but need not, adjust the provisions of the Plan related to the expiration of any Options not yet vested at termination of employment, as it considers appropriate in connection with the specific event resulting in loss of Affiliate status.

(g) No Other Rights

Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger or consolidation of the Company or any other corporation. Except as expressly provided in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Company Stock subject to an Option or the exercise price of any Option.

9. Rights as a Stockholder

No person shall have any rights as a stockholder with respect to any shares of Company Stock covered by or relating to any Option granted pursuant to this Plan until the date that the Participant becomes the registered owner of such shares. Except as otherwise expressly provided in Section 9 hereof, no adjustment to any Option shall be made for dividends or other rights for which the record date occurs prior to the date such stock certificate is issued.

10. No Special Employment Rights; No Right to Option

Nothing contained in the Plan or any Option Agreement shall confer upon any Participant any right with respect to the continuation of his or her employment by or other relationship with the Company or interfere in any way with the right of the Company, subject to the terms of any separate employment agreement to the contrary, at any time to terminate such employment or to increase or decrease the compensation of the Participant from the rate in existence at the time of the grant of an Option.

No person shall have any claim or right to receive an Option hereunder. The Committee's granting of an Option to a Participant at any time shall neither require the Committee to grant an Option to such Participant or any other Participant or other person at any time nor preclude the Committee from making subsequent grants to such Participant or any other Participant or other person.

11. Securities Matters

(a) The Company shall be under no obligation to effect the registration pursuant to the Securities Act of 1933, as amended from time to time, of any interests in the Plan or any shares of Company Stock to be issued hereunder or to effect similar compliance under any state laws. Notwithstanding anything herein to the contrary, the Company shall not be obligated to cause to be issued or delivered any certificates evidencing shares of Company Stock pursuant to the Plan unless and until the Company is advised by its counsel that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which shares of Company Stock are traded. The Committee may require, as a condition of the issuance and delivery of certificates evidencing shares of Company Stock pursuant to the terms hereof, that the recipient of such shares make such covenants, agreements and representations, and that such certificates bear such legends, as the Committee, in its sole discretion, deems necessary or desirable. The Company shall not permit any shares of Company Stock to be issued pursuant to the Plan unless such shares of Company Stock are fully paid and non-assessable, within the meaning of Section 152 of the Delaware General Corporation Law, except as otherwise permitted by Section 153(c) of the Delaware General Corporation Law.

(b) The exercise of any Option granted hereunder shall be effective only at such time as counsel to the Company shall have determined that the issuance and delivery of shares of Company Stock pursuant to such exercise is in compliance with all applicable laws, regulations of governmental authority and the requirements of any securities exchange on which shares of Company Stock are traded. The Committee may, in its sole discretion, defer the effectiveness of any exercise of an Option granted hereunder in order to allow the issuance of shares of Company Stock pursuant thereto to be made pursuant to registration or an exemption from registration or other methods for compliance available under federal or state securities laws. The Committee shall inform the Participant in writing of its decision to defer the effectiveness of the exercise of an Option granted hereunder. During the period that the effectiveness of the exercise of an Option has been deferred, the Participant may, by written notice, withdraw such exercise and obtain a refund of any amount paid with respect thereto.

12. Withholding Taxes

(a) Cash Remittance

Whenever shares of Company Stock are to be issued upon the exercise of an Option, the Company shall have the right to require the Participant to remit to the Company, in cash, an amount sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise prior to the delivery of any certificate or certificates for such shares.

(b) Stock Remittance

At the election of the Participant, subject to the approval of the Committee, when shares of Company Stock are to be issued upon the exercise of an Option, in lieu of the remittance required by Section 13(a) hereof, the Participant may tender to the Company a number of shares of Company Stock, the Fair Market Value of which at the tender date the Committee determines to be sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise and not greater than the Participant's estimated total federal, state and local tax obligations associated with such exercise.

(c) Stock Withholding

The Company shall have the right, when shares of Company Stock are to be issued upon the exercise of an Option in lieu of requiring the remittance required by Section 13(a) hereof, to withhold a number of such shares, the Fair Market Value of which at the exercise date the Committee determines to be sufficient to satisfy the federal, state and local withholding tax requirements, if any, attributable to such exercise and is not greater than the Participant's estimated total federal, state and local tax obligations associated with such exercise.

13. Amendment or Termination of the Plan

The Board of Directors may, at any time, suspend or discontinue the Plan or revise or amend it in any respect whatsoever; provided, however, that if and to the extent required under Section 422 of the Code (if and to the extent that the Board of Directors deems it appropriate to comply with Section 422) and if and to the extent required to treat some or all of the Options as "performance-based compensation" within the meaning of Section 162(m) of the Code (if and to the extent that the Board of Directors deems it appropriate to meet such requirements), no amendment shall be effective without the approval of the stockholders of the Company, that (i) except as provided in Section 9 hereof, increases the number of shares of Company Stock with respect to which Options may be issued under the Plan, (ii) modifies the class of individuals eligible to participate in the Plan or (iii) materially increases the benefits accruing to individuals pursuant to the Plan. Nothing herein shall restrict the Committee's ability to exercise its discretionary authority hereunder pursuant to Section 4 hereof, which discretion may be exercised without amendment to the Plan. No action under this Section 14 may, without the consent of a Participant, reduce the Participant's rights under any previously granted and outstanding Option except to the extent that the Board of Directors determines that such amendment is necessary or appropriate to prevent such Options from constituting "applicable employee remuneration" within the meaning of Section 162(m) of the Code.

14. No Obligation to Exercise

The grant to a Participant of an Option shall impose no obligation upon such Participant to exercise such Option.

15. Transferability of Options

(a) Except as otherwise provided in this Section 16, during the lifetime of a Participant each Option granted to a Participant shall be exercisable only by the Participant and no Option shall be assignable or transferable otherwise than by will or by the laws of descent and distribution.

(b) Upon the death of a Participant, outstanding Options granted to such Participant that have not been transferred pursuant to Section 16(a) hereof may be exercised only by the executors or administrators of the Participant's estate or by any person or persons who shall have acquired such right to exercise by will or by the laws of descent and distribution. No transfer by will or the laws of descent and distribution of any Option, or the right to exercise any Option, shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and with a copy of the will and/or such evidence as the Committee may deem necessary to establish the validity of the transfer.

(c) Any permissible transfer of an Option only shall be effective after the Committee shall have been furnished with an agreement by the transferee to comply with all the terms and conditions of the Option that are or would have been applicable to the Participant and to be bound by the acknowledgments made by the Participant in connection with the grant of the Option.

(d) In the event that at any time any doubt exists as to the right of any person to exercise or receive a payment under an Option, the Committee shall be entitled, in its discretion, to delay such exercise or payment until it is satisfied that such right has been confirmed (which may, but need not be, by order of a court of competent jurisdiction), or to permit such exercise or make payment only upon receipt of a bond or similar indemnification (in such amount and in such form as is satisfactory to the Committee).

16. Expenses and Receipts

The expenses of the Plan shall be paid by the Company. Any proceeds received by the Company in connection with any Option will be used for general corporate purposes.

17. Limitations Imposed by Section 162(m)

Notwithstanding any other provision hereunder, if and to the extent that the Committee determines the Company's federal tax deduction in respect of an Option may be limited as a result of Section 162(m) of the Code, the Committee may delay the payment in respect of such Option until a date that is within 30 days after the date that compensation paid to the Participant no longer is subject to the deduction limitation under Section 162(m) of the Code. In the event that a Participant exercises an Option at a time when the Participant is a "covered employee," and the Committee determines to delay the payment in respect of any such Option, the Committee shall credit cash or, in the case of an amount payable in Company Stock, the Fair Market Value of the Company Stock, payable to the Participant to a book account. The Participant shall have no rights in respect of such book account and the amount credited thereto shall not be transferable by the Participant other than by will or laws of descent and distribution.

The Committee may credit additional amounts to such book account as it may determine in its sole discretion. Any book account created hereunder shall represent only an unfunded unsecured promise by the Company to pay the amount credited thereto to the Participant in the future.

18. Mitigation of Excise Tax

If any payment or right accruing to a Participant under this Plan (without the application of this Section), either alone or together with other payments or rights accruing to the Participant from the Company or an affiliate ("Total Payments") would constitute a "parachute payment" (as defined in Section 280G of the Code and regulations thereunder), the Committee may in each particular instance determine to (i) reduce such payment or right to the largest amount or greatest right that will result in no portion of the amount payable or right accruing under the Plan being subject to an excise tax under Section 4999 of the Code or being disallowed as a deduction under Section 280G of the Code, or (ii) take such other actions, or make such other arrangements or payments with respect to any such payment or right as the Committee may determine in the circumstances. Any such determination shall be made by the Committee in the exercise of its sole discretion, and such determination shall be conclusive and binding on the Participant. The Participant shall cooperate as may be requested by the Committee in connection with the Committee's determination, including providing the Committee with such information concerning such Participant as the Committee may deem relevant to its determination.

19. Participant Obligation to Notify

In the event that the Participant (a) disposes of any shares of Company Stock acquired upon the exercise of an Incentive Stock Option (i) prior to the expiration of two years after the date such Incentive Stock Option was granted or prior to one year after the date the shares were acquired or (ii) under any other circumstances described in Section 422(a) of the Code or any successor provision, or (b) makes an election under Section 83(b) of the Code or any successor provision, with respect to Company Stock acquired pursuant to Section 7 hereof, the Participant shall notify the Company of such disposition or election within 10 days thereof

20. Information to Participants

To the extent required by applicable law, the Company shall provide to each Participant, during the period for which such Participant has one or more Options outstanding, copies of all annual reports and other information which are provided to all stockholders of the Company. Except as otherwise noted in the foregoing sentence, the Company shall have no obligation or duty to affirmatively disclose to any Participant, and no Participant shall have any right to be advised of, any material information regarding the Company or any Affiliate at any time prior to, upon or otherwise in connection with, the exercise of an Option.

21. Funding

All benefits payable under this Plan shall be paid directly by the Company. The Company shall not be required to fund or otherwise segregate assets to be used for payment of benefits under this Plan.

22. Failure to Comply

In addition to the remedies of the Company elsewhere provided for herein, a failure by a Participant (or beneficiary or permitted transferee) to comply with any of the terms and conditions of the Plan or the agreement executed by such Participant (or beneficiary or permitted transferee) evidencing an Option, unless such failure is remedied by such Participant (or beneficiary or permitted transferee) within 10 days after having been notified of such failure by the Committee, shall be grounds for the cancellation and forfeiture of such Option, in whole or in part, as the Committee, in its absolute discretion, may determine.

23. Effective Date of Plan

The Plan was initially adopted by the Board of Directors in 1996 and was approved by shareholders of the Company. The Plan was subsequently amended in 1998, 1999 and 2000 to increase the number of shares with respect to which Options may be granted under the Plan and each of the amendments was approved by the shareholders of the Company. An amendment and restatement to the Plan was approved by the Board of Directors, on May 3, 2001, subject to approval by the stockholders of the Company, and the Plan as further amended and restated was approved by the Board of Directors, as of June 29, 2001, subject to approval by the stockholders of the Company. Options that were not previously authorized by the stockholders of the Company under the provisions of the Plan as in effect prior to May 3, 2001 that have not yet been approved by the stockholders may be granted under the Plan at any time prior to the receipt of such stockholder approval; provided, however, that each such grant shall be subject to such approval. Without limitation on the foregoing, no Option may be exercised prior to the receipt of such approval. If the amended and restated Plan is not so approved on or before May 3, 2002, then the May 3, 2001 and the June 29, 2001 amendments and restatements of the Plan and all Options granted pursuant to such amendments and restatements shall forthwith automatically terminate and be of no force or effect.

24. Term of the Plan

The right to grant Options under the Plan will terminate on January 1, 2006 with respect to the 2,500,000 shares of Company Stock authorized under the provisions of the Plan in effect prior to this amendment and restatement, and on May 3, 2011 with respect to the additional 5,000,000 shares of Company Stock authorized pursuant to the May 3, 2001 amendment and restatement.

25. Applicable Law

Except to the extent preempted by any applicable federal law, the Plan will be construed and administered in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of law.

26. Severability

If any provision of the Plan shall hereafter be held to be invalid, unenforceable or illegal in whole or in part, in any jurisdiction under any circumstances for any reason, (a) such provision shall be reformed to the minimum extent necessary to cause such provision to be valid, enforceable and legal while preserving the intent expressed by the Plan or (b) if such provision cannot be so reformed, such provision shall be severed from the Plan and, in the discretion of the Committee, an equitable adjustment shall be made to the Plan (including, without limitation, addition of necessary further provisions to the Plan) so as to give effect to the intent as so expressed and the benefits so provided. Such holding shall not affect or impair the validity, enforceability or legality of such provision in any other jurisdiction or under any other circumstances. Neither such holding nor such reformation or severance shall affect or impair the legality, validity or enforceability of any other provision of the Plan.

Exhibit 10(qq)

Donald G. Drapkin
35 East 62nd Street
New York, New York 10021

March 30, 2001

SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

Gabriel M. Cerrone
265 East 66th Street, Suite 16G
New York, New York 10021

Thomas E. Constance
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919 Third Avenue
New York, New York 10022

Eric A. Rose, M.D.
112 East 78th Street
New York, New York 10021

Judson A. Cooper
c/o SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

Joshua D. Schein, Ph.D.
c/o SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170

Re: SIGA Technologies, Inc. ("SIGA").

Gentlemen:

This letter is to confirm the understanding (the "Agreement") among Donald G. Drapkin ("Drapkin"), SIGA, Gabriel M. Cerrone ("Cerrone"), Thomas E. Constance ("Constance"), Eric A. Rose, M.D. ("Rose"), Judson A. Cooper ("Cooper") and Joshua D. Schein, Ph.D. ("Schein" and, together with Drapkin, SIGA, Cerrone, Constance, Rose and Cooper, the "Parties"), with respect to certain matters relating to SIGA.

1. Resignations. On or before April 16, 2001 or such other date as is consented to by Drapkin (the "Effective Date"), each of Cooper and Schein shall (i) resign from the Board of Directors of SIGA (the "Board") and from any and all offices held with SIGA and (ii) use his best

efforts to cause each of the Resigning Directors (as defined below) to resign from the Board and from any and all offices held with SIGA by each such Resigning Director, in each case, at no cost to SIGA. "Resigning Director" shall mean each member of the Board other than Schein and Cooper; provided, however, that the "Resigning Directors" shall not be construed to include Drapkin or any of his designees.

2. Appointments. Cooper and Schein shall use their best efforts to cause Drapkin and his designees to be elected to the Board.

3. Termination of Employment Agreements. (a) On the Effective Date, each of Cooper and Schein shall cause any agreement or other arrangement relating to their respective employment by SIGA, including, without limitation, the respective Amended and Restated Employment Agreements between SIGA and each of Cooper and Schein, dated as of October 6, 2000, to be immediately terminated voluntarily and at no cost to SIGA, pursuant to the respective Separation Agreement between each such Party and SIGA of even date herewith (the "Separation Agreements"), other than costs expressly provided for in this Agreement.

(b) At Drapkin's request, on or after the Effective Date, each of Cooper and Schein shall cause any consulting agreements or other arrangements between SIGA and any entity controlled by Cooper or Schein, including, without limitation, Prism Ventures LLC, to be immediately terminated at no cost to SIGA.

(c) On the Effective Date, SIGA shall enter into Mutual Releases with each of Cooper and Schein and with each Resigning Director, in the form attached hereto as Exhibit A.

4. Cooperation. (a) From the period commencing on the Effective Date and terminating on the first anniversary thereof, each of Cooper and Schein shall cooperate with SIGA, if and as reasonably requested by SIGA, to effect a transition of their respective responsibilities and to ensure that their respective successors and SIGA are aware of all matters that had been handled by such Party. Such cooperation by each of Cooper and Schein shall include, without limitation, performing up to ten hours per month of consulting services to SIGA if and as reasonably requested by SIGA. After receiving an invoice therefor, SIGA shall pay such Party $175 per hour consulting work actually performed pursuant to, and within the scope of, a request for such services made by the Chief Executive Officer of SIGA.

(b) Following the Effective Date, each of Cooper and Schein shall, upon reasonable notice, furnish such information and assistance to SIGA as may reasonably be required by SIGA in connection with any legal action, suit, proceeding, claim, complaint, dispute or investigation, whether at law, in equity, in arbitration or before the government of any nation, state, city, locality or other political subdivision thereof or any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and including any external or internal investigation, involving SIGA or any of its affiliates or in which any of them is, or may become, a party.

5. Books and Records. On the Effective Date, each of Cooper and Schein shall turn over, and shall cause SIGA to turn over, to Drapkin or Drapkin's designee, all books and records of SIGA.

6. Lock-Up. (a) Each of Cooper and Schein shall not, and shall cause its respective affiliates to not, directly or indirectly, offer, sell, pledge, hypothecate, contract to sell, acquire any option to sell, grant any option to purchase, short or otherwise dispose of (or announce any offer, sale, contract of sale or other disposition of) (collectively, "Transfer") any shares acquired either prior to April 16, 2001 or pursuant to grants or vesting of either stock options or restricted stock thereafter, or any interest acquired either prior to April 16, 2001 or pursuant to grants or vesting of either stock options or restricted stock thereafter in any shares, of common stock, par value $0001 per share ("Common Stock"), other capital stock of SIGA or any Convertibles (as defined below), during the period commencing on the date hereof and ending on April 16, 2003 (the "Lock-Up Period"), except that each of Cooper and Schein shall, notwithstanding the above restrictions, be entitled to Transfer (i) any such securities pursuant to a pledge or hypothecation to the extent necessary to margin them in a brokerage account (a "Permitted Pledge"), (ii) 250,000 in the case of Schein, or 220,500 in the case of Cooper, shares of Common Stock on or after October 16, 2001 and (iii) an additional 125,000 shares of Common Stock on or after each of April 16, 2002, July 16, 2002, October 16, 2002 and January 16, 2003; provided that, in any event, such Party shall not Transfer in any one day more than the greater of (x) 10,000 shares of Common Stock and (y) a number of shares of Common Stock equal to 5% of the total volume of shares of Common Stock traded on the open market on such day. Notwithstanding Cooper's relationship with his children, they shall not be deemed an "affiliate" of Cooper for purposes of this Agreement.

(b) Subject to the conditions contained in Section 13 hereof, Each of Drapkin, Cerrone, Constance and Rose shall not, and shall cause its respective affiliates to not Transfer any shares acquired either prior to April 16, 2001 or pursuant to grants or vesting of either stock options or restricted stock thereafter, or any interest acquired either prior to April 16, 2001 or pursuant to grants or vesting of either stock options or restricted stock thereafter in any shares, of Common Stock, other capital stock of SIGA or any Convertibles, during the Lock-Up Period, except that each of Drapkin, Cerrone, Constance and Rose shall, notwithstanding the above restrictions, be entitled to Transfer (i) any such securities pursuant to a Permitted Pledge, (ii) on or after October 16, 2001, 24.2% of the securities "beneficially owned" (as defined below) by such person as of October 16, 2001 which remain subject to such restrictions, (iii) on or after April 16, 2002, 16.0% of the securities beneficially owned by such person as of April 16, 2002 which remain subject to such restrictions, (iv) on or after July 16, 2002, 19.0% of the securities beneficially owned by such person as of July 16, 2002 which remain subject to such restrictions, (v) on or after October 16, 2002, 23.5% of the securities beneficially owned by such person as of October 16, 2002 which remain subject to such restrictions and (vi) on or after January 16, 2003, 30.7% of the securities beneficially owned by such person as of January 16, 2003 which remain subject to such restrictions; provided that, in any event, such Party shall not Transfer in any one day more than the greater of (x) 10,000 shares of Common Stock and (y) a number of shares of Common Stock equal to 5% of the total volume of shares of Common Stock traded on the open market on such day. As used in this Agreement, the term beneficially ownership shall have the meaning ascribed to it in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended, except that, for purposes hereof: (A) all Common Stock issuable upon conversion or exercise of Convertibles shall be deemed "beneficially owned," notwithstanding any limitation on the conversion or exercise thereof based on the amount of securities beneficially owned by the holder thereof; and (B) the 11,750 shares of Common Stock owned by the Drapkin Family Charity Foundation (the "Charity") shall not be deemed beneficially owned by Drapkin. Furthermore, notwithstanding Drapkin's relationship with the Charity, the Charity shall not be deemed an "affiliate" of Drapkin for purposes of this Agreement.

(c) At any time or times, at Drapkin's option, the provisions of Subsections 6(a) and 6(b) (the "Lock-Up") may be (i) terminated as a whole and rendered null and void; or (ii) modified so that the number of shares of Common Stock that each Party is allowed to Transfer shall be increased, pro rata in accordance with their respective beneficial ownership of Common Stock, by such amount as Drapkin shall decide in his sole discretion. Any such termination or modification of the Lock-Up shall be effective on and after the date specified in a notice from Drapkin to each other Party, which notice is sent no fewer than five days prior to such termination or modification of the Lock-Up. In the case of any modification of the Lock-Up in accordance with clause (ii) of the first sentence of this Subsection 6(c), Drapkin shall state the amount of such modification in the notice thereof required by the immediately preceding sentence.

(d) If a Party or an affiliate of such Party consummates any Transfer in violation of Subsection 6(a) or 6(b), such Party shall immediately pay to SIGA an amount of liquidated damages equal to the gross sales price of such securities or interest.

(e) No Party shall hold any shares of Common Stock, Convertibles or other capital stock of SIGA through any broker that has not agreed to send copies of all confirmation with respect to such securities to SIGA. SIGA shall keep records of all such confirmations received, and each Party shall have the right, upon at least five days prior written notice to SIGA, to inspect such records during SIGA's regular business hours, at SIGA's offices, at such inspecting Party's expense; provided, however, that no Party may exercise such inspection right more than once in any period of 90 consecutive calendar days. Upon at least ten days prior written notice from any Party (in such capacity the "Inspector") to any Party other than SIGA (in such capacity the "Inspected"), the Inspected shall provide the Inspector with copies of the inspector's two most recent monthly statements for each of such Inspector's securities accounts that contains Common Stock, Convertibles or other capital stock of SIGA, which copies may be redated so long as the information relating to holdings of, and transactions in, any such SIGA securities subject to the Lock-Up are visible; provided, however, that no Inspector may exercise such inspection right more than once in any period of 180 consecutive calendar days with respect to the same Inspected. No Party shall give SIGA's transfer agent stop transfer instructions solely on account of the Lock-Up; provided that such stop transfer instructions may be given with respect to any shares held by a Party that has breached this Section 6, including without limitation, any shares held in violation of the first sentence of this Subsection 6(e). The provisions of this Subsection 6(e) shall terminate 90 days after the end of the Lock-Up Period.

(f) On the Effective Date, Cooper and Schein shall grant to Drapkin an irrevocable proxy for the duration of the Lock-Up Period, in substantially the form attached hereto as Exhibit B, with respect to all shares of capital stock of SIGA held by such Party.

7. Representations and Warranties. Each of Cooper and Schein hereby represents and warrants, as of the date hereof and as of the Effective Date, each of the following:

(a) Since December 15, 2000, SIGA has taken no action for which approval of the Board was required nor has the Board approved any action, except for (i) the execution and delivery of and performance under this Agreement and (ii) filing a Registration Statement on Form S-8 registering Common Stock issued in connection with the Plan (as defined below), which actions have been duly authorized by the Board.

(b) Since December 15, 2000, no options or other rights to purchase securities of SIGA have vested or otherwise become exercisable nor have the provisions of any such options or other rights been amended or modified, except (i) the vesting pursuant to the original terms thereof of options to purchase Common Stock held by each of Thomas Konatich and David Kaufman, to the extent of 12,500 shares each, (ii) the vesting pursuant to the original terms thereof of options to purchase 25,000 shares of Common Stock held by Dennis Hruby and (iii) as expressly provided in this Agreement.

(c) SIGA has no contingent liabilities (whether known or unknown).

(d) Except as set forth on Schedule 7(d) hereto, SIGA is neither contemplating, nor is obligated to engage in, any transaction or transactions whereby SIGA would pay or receive compensation (in any form) that could reasonably be valued at $5,000 or more individually or S20,000 or more in the aggregate. Except for transactions pursuant to Sections 8 and 9 of this Agreement, as of the date hereof and as of the Effective Date, SIGA has not and will not have consummated, nor does or will SIGA have any binding obligation with respect to, is SIGA or will SIGA be obligated to incur any cost for failing to consummate, any transaction described on Schedule 7(d).

(e) Except as set forth on Schedule 7(e) hereto, there are no: (i) outstanding options, warrants or other rights to acquire Common Stock; (ii) securities convertible into or exchangeable for Common Stock; nor (iii) any rights (contingent or otherwise) to acquire, directly or indirectly, any of (i) or (ii), above ((i), (ii) and (iii), above, are referred to collectively as "Convertibles"). Schedule 7(e) sets forth, for each Convertible, all vesting and expiration dates and the number of shares of Common Stock subject thereto.

(f) Except as set forth on Schedule 7(f), no spouse or child of either Cooper or Schein owns any Common Stock, Convertibles or other securities of SIGA.

(g) Neither Cooper nor Schein beneficially owns any Common Stock, Convertibles or other securities of SIGA except as set forth on Schedule 7(g).

(h) Except as set forth on Schedule 7(h) SIGA is not party to any agreements or other arrangements or any amendments, renewals or other modifications thereof relating to the employment by SIGA of any person other than Cooper and Schein.

(i) The exercise price applicable to the Unvested Options (as defined below) is $1.125 per share of Common Stock. The Expiring Options (as defined below) were issued in three equal tranches, and the respective exercise prices applicable to each tranche of the Expiring Options are $1.50, $5.00 and $4.00 per share of Common Stock.

(j) Other than the Common Stock, SIGA does not have any other classes of voting securities outstanding.

(k) Except as expressly provided in this Agreement or disclosed in SIGA's public filings under the Securities Exchange Act of 1934, as amended, up to and including SIGA's proxy statement filed September 28, 2000, as of the date hereof and as of the Effective Date, none of the terms of any of the Resigning Directors' stock options, restricted stock or other awards, whether granted under the Plan or otherwise, have been modified, nor have any agreements or arrangements been entered into to so modify them.

(i) The modifications to the terms of the Unvested Options and the Expiring Options pursuant to Section 8 hereof is permissible under the Plan.

The representations and warranties contained in this Section 7 shall survive until April 16, 2003.

8. Adjustments to Certain Options. Subject to the conditions of Section 13 hereof: (i) SIGA shall cause any employee stock options held by Cooper and Schein that are scheduled to vest on November 1, 2001, to the extent of options to purchase up to 37,500 shares of Common Stock each (the "Unvested Options"), to instead vest on the Effective Date; and (ii) SIGA shall cause any employee stock options held by Cooper and Schein, that would expire within 90 days of such Party's termination, to the extent of options to purchase up to 50,001 shares of Common Stock each (the "Expiring Options"), to remain exercisable until such options would otherwise expire in accordance with their terms.

9. Fees of Counsel. SIGA shall pay for Cooper and Schein's reasonable attorneys' fees and disbursements, of no more than $20,000 in the aggregate, in connection with this Agreement upon an accounting therefore. SIGA shall pay for Drapkin's reasonable attorneys' fees and disbursements in connection with this Agreement upon an accounting therefor.

10. Mutual Release. (a) Drapkin, on behalf of himself and each of his predecessors, successors, heirs, executors, administrators, assigns ("Drapkin Releasor") hereby releases, remises and forever discharges each of Cooper, Schein and the members of the current Board of Directors of SIGA, together with each and all of their respective predecessors, successors, heirs, executors, administrators, assigns ("Drapkin Releasees") from the Released Claims (as defined below). "Released Claims" means all actions, causes of action, suits, debts, dues, sums of money, accounts, controversies, agreements, promises, variances, trespasses, damages, judgments, abstracts of judgments, liens, extents, executions, claims and demands whatsoever, in law, admiralty or equity (collectively, "Claims"), which the Releasor ever had, now has or hereafter can, shall or may have against any or all of the Releasees, for, upon or by reason of any matter, cause or thing whatsoever regarding SIGA or Drapkin's investment in SIGA from the beginning of the world to the day of the date of this Agreement, except for (i) Claims arising out of or related to this Agreement and (ii) Claims arising out of or resulting from any Drapkin Releasee's fraud or intentional misconduct. Drapkin Releasor further covenants and agrees not to bring suit against the Drapkin Releasees for any Released Claims

(b) Each of Cooper and Schein, on behalf of themselves, each other and the members of the current Board of Directors of SIGA, in each case together with each and all of their respective predecessors, successors, heirs, executors, administrators, assigns (collectively, the "Insider Releasors")hereby releases, remises and forever discharges Drapkin, together with each and all of his predecessors, successors, heirs, executors, administrators and assigns ("Insider

Releasees") from all Claims which any Insider Releasor ever had, now has or hereafter can, shall or may have against any or all of the Insider Releasees, for, upon or by reason of any matter, cause or thing whatsoever regarding SIGA or Drapkin's investment in SIGA from the beginning of the world to the day of the date of this Agreement, except for (i) Claims arising out of or related to this Agreement and (ii) Claims arising out of or resulting from any Insider Releasee's fraud or intentional misconduct. Each Insider Releasor further covenants and agrees not to bring suit against any Insider Releasees for any Released Claims.

11. Registration. Subject to any suspension or black-out periods that are applicable generally to SIGA's securities that are registered under the Securities Act of 1933, as amended (the "Securities Act"), SIGA shall use its best efforts to have its Registration Statement on Form S-8 registering Common Stock issued in connection with SIGA's employee stock incentive plan (the "Plan") remain effective with respect to each option issued to Cooper and Schein under the Plan until the earlier of (i) the later of (A) the date of expiration of such option and (B) the one year anniversary of the last date on which any portion of such option is actually exercised and (ii) the one year anniversary of the date on which such option or any remaining portion of such option has been exercised in full. If SIGA fails to comply with the provisions of this Section 11, lost profits sustained by Cooper or Schein shall be deemed ordinary damages, to the extent proven to be caused by SIGA's breach of this Section 11.

12. Insurance and Indemnification. Except as otherwise provided herein:

(a) SIGA shall use its best efforts to provide each of Cooper and Schein with the same health insurance benefits that SIGA currently provides such Party until the earlier of (i) such Party's obtaining employment by an entity other than SIGA and (ii) April 16, 2003.

(b) SIGA shall use its best efforts to maintain Directors and Officers insurance at least as protective as its current policy.

(c) SIGA shall indemnify, in accordance with and to the full extent permitted by law, Cooper, Schein and any Resigning Director (each an "Indemnified Party") that is a party or is threatened to be made a party to any pending or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of Indemnified Party's acting as a director of SIGA, against any liability or expense actually and reasonably incurred by such Indemnified Party in respect thereof; Provided, however, that, SIGA shall not be obligated to indemnify any such Indemnified Party (i) with respect to proceedings, claims or actions initiated or brought voluntarily by such Indemnified Party and not by way of defense, (ii) for any amounts paid in settlement of an action effected without the prior written consent of SIGA to such settlement or (iii) with respect to proceedings, claims or actions based upon or attributable to such Indemnified Party gaining in fact a personal profit or advantage to which such Indemnified Party is not entitled, (iv) with respect to proceedings, claims or actions resulting from such Indemnified Party's gross negligence or willful misconduct or (v) with respect to proceedings, claims or actions, the indemnification in respect of which by SIGA is not permitted by applicable law ((i) through (v) are collectively referred to herein as the "Indemnification Exclusions").

(d) If any Indemnified Party receives notice with respect to any matter that may give rise to a claim for indemnification under Subsection 12(c), then such Indemnified Party shall promptly thereafter (and in any event within ten days of receipt of notice of such matter) notify SIGA, describing the nature of the claim and stating that indemnification may be sought with respect to such matter. The Indemnified Party shall cooperate with SIGA to familiarize SIGA with the nature of the claim, including providing copies of all information and materials relating to the claim. SIGA shall be entitled to assume the defense of any matter for which indemnification is sought in accordance with Subsection 12(c); provided, however, that SIGA shall pay the reasonable fees and expenses of separate counsel retained by the Indemnified Party if SIGA's counsel determines, in its sole discretion, that there is a conflict of interest. In the event that SIGA does not assume the defense of the matter, then the Indemnified Party shall be entitled to defend against the matter; provided that the assumption of the defense of the matter by the Indemnified Party shall not prejudice the right of SIGA to later assume the defense of the matter (and as long as such assumption would not reasonably be expected to have a material adverse impact on the conduct of the defense of the matter). In the event that SIGA incurs expenses of any kind (including, without limitation, legal fees and disbursements) in defending, or in reimbursing the defense of, any Indemnified Party from, or in satisfaction or settlement of, any proceeding, claim or action, and it is ever determined that any of the Indemnification Exclusions apply, then such Indemnified Party shall immediately reimburse SIGA for all such expenses, together with interest thereon at prevailing rates.

13. Certain Conditions. The rights of Cooper and Schein under this Agreement, including, without limitation, (i) the release of Cooper and Schein by Drapkin contained in Section 10 hereof, (ii) SIGA's obligation to pay the fees for counsel to Cooper and Schein contained in Section 9 hereof, (iii) the adjustments to certain options held by Cooper and Schein, pursuant to Section 8 hereof, (iv) the right of Cooper and Schein to Transfer certain securities during the Lock-Up Period, as provided in Subsection 6(a) hereof, and (v) Drapkin's, Cerrone's, Constance's and Rose's respective obligations regarding restrictions on Transfer of certain securities during the Lock-Up Period, as provided in Subsection 6(b), are all subject to the following conditions:

(a) Drapkin and his designees shall be elected to the Board;

(b) Cooper, Schein and each Resigning Director shall resign from the Board and from any and all offices held by such Resigning Director with SIGA, in each case, at no cost to SIGA except to the extent expressly provided herein; and,

(c) Any consulting agreements or other arrangements between SIGA and any entity controlled by Cooper or Schein, including, without limitation, Prism Ventures LLC, that Drapkin requests to be terminated shall be terminated at no cost to SIGA.

14. Securityholdings of Dapkin, Cerrone, Constance and Rose. Each of Drapkin, Cerrone, Constance nor Rose represents and warrants that, except as set forth on Schedule 14, such Party does not beneficially own any Common Stock, Convertibles or other securities of SIGA, excluding any such securities with respect to which such Party may be deemed the beneficial owner solely as the holder of a proxy with respect thereto.

15. Schedule 14f-l. Cooper, Schein and SIGA shall cause a Schedule 14f-1 Information Statement regarding the transactions contemplated by this Agreement, in form and substance reasonably satisfactory to Drapkin, to be filed with the Securities and Exchange

Commission and transmitted to the stockholders of SIGA at least 10 days prior to the Effective Date.

16. Successors and Assigns. All authority herein conferred or agreed to be conferred shall survive the death or incapacity of any Party hereto and any obligations of any Party shall be binding upon the heirs, personal representatives, successors, and assigns of such Party.

If this reflects your understanding of the Agreement, please sign below and return a copy of this letter to the undersigned.

/s/ Donald G. Drapkin

Donald G. Drapkin

Accepted and Agreed to:

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

Name: Thomas N. Konatich
Title: Vice President -- Chief Financial Officer

/s/ Gabriel M. Cerrone
- ----------------------------------
Gabriel M. Cerrone

/s/ Eric A. Rose, M.D.
- ----------------------------------
Eric A. Rose, M.D.

/s/ Thomas E. Constance
- ----------------------------------
Thomas E. Constance

/s/ Judson A. Cooper
- ----------------------------------
Judson A. Cooper

/s/ Joshua D. Schein, Ph.D.
- ----------------------------------
Joshua D. Schein, Ph.D.

If this reflects your understanding of the Agreement, please sign below and return a copy of this letter to the undersigned.

Donald G. Drapkin

Accepted and Agreed to:

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

Name: Thomas N. Konatich

Title: Vice President-Chief Financial Officer

- -----------------------------------

Gabriel M. Cerrone

- -----------------------------------

Thomas E. Constance

- -----------------------------------

Eric A. Rose, M.D.

- -----------------------------------

Judson A. Cooper

- -----------------------------------

Joshua D. Schein, Ph.D.

SEPARATION AGREEMENT

THIS AGREEMENT (this "Agreement"), made and entered into as of this 30th day of March, 2001, by and between SIGA Technologies, Inc., 420 Lexington Avenue, Suite 620, New York, New York 10170, and Joshua D. Schein, Ph.D., 524 Clubhouse Road, Woodmere, New York, 11598. As used throughout this Agreement: "Company" refers to SIGA Technologies, Inc., together with its their past and present parents, subsidiaries, and affiliates, and each of their respective past and present officers, directors, agents, employees, successors and assigns, in both their individual and corporate capacities; and "Executive" refers to Joshua D. Schein, Ph.D., his heirs, executors, administrators, agents, successors, assigns and dependents.

WITNESSETH:

WHEREAS, Executive is serving as the Chief Executive Officer of SIGA Technologies, Inc. and as a member of the Board of Directors of SIGA Technologies, Inc.; and

WHEREAS, by mutual agreement between Executive and the Company, Executive has agreed to resign as an employee, officer and director of the Company effective as of April 16, 2001 or such other date as is consented to by Donald G. Drapkin (the "Effective Date"); and

WHEREAS, SIGA Technologies, Inc, Executive, Judson A. Cooper, Gabriel M. Cerrone, Thomas E. Constance, Donald G. Drapkin and Eric A. Rose, M.D. are entering into a letter agreement of even date herewith (the "Restructuring Agreement") in reliance, in part, upon the execution and delivery of, and performance under, this Agreement.

WHEREAS, there has been a "Change of Control" as such term is defined in the Employment Agreement (as defined herein).

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, the parties hereto agree as follows:

ARTICLE I: RESIGNATION AND TERMINATION OF EMPLOYMENT AGREEMENT

1.1 Resignation and Termination. Executive hereby resigns as an employee, officer and director of the Company effective as of the close of business on the Effective Date. Notwithstanding any provision of the Amended and Restated Employment Agreement between the SIGA Technologies, Inc. and Executive, dated October 6, 2000 (the "Employment Agreement"), to the contrary, such resignation shall not be deemed to be a breach by Executive or the Company of the Employment Agreement. Except as otherwise expressly provided in this Agreement, Executive agrees that this Agreement supersedes the Employment Agreement (and any other existing employment agreements between Executive and the Company). Without limiting the generality of the foregoing, Executive, in consideration of the benefits received hereunder and under the Restructuring Agreement, waives payment of any Change of Control Amount as defined in the Employment Agreement.

1.2 Certain Representations. Executive represents and warrants that, other than the Employment Agreement and as provided for under the Restructuring Agreement, Executive is not party to any agreement or arrangement respecting employment by the Company. Executive also represents and warrants that, to the best of his knowledge, he has fully complied with his obligations under the Employment Agreement and has done nothing contrary to its terms.

ARTICLE II: SEVERANCE PAYMENTS AND BENEFITS

Section 2.1 Payments. On the Effective Date, SIGA Technologies, Inc. shall pay Executive, any accrued, but unpaid Base Salary (as defined in the Employment Agreement) through the Effective Date in full and complete satisfaction of any and all amounts due to Executive from the Company upon termination of employment.

Section 2.2 Options. The terms of certain options held by Executive shall be modified in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

Section 2.3 Company Benefits. SIGA Technologies, Inc. shall provide Executive with certain health insurance benefits in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

Section 2.4 Withholding of Taxes. The Company will withhold from any benefits or compensation payable under this Agreement or the Restructuring Agreement all federal, state and local taxes, social security and all other customary withholdings as may be required pursuant to any law or governmental regulation or ruling.

Section 2.5 No Other Payments. Except as specifically provided in this Article 2 or in the Restructuring Agreement or as otherwise required by law, Executive shall not be entitled to receive any sums of money, payments, benefits or severance amounts from the Company following the Effective Date, whether pursuant to the Employment Agreement or otherwise.

ARTICLE III: CONFIDENTIAL INFORMATION AND RETURN OF PROPERTY

Section 3.1 Confidentiality. Executive acknowledges that during his service and employment with the Company he has been privy and made party to confidential information, including but not limited to knowledge or data relating to the Company and the Company's businesses and investments, information regarding vendors, employees, strategic and business plans, and analysis of competitors ("Confidential Information") and Trade Secrets (as defined below).

(a) It is a material condition of this Agreement that Executive complies with the terms of Section 9 of the Employment Agreement (entitled "Confidentiality, Ownership, and Covenants"), the terms of which are incorporated by reference herein; provided, however, that Executive shall be relieved of his obligations under Subsection (d) and clauses (i) and (ii) of

Subsection (e) thereof. Matters concerning notice an severability in connection with Section 9 of the Employment Agreement shall continue to be governed by Sections 15 and 16 of the Employment Agreement, each of which is incorporated by reverence herein.

(b) In addition to, and not limited by, the provisions of Section 9 of the Employment Agreement, Executive agrees that, following the Effective Date, Executive shall hold in a fiduciary capacity for the benefit of the Company all Trade Secrets and Confidential Information, which shall have been obtained by Executive during his service and employment with the Company and which is not generally available public knowledge (other than by acts by Executive). Executive shall not at any time, without the prior written consent of SIGA Technologies, Inc. or as may otherwise be required by law or any legal process (in which case Executive shall use his reasonable best efforts in cooperating with the Company in obtaining a protective order against disclosure by a court of competent jurisdiction), communicate or divulge any such Trade Secrets or Confidential Information to anyone other than the Company and those expressly designated by the Company. For purposes of this Agreement, "Trade Secrets" shall mean all information, without regard to form, including, but not limited to, technical or non-technical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, business projections, product plans, distribution lists or lists of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Section 3.2 Return of Property. All records, files, drawings, documents, models, equipment, and the like relating to the Company's business and any and all property (in what ever form or medium) of the Company in Executive's possession, custody or control shall be returned to SIGA Technologies, Inc. on or before the Effective Date. Executive hereby assigns to SIGA Technologies, Inc. all rights, title and interest in and to Trade Secrets and other products relating to the Company's business developed by him alone or in conjunction with others at any time while employed by or in the service of the Company. Executive shall take all such further actions as are reasonably necessary to effectuate the provisions of this Section 3.2.

ARTICLE IV: NO ADMISSION.

In executing this Agreement, neither the Company nor Executive admits any liability or wrongdoing, and the considerations exchanged herein do not constitute an admission of any liability, error, contract violation, or violation of any federal, state, or local law or regulation.

ARTICLE V: RELEASE

Section 5.1 Release of Claims by Executive.

(a) Except as necessary to enforce the terms of this Agreement and the Restructuring Agreement, and in exchange for and in consideration of the promises, covenants and agreements set forth herein and therein, Executive hereby releases the Company to the maximum extent permitted by law from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, which Executive has or may have for any period prior to and including the date of his execution of this Agreement, including, but not limited to, any claim of defamation, wrongful discharge, breach of contract, claims for unpaid wages, claims arising under or related to the Employment Agreement and claims of discrimination under the Age Discrimination in Employment Act of 1967 and all other federal, state and local laws, and any claim for attorneys' fees or costs.

(b) Executive represents that he does not have any claim, action or proceeding pending against the Company or which arises out of his employment by the Company. Executive represents and warrants that he has not assigned or subrogated any of his rights, claims and causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claim or claims on his behalf, and he agrees to indemnify and hold harmless the Company against any assignment of said rights, claims and/or causes of action.

Section 5.2 Release of Claims by the Company. Except as necessary to enforce the terms of this Agreement and the Restructuring Agreement, and in exchange for and in consideration of the promises, covenants and agreements set forth herein, the Company hereby releases Executive from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, arising out of Executive's employment by the Company which the Company has or may have for any period prior to and including the date of the execution of this Agreement; provided, however, that the Company does not release herein any claims the Company may now or in the future have against Executive for acts of intentional misconduct committed by Executive during Executive's employment with the Company.

ARTICLE VI: FORM S-8

The Company shall have obligations with respect to the Registration Statement on Form S-8 registering Common Stock issued in connection with the Company's employee stock incentive plan in accordance with, and subject to the terms and conditions of, the Restructuring Agreement.

ARTICLE VII: INDEMNIFICATION AND DIRECTORS AND OFFICERS INSURANCE

The Company shall indemnify Executive in accordance with, and subject to the terms and conditions of the Restructuring Agreement. The Company shall cause Executive to be covered by its directors and officers liability insurance policy so long as it maintains such a policy for any current or former directors or officers; provided that this obligation shall cease upon the expiration of all applicable statutes of limitations applicable to potential causes of action against Executive which could be covered under such insurance policy.

ARTICLE VIII: MISCELLANEOUS

Section 8.1 Remedy. Should Executive engage in or perform, either directly or indirectly, any of the acts prohibited by Article 3 or, in any other way, violate such Article, it is agreed that the Company would suffer irreparable harm that would be impossible to quantify. Accordingly, the Company shall be entitled to full injunctive relief, to be issued by any competent court of equity, enjoining and restraining Executive and each and every other person, firm, organization, association, or corporation concerned therein, from the continuance of such violative acts. The foregoing remedy shall not be deemed to limit or prevent the exercise by the Company of any or all further rights and remedies which may be available to the Company hereunder or at law or in equity.

Section 8.2 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered, sent by facsimile or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to such address as provided in the preamble hereto or sent to such other address or facsimile number as each party may furnish to the other in writing from time to time in accordance with this Section 8.2.

Section 8.3 Applicable Law. This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of New York without giving effect to any choice of law principles or to where the parties are located at the time a dispute arises.

Section 8.4 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall (i) be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time or (ii) preclude insistence upon strict compliance in the future.

Section 8.5 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect and such invalid or unenforceable provision shall be reformulated by such court to preserve the intent of the parties hereto.

Section 8.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

Section 8.7 Headings. The Article, Section and Subsection headings used herein have been inserted for purposes of convenience only and shall not be used for interpretive purposes.

Section 8.8 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

Section 8.9 Affiliate. As used in this Agreement, "affiliate," with respect to any person or entity, shall mean any other person or entity which directly or indirectly through any one or more intermediaries owns or controls, is owned or controlled by, or is under common ownership or control with such person or entity.

Section 8.10 Assignment. No rights or obligations of Executive hereunder may be assigned by Executive to any other person or entity, except by will or the laws of descent and distribution. In the event of Executive's death prior to receipt by Executive of all amounts payable to Executive hereunder, such amounts shall be payable to Executive's designated beneficiaries on the same schedule as provided for in this Agreement. No rights or obligations of SIGA Technologies, Inc. under this Agreement may be assigned or delegated to any other person or entity, except to a successor to the business or substantially all of the assets of SIGA Technologies, Inc.

Section 8.11 Entire Agreement. Except as otherwise expressly provided herein, this Agreement, together with the Restructuring Agreement, constitutes the entire agreement of the parties with regard to the subject matter hereof, contains all the covenants, promises, representations, warranties and agreements between the parties with respect to Executive's resignation from the Company and supersedes all prior employment or severance agreements between Executive and the Company, including, but not limited to, the Employment Agreement (except as otherwise expressly provided herein). Executive acknowledges and agrees that the consideration provided for herein is adequate consideration for Executive waiving his rights under the Employment Agreement. Except as otherwise expressly provided herein, each party to this Agreement acknowledges that no representation, inducement, promise or agreement, oral or written, has been made by either party, or by anyone acting on behalf of either party, which is not embodied herein or in the Restructuring Agreement, and that no agreement, statement, or promise relating to Executive's resignation from the Company, that is not contained in this Agreement or the Restructuring Agreement, shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by the parties and consented to in writing by each party to the Restructuring Agreement. Each Party to the Restructuring Agreement that is not also a party hereto shall be a third party beneficiary of this Agreement.

Section 8.12 Legal Fees. The Company shall reimburse Executive for certain legal fees and expenses in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

ARTICLE IX: EXECUTIVE ACKNOWLEDGEMENTS

Section 9.1 Executive acknowledges that he has read and understands the terms of this Agreement and has voluntarily agreed to these terms without coercion or undue persuasion by the Company.

Section 9.2 Executive acknowledges that he has been advised to consult with an attorney prior to executing this Agreement. Executive also acknowledges that he has had an adequate opportunity to review this Agreement before its execution.

Section 9.3 Executive acknowledges that he has been afforded an opportunity to take at least twenty-one (21) days to consider this Agreement and has been advised to consult with the attorneys of his choice prior to executing this Agreement. Executive further acknowledges that he will have a period of seven (7) calendar days following his execution of this Agreement in which to revoke his consent, and that such revocation will be effective only if received in writing by Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York, 10022, Attention: David M. Zlotchew, Esq., on or before the expiration of this seven (7) day period. This Agreement will not become effective or enforceable until the revocation period has expired.

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

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

Thomas N. Konatich
Vice President-Chief Financial Officer

Joshua D. Schein, Ph.D.

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

SIGA TECHNOLOGIES, INC.

By:

/s/ Joshua D. Schein

Joshua D. Schein, Ph.D.

Exhibit 10(ss)

SEPARATION AGREEMENT

THIS AGREEMENT (this "Agreement"), made and entered into as of this 30th day of March, 2001, by and between SIGA Technologies, Inc., 420 Lexington Avenue, Suite 620, New York, New York 10170, and Judson A. Cooper, 61 Banksville Road, Armonk, New York, 10504. As used throughout this Agreement: "Company" refers to SIGA Technologies, Inc., together with its their past and present parents, subsidiaries, and affiliates, and each of their respective past and present officers, directors, agents, employees, successors and assigns, in both their individual and corporate capacities; and "Executive" refers to Judson A. Cooper, his heirs, executors, administrators, agents, successors, assigns and dependents.

WITNESSETH:

WHEREAS, Executive is serving as the Chairman and Executive Vice President of SIGA Technologies, Inc. and as a member of the Board of Directors of SIGA Technologies, Inc.; and

WHEREAS, by mutual agreement between Executive and the Company, Executive has agreed to resign as an employee, officer and director of the Company effective as of April 16, 2001 or such other date as is consented to by Donald G. Drapkin (the "Effective Date"); and

WHEREAS, SIGA Technologies, Inc., Executive, Joshua D. Schein, Ph.D. Gabriel M. Cerrone, Thomas E. Constance, Donald G. Drapkin and Eric A. Rose, M.D. are entering into a letter agreement of even date herewith (the "Restructuring Agreement") in reliance, in part, upon the execution and delivery of, and performance under, this Agreement.

WHEREAS, there has been a "Change of Control" as such term is defined in the Employment Agreement (as defined herein).

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, the parties hereto agree as follows:

ARTICLE I: RESIGNATION AND TERMINATION OF EMPLOYMENT AGREEMENT

1.1 Resignation and Termination. Executive hereby resigns as an employee, officer and director of the Company effective as of the close of business on the Effective Date. Notwithstanding any provision of the Amended and Restated Employment Agreement between the SIGA Technologies, Inc. and Executive, dated October 6, 2000 (the "Employment Agreement"), to the contrary, such resignation shall not be deemed to be a breach by Executive or the Company of the Employment Agreement. Except as otherwise expressly provided in this Agreement, Executive agrees that this Agreement supersedes the Employment Agreement (and any other existing employment agreements between Executive and the Company). Without limiting the generality of the foregoing, Executive, in consideration of the benefits received hereunder and under the Restructuring Agreement, waives payment of any Change of Control Amount as defined in the Employment Agreement.

1.2 Certain Representations. Executive represents and warrants that, other than the Employment Agreement and as provided for under the Restructuring Agreement, Executive is not party to any agreement or arrangement respecting employment by the Company. Executive also represents and warrants that, to the best of his knowledge, he has fully complied with his obligations under the Employment Agreement and has done nothing contrary to its terms.

ARTICLE II: SEVERANCE PAYMENTS AND BENEFITS

Section 2.1 Payments. On the Effective Date, SIGA Technologies, Inc. shall pay Executive, any accrued, but unpaid Base Salary (as defined in the Employment Agreement) through the Effective Date in full and complete satisfaction of any and all amounts due to Executive from the Company upon termination of employment

Section 2.2 Options. The terms of certain options held by Executive shall be modified in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

Section 2.3 Company Benefits. SIGA Technologies, Inc. shall provide Executive with certain health insurance benefits in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

Section 2.4 Withholding of Taxes. The Company will withhold from any benefits or compensation payable under this Agreement or the Restructuring Agreement all federal, state and local taxes, social security and all other customary withholdings as may be required pursuant to any law or governmental regulation or ruling.

Section 2.5 No Other Payments. Except as specifically provided in this Article 2 or in the Restructuring Agreement or as otherwise required by law, Executive shall not be entitled to receive any sums of money, payments, benefits or severance amounts from the Company following the Effective Date, whether pursuant to the Employment Agreement or otherwise.

ARTICLE III: CONFIDENTIAL INFORMATION AND RETURN OF PROPERTY

Section 3.1 Confidentiality. Executive acknowledges that during his service and employment with the Company he has been privy and made party to confidential information, including but not limited to knowledge or data relating to the Company and the Company's businesses and investments, information regarding vendors, employees, strategic and business plans, and analysis of competitors ("Confidential Information") and Trade Secrets (as defined below).

(a) It is a material condition of this Agreement that Executive complies with the terms of Section 9 of the Employment Agreement (entitled "Confidentiality, Ownership, and Covenants"), the terms of which are incorporated by reference herein; provided, however, that Executive shall be relieved of his obligations under Subsection (d) and clauses (i) and (ii) of

Subsection (e) thereof. Matters concerning notice and severability in connection with Section 9 of the Employment Agreement shall continue to be governed by Sections 15 and 16 of the Employment Agreement, each of which is incorporated by reverence herein.

(b) In addition to, and not limited by, the provisions of Section 9 of the Employment Agreement, Executive agrees that, following the Effective Date, Executive shall hold in a fiduciary capacity for the benefit of the Company all Trade Secrets and Confidential Information, which shall have been obtained by Executive during his service and employment with the Company and which is not generally available public knowledge (other than by acts by Executive). Executive shall not at any time, without the prior written consent of SIGA Technologies, Inc. or as may otherwise be required by law or any legal process (in which case Executive shall use his reasonable best efforts in cooperating with the Company in obtaining a protective order against disclosure by a court of competent jurisdiction), communicate or divulge any such Trade Secrets or Confidential Information to anyone other than the Company and those expressly designated by the Company. For purposes of this Agreement, "Trade Secrets" shall mean all information, without regard to form, including, but not limited to, technical or non-technical data, formulae, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, business projections, product plans, distribution lists or lists of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Section 3.2 Return of Property. All records, files, drawings, documents, models, equipment, and the like relating to the Company's business and any and all property (in what ever form or medium) of the Company in Executive's possession, custody or control shall be returned to SIGA Technologies, Inc. on or before the Effective Date. Executive hereby assigns to SIGA Technologies, Inc. all rights, title and interest in and to Trade Secrets and other products relating to the Company's business developed by him alone or in conjunction with others at any time while employed by or in the service of the Company. Executive shall take all such further actions as are reasonably necessary to effectuate the provisions of this Section 3.2.

ARTICLE IV: NO ADMISSION.

In executing this Agreement, neither the Company nor Executive admits any liability or wrongdoing, and the considerations exchanged herein do not constitute an admission of any liability, error, contract violation, or violation of any federal, state, or local law or regulation.

ARTICLE V: RELEASE

Section 5.1 Release of Claims by Executive.

(a) Except as necessary to enforce the terms of this Agreement and the Restructuring Agreement, and in exchange for and in consideration of the promises, covenants and agreements set forth herein and therein, Executive hereby releases the Company to the maximum extent permitted by law from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, which Executive has or may have for any period prior to and including the date of his execution of this Agreement, including, but not limited to, any claim of defamation, wrongful discharge, breach of contract, claims for unpaid wages, claims arising under or related to the Employment Agreement and claims of discrimination under the Age Discrimination in Employment Act of 1967 and all other federal, state and local laws, and any claim for attorneys' fees or costs.

(b) Executive represents that he does not have any claim, action or proceeding pending against the Company or which arises out of his employment by the Company. Executive represents and warrants that he has not assigned or subrogated any of his rights, claims and causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claim or claims on his behalf, and he agrees to indemnify and hold harmless the Company against any assignment of said rights, claims and/or causes of action.

Section 5.2 Release of Claims by the Company. Except as necessary to enforce the terms of this Agreement and the Restructuring Agreement, and in exchange for and in consideration of the promises, covenants and agreements set forth herein, the Company hereby releases Executive from any and all manner of claims, demands, causes of action, obligations, damages, or liabilities whatsoever of every kind and nature, at law or in equity, known or unknown, and whether or not discoverable, arising out of Executive's employment by the Company which the Company has or may have for any period prior to and including the date of the execution of this Agreement; provided, however, that the Company does not release herein any claims the Company may now or in the future have against Executive for acts of intentional misconduct committed by Executive during Executive's employment with the Company.

ARTICLE VI: FORM S-8

The Company shall have obligations with respect to the Registration Statement on Form S-8 registering Common Stock issued in connection with the Company's employee stock incentive plan in accordance with, and subject to the terms and conditions of, the Restructuring Agreement.

ARTICLE VII: INDEMNIFICATION AND DIRECTORS AND OFFICERS INSURANCE

The Company shall indemnify Executive in accordance with, and subject to the terms and conditions of the Restructuring Agreement. The Company shall cause Executive to be covered by its directors and officers liability insurance policy so long as it maintains such a policy for any current or former directors or officers; provided that this obligation shall cease upon the expiration of all applicable statutes of limitations applicable to potential causes of action against Executive which could be covered under such insurance policy.

ARTICLE VIII: MISCELLANEOUS

Section 8.1 Remedy. Should Executive engage in or perform, either directly or indirectly, any of the acts prohibited by Article 3 or, in any other way, violate such Article, it is agreed that the Company would suffer irreparable harm that would be impossible to quantify. Accordingly, the Company shall be entitled to full injunctive relief, to be issued by any competent court of equity, enjoining and restraining Executive and each and every other person, firm, organization, association, or corporation concerned therein, from the continuance of such violative acts. The foregoing remedy shall not be deemed to limit or prevent the exercise by the Company of any or all further rights and remedies which may be available to the Company hereunder or at law or in equity.

Section 8.2 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered, sent by facsimile or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to such address as provided in the preamble hereto or sent to such other address or facsimile number as each party may furnish to the other in writing from time to time in accordance with this Section 8.2.

Section 8.3 Applicable Law. This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of New York without giving effect to any choice of law principles or to where the parties are located at the time a dispute arises.

Section 8.4 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall (i) be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time or (ii) preclude insistence upon strict compliance in the future.

Section 8.5 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect and such invalid or unenforceable provision shall be reformulated by such court to preserve the intent of the parties hereto.

Section 8.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

Section 8.7 Headings. The Article, Section and Subsection headings used herein have been inserted for purposes of convenience only and shall not be used for interpretive purposes.

Section 8.8 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

Section 8.9 Affiliate. As used in this Agreement, "affiliate," with respect to any person or entity, shall mean any other person or entity which directly or indirectly through any one or more intermediaries owns or controls, is owned or controlled by, or is under common ownership or control with such person or entity.

Section 8.10 Assignment. No rights or obligations of Executive hereunder may be assigned by Executive to any other person or entity, except by will or the laws of descent and distribution. In the event of Executive's death prior to receipt by Executive of all amounts payable to Executive hereunder, such amounts shall be payable to Executive's designated beneficiaries on the same schedule as provided for in this Agreement. No rights or obligations of SIGA Technologies, Inc. under this Agreement may be assigned or delegated to any other person or entity, except to a successor to the business or substantially all of the assets of SIGA Technologies, Inc.

Section 8.11 Entire Agreement. Except as otherwise expressly provided herein, this Agreement, together with the Restructuring Agreement, constitutes the entire agreement of the parties with regard to the subject matter hereof, contains all the covenants, promises, representations, warranties and agreements between the parties with respect to Executive's resignation from the Company and supersedes all prior employment or severance agreements between Executive and the Company, including, but not limited to, the Employment Agreement (except as otherwise expressly provided herein). Executive acknowledges and agrees that the consideration provided for herein is adequate consideration for Executive waiving his rights under the Employment Agreement. Except as otherwise expressly provided herein, each party to this Agreement acknowledges that no representation, inducement, promise or agreement, oral or written, has been made by either party, or by anyone acting on behalf of either party, which is not embodied herein or in the Restructuring Agreement, and that no agreement, statement, or promise relating to Executive's resignation from the Company, that is not contained in this Agreement or the Restructuring Agreement, shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing and signed by the parties and consented to in writing by each party to the Restructuring Agreement. Each Party to the Restructuring Agreement that is not also a party hereto shall be a third party beneficiary of this Agreement.

Section 8.12 Legal Fees. The Company shall reimburse Executive for certain legal fees and expenses in accordance with, and subject to, the terms and conditions of the Restructuring Agreement.

ARTICLE IX: EXECUTIVE ACKNOWLEDGEMENTS

Section 9.1 Executive acknowledges that he has read and understands the terms of this Agreement and has voluntarily agreed to these terms without coercion or undue persuasion by the Company.

Section 9.2 Executive acknowledges that he has been advised to consult with an attorney prior to executing this Agreement. Executive also acknowledges that he has had an adequate opportunity to review this Agreement before its execution.

Section 9.3 Executive acknowledges that he has been afforded an opportunity to take at least twenty-one (21) days to consider this Agreement and has been advised to consult with the attorneys of his choice prior to executing this Agreement. Executive further acknowledges that he will have a period of seven (7) calendar days following his execution of this Agreement in which to revoke his consent, and that such revocation will be effective only if received in writing by Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York, 10022, Attention: David M. Zlotchew, Esq., on or before the expiration of this seven (7) day period. This Agreement will not become effective or enforceable until the revocation period has expired.

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

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

Thomas N. Konatich
Vice President-Chief Financial Officer

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

SIGA TECHNOLOGIES, INC.

By:

/s/ Judson A. Cooper

Judson A. Cooper

Exhibit 10(tt)

EXECUTION VERSION

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the "Agreement"), made in New York, New York, as of the 22nd day of June, 2001, between Siga Technologies, Inc., a Delaware corporation having its executive offices and principal place of business at 420 Lexington Avenue, Suite 620, New York, New York 10170 (the "Company"), and Philip N. Sussman, an individual currently residing at 145 West 86th Street, Apt. 7A, New York, New York 10024 ("Executive").

WHEREAS, the Company desires to employ Executive, and Executive desires to accept such employment on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and agreements hereinafter set forth, the Company and Executive agree as follows:

1. Term.

The term of this Agreement shall be the two-year period commencing on June 22, 2001 and ending on June 21, 2003, and as may be extended from time to time pursuant to Section 9(p) hereof, (the "Term").

2. Employment.

(a) Employment by the Company. The Company shall employ Executive and Executive agrees to be employed by the Company during the Term upon the terms and subject to the conditions set forth in this Agreement. Executive shall serve as President and Chief Executive Officer of the Company and shall have such duties as may be prescribed by the Company consistent with the duties generally prescribed to executives of the same level and responsibility as implied by the titles given to Executive and also shall serve in such additional position(s) as the Company may reasonably determine from time to time, provided that the responsibilities of such additional position(s) do not materially impair Executive's ability to perform as President and Chief Executive Officer.

(b) Performance of Duties. Throughout the Term, Executive shall faithfully and diligently perform Executive's duties in conformity with the directions of the Company and serve the Company to the best of Executive's ability. Executive shall devote Executive's entire working time to the business and affairs of the Company, subject to vacations and sick leave in accordance with Company policy and as otherwise permitted herein. Notwithstanding anything to the contrary in this Section 2(b), so long as such activities do not preclude or render unlawful Executive's employment by the Company or otherwise materially inhibit the performance of his duties under this Agreement or materially impair the business of the Company, Executive (i) may make personal investments which are not in conflict with his duties to the Company and manage personal and family financial and legal affairs, (ii) may continue to serve on any board of directors on which he is known by the Board of Directors of the Company to be serving on the effective date of this Agreement, as specified in Schedule A hereto, (iii) may serve as a director of (or hold a similar position with) any corporation, trade association, or charitable organization with the approval of the Board of Directors of the Company.

(c) Place of Performance. Executive shall be based at the Company's principal place of business in New York, New York, or in such other location(s) in New York City, Nassau County, or Westchester County, or in New Jersey at a distance that is no longer than 30 miles from the Empire State Building as the Company may determine.

3. Compensation and Benefits.

(a) Base Salary. The Company agrees to pay to Executive a base salary ("Base Salary") at the annual rate of $300,000, payable in equal installments consistent with the Company's payroll practices.

(b) Benefits and Perquisites. Executive shall be entitled to participate in, to the extent Executive is otherwise eligible under the terms thereof, the benefit plans and programs, and receive the benefits and perquisites, generally provided to executives of the same level and responsibility as Executive, including without limitation family medical insurance, life insurance and disability insurance (subject to applicable employee contributions). Executive's annual vacation entitlement shall be the greater of four weeks and the amount of vacation to which Executive is entitled under Company policy; provided, however, that Executive's vacation entitlement shall be the same as or greater than the vacation entitlement of each other employee of the Company.

(c) Bonus. The Company may, in its sole discretion, pay to Executive an annual bonus based on the performance of the Company and of Executive as determined by the Company in its sole discretion.

(d) Grant of Options and Terms Thereof. On or before June 30, 2001, the Company shall grant to Executive a non-qualified option (the "Option"), to purchase four hundred twenty thousand (420,000) shares of the Company's common stock at a share price equal to the closing share price of the Company's common stock on the date of the execution of this Agreement. The Option shall vest in four equal installments -- on the first, second, third, and fourth anniversaries of Executive's employment under this Agreement -- provided that Executive is employed by the Company or receiving severance pay under Section 4(d) or 4(e) of this Agreement on the respective vesting dates. All terms of the Option shall be governed by the Company's Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan"), as well as the applicable option agreement to be entered into pursuant to the terms of the Plan; provided, however, that this Agreement supersedes the Plan with respect to the terms of the Option contained herein and provided further that the term "Cause" in the Plan shall be defined as the term "Cause" is defined in Section 4(b) of this Agreement. Notwithstanding the foregoing all options granted hereunder shall be contingent upon stockholder approval of the Plan.

(e) Travel and Business Expenses. Upon submission of itemized expense statements in the manner specified by the Company, Executive shall be entitled to reimbursement for reasonable travel and other reasonable business expenses duly incurred by Executive in the performance of Executive's duties under this Agreement in accordance with the policies and procedures established by the Company from time to time for executives of the same level and responsibility as Executive.

(f) No Other Compensation or Benefits; Payment. The compensation and benefits specified in this Section 3 and in Section 4 of this Agreement shall be in lieu of any and all other compensation and benefits. Payment of all compensation and benefits to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time to the extent the same are consistently applied, including normal payroll practices, and shall be subject to all applicable employment and withholding taxes and other withholdings.

(g) Cessation of Employment. In the event Executive shall cease to be employed by the Company for any reason, then Executive's compensation and benefits shall cease on the date of such event, except as otherwise provided herein or in any applicable employee benefit plan or program.

4. Termination of Employment.

(a) Termination. The Company may terminate Executive's employment for Cause (as defined below) or for any material breach of this Agreement, in which case the provisions of Section 4(b) of this Agreement shall apply. The Company may also terminate Executive's employment in the event of Executive's Disability (as defined below), in which case the provisions of Section 4(c) of this Agreement shall apply. The Company may also terminate the Executive's employment for any other reason by written notice to Executive, in which case the provisions of Section 4(d) of this Agreement shall apply. If Executive's employment is terminated by reason of Executive's death, retirement or voluntary resignation, the provisions of Section 4(b) of this Agreement shall apply.

(b) Termination for Cause; Termination by Reason of Death or Retirement or Voluntary Resignation. In the event that Executive's employment hereunder is terminated during the Term (x) by the Company for Cause (as defined below), (y) by reason of Executive's death or retirement or (z) by reason of Executive's voluntary resignation, then the Company shall pay to Executive only the Base Salary through such date of termination. For purposes of this Agreement, "Cause" shall mean (i) conviction of any crime (whether or not involving the Company) constituting a felony in the jurisdiction involved; (ii) engaging in any act which, in each case, subjects, or if generally known would subject, the Company to public ridicule or embarrassment; (iii) gross neglect or gross misconduct in the performance of Executive's duties hereunder; (iv) willful failure or refusal to perform such duties as may reasonably be delegated to Executive; or (v) material breach of any provision of this Agreement by Executive; provided, however, that a termination pursuant to clause (iii), (iv), or (v) shall not become effective unless the Executive fails to cure such neglect, misconduct, failure or refusal to perform, or breach within twenty (20) days after written notice from the Company, such notice to describe such neglect, misconduct, failure or refusal to perform, or breach.

(c) Disability. If, as a result of Executive's incapacity due to physical or mental illness, Executive shall have been absent from Executive's duties hereunder on a full time basis for either (i) one hundred twenty (120) days within any three hundred sixty-five (365) day period, or (ii) ninety (90) consecutive days, the Company may terminate Executive's employment hereunder for "Disability". In that event, the Company shall pay to Executive only the Base Salary through such date of termination. During any period that Executive fails to perform Executive's duties hereunder as a result of incapacity due to physical or mental illness (a "Disability Period"), Executive shall continue to receive the compensation and benefits provided by Section 3 of this Agreement until Executive's employment hereunder is terminated; provided, however, that the amount of compensation and benefits received by Executive during the Disability Period shall be reduced by the aggregate amounts, if any, payable to Executive under disability benefit plans and programs of the Company or under the Social Security disability insurance program.

(d) Termination By Company For Any Other Reason. In the event that Executive's employment hereunder is terminated by the Company during the Term for any reason other than as provided in Section 4(b) or 4(c) of this Agreement, then the Company shall pay to Executive the Base Salary through such date of termination, and, in lieu of any further compensation and benefits for the balance of the Term: (x) the Company shall provide Executive with severance pay equal to six months of Base Salary, which severance pay shall be paid commencing with such date of termination at the times and in the amounts such Base Salary amounts would have been paid if Executive had remained employed by the Company for the six-month period immediately following the date of termination; and (y) if Executive timely elects COBRA continuation medical coverage, the Company shall reimburse Executive for COBRA premium costs for the level of coverage Executive maintained on the date of termination incurred by Executive for the six months immediately following the termination of his employment; provided, however, that the Company's obligation to make such COBRA reimbursement payments shall cease upon Executive becoming eligible for medical coverage under another group health plan. During the period in which Executive receives severance pay under this Section 4(d), the Option shall continue to vest and the Company shall provide Executive with an office and office services through an executive outplacement service. If Executive's employment is terminated under this Section 4(d), Executive's vested options shall be exercisable for three years immediately following the end of the six-month period during which he received severance pay. Notwithstanding anything to the contrary contained herein, in the event that Executive shall materially breach Section 5, 6, or 7 of this Agreement, in addition to any other remedies the Company may have in the event Executive breaches this Agreement, the Company's obligation pursuant to this Section 4(d) to make severance payments shall cease, the Option shall expire, and Executive's rights with respect to severance pay and the Option shall terminate and shall be forfeited. The entitlement to severance pay and option vesting and exercisability hereunder shall not be affected by, or reduced by virtue of, any subsequent employment, or income, that Executive may obtain.

(e) Termination by Executive upon Change in Control. Upon a Change in Control, if Executive is no longer the President and Chief Executive Officer or its equivalent of the surviving organization, then Executive may terminate his employment with Company within 90 days of the Change in Control. If Executive terminates his employment under this Section 4(e), the Company shall pay to Executive the Base Salary through such date of termination and, in lieu of any further compensation and benefits for the balance of the Term, severance pay equal to six months of Base Salary, which severance pay shall be paid commencing with such date of termination at the times and in the amounts such Base Salary amounts would have been paid if Executive had remained employed by the Company for the six-month period immediately following the date of termination and all unvested options shall be, and become, vested on the date of termination. For purposes of this Agreement, Change in Control shall mean any of the following occurrences:

(i) the Corporation sells all or substantially all of its assets to one "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) who is unaffiliated with the Corporation (or a related group) (as defined in the Exchange Act); or

(ii) the stockholders of the Corporation approve a merger or consolidation of the Corporation with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no "person" (as defined above) acquires more than 50% of the combined voting power of the Corporation's then outstanding securities shall not constitute a Change in Control.

(f) Release. The Company shall have the right to condition the payment of any severance, continued vesting of options, and/or provision of benefits pursuant to this Section 4 upon the delivery by Executive to the Company of a release in form and substance satisfactory to the Company of any and all claims Executive may have against the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders (in their capacity as stockholders), successors, assigns, agents and representatives arising out of or related to Executive's employment by the Company and the termination of such employment.

5. Exclusive Employment; Noncompetition.

(a) No Conflict; No Other Employment. During the period of Executive's employment with the Company, Executive shall not: (i) engage in any activity which conflicts or interferes with or derogates from the performance of Executive's duties hereunder nor shall Executive engage in any other business activity, whether or not such business activity is pursued for gain or profit, except as approved in advance in writing by the Board of Directors of the Company; provided, however, that Executive shall be entitled to manage his personal investments and otherwise attend to personal affairs, including charitable activities, in a manner that does not unreasonably interfere with his responsibilities hereunder, or (ii) accept any other full-time or substantially full-time employment, whether as an executive or consultant or in any other capacity, and whether or not compensated therefor. The Company acknowledges that Executive may have obligations to his former employer as described in Appendix B and states that as of the date of execution of this Agreement it does not believe those obligations to be in breach of this Section 5(a).

(b) No Competition. Executive recognizes the highly competitive nature of the Company's business and that Executive's position with the Company and access to and use of the Company's confidential records and proprietary information renders Executive special and unique. Without limiting the generality of the provisions of Section 2(b) or 5(a) of this Agreement, during the Term, and any extension thereof, and for a period of one year after the termination of Executive's employment with the Company for any reason, Executive shall not, directly or indirectly, own, manage, operate, join, control, participate in, invest in or otherwise be connected or associated with, in any manner, including as an officer, director, employee, independent contractor, stockholder, member, partner, consultant, advisor, agent, proprietor, trustee or investor, any Competing Business located in the United States; provided, however, that ownership of 2% or less of the stock or other securities of a corporation, the stock of which is listed on a national securities exchange or is quoted on The Nasdaq Stock Market, shall not constitute a breach of this Section 5, so long as Executive does not in fact have the power to control, or direct the management of, or is not otherwise associated with, such corporation.

For purposes hereof, the term "Competing Business" shall mean any business or venture which, directly or indirectly, relates to the development and commercialization of antimicrobial drugs and vaccines, both of which are directed at bacterial infections or to any other areas of concentration of the Company during Executive's employment; provided, however, that Executive's affiliation with a Competing Business shall not be in breach of this Section 5(b) as long as his affiliation does not in any way relate to the development and commercialization of anti-microbial drugs and vaccines directed at bacterial infections or to any other areas of concentration of the Company during Executive's employment.

(c) No Solicitation of Employment. During the Term, and any extension thereof, and for a period of one year thereafter, Executive shall not solicit or encourage any other employee to leave the Company for any reason, nor assist any business in doing so, nor employ such an employee in a Competing Business or any other business.

(d) Company Customers. Executive shall not, during the Term, and any extension thereof, and for a period of one year thereafter, except as required by the Company in the performance by Executive of his duties under this Agreement, directly or indirectly, on behalf of a Competing Business, contact, solicit or do business with any "customers" (as defined below) of the Company for the purpose of selling or licensing anti-microbial drugs or vaccines directed at bacterial infections or any other product then sold or licensed by the Company or proposed to be sold or licensed by the Company. For the purposes of the provisions of this Section 5(d), "customer" shall include any entity that, within two years prior to the termination of Executive's employment hereunder, purchased or licensed any product from the Company. The term "customer" also includes any former customer or potential customer of the Company which the Company has solicited within two years prior to the termination of Executive's employment hereunder for the purpose of selling or licensing any product then sold or licensed by the Company or proposed to be sold or licensed.

(e) Executive understands that the provisions of this Section 5 may limit his ability to earn a livelihood in a business that competes with the business of the Company but nevertheless agrees and hereby acknowledges that the consideration provided under this Agreement is sufficient to justify the restrictions contained in such provisions. In consideration thereof and in light of Executive's education, skills and abilities, Executive agrees that he will not assert in any forum that such provisions prevent him from earning a living or otherwise are void or unenforceable or should be held void or unenforceable.

6. Inventions and Proprietary Property.

(a) Definition of Proprietary Property. For purposes of this Agreement, "Proprietary Property" shall mean designs, specifications, ideas, formulae, discoveries, inventions, improvements, innovations, concepts and other developments, trade secrets, techniques, methods, know-how, technical and non-technical data, works of authorship, computer programs, computer algorithms, computer architecture, mathematical models, drawings, trademarks, copyrights, customer lists, marketing plans, and all other matters which are legally protectible or recognized as forms of property, whether or not patentable or reduced to practice or to a writing. Notwithstanding anything to the contrary elsewhere contained in this Section 6, it is expressly understood that the Proprietary Rights to articles prepared or written for the trade press may be assigned to the respective trade press companies.

(b) Assignment of Proprietary Property to the Company. Executive hereby agrees to assign, transfer and set over, and Executive does hereby assign, transfer and set over, to the Company, without further compensation, all of Executive's rights, title and interest in and to any and all Proprietary Property which Executive, either solely or jointly with others, has conceived, made or suggested or may hereafter conceive, make or suggest, in the course of Executive's employment with the Company.

The assignment of Proprietary Property hereunder includes without limitation all rights of paternity, integrity, disclosure and withdrawal and any other rights that may be known as or referred to as moral rights and the like ("Moral Rights"). To the extent that such Moral Rights cannot be assigned under applicable law and to the extent the following is allowed by the laws in the various countries where Moral Rights exist, Executive hereby waives such Moral Rights and consents to any action of the Company or any third party that would violate such Moral Rights in the absence of such consent. Executive also will endeavor to facilitate such use of any such Moral Rights as the Company shall reasonably instruct, including confirming any such waivers and consents from time to time as requested by the Company.

(c) Works for Hire. Executive acknowledges that all original works of authorship or other creative works which are made by Executive (solely or jointly with others) within the scope of the employment of Executive by the Company and which are protectable by copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101). To the extent such original work of authorship or other creative works are not works made for hire, Executive hereby assigns to the Company all of the rights comprised in the copyright of such works.

(d) Disclosure of Proprietary Property and Execution of Documents. Executive further agrees to promptly disclose to the Company any and all Proprietary Property which Executive has assigned, transferred and set over or will assign, transfer and set over as provided in paragraph (b) and Executive agrees to execute, acknowledge and deliver to the Company, without additional compensation and without expense to Executive, any and all instruments reasonably requested, and to do any and all lawful acts which, in the reasonable judgment of the Company or its attorneys may be required or desirable in order to vest in the Company all property rights with respect to such Proprietary Property.

(e) Enforcement of Proprietary Rights. Executive will assist the Company in every proper way to obtain, assign to the Company, confirm and from time to time enforce, United States and foreign patent trade secret, trademark, copyright, mask work, and other intellectual property rights relating to Proprietary Property in any and all countries. To that end Executive will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such proprietary rights and the assignment of such Proprietary Property. In addition, Executive will execute, verify and deliver assignments of such Proprietary Property and all rights therein to the Company or its designee. The obligation of Executive to assist the Company with respect to proprietary rights relating to such Company Proprietary Property in any and all countries shall continue beyond the termination of employment, but the Company shall compensate Executive at a reasonable rate after such termination for the time actually spent at the Company's request on such assistance.

In the event the Company is unable for any reason, after reasonable effort, to secure the signature of Executive on any document needed in connection with the actions specified in the preceding paragraph, Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as agent and attorney in fact, which appointment is coupled with an interest, to act for and on behalf of Executive to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph with the same legal force and effect as if executed by Executive. Executive hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, which Executive now or may hereafter have for infringement of any proprietary rights assigned hereunder to the Company.

(f) Third Party Information. To the extent Executive has or possesses any Confidential Information (as hereinafter defined) belonging to Executive or to others, Executive will not use or disclose to the Company or induce the Company to use any such Confidential Information unless the Company has a legal right to use such Confidential Information. Executive will promptly advise the Company in writing if any of Executive's involvement with the Company might result in the possible violation of Executive's undertakings to others or the use of any Confidential Information of Executive or of others.

7. Confidential Information.

(a) Existence of Confidential Information. The Company owns and has developed and compiled, and will develop and compile, certain proprietary techniques and confidential information which have great value to its business (referred to in this Agreement, collectively, as "Confidential Information"). Confidential Information includes not only information disclosed by the Company to Executive, but also information developed or learned by Executive during the course or as a result of employment with the Company, which information shall be the property of the Company. Confidential Information includes all information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all information of which the unauthorized disclosure could be detrimental to the interests of the Company, whether or not such information is specifically labeled as Confidential Information by the Company. By way of example and without limitation, Confidential Information includes any and all information developed, obtained, licensed by or to or owned by the Company concerning trade secrets, techniques, know-how (including designs, plans, procedures, merchandising, marketing, distribution and warehousing know-how, processes, and research records), software, computer programs and designs, development tools, all Proprietary Property, and any other intellectual property created, used or sold (through a license or otherwise) by the Company, electronic data information know-how and processes, innovations, discoveries, improvements, research, development, test results, reports, specifications, data, formats, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, budgets, projections, customer, supplier, licensee, licensor and subcontractor identities, characteristics, agreements and operating procedures, and salary, staffing and employment information. The term "proprietary information" shall not include information generally known or available to the public or generally known or available to the industry or information that becomes available to Executive on a non-confidential basis from a source other than the Company or its directors, officers, employees, or agents (without breach of any obligation of confidentiality).

(b) Protection of Confidential Information. Executive acknowledges and agrees that in the performance of Executive's duties hereunder the Company may disclose to and entrust Executive with Confidential Information which is the exclusive property of the Company and which Executive may possess or use only in the performance of Executive's duties to the Company. Executive also acknowledges that Executive is aware that the unauthorized disclosure of Confidential Information, among other things, may be prejudicial to the Company's interests, an invasion of privacy and an improper disclosure of trade secrets. Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any corporation, partnership or other entity, individual or other third party, other than in the course of Executive's assigned duties and for the benefit of the Company, any Confidential Information, either during the Term or thereafter.

(c) Delivery of Records. Etc. In the event Executive's employment with the Company ceases for any reason, Executive will not remove from the Company's premises without its prior written consent any records (written or electronic), files, drawings, documents, equipment, materials and writings received from, created for or belonging to the Company, including those which relate to or contain Confidential Information, or any copies thereof. Upon request or when employment with the Company terminates, Executive will immediately deliver the same to the Company; provided, however, that Executive shall be allowed to retain a copy of any business and personal contact information that Executive brought to the Company, including any updating to same that has been done during his employment at the Company.

8. Assignment and Transfer.

(a) Company. This Agreement shall inure to the benefit of and be enforceable by, and may be assigned by the Company to, any purchaser of all or substantially all of the Company's business or assets, any successor to the Company or any assignee thereof (whether direct or indirect, by purchase, merger, consolidation or otherwise).

(b) Executive. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void; provided, however, that if Executive shall die, all amounts then payable to, or vested in, Executive hereunder shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee or other designee or, if there be no such designee, to Executive's estate.

9. Miscellaneous.

(a) Other Obligations. Executive represents and warrants that neither Executive's employment with the Company nor Executive's performance of Executive's obligations hereunder will conflict with or violate or otherwise are inconsistent with any other obligations, legal or otherwise, which Executive may have. Executive covenants that he shall perform his duties hereunder in a professional manner and not in conflict or violation, or otherwise inconsistent with other obligations legal or otherwise, which Executive may have.

(b) Nondisclosure; Other Employers. Executive will not disclose to the Company, or use, or induce the Company to use, any proprietary information, trade secrets or confidential business information of others.

(c) Cooperation. Following termination of employment with the Company for any reason, Executive shall cooperate with the Company, as reasonably requested by the Company, to affect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive.

(d) No Mitigation of Severance. Executive shall be under no duty to mitigate any losses or damage to, or payments by, the Company, and there shall be no setoffs or reductions with respect to any severance or other amounts payable pursuant to Section 4 of this Agreement except as provided in Section 4.

(e) Protection of Reputation. During the Term, Executive agrees that he will not take action which is intended, or would reasonably be expected, to harm the Company or its reputation or which would reasonably be expected lead to unwanted or unfavorable publicity to the Company.

(f) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to principles of the conflict of laws thereof.

(g) Jurisdiction; Forum. Each party hereto consents and submits to the jurisdiction of any state court sitting in New York County, New York, and the U.S. District Court for the Southern District of New York in connection with any dispute arising out of or relating to this Agreement. Each party hereto waives any objection to the laying of venue in such courts and any claim that any such action has been brought in an inconvenient forum. To the extent permitted by law, any judgment in respect of a dispute arising out of or relating to this

Agreement may be enforced in any other jurisdiction within or outside the United States by suit on the judgment, a certified copy of such judgment being conclusive evidence of the fact and amount of such judgment.

(h) Waiver of Jury Trial. Each of the parties hereto irrevocably waives any and all right to trial by jury with respect to any action, claim or other proceeding arising out of or relating to this Agreement.

(i) Entire Agreement. This Agreement (including all exhibits and schedules hereto) contains the entire agreement and understanding between the parties hereto in respect of Executive's employment and supersedes, cancels and annuls any prior or contemporaneous written or oral agreements, understandings, commitments and practices between them respecting Executive's employment, including all prior employment agreements, if any, between the Company and Executive, which agreement(s) hereby are terminated and shall be of no further force or effect.

(j) Amendment. This Agreement may be amended only by a writing which makes express reference to this Agreement as the subject of such amendment and which is signed by Executive and, on behalf of the Company, by its duly authorized officer.

(k) Severability. If any term, provision, covenant or condition of this Agreement or part thereof, or the application thereof to any person, place or circumstance, shall be held to be invalid, unenforceable or void by a court of competent jurisdiction, the remainder of this Agreement and such term, provision, covenant or condition shall remain in full force and effect, and any such invalid, unenforceable or void term, provision, covenant or condition shall be deemed, without further action on the part of the parties hereto, modified, amended and limited, and the court shall have the power to modify, to the extent necessary to render the same and the remainder of this Agreement valid, enforceable and lawful. In this regard, Executive acknowledges that the provisions of Sections 5, 6, and 7 of this Agreement are reasonable and necessary for the protection of the Company.

(l) Construction. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. The use herein of the word "including," when following any general provision, sentence, clause, statement, term or matter, shall be deemed to mean "including, without limitation." As used herein, "Company" shall mean the Company and its subsidiaries and any purchaser of, successor to or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) of all or substantially all of the Company's business or assets which is obligated to perform this Agreement by operation of law, agreement pursuant to Section 8 of this Agreement or otherwise. As used herein, the words "day" or "days" shall mean a calendar day or days.

(m) Nonwaiver. Neither any course of dealing nor any failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Company, by its duly authorized officer.

(n) Remedies for Breach. The parties hereto agree that Executive is obligated under this Agreement to render personal services during the Term of a special, unique, unusual, extraordinary and intellectual character, thereby giving this Agreement special value, and, in the event of a breach or threatened breach of any covenant of Executive herein, the injury or imminent injury to the value and the goodwill of the Company's business could not be reasonably or adequately compensated in damages in an action at law. Accordingly, Executive expressly acknowledges that the Company shall be entitled to specific performance, injunctive relief or any other equitable remedy against Executive, without the posting of a bond, in the event of any breach or threatened breach of any material provision of this Agreement by Executive (including, without limitation, Sections 5, 6, and 7). Without limiting the generality of the foregoing, if Executive breaches or threatens to breach Section 5, 6, or 7 of this Agreement, such breach or threatened breach will entitle the Company, without posting of bond, to an injunction prohibiting (i) Executive from disclosing any Confidential Information to any Competing Business; (ii) such Competing Business from receiving from Executive or using any such Confidential Information; and (iii) Executive from, indirectly or directly, owning, managing, operating, joining, controlling, participating in, investing in or otherwise being connected or associated with, in any manner, any such Competing Business. The rights and remedies of the parties hereto are cumulative and shall not be exclusive, and each such party shall be entitled to pursue all legal and equitable rights and remedies and to secure performance of the obligations and duties of the other under this Agreement, and the enforcement of one or more of such rights and remedies by a party shall in no way preclude such party from pursuing, at the same time or subsequently, any and all other rights and remedies available to it.

(o) Notices. Any notice, consent, request or other communication made or given under this Agreement or pursuant to law shall be sufficient if in writing and shall be deemed to have been duly given when actually received, or, if mailed, five days after mailing by registered or certified mail, return receipt requested, to Executive's residence (as reflected in the Company's records or as otherwise designated by Executive on at least thirty (30) days' prior written notice to the Company) or to the Company's principal executive office, attention: Chairman of the Board, as the case may be. Rejection or other refusal to accept, or the inability to deliver because of changed address of which no notice was given as provided herein, shall be deemed to be receipt of the notice, request, consent or approval sent.

(p) Extension of the Term. This Agreement may be extended, in the Company's sole discretion, for a period of one year at the end of the Term (or any extension thereof) provided that the Company notifies Executive in writing of its intention to renew this Agreement not later than six months prior to the end of the Term (or extension thereof) (the "Notice Date"). Any such extension shall be effective and binding as of the applicable Notice Date. If the Company fails to offer to extend the Term of this Agreement for at least one year then the failure to extend shall be treated as a Section 4(d) event as of the end of the Term.

(q) Assistance in Proceedings, Etc. Executive shall during and after expiration of the Term, upon reasonable notice, furnish such information and assistance to the Company as may reasonably be required by the Company in connection with any legal or quasilegal proceeding, including any external or internal investigation, involving the Company or any of its affiliates or in which any of them is, or may become, a party. In connection with any cooperation or assistance to be provided by Executive to the Company following his termination under this Section 9(q), it is specifically agreed that: (i) Executive shall have all of his reasonable costs reimbursed to him by the Company; (ii) the Company shall compensate Executive at a rate of $1,000 per day for his attendance, at the Company's request, at meetings, conferences, hearings, or other proceedings; and (iii) the Company acknowledges that Executive desires not to travel outside the New York metropolitan area to fulfill his obligations under this Section 9(q) and will consider such desire in making any request for assistance under this Section 9(q).

(r) Survival. Cessation or termination of Executive's employment with the Company shall not result in termination of this Agreement. The respective obligations of Executive and rights and benefits afforded to the Company as provided in this Agreement shall survive cessation or termination of Executive's employment hereunder.

(s) Counterparts; fax. For the convenience of the parties hereto, any number of counterparts hereof may be executed, each such executed counterpart shall be deemed an original and all such counterparts together shall constitute one and the same instrument. Facsimile transmission of any signed original counterpart and/or retransmission of any signed facsimile transmission shall be deemed the same as the delivery of the original.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed on its behalf by an officer thereunto duly authorized and Executive has duly executed this Agreement, all as of the date and year first written above.

SIGA TECHNOLOGIES, INC.	EXECUTIVE:
By:_____________________	________________________
Name:	Philip N. Sussman
Title:	

Schedule A

As of the effective date of the Agreement, Executive is a member of the following boards and panel:

1. Editorial Advisory Board of the Journal of Commercial Biotechnology

2. Review Panel for the Innovative Technology Grant Program, sponsored by the New York State Research Foundation, Center for Biotechnology

3. Advisory board of "Investing in Biotechnology" a conference, sponsored by International Business Forums to be held in November 2001

4. Advisory board for the New York Biotechnology Association

5. Advisory board for the Biotechnology Industry Organization

6. Board of Directors of the David Kantrowitz Family Benevolent Association

In addition to serving on the above boards and panel, Executive is organizing a panel for the Annual Meeting of the Association of University Technology Managers, to be held in February 2002.

IN WiTNESS WHEREOF, the Company has caused this Agreement to be duly executed on its behalf by an officer thereunto duly authorized and Executive has duly executed this Agreement, all as of the date and year first written above.

SIGA TECHNOLOGIES, INC.	EXECUTIVE:
By: /s/ Eric Rose, M.D.	
----------------------------	-------------------------
Name: Eric Rose, M.D.	Philip N. Sussman
Title: Interim CEO	

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed on its behalf by an officer thereunto duly authorized and Executive has duly executed this Agreement, all as of the date and year first written above.

SIGA TECHNOLOGIES, INC.	EXECUTIVE:
By: ----------------------------	/s/ Philip N. Sussman -------------------------
Name:	Philip N. Sussman
Title:	

Exhibit 10(uu)

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

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

1. Employment for Term. The Corporation hereby employs Hruby and Hruby hereby accepts employment with the Corporation for the period beginning on the date of this Agreement and ending on December 31, 2002 (the "Initial Term"), or upon the earlier termination of the Term pursuant to Section 7. The foregoing notwithstanding, Corporation shall have the right to terminate Hruby's employment under this Agreement upon 180 days written notice and such termination will be treated as Termination with Cause pursuant to Section 8 of this Agreement. The termination of Hruby's employment under this Agreement shall end the Term but shall not terminate Hruby's or the Corporation's other agreements in this Agreement, except as otherwise provided in this Agreement.

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

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

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

4.

(a) Base Salary. The Corporation shall pay Hruby a base salary, beginning June 12, 2000, of $180,000, payable at least monthly on the Corporation's regular pay cycle for professional employees.

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

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

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

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

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

With a copy to:

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

AGREED AND ACCEPTED:

SIGA TECHNOLOGIES, INC.

By: /s/ Joshua D. Schein   Date: 6/16/2000

      Joshua D. Schien
Its: Chief Executive Officer

By: /s/ Dennis E. Hruby   Date: June 13, 2000

        Dennis E. Hruby

AMENDMENT AND WAIVER

This AMENDMENT AND WAIVER (this "Amendment and Waiver"), dated as of January 31, 2002, between SIGA Technologies, Inc., a Delaware corporation (the "Corporation"), and Thomas N. Konatich ("Konatich"), amends and waives certain provisions of the Employment Agreement, dated as of October 6, 2000, between the Corporation and Konatich (the "Existing Agreement"). Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Existing Agreement.

WHEREAS, an event which could be deemed to constitute a Change of Control has occurred;

WHEREAS, under the Existing Agreement, the Initial Term ends on April 1, 2002; and

WHEREAS, the Corporation and Konatich desire to amend the Existing Agreement as provided in this Amendment and Waiver.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, intending legally to be bound, hereby agree as follows:

1. Section 1 of the Existing Agreement shall be amended to read in its entirety as follows:

> 1. Employment for Term. The Corporation hereby employs Konatich and Konatich hereby accepts employment with the Corporation for the period beginning on January 19, 2000 and ending December 31, 2002 (the "Initial Term"), or upon the earlier termination of the Term pursuant to Section 6. The termination of Konatich's employment under this Agreement shall end the Term but shall not terminate Konatich's or the Corporation's other agreements in this Agreement, except as otherwise provided herein.

2. Section 3(a) of the Existing Agreement shall be amended to add the following sentence at the end thereof:

> From and after January 31, 2002, the Base Salary shall be not less than $182,500 per annum, and the Corporation shall make the appropriate adjustments to its payroll as soon as reasonably practicable thereafter.

3. (a) Any event occurring prior to January 31, 2002 that would otherwise constitute a Change of Control, including, without limitation, the execution of the letter agreement among Donald G. Drapkin, the Corporation, Gabriel M. Cerrone, Thomas E. Constance, Eric A. Rose, M.D., Judson A. Cooper and Joshua D. Schein, Ph.D., dated March 30, 2001, and the consummation of the transactions contemplated thereby, shall not be deemed a Change of Control for purposes of the Agreement.

(b) All stock options that were granted to Konatich by the Corporation prior to March 30, 2001, shall, irrespective of any provisions of the relevant option agreements, immediately vest and become exerciseable as of the date hereof.

4. Section 8 of the Existing Agreement shall be amended to add a Subsection (f) that reads follows:

> (f). Satisfactory Alternative. Notwithstanding anything to the contrary herein, Konatich shall have no rights and the Corporation shall have no obligation under this Section 8 with respect to a Termination Due to Change in Control; if, prior to or simultaneously with such Termination Due to Change in Control, Konatich is offered employment within the Metro New York area by another business as its Chief Financial Officer at a level of compensation equal to or greater than his compensation hereunder (a "Satisfactory Alternative").

5. Notices to the Corporation, as described in Section 13 of the Existing Agreement shall be sent to:

SIGA Technologies, Inc.
420 Lexington Avenue, Suite 620
New York, New York 10170
Attention: President

with a copy to:

Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, New York 10022
Attention: Thomas E. Constance, Esq.

[Signature page follows immediately]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment and Waiver as of January 31, 2002.

SIGA TECHNOLOGIES, INC.

By:

Name:
Title:

/s/ Thomas N. Konatich

Thomas N. Konatich