==

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM 10-KSB/A

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

For the Fiscal Year Ended December 31, 1999	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-K 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-K or any amendment to this Form 10-K. |X|.

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 20, 2000 as reported on the Nasdaq SmallCap Market was approximately $35,358,069. As of March 20, 2000 the registrant had outstanding 6,654,837 shares of Common Stock.

==

EXPLANATORY NOTE

This Amendment No. 1 to Form 10-KSB (this "Amendment") is being filed by Siga Technologies, Inc. to delete certain statements included in the financial statements provided in response to the Item set forth below of its Annual Report on Form 10-KSB for the year ended December 31, 1999 filed with the Securities and Exchange Commission on March 30, 2000 (the "Form 10-KSB"). The following change has been made to the information set forth in the Form 10-KSB:

In Item 8. Financial Statements and Supplementary Data, language in Note 1 to the Financial Statements, the second paragraph under "Basis of presentation" has been revised to read as follows:

> The accompanying financial statements have been prepared assuming the Company will continue as a going concern. Since inception the Company has incurred cumulative net operating losses of $14,651,980 and expects to incur additional losses to perform further research and development activities. The Company does not have commercial biomedical products, and does not expect to have such for several years, if at all. In the current year, the Company introduced a new business strategy and launched an Internet initiative, the outcome of which is not assured.

The change is being made as a clarification to language used in the note.

SIGA Technologies, Inc.
(A development stage company)
Financial Statements
December 31, 1999 and 1998

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 sheet and related statements of operations, of cash flows and of changes in stockholders' equity present fairly, in all material respects, the financial position of SIGA Technologies, Inc. (a development stage company) at December 31, 1999 and 1998, and the results of its operations and cash flows for the years ended December 31, 1999 and 1998, and for the period from December 28, 1995 ("Inception") through December 31, 1999, in conformity with accounting principles generally accepted in the United States. 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 audit. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States 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 the opinion expressed above.

PricewaterhouseCoopers LLP

New York, NY
February 18, 2000 except
as to Note 13 which is
as of March 30, 2000

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

	December 31, 1999	December 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 1,758,541	$ 4,966,873
Accounts receivable	47,570	--
Prepaid expenses and other current assets	38,279	134,969
Total current assets	1,844,390	5,101,842
Equipment, net	1,366,362	1,696,404
Investments	--	132,220
Other assets	147,002	147,002
Total assets	$ 3,357,754	$ 7,077,468
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 248,962	$ 266,371
Accrued expenses	104,096	143,364
Current portion of capital lease obligations	280,092	369,288
Total current liabilities	633,150	779,023
Capital lease obligations, net of current portion	520,424	650,659
Commitments and contingencies (see Notes 6, 9, 10 and 11)	--	--
Stockholders' equity:		
Preferred stock ($.0001 par value, 10,000,000 shares authorized, none issued and outstanding)	--	--
Common stock ($.0001 par value, 25,000,000 shares authorized, 6,602,712 and 6,577,712 shares issued and outstanding at December 31, 1999 and December 31, 1998 respectively)	661	658
Additional paid-in capital	16,855,499	16,697,424
Unrealized losses on available for sale securities	--	(34,816)
Deficit accumulated during the development stage	(14,651,980)	(11,015,480)
Total stockholders' equity	2,204,180	5,647,786
Total liabilities and stockholders' equity	$ 3,357,754	$ 7,077,468

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, 1999	Year Ended December 31, 1998	For the Period December 28, 1995 (Date of Inception) to December 31, 1999
Revenue:			
Research and development contracts	$ 519,561	$ 450,000	$ 1,644,561
Operating expenses:			
General and administrative	2,284,790	2,784,763	7,413,056
Research and development (including amounts to related parties of $75,000, $81,750 and $309,581 for the years ended December 31, 1999 and 1998, and for the period from the date of inception to December 31, 1999, respectively)	1,672,778	4,385,213	7,666,981
Patent preparation fees	193,567	197,071	1,130,844
Settlement of litigation	97,969	--	97,969
Stock option and warrant compensation	--	14,407	450,450
Total operating expenses	4,249,104	7,381,454	16,759,300
Operating loss	(3,729,543)	(6,931,454)	(15,114,739)
Interest income, net	26,383	379,788	396,099
Net gain on sale of securities	66,660	--	66,660
Net loss	(3,636,500)	(6,551,666)	(14,651,980)
Basic and diluted loss per share	$ (0.55)	$ (1.00)	
Weighted average common shares outstanding used for basic and diluted loss per share	6,579,424	6,540,022	
Comprehensive loss:			
Net loss	$ (3,636,500)	$ (6,551,666)	$(14,651,980)
Unrealized gains (losses) on available for sale securities	34,816	(34,816)	--
Total comprehensive income/(loss)	$ (3,601,684)	$ (6,586,482)	$(14,651,980)

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

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

	Shares	Par Value	Additional Paid-in Capital	Stock Subscriptions Outstanding	Deficit Accumulated During the Development Stage
Issuance of common stock at inception	2,079,170	$ 208	$ 1,040	$ (1,248)	
Net loss	--	--	--	--	$ (1,000)
Balances at December 31, 1995	2,079,170	208	1,040	(1,248)	(1,000)
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	--	--	--	1,248	--
Issuance of compensatory options and warrants	--	--	367,461	--	--
Net loss	--	--	--	--	(2,268,176)
Balances at December 31, 1996	3,367,182	337	2,668,819	--	(2,269,176)
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	--	--	--	--	(2,194,638)
Balance at December 31, 1997	6,242,182	624	15,049,723	--	(4,463,814)
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	--	--	--	--	(6,551,666)
Balance at December 31, 1998	6,577,712	658	16,697,424	--	(11,015,480)
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					(3,636,500)
Balance at December 31, 1999	6,602,712	$ 661	$16,855,499	$ --	$ (14,651,980)

	Unrealized Gains (Losses) on Available for Sale Securities	Total Stockholders' Equity (Deficit)
Issuance of common stock at inception	$ --	
Net loss	--	$ (1,000)
Balances at December 31, 1995	--	(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
Issuance of compensatory options and warrants	--	367,461
Net loss	--	(2,268,176)
Balances at December 31, 1996	--	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)
Balance at December 31, 1997	--	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)
Balance at December 31, 1998	(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)
Balance at December 31, 1999	$ --	$ 2,204,180

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, 1999	Year Ended December 31, 1998	For the Period December 28, 1995 (Date of Inception) to December 31, 1999
Cash flows from operating activities:			
Net loss	$ (3,636,500)	$ (6,551,666)	$(14,651,980)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	366,816	211,520	594,797
Stock, option and warrant compensation	158,078	190,277	784,398
Loss on write-off of capital equipment	97,969	--	97,969
Amortization of debt discount	--	--	133,000
Purchase of rights to certain technology	--	1,457,458	1,457,458
Realized gain on sale of marketable securities	(66,660)	--	(66,660)
Changes in assets and liabilities:			
Accounts receivable	(47,570)	150,000	(47,570)
Prepaid sponsored research	--	11,684	--
Prepaid expenses and other current assets	96,690	(91,271)	(38,279)
Other assets	--	(4,161)	(147,002)
Accounts payable and accrued expenses	(56,677)	(55,873)	353,058
Net cash used in operating activities	(3,087,854)	(4,682,032)	(11,530,811)
Cash flows from investing activities:			
Capital expenditures	(134,743)	(1,878,110)	(2,059,128)
Sale (purchase) of investment securities	233,696	(167,036)	66,660
Net cash used in investing activities	98,953	(2,045,146)	(1,992,468)
Cash flows from financing activities:			
Net proceeds from issuance of common stock	--	--	14,480,056
Receipt of stock subscriptions outstanding	--	--	1,248
Proceeds from bridge notes	--	--	1,000,000
Repayment of bridge notes	--	--	(1,000,000)
Proceeds from sale and leaseback of equipment	--	1,139,085	1,139,085
Principle payments on capital lease obligations	(219,431)	(119,138)	(338,569)
Net cash provided from financing activities	(219,431)	1,019,947	15,281,820
Net increase in cash and cash equivalents	(3,208,332)	(5,707,231)	1,758,541
Cash and cash equivalents, beginning of period	4,966,873	10,674,104	--
Cash and cash equivalents, end of period	$ 1,758,541	$ 4,966,873	$ 1,758,541

There were no cash payments for income taxes for the periods ended December 31, 1999 and 1998.

Cash paid for interest was $145,507 and $28,851 for the periods ended December 31, 1999 and 1998, respectively.

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 originally 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. In 1998 the Company opened its research facility in the State of Oregon, reducing the Company's dependency on third parties to conduct research on its behalf. In 1999, the Company launched an Internet initiative as a separate line of business from its biomedical product development. The initial product of this initiative will enable peer-to-peer communication and facilitate the building of on-line communities on the Internet. In January 2000, as a result of this new initiative, the shareholders of the Company agreed changed its name to SIGA Technologies, Inc.

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 assuming the Company will continue as a going concern. Since inception the Company has incurred cumulative net operating losses of $14,651,980 and expects to incur additional losses to perform further research and development activities. The Company does not have commercial biomedical products, and does not expect to have such for several years, if at all. In the current year, the Company introduced a new business strategy and launched an Internet initiative, the outcome of which is not assured.

In January and March 2000, the Company raised $1,500,000 and $3,000,000, respectively, in private placements. See Note 13. Management believes that the current resources will be sufficient to support its planned operations through the end of 2000.

The Company anticipates that it will need additional funds to complete the development of its biomedical products and the successful launch of its Internet initiative.

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.

Investments

The Company accounts for investments under the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity

Securities" ("SFAS 115"). At December 31, 1998 the Company classified its investments in marketable securities as available for sale and reported them at fair market value, with the unrealized holding gains and losses, net of tax effect, reported as a separate component of stockholders' equity. Any gains or losses from the sale of these securities were recognized using the specific identification method. During 1999, the Company sold its available for sale securities for $233,696, recognizing a gain of $66,660.

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 has been awarded government research grants from the National Institutes of Health ("NIH"). The NIH grants are used to subsidize the Company's research projects. NIH revenue is recognized on a pro rata basis as subsidized research costs are incurred. Such method approximates the straight-line basis over the lives of the grants.

Payments from Wyeth-Ayerst for contract research and development are used to subsidize the Company's research and development efforts. Such amounts are recognized as revenue as the related services are performed by the Company, provided the collection of the resulting receivables is probable. In situations where the Company receives payments in advance of performance of services, such amounts are deferred and recognized as revenue as the related services are performed.

Upon the achievement of defined events, Wyeth-Ayerst is required to make milestone payments to the Company. Such amounts are included in contract research and development revenue and are recognized as revenue upon the achievement of the event and when the collection of the resulting receivable is probable.

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

Effective December 31, 1997 the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128") which requires presentation of basic earnings per share ("Basic EPS") and diluted earnings per share ("Diluted EPS") by all entities that have publicly traded common stock or potential common stock (options, warrants, convertible securities or contingent stock arrangements). 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, 1999 and 1998, outstanding options to purchase 1,130,561 and 540,561 shares of common stock, respectively, with exercise prices ranging from $1.00 to $5.50 have been excluded from the computation of diluted loss per share as they are antidilutive. Outstanding warrants to purchase 896,724 and 734,724 shares of common stock, at December 31, 1999 and 1998, respectively, with exercise prices ranging from $1.00 to $5.50 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. 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 with the 1999 presentation.

New accounting pronouncements

On December 6, 1999, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 101, Revenue Recognition ("SAB 101"), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements filed with the SEC. SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. Management believes that its revenue recognition policies and practices are in conformance with SAB 101.

Effective January 1, 1998 the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131"), which requires disclosure of information about operating segments in annual financial statements for reporting period beginning subsequent to December 15, 1997. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The adoption of FAS 131 did not have a material impact on the Company's financial statements.

In July 1999, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of the FASB Statement No. 133, an Amendment of FASB Statement No. 133" ("SFAS 137"). SFAS No. 137 defers the effective date of SFAS 133, which establishes accounting and reporting standards for derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as (a) a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, (b) a hedge of the exposure to variability in cash flows attributable to a particular risk, or (c) a hedge of the foreign currency exposure of a net investment in a foreign operation, an unrecognized firm commitment, an available for sale security and a forecasted transaction. As a result of SFAS 137, the Company will be required to implement SFAS 133 for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company does not expect the adoption of this pronouncement to have a material effect on the Company's results of operations, financial position or cash flows.

3. Equipment

Equipment consisted of the following at December 31, 1999 and 1998

	December 31, 1999	December 31, 1998
Laboratory equipment	$ 785,888	$ 865,053
Leasehold improvements	618,315	618,315
Computer equipment	225,803	159,380
Furniture and fixtures	291,637	291,637
	1,921,643	1,934,385
Less - Accumulated depreciation	(555,281)	(237,981)
Equipment, net	$ 1,366,362	$ 1,696,404

Depreciation expense for the years ended December 31, 1999 and December 31, 1998 was $366,541 and $221,520, respectively.

On December 31, 1999, title to fixed assets of $147,210, with accumulated depreciation of $49,241, was transferred to Washington University as part of the settlement agreement and mutual release with Washington University. See Note 9.

At December 31, 1999 and 1998, 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 $246,000, $66,000 and $66,000 respectively, at December 31, 1999, and $100,000, $27,000 and $24,200 respectively, at December 31, 1998.

4. Stockholders' Equity

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.

Stock option plan and warrants

In January 1996, the Company implemented its 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan") whereby options to purchase up to 333,333 shares of the Company's common stock may be granted to employees, consultants and outside directors of the Company. In October 1998, the Company increased the number of options to purchase the Company's common shares available for grant under the plan to 833,333. In October 1999, the Company increased the number of options to purchase the Company's common shares available for grant under the plan to 1,500,000. 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. The fair market value of the Company's common stock before its initial public offering in September 1997, was determined by a committee of the Board of Directors. The committee was comprised entirely of employees who receive stock options under the Plan.

Transactions under the Plan are summarized as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 1997	117,061	$ 3.74
Granted	556,834	3.98
Forfeited	(133,334)	4.14
Outstanding at December 31, 1998	540,561	3.88
Granted	612,500	1.12
Forfeited	(22,500)	1.37
Total outstanding at December 31, 1999	1,130,561	$ 2.42

Options available for future grant	369,439	
Weighted average fair value of options granted during 1998	$ 2.45	
Weighted average fair value of options granted during 1999	$ 0.87	

The following table summarizes information about options outstanding at December 31, 1999:

	Options Outstanding			Options Exercisable	
	Number Outstanding December 31, 1999	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable at December 31, 1999	Weighted Average Exercise Price
$ 1.13	600,000	9.83	$1.13	75,000	$1.13
1.50	33,334	6.00	1.50	33,334	1.50
2.00 - 4.66	296,834	8.46	3.41	114,584	3.72
5.00 - 5.50	200,393	4.56	5.01	145,393	5.01
	1,130,561			368,311	

On December 31, 1999, there were a total of 876,724 warrants outstanding.

In November 1999, 16,000 shares of the Company's common stock were granted 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 expects to issue the shares in 2000.

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 vested on the date of grant and the remaining 50,000 will vest on the first anniversary of the consulting agreement. The warrants become exercisable one year after they vest. The Company recognized non-cash compensation expense of $46,848 for the year ended December 31, 1999, based upon the fair value of such warrants.

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 Company recognized non-cash compensation expense of $58,480 and $102,340 for the years ended December 31, 1999 and 1998, 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. The Company recognized non-cash compensation expense 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 warrants were surrendered to the Company.

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. During the year ended December 31, 1998 compensation expense of $14,407 was recognized for warrants issued to employees. Compensation expense was calculated based upon the difference between the exercise price of the warrant or option and the fair market value of the Company's common stock on the date of grant. 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 $245,400, or $0.04 per share for the year ended

---

December 31, 1999, and approximately $199,000, or $0.03 per share for the year ended December 31, 1998.

The fair value of the options and warrants granted to employees and consultants during 1999 and 1998 ranged from $0.73 to $3.47 on the date of the respective grant using the Black-Scholes option-pricing model. The following weighted-average assumptions were used for 1999: no dividend yield, expected volatility of 100%, risk free interest rates of 5.78%-5.83%, and an expected term of 5 years. The following weighted-average assumptions were used for 1998: no dividend yield, expected volatility of 100%, risk free interest rates of 5.46%-5.55%, and an expected term of 5 years.

5. Income Taxes

The Company has incurred losses since inception which have generated net operating loss carryforwards of approximately $7,087,000 and $4,718,000, respectively, at December 31, 1999 and 1998 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, 1999 and December 31, 1998 of approximately $5,631,000 and $4,343,000, 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, 1999 and December 31, 1998, 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

Consulting agreements

In 1998 the Company entered into a two year consulting agreement, expiring January 15, 2000, with Prism Ventures LLC ("Prism") under which Prism was to provide the Company business development, operations and other advisory services. Pursuant to the agreement Prism was to receive an annual consulting fee of $150,000 and an annual stock option grant to purchase 16,667 of the Company's common shares. The Chief Executive Officer and Chairman of the Company are principals of Prism. In October 1998 the Company and Prism agreed to suspend the agreement for as long as the two principals are employed by the Company under the provisions of their amended employment agreements. During the year ended December 31, 1998, the Company incurred expense of $112,500 pursuant to the agreement.

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, shall be 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 $81,570 for the years ended December 31, 1999 and 1998, respectively.

Employment agreements

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.

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 to be paid an annual minimum compensation of $225,000, and to be granted a minimum of 16,666 options to purchase shares of the Company's common stock per annum. In addition, one EVP was appointed as the Company's Chairman and the other was appointed as the Chief Executive Officer. The Company incurred $450,000 and $352,002 of expense for the years ended December 31, 1999 and 1998, respectively, 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, to expire in ten years. 37,500 options vested immediately. 75,000 will vest in November 2000, and the remaining 37,500 will vest in November 2001.

In January 2000, the Company signed new employment agreements with the EVPs expiring in January 2005. The new agreements provide for a base salary of $250,000, with annual increases of at least 5%. In addition, both of the EVP's were granted fully-vested options to purchase 500,000 shares of the Corporations' 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.

In November 1996, the Company entered into an employment agreement, expiring in November 1999, with its former President and Chief Executive Officer. Under the terms of the agreement, the employee was to receive annual base compensation of $225,000 and options to purchase 16,667 shares of the Company's common stock, exercisable at the fair market value on the date of grant. Upon execution of the agreement, the Company granted the employee options to purchase 16,667 shares of its common stock at an exercise price of $3.00 per share. In addition, the employee was issued warrants to purchase 461,016 shares of common stock at $3.00 per share (see Note 4). During the year ended December 31, 1998 the Company incurred $77,050 of expense pursuant to the agreement. The agreement was terminated on April 21, 1998.

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-Ayerst (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 and 1998, the Company recognized $337,500 and $450,000, respectively, in revenue related to this agreement. The Company is currently in negotiations with the collaborator to extend research payments beyond the initial two years. No assessment can be made as to the outcome of these negotiations.

9. License and Research Support Agreements

In February of 1998, the company entered into a research collaboration and license agreement with Washington University (the "University"). Under the terms of the agreement, the Company was granted an exclusive world-wide license to make, use and sell products derived from the licensed technology, in exchange for royalty payments equal to a certain percentage of net sales of products incorporating the licensed technology, and certain milestone payments. Prior to this agreement, in July 1997 the company had entered into a separate consulting agreement with a faculty member of the University. A dispute arose between the Company and the University and the consultant regarding, among other things, the performance of the parties under the agreements. In May 1999, the University sent the Company notice of intent to terminate the agreement in 90 days claiming certain payments were not made. It was the Company's position that, among other things, such payments are not owed due to the University's failure to perform.

Under the arbitration clause of the agreement, the University, in July 1999, commenced an arbitration seeking an award in the amount of $230,000. The Company also commenced an arbitration seeking a determination that such amount is not owed the University and seeking its own award of $5 million. In February of 2000 the parties reached a settlement agreement and mutual release of their obligations under the research collaboration and licensing agreement entered into in February of 1998. Further, all personal consulting agreements between the Company and Washington University faculty members and employees were also terminated. Under the terms of the settlement agreement any payments owed by the Company under the research collaboration and licensing agreement are cancelled. In addition, all payments owed faculty members under consulting agreements are also cancelled. The University will reimburse the Company $37,037 for certain patent expenses incurred under the research collaboration, and the Company transferred title to equipment with a net book value of $98,000 to the University. The Company recognized the write-off of fixed assets during 1999. The Company has disclaimed any rights to patents licensed under the February 1998 agreement. However, if the University successfully commercializes any of the patents, it agrees to pay the Company licensing revenue arising from products commercialized. Also as part of settlement agreement and mutual release the Company and the University entered into an agreement granting the Company a nonexclusive license to one of the University's patents. Under the research collaboration and license agreement, the Company incurred sponsored research expense of approximately $187,000 during the year ended December 31, 1998. For the quarter ended March 31, 1999, June 30, 1999, and September 30, 1999, the Company recorded research and development expense payable to the University under the research collaboration and license agreement in the amounts of $25,000, $98,778, and $104,300, respectively. As a result of the mutual settlement and release, these amounts were reversed as of December 31, 1999.

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. As of December 31, 1999 the Company had recognized revenue from the two grants of $109,072 and $72,989 respectively.

In January 1996, the Company entered into a license and research support agreement with Rockefeller University ("Rockefeller"). The Company agreed to sponsor research by Rockefeller for the development of licensed technologies for a period of two years from the date of the agreement, in return for a payment of $725,000. The agreement expired in January 1998. However, the Company has continued its relationship with Rockefeller under similar terms. Sponsored research related to this third party amounted to $125,000 and $360,000 for the years ended December 31, 1999 and 1998, 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 will acquire and the Development Company will continue to develop, the source code for a client/server chat and instant messaging application. The application is designed to enable peer-to-peer communication and facilitate the building of on-line communities. In exchange, the Company will pay the Development Company $200,000, payable in three installments, and a grant of 125,000 shares of common stock. As of December 31, 1999 the Development Company had received $100,000 and 25,000 shares of the Company's common stock.

In March 2000, the Company entered into an additional agreement with the Development Company for creative and technical services, and for business strategy consulting. In exchange, the Company will pay the Development Company $280,000 and grant it 13,605 shares, each payable in three installments.

11. 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,	
2000	$ 231,789
2001	234,672
2002	226,333
2003	105,002
2004 and thereafter	108,152
	$ 905,948

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, 1999 are as follows:

Year ended December 31,	
2000	$ 364,933
2001	438,931
2002	131,342
Total minimum lease payments	935,206
Less: amounts representing interest	134,690
Present value of future minimum lease payments	800,516
Less: current portion of capital lease obligations	280,092
Capital lease obligations, net of current portion	$ 520,424

12. Segments

Since the announcement in September 1999 that the Company intends to pursue its Internet initiative, the Company has operated the Internet initiative as a separate segment. The Internet segment generated operating expenses of approximately $317,000 during 1999 and has identifiable assets of approximately $81,000 at December 31, 1999.

13. Subsequent Events

In January 2000 the shareholders of the Company voted at the Annual Meeting to change the name of the Company to Siga Technologies, Inc., and to increase the number of authorized shares to 50,000,000.

In January 2000 the Company sold $1,500,000 of 6% Convertible debentures due January 2002 with warrants to purchase 1,043,478 shares of common stock in the Company to a group of private investors. The warrants had a purchase price of $0.05 per warrant. The Company received net proceeds of $1,499,674 from the total $1,552,174 raised. The interest on the debentures is payable in either cash or stock at the Company's discretion. The debentures are convertible into common stock at $1.44 per share. The warrants have a term of five years and are exercisable at a price of $3.41 per share. Under certain circumstances the Company can force exercise of the warrants. An additional 275,000 warrants, with a term of five years and exercisable at a price of $1.45 per share, were issued for professional services related to the sale of debentures.

In January 2000, the Company and its Chief Financial Officer ("CFO") entered into an amendment to the CFO's employment agreement, 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 March 2000 the Company entered into an option agreement with the Ross Products Division of Abbott Laboratories (Ross). The Agreement grants Ross an exclusive option to negotiate an exclusive license to certain Company technology and patents. In exchange for the option, Ross will make payments to the Company amounting to $120,000 in three installments of $40,000.

In March 2000 the Company raised $3,000,000 in a private offering of common stock and warrants to purchase common stock. The Company sold 600,000 shares of common stock and 450,000 warrants. 210,000, 120,000 and 120,000 of the warrants are exercisable at $5.00, $6.38 and $6.90, respectively. The warrants are redeemable by the Company upon meeting certain conditions.

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: May 9, 2000

By: /s/ Joshua D. Schein

Joshua D. Schein, Ph. D.
Chief Executive Officer