SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the Quarter Ended September 30, 2004 — Commission File No. 0-23047

SIGA Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	13-3864870
(State or other jurisdiction of incorporation or organization)	(IRS Employer Id. No.)

420 Lexington Avenue, Suite 601 New York, NY	10170
(Address of principal executive offices)	(zip code)

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

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

None
(Title of Class)

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

common stock, $.0001 par value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes |X| No |_|.

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

Part 1
Financial Information

Item 1. Financial Statements

SIGA TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	September 30, 2004	December 31, 2003
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,176,327	$ 1,440,724
Accounts receivable	41,505	38,786
Prepaid expenses	89,098	50,338
Total current assets	3,306,930	1,529,848
Equipment, net	159,523	379,046
Goodwill	898,334	898,334
Intangible assets, net	3,981,423	3,117,357
Other assets	217,972	174,995
Total assets	$ 8,564,182	$ 6,099,580
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 633,243	$ 353,051
Accrued expenses and other	264,765	195,181
Total liabilities	898,008	548,232

Stockholders' equity		
Series A convertible preferred stock ($.0001 par value, 10,000,000 shares authorized, 68,038 and 81,366 issued and outstanding at September 30, 2004 and December 31, 2003, respectively)	58,672	72,666
Common stock ($.0001 par value, 50,000,000 shares authorized, 24,500,648 and 18,676,851 issued and outstanding at September 30, 2004 and December 31, 2003, respectively)	2,450	1,868
Additional paid-in capital	48,679,650	40,284,856
Accumulated deficit	(41,074,598)	(34,808,042)
Total stockholders' equity	7,666,174	5,551,348
Total liabilities and stockholders' equity	$ 8,564,182	$ 6,099,580

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

SIGA TECHNOLOGIES, INC.

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Revenues				
Research and development contracts	$ 532,724	$ 176,342	$ 992,478	$ 625,016
Operating expenses				
Selling, general and administrative	919,165	684,223	3,036,559	1,993,007
Research and development	826,827	1,000,911	2,872,818	2,121,154
Patent preparation fees	83,580	65,003	230,320	187,109
Purchased in-process research and development	568,329	--	568,329	--
Loss on impairment of intangible assets	--	--	610,063	--
Total operating expenses	2,397,901	1,750,137	7,318,089	4,301,270
Operating loss	(1,865,177)	(1,573,795)	(6,325,611)	(3,676,254)
Other income, net	27,824	3,336	59,055	13,048
Net loss	$ (1,837,353)	$ (1,570,459)	$ (6,266,556)	$ (3,663,206)
Weighted average shares outstanding: basic and diluted	23,875,368	16,825,628	23,462,307	14,769,960
Net loss per share: basic and diluted	(0.08)	$ (0.09)	(0.27)	$ (0.25)

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

SIGA TECHNOLOGIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Nine months ended September 30, 2004	2003
Cash flows from operating activities:		
Net loss	$(6,266,556)	$(3,663,206)
Adjustments to reconcile net loss to net cash used in operating activities:		
Purchased in-process research and development	568,329	--
Loss on impairment of intangible assets	610,063	--
Bad debt expense	--	14,000
Depreciation	269,455	262,053
Amortization of intangible assets	473,564	225,680
Stock based compensation	47,400	1,375
Changes in assets and liabilities:		
Accounts receivable	(2,719)	(23,914)
Prepaid expenses	(38,760)	(3,161)
Other assets	(27,977)	(7,808)
Accounts payable and accrued expenses	331,776	(328,069)
Net cash used in operating activities	(4,035,425)	(3,523,050)
Cash flows from investing activities:		
Acquisition of intangible assets	(1,033,022)	--
Capital expenditures	(49,932)	(268,360)
Net cash flow used in investing activities	(1,082,954)	(268,360)
Cash flows from financing activities:		
Net proceeds from issuance of common stock	6,784,607	2,098,493
Receipts of stock subscriptions outstanding	--	791,940
Proceeds from exercise of options and warrants	69,375	--
Principal payments on capital lease obligations	--	(11,206)
Net cash provided from financing activities	6,853,982	2,879,227
Net increase (decrease) in cash and cash equivalents	1,735,603	(912,183)
Cash and cash equivalents at beginning of period	1,440,724	2,069,004
Cash and cash equivalents at end of period	$ 3,176,327	$ 1,156,821
Non-cash supplemental information:		
Conversion of preferred stock to common stock	$ 13,994	$ 371,008
Transfer of intangible assets for investment in Pecos Labs, Inc.	$ 15,000	$ --
Shares issued for assets from ViroPharma Incorporated	$ 1,480,000	$ --
Shares issued for services	$ 47,400	$ --
Supplemental information of business acquired:		
Fair value of assets acquired:		
Equipment	$ --	$ 27,711
Intangible assets	--	3,639,000
Goodwill	--	898,334
Less, liabilities assumed and non-cash consideration:		
Current liabilities	--	(494,142)
Stock issued	--	(3,409,000)
Stock options and warrants issued	--	(255,873)
Accrued acquisition costs	--	(460,030)

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

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

1. Organization and Basis of Presentation

Organization

The financial statements of SIGA Technologies, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and the rules of the Securities and Exchange Commission (the "SEC") for quarterly reports on Forms 10-QSB and do not include all of the information and footnote disclosures required by generally accepted accounting principles for complete financial statements. These statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2003, included in the 2003 Form 10-KSB.

Basis of presentation

The accompanying financial statements have been prepared on a basis, which assumes that the Company will continue as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has incurred cumulative net losses and expects to incur additional losses to perform further research and development activities. The Company does not have commercial products and has limited capital resources. The Company anticipates that its current resources will be sufficient to finance anticipated needs for operations and capital expenditures through at least fiscal year ending 2005. Management's plans with regard to these matters include continued development of its products as well as seeking additional research support funds and financial arrangements. Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient financing on terms acceptable to the Company. See Note 5 for recent private placement offerings.

2. Significant Accounting Policies

Business Combinations, Goodwill and Intangible Assets

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

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

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

Net loss per share

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

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

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

Accounting estimates

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

Accounting for stock based compensation

The Company has elected to account for its stock-based compensation programs according to the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). Accordingly, compensation expense has been recognized to the extent of employee or director services rendered based on the intrinsic value of compensatory options or shares granted under the plans. The Company has adopted the disclosure provisions required by Financial Accounting Standard No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), as amended by SFAS 148, "Accounting for Stock-Based Compensation - Transaction and Disclosure, an amendment to FASB Statement No. 123."

Had compensation cost for stock options granted been determined based upon the fair value at the grant date for awards, consistent with the methodology prescribed under SFAS 123, the Company's net loss and net loss per share would have been as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net loss, as reported	($1,837,353)	($1,570,459)	($6,266,556)	($3,663,206)
Add: Stock-based employee compensation expense recorded under APB No. 25	--	--	--	--
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(816,882)	(75,055)	(1,084,685)	(578,059)
Pro forma net loss	($2,654,235)	($1,645,514)	($7,351,241)	($4,241,265)
Net loss per share:				
Basic and diluted -as reported	$ (0.08)	$ (0.09)	$ (0.27)	$ (0.25)
Basic and diluted -pro forma	$ (0.11).	$ (0.10)	$ (0.31)	$ (0.29)

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

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

Recent Accounting Pronouncements

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

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

3. Business acquisition of Plexus Vaccine, Inc.

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

Selected Unaudited Pro Forma Financial Information

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

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

4. Intangible Assets

Purchase of Intangible Assets

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

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

Transfer of Intangible Assets to Pecos Labs, Inc.

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

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

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

Amortization of Intangible Assets

For the three and nine months ended September 30, 2004, amortization of acquired technology was approximately $55,000 and $165,000, respectively, amortization of customer contract and grants was approximately $90,000 and $163,000, respectively, and amortization of a covenant not to compete was approximately $51,000 and $146,000, respectively. The Company anticipates amortization expense to be approximately $833,000, $1,318,000, $904,000, $219,000, and $219,000 for the fiscal years ending December 31, 2004, 2005, 2006, 2007, and 2008, respectively.

5. Stockholders' Equity

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

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

adjustment) plus all accrued but

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

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

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

6. Employee Agreements

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

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

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

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

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

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

We are developing technology for the mucosal delivery of our vaccines to activate the immune system at the mucus lined surfaces of the body, the mouth, the nose, the lungs and the gastrointestinal and urogenital tracts; the sites of entry for most infectious agents. Our anti-infectives programs are aimed at the increasingly serious problem of drug resistance, and they are designed to block the ability of infectious agents to attach to human tissue, the first step in the infection process.

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

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

We do not have commercial biomedical products, and we do not expect to have such products for several years, if at all. We believe that we will need additional funds to complete the development of our biomedical products. Our plans with regard to these matters include continued development of our products, as well as seeking additional research support funds and financial arrangements. Although we continue to pursue these plans, there is no assurance that we will be successful in obtaining sufficient financing on terms acceptable to us. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management believes it has sufficient funds to support operations through at least the year ending December 31, 2005.

Our biotechnology operations are run out of our research facility in Corvallis, Oregon. We continue to seek to fund a major portion of our ongoing vaccine and anti-infectives programs through a combination of government contracts and grants and strategic alliances. While we have had success in obtaining strategic alliances, contracts and grants, no assurance can be given that we will continue to be successful in obtaining funds from these sources. Until additional relationships are established, we expect to continue to incur significant research and development costs and costs associated with the manufacturing of product for use in clinical trials and pre-clinical testing. It is expected that general and administrative costs, including patent and regulatory costs necessary to support clinical trials and research and development, will continue to be significant in the future.

To date, we have not marketed, or generated revenues from the commercial sale of any products. Our biopharmaceutical product candidates are not expected to be commercially available for several years, if at all. Accordingly, we expect to incur operating losses for the foreseeable future. There can be no assurance that we will ever achieve profitable operations.

Recent Accounting Pronouncements

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

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

Contractual Obligations, Commercial Commitments and Purchase Obligations

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

Year ending December 31,	
2004	$ 47,355
2005	190,627
2006	195,975
2007	200,863
2008	5,817
Thereafter	--
Total	$640,637

Results of Operations

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

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

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

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

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

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

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

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

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

partners or obtain additional federal funding from contracts or grants.

Patent preparation expenses for the three months ended September 30, 2004 were $83,580 an approximate 29% increase from the prior year period expense of $65,003. The increase is due to a higher number of foreign patent filings in the current year period.

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

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

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

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

Selling, general and administrative expenses for the nine months ended September 30, 2004 were $3,036,559 an increase of approximately 52% from expenses of $1,993,007 for the nine months ended September 30, 2003. Approximately 69% of the increase was due to materially higher legal expenses. The expenses were incurred as the result of costs incurred to review and amend our corporate governance policies and procedures to ensure compliance with the regulations promulgated under the Sarbanes Oxley Act of 2002, as well as the NASDAQ Stock Market. Also contributing to the increase in legal expenses were costs incurred in connection with a review of a potential business combination, the sale of certain non-core vaccine assets, the hiring of a new Chief Executive Officer and a legal action we initiated against a founder. Payroll expenses increased approximately 124% in the nine months ended September 30, 2004 to $826,437 from $368,525 in the nine months ended September 30, 2004. The increase was the result of the addition of former Plexus employees to our staff in May 2003 and, therefore, only partially included in the prior year balance, the addition of the salary expense of the Chief Executive Officer hired in July of 2003, the approximate $270,000 severance payment associated with the termination agreement entered into with our former President in May 2004 and one time bonus payments totaling $110,000. Consulting expenses for marketing efforts to present our programs to agencies of the federal government increase approximately 9% in the current year period to a total of $609,194. Furthermore, the nine months ended September 30, 2004 had an increase of approximately $41,000 for amortization of certain intangible assets acquired in the Plexus transaction in May 2003 compared to the prior year period, which was only a partial period of amortization.

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

for work being performed on former Plexus programs at a Danish University and payments made to TransTech Pharma, Inc. for work performed on the SBIR grant that was concluded in May 2004.

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

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

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

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

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

We anticipate that our current resources will be sufficient to finance our currently anticipated needs for operating and capital expenditures at least through the year ending December 31, 2005. In addition, we will attempt to generate additional working capital through a combination of collaborative agreements, strategic alliances, research grants, equity and debt financing. However, no assurance can be provided that additional capital will be obtained through these sources or, if obtained, will be on commercially reasonable terms.

Our working capital and capital requirements will depend upon numerous factors, including pharmaceutical research and development programs; pre-clinical and clinical testing; timing and cost of obtaining regulatory approvals; levels of resources that we devote to the development of manufacturing and marketing capabilities; technological advances; status of competitors; and our ability to establish collaborative arrangements with other organizations.

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

Off-Balance Sheet Arrangements

SIGA does not have any off-balance sheet arrangements.

Safe Harbor Statement

This report contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including statements regarding the efficacy of potential products, the timelines for bringing such products to market and the availability of funding sources for continued development of such products. Forward-looking statements are based on management's estimates, assumptions and projections, and are subject to uncertainties, many of which are beyond the control of SIGA. Actual results may differ materially from those anticipated in any forward-looking statement. Factors that may cause such differences include the risks that (a) potential products that appear promising to SIGA or its collaborators cannot be shown to be efficacious or safe in subsequent pre-clinical or clinical trials, (b) SIGA or its collaborators will not obtain appropriate or necessary governmental approvals to market these or other potential products, (c) SIGA may not be able to obtain promised funding for its development projects or other needed funding, and (d) SIGA may not be able to secure or enforce adequate legal protection,

including patent protection, for its products. More detailed information about SIGA and risk factors that may affect the realization of forward-looking statements, including the forward-looking statements in this presentation, is set forth in SIGA's filings with the Securities and Exchange Commission, including SIGA's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, and in other documents that SIGA has filed with the Commission. SIGA urges investors and security holders to read those documents free of charge at the Commission's Web site at http://www.sec.gov. Interested parties may also obtain those documents free of charge from SIGA. SIGA does not undertake to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.

Item 3. Controls and Procedures

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

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

Part II
Other information

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

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

Item 3. Defaults upon Senior Securities - None

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

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

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

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

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

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

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

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

(b) Reports on Form 8-K

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

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

(3) On September 14, 2004, SIGA filed a Current Report on Form 8-K dated September 14, 2004, pursuant to which SIGA reported under Item 7.01 that SIGA issued a press release announcing that it had been designated as a prime contractor by the U.S. Air Force Surgeon General's office to create rational development of vaccines and therapeutics against potential agents of biological warfare.

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

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

SIGNATURES

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

SIGA Technologies, Inc.
(Registrant)

Date November 15, 2004

By: /s/ Thomas N. Konatich

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

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into as of July 29, 2004, between SIGA Technologies, Inc., a Delaware corporation (the "Corporation"), and John Odden (the "Executive").

WHEREAS, the Corporation desires to employ Executive and Executive desires to accept such employment on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual agreements and covenants hereinafter set forth, the parties hereto agree to the terms and conditions of this Agreement as follows:

1. Employment for Term. The Corporation hereby employs Executive and Executive hereby accepts employment with the Corporation for the period beginning on August 23, 2004 and ending on the third anniversary thereof (the "Initial Term"), or upon the earlier termination of such term pursuant to Section 7. Unless one party provides the other party with at least three (3) months advance notice of its desire not to renew the term of Executive's employment hereunder, the term of Executive's employment with the Corporation shall continue for one (1) additional year following the end of the Initial Term (the "Renewal Term") except upon the earlier termination of such term pursuant to Section 7 (such term of employment upon any such earlier termination, being hereinafter referred to as the "Term"). The termination of Executive's employment under this Agreement shall end the Initial Term or Renewal Term, as applicable, but shall not terminate Executive's or the Corporation's other agreements in this Agreement, except as otherwise provided herein.

2. Position and Duties. During the Term, Executive shall serve as Vice President - Business Development of the Corporation. During the Term, Executive 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, Executive shall devote his full time and efforts to his duties as an employee of the Corporation.

3. Compensation.

(a) Base Salary. The Corporation shall pay Executive a base salary, beginning on the first day of the Term and ending on the last day of the Term, of not less than $230,000 per annum, payable at least monthly on the Corporation's regular pay cycle for professional employees (the "Base Salary").

(b) Bonus Payments. If Executive causes the Corporation to achieve the objectives set forth on Schedule I attached hereto, Executive shall be entitled to receive the bonus payments with respect to such objectives set forth on Schedule I. Each bonus payment pursuant to this Section 3(b) shall be made at the end of the fiscal quarter during which funds in respect of the relevant objective in an amount that is sufficient to make such payment are received by the Corporation.

(c) Stock Options.

(i) On the date hereof, the Corporation shall grant Executive an option to purchase an aggregate of 200,000 shares of common stock, par value $.0001 per share, of the Corporation ("Common Stock"), which shall vest with respect to the first 50,000 shares, on the date hereof, with respect to the second 50,000 shares, on the first anniversary of the date hereof, with respect to the third 50,000 shares on the second anniversary of the date hereof and with respect to the remaining 50,000 shares, on the third anniversary of the date hereof, pursuant to and subject to the terms and conditions of a stock option grant agreement, substantially the form attached hereto as Exhibit A (the "Time Vested Options").

(ii) In addition to the Time Vested Options, upon the formation of each "strategic relationship" (as defined below) resulting substantially from Executive's efforts during the Term, the Corporation shall grant an option to purchase such number of shares of Common Stock as determined by the Board and not to exceed 25,000 shares, which shall be pursuant to and subject to the terms and conditions of a stock option grant agreement, the form of which shall be mutually agreed to by the Corporation and Executive and consistent with the Corporation's then-existing form of stock option grant agreement (the "Milestone Options"). For purposes of this Agreement, the term "strategic relationship" shall mean a relationship between the Corporation and an independent third party, which in the sole discretion of the Chief Executive Officer of the Corporation or the Board, creates a signficant market advantage for the Corporation.

(d) Other and Additional Compensation. The preceding sections establish the minimum compensation during the Term and shall not preclude the Board from awarding Executive a higher salary or any bonuses or stock options in the discretion of the Board at any time during the Term.

4. Employee Benefits. During the Term, Executive shall be entitled to the employee benefits including four (4) weeks vacation (to be taken at a time or

times mutually agreed by Executive and the Corporation), 401(k) plan, health plan and other insurance benefits made generally available by the Corporation to employees of the Corporation.

5. Expenses. The Corporation shall reimburse Executive for actual out-of-pocket expenses incurred by him in the performance of his services for the Corporation upon the receipt of appropriate documentation of such expenses.

6. Place of Performance. Executive shall be based in California but Executive may perform his duties from whatever location the Corporation and Executive shall mutually agree from time to time; provided that such location allows Executive to perform his duties and obligations hereunder. In addition, should the Corporation and Executive agree to a different location from which Executive is to perform his duties hereunder, such change of location shall not cause a breach hereunder or be treated as Good Reason (as defined herein).

7. Termination.

(a) General. The Initial Term (or Renewal Term, if applicable) shall end immediately upon Executive's death. The Corporation shall have the right to end the Initial

Term (or Renewal Term, if applicable) for Cause or Disability (each as defined below), subject to the provisions of Section 8.

(b) Notice of Termination. Promptly after it ends the Term, the Corporation shall give Executive notice of the termination, including a statement of whether the termination was for Cause or Disability (as defined in Section 8(a) and 8(b) below). The Corporation's failure to give notice under this Section 7(b) shall not, however, affect the validity of the Corporation's termination of the Term.

(c) Effective Termination by the Corporation. If the Corporation (i) reassigns Executive's base of operations outside of California (except in accordance with Section (6)), (ii) materially reduces Executive's duties during the Term or (iii) materially breaches the Corporation's obligations under this Agreement, then, at his option, Executive may treat such relocation or reduction in duties or breach as a termination of the Initial Term (or Renewal Term, as applicable) without Cause by the Corporation and as "Good Reason" for Executive to resign.

8. Severance Benefits.

(a) Cause Defined. "Cause" means (i) willful malfeasance or willful misconduct by Executive in connection with his employment; (ii) Executive's gross negligence in performing any of his duties under this Agreement; (iii) Executive's conviction of, or entry of a plea of guilty to, or entry of a plea of nolo contendre with respect to, any crime other than a traffic violation or infraction which is a misdemeanor; (iv) Executive's material breach of any written policy applicable to all employees adopted by the Corporation which is not cured to the reasonable satisfaction of the Corporation within fifteen (15) business days after notice thereof; or (v) material breach by Executive of any of his agreements in this Agreement which is not cured to the reasonable satisfaction of the Corporation within fifteen (15) business days after notice thereof.

(b) Disability Defined. "Disability" shall mean Executive's incapacity due to physical or mental illness that results in his being substantially unable to perform his duties hereunder for six consecutive months (or for six months out of any nine month period). During a period of Disability, Executive shall continue to receive the Base Salary hereunder, provided that if the Corporation provides Executive with disability insurance coverage, payments of the Base Salary shall be reduced by the amount of any disability insurance payments received by Executive due to such coverage. The Corporation shall give Executive written notice of termination which shall take effect sixty (60) days after the date it is sent to Executive unless Executive shall have returned to the performance of his duties hereunder during such sixty (60) day period (whereupon such notice shall become void).

(c) Termination. If the Corporation ends the Initial Term (or Renewal Term, if applicable) for Cause or Disability, or if Executive resigns as an employee of the Corporation for reasons other than Good Reason as provided in Section 7(c), or if Executive dies, then the Corporation shall have no obligation to pay Executive any amount, whether for salary, benefits, bonuses, or other compensation or expense reimbursements of any kind, accruing after the end of the Term, and such rights shall, except as otherwise required by law, be forfeited immediately upon the end of the Term. Notwithstanding the foregoing, payments under Section 3(a) shall

continue for the remainder of the Initial Term (or Renewal Term, if applicable) if the Corporation ends the Initial Term (or Renewal Term, if applicable) for Disability. If the Corporation ends the Initial Term (or Renewal Term, if applicable) without Cause or if Executive resigns for Good Reason as provided in Section 7(c), then the Corporation will be obligated to continue to pay Executive's Base Salary and all other amounts due hereunder for a period of six (6) months following the date of termination or for the remainder of the Initial Term (or Renewal Term, if applicable), whichever period is shorter (the "Severance Period"); provided, however, that, in the event that Executive shall materially breach Section 9 of this Agreement, in addition to any other remedies the Corporation may have in the event Executive breaches this Agreement, the Corporation's obligation pursuant to this Section 8(c) to make payments during the Severance Period shall cease, all stock options shall expire, and Executive's rights with respect to such payments and stock options shall terminate and shall be forfeited. Except for the Time Vested Options, which shall continue to vest during the Severance Period, if any, or as otherwise expressly set forth herein, the treatment of the Time Vested Options and Milestone Options shall be in accordance with the relevant stock option agreement.

(d) Termination by Executive upon Change in Control. If anytime within ninety (90) days prior to or within twelve (12) months after a Change in Control (as defined below), (i) Executive's employment is terminated by the Corporation or surviving organization, or (ii) if Executive is no longer the Vice President - Business Development or its equivalent of the surviving organization or the Corporation is not the surviving organization and Executive elects to terminate his employment with Corporation as a result of such Change in Control, the Corporation shall pay to Executive the Base Salary due and payable through such date of termination. Notwithstanding the foregoing, if Executive's employment is terminated other than for Cause or by the Executive other than for Good Reason and a Change of Control occurs within one year thereafter, then, at such Change of Control, Executive shall be entitled to the amounts set forth in this Section 8(d) as if he were employed by the Corporation at the time of the Change of Control. Section 8(d) shall not apply and the Corporation shall have no obligations pursuant to this Section 8(d) if Executive is terminated for Cause or leaves other than for Good Reason. For purposes of this Agreement:

(i) "Change in Control" shall mean any of the following occurrences:

(a) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (the "Acquiring Person"), other than (i) the Corporation, (ii) any of its Subsidiaries, (iii) any shareholder of the Corporation as of the date hereof which, together with its affiliates, related parties, associates or associated entities, own or control 10% or more of the equity securities of the Corporation as of the date hereof or (iv) any of such shareholders' affiliates or designees which, together with its affiliates, related parties, associates or associated entities, own or control 10% or more of equity securities of the corporation as of the date hereof, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of

the combined voting power or economic interests of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; or

(b) the approval by the stockholders of the Corporation of a reorganization, merger, or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the respective beneficial owners of the voting securities of the Corporation immediately prior to such reorganization, merger, or consolidation do not, following such reorganization, merger, or consolidation, beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Corporation resulting from such reorganization, merger, or consolidation; provided, however, that a merger, consolidation or reorganization effected to implement a recapitalization of the Corporation (or similar transaction) in which no "Acquiring Person" acquires more than 50% of the combined voting power of the Corporation's then outstanding securities shall not constitute a Change in Control; or

(c) the sale or other disposition of assets representing 50% or more of the assets of the Corporation in one transaction or series of related transactions; or

(d) a "Hostile Takeover" as hereinafter defined is declared.

(ii) "Hostile Takeover" shall mean any Change in Control which at any time is declared by at least a majority of the Board, directly or indirectly, to be hostile or not in the best interests of the Corporation, or in which an attempt is made (irrespective of whether successful) to wrest control away from the incumbent management of the Corporation and, with respect to which, the Board makes efforts to resist.

(e) Effect of Change in Control. Upon the occurrence of the Approval Date (as defined below), all stock options and other stock-based grants to Executive by the Corporation shall, irrespective of any provisions of his option agreements, immediately and irrevocably vest and become exercisable as of the Approval Date whereupon, at any time during the Option Term as defined in the option agreements, Executive or his estate may by five (5) days' advance written notice given to the Corporation, and irrespective of whether Executive is then employed by the Corporation or then living, and solely at the election of Executive or his estate, require the Corporation to:

(A) within thirty (30) days of a request by Executive or his estate file and cause to become effective a Form S-8 (or other appropriate

form) with the Securities and Exchange Commission ("SEC") registering for resale all shares underlying stock options granted to Executive and outstanding with all fees and expenses of such filing being paid by the Corporation; or

(B) allow Executive to exercise all or any part of such options at the option prices therefor specified in the grant of such options.

For purposes of this Agreement, "Approval Date" means the date on which any necessary corporate action, including, but not limited to, shareholder approval or board of director approval, has been obtained in connection with any agreement, transaction, or other event which, when given effect, will constitute a Change in Control.

9. Confidentiality, Ownership, and Covenants. Executive acknowledges and agrees that the Corporation would not enter into this Agreement without the assurance that Executive will not engage in any of the activities prohibited by this Section 9, and will otherwise comply with this Section 9, for the periods set forth herein. Executive agrees to restrict his actions as provided for in this Section 9. Executive further acknowledges that the scope and duration of the covenants set forth in this Section 9 are reasonable in light of the specific nature and duration of the transactions contemplated by this Agreement. In consideration thereof, Executive agrees that he will not assert in any forum that the provisions of this Section 9 prevent his from earning a living or otherwise are void or unenforceable or should be held void or unenforceable.

(a) "Corporation Information" and "Inventions" Defined. "Corporation Information" means all information, knowledge or data of or pertaining to (i) the Corporation, its employees and all work undertaken on behalf of the Corporation, and (ii) any other person, firm, corporation or business organization with which the Corporation may do business during the Term, that (as to both (i) and (ii) above) is not in the public domain (and whether relating to methods, processes, techniques, discoveries, pricing, marketing or any other matters). "Inventions" collectively refers to any and all inventions, trade secrets, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, research, discoveries, developments, designs, and techniques regarding any of the foregoing.

(b) Confidentiality. (i) Executive hereby recognizes that the value of all trade secrets and other proprietary data and all other information of the Corporation not in the public domain disclosed by the Corporation in the course of his employment with the Corporation may be attributable substantially to the fact that such confidential information is maintained by the Corporation in strict confidentiality and secrecy and would be unavailable to others without the expenditure of substantial time, effort or money. Executive, therefore, except as provided in the next two sentences, covenants and agrees that all Corporation Information shall be kept secret and confidential at all times during the Term and for the five (5) year period after the end of the Term and shall not be used or divulged by his outside the scope of his employment as contemplated by his Agreement, except as the Corporation may otherwise expressly authorize by action of the Board. In the event that Executive is requested in a judicial, administrative or governmental proceeding to disclose any of the Corporation Information, Executive will promptly so notify the Corporation so that the Corporation may seek a protective order of other

appropriate remedy and/or waive compliance with this Agreement. If disclosure of any of the Corporation Information is required, Executive may furnish the material so required to be furnished, but Executive will furnish only that portion of the Corporation Information that legally is required.

(ii) Executive also hereby agrees to keep the terms of this Agreement confidential to the same extent that the Corporation maintains such confidentiality (except with regard to any disclosure by the Corporation required under applicable securities laws).

(c) Ownership of Inventions, Patents and Technology. Executive hereby assigns to the Corporation all of Executive's rights (including patent rights, copyrights, trade secret rights, and all other rights throughout the world), title and interest in and to Inventions, whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by Executive, either alone or jointly with others, during the course of the performance of services for the Corporation. Executive shall also assign to, or as directed by, the Corporation, all of Executive's right, title and interest in and to any and all Inventions, the full title to which is required to be in the United States government of any of its agencies. The Corporation shall have all right, title and interest in all research and work product produced by Executive as an employee of the Corporation, including, but not limited to, all research materials and lab books.

(d) Non-Competition Period Defined. "Non-Competition Period" means the period beginning at the end of the Term and ending one (1) year after the end of the Term.

(e) Covenants Regarding the Term and Non-Competition Period. Executive acknowledges and agrees that his services pursuant to this Agreement are unique and extraordinary; that the Corporation will be dependent upon Executive for research, development and marketing expertise; and that he will have access to and control of confidential information of the Corporation. Executive further acknowledges that the business of the Corporation is international in scope and cannot be confined to any particular geographic area. Executive further acknowledges that the scope and duration of the restrictions set forth in this Section 9(e) are reasonable in light of the specific nature and duration of the transactions contemplated by this Agreement. For the foregoing reasons and to induce the Corporation to enter this Agreement, Executive covenants and agrees that, subject to Section 9(h), during the Term and the Non-Competition Period Executive shall not unless with written consent of the Corporation:

(i) engage in any business directly related to the research and development of the products or processes in which the Corporation is engaged in during the Term or in any other business conducted by the Corporation during the Term (collectively the "Prohibited Activity") in the World for his own account;

(ii) become interested in any individual, corporation, partnership or other business entity (a "Person") engaged in any Prohibited Activity in the world, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, employee, trustee, consultant or in any other relationship or capacity; provided, however, that Executive may own directly or indirectly, solely as an investment, securities of any Person which are traded on any national securities exchange if

Executive (x) is not a controlling person of, or a member of a group which controls, such person or (y) does not, directly or indirectly, own 5% or more of any class of securities of such person; or

(iii) directly or indirectly hire, employ or retain any person who at any time during the last two months of the Term was an employee of the Corporation or directly or indirectly solicit, entice, induce or encourage any such person to become employed by any other person.

(f) Remedies. Executive hereby acknowledges that the covenants and agreements contained in Section 9 are reasonable and valid in all respects and that the Corporation is entering into this Agreement, inter alia, on such acknowledgement. If Executive breaches, or threatens to commit a breach, of any of the restrictive covenants set forth in this Agreement (the "Restrictive Covenants"), the Corporation shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Corporation under law or in equity: (i) the right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Corporation and that money damages will not provide an adequate remedy to the Corporation; and (ii) the right and remedy to require Executive to account for and pay over to the Corporation such damages as are recoverable at law as the result of any transactions constituting a breach of any of the Restrictive Covenants.

(g) Jurisdiction. The parties intend to and hereby confer jurisdiction to enforce the Restrictive Covenants upon the courts of any jurisdiction within the geographical scope of such Covenants. If the courts of any one or more such jurisdictions hold the Restrictive Covenants wholly unenforceable by reason of the breadth of such scope or otherwise, it is the intention of the parties that such determination not bar or in any way affect the Corporation's right to the relief provided above in the courts of any other jurisdiction, within the geographical scope of such Covenants, as to breaches of such Covenants in such other respective jurisdiction such Covenants as they relate to each jurisdiction being, for this purpose, severable into diverse and independent covenants.

(h) Executive's agreements and covenants under Section 9(e) shall automatically terminate if (i) the Corporation ends the Initial Term (or the Renewal Term, if applicable) without Cause or (ii) Executive resigns for Good Reason as provided in Section 7(c).

10. Successors and Assigns.

(a) Executive. This Agreement is a personal contract, and the rights and interests that the Agreement accords to Executive may not be sold, transferred, assigned, pledged, encumbered, or hypothecated by him. All rights and benefits of Executive shall be for the sole personal benefit of Executive, and no other person shall acquire any right, title or interest under this Agreement by reason of any sale, assignment, transfer, claim or judgement or bankruptcy proceedings against Executive. Except as so provided, this Agreement shall inure to

the benefit of and be binding upon Executive and his personal representatives, distributes and legatees.

(b) The Corporation. This Agreement shall be binding upon the Corporation and inure to the benefit of the Corporation and of its successors and assigns, including (but not limited to) any corporation that may acquire all or substantially all of the corporation's assets or business or into or with which the Corporation may be consolidated or merged. In the event that the Corporation sells all or substantially all of its assets, merges or consolidates, otherwise combines or affiliates with another business, dissolves and liquidates, or otherwise sells or disposes of substantially all of its assets and Executive does not elect to treat any such transaction as a termination by the Corporation without Cause pursuant to Section 8(c), then this Agreement shall continue in full force and effect. The Corporation's obligations under this Agreement shall cease, however, if the successor to, the purchaser or acquirer either of the Corporation or of all or substantially all of its assets, or the entity with which the Corporation has affiliated, shall assume in writing the Corporation's obligations under this Agreement (and deliver and executed copy of such assumption to Executive), in which case such successor or purchaser, but not the Corporation, shall thereafter be the only party obligated to perform the obligations that remain to be performed on the part of the Corporation under this Agreement.

11. Entire Agreement. This Agreement represents the entire agreement between the parties concerning Executive's employment with the Corporation and supersedes all prior negotiations, discussions, understanding and agreements, whether written or oral, between Executive and the Corporation relating to the subject matter of this Agreement.

12. Amendment or Modification, Waiver. No provision of this Agreement may be amended or waived unless such amendment or waiver is agreed to in writing signed by Executive and by a duly authorized officer of the Corporation. No waiver by any party to this Agreement or any breach by another party of any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time.

13. Notices. Any notice to be given under this Agreement shall be in writing and delivered personally or sent by overnight courier or registered or certified mail, postage prepaid, return receipt requested, addressed to the party concerned at the address indicated below, or to such other address of which such party subsequently may give notice in writing:

If to Executive:	John Odden 67 Panorama Cote de Coza, CA 92679
If to the Corporation:	SIGA Technologies, Inc. 420 Lexington Avenue Suite 601 New York, NY 10170 Fax: 212-697-3130 Attention: Bernard Kasten, M.D.
with a copy to:	Kramer Levin Naftalis & Frankel LLP 919 Third Avenue New York, NY 10022 Attention: James A. Grayer, Esq.

Any notice delivered personally or by overnight courier shall be deemed given on the date delivered and any notice sent by registered or certified mail, postage prepaid, return receipt requested, shall be deemed given on the date mailed.

14. Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable shall not be affected, and each provision of this Agreement shall be validated and shall be enforced to the fullest extent permitted by law. If for any reason any provision of this Agreement containing restrictions is held to cover an area or to be for a length of time that is unreasonable or in any other way is construed to be too broad or to any extent invalid, such provision shall not be determined to be entirely null, void and of no effect; instead, it is the intention and desire of both the Corporation and Executive that, to the extent that the provision is or would be valid or enforceable under applicable law, any court of competent jurisdiction shall construe and interpret or reform this Agreement to provide for a restriction having the maximum enforceable area, time period and such other constraints or conditions (although not greater than those contained currently contained in this Agreement) as shall be valid and enforceable under the applicable law.

15. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations.

16. Headings. All descriptive headings of sections and paragraphs in this Agreement are intended solely for convenience of reference, and no provision of this Agreement is to be construed by reference to the heading of any section or paragraph.

17. Withholding Taxes. All salary, benefits, reimbursements and any other payments to Executive under this Agreement shall be subject to all applicable payroll and withholding taxes and deductions required by any law, rule or regulation of and federal, state or local authority.

18. 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 constitute one and same instrument.

19. Applicable Law; Arbitration. The validity, interpretation and enforcement of this Agreement and any amendments or modifications hereto shall be governed by the laws of the State of New York, as applied to a contract executed within and to be performed in such State. The parties agree that any disputes shall be definitively resolved by binding arbitration before in accordance with the Rules of the American Arbitration Association, with the arbitration hearing to be held in New York, New York. The parties hereby consent to the jurisdiction to the federal

courts of the Southern District of New York or, if there shall be no jurisdiction, to the state courts located in New York County, New York, to enforce any arbitration award rendered with respect thereto. Each party shall choose one neutral arbitrator and the two neutral arbitrators shall choose a third neutral arbitrator. All costs and fees related to such arbitration (and judicial enforcement proceedings, if any) shall be borne and allocated by and between the parties as the arbitrators decide is appropriate, with the intent that the party who is the most unsuccessful should bear most (or all) of said costs and fees.

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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
Chief Financial Officer

/s/ John Odden

John Odden

EXHIBIT A

SIGA TECHNOLOGIES, INC.

Incentive Stock Option Agreement

Granting Date: _____, 2004

To: Mr. John Odden:

We are pleased to notify you that SIGA TECHNOLOGIES, INC., a Delaware corporation (the "Corporation"), has granted to you (the "Holder") an incentive stock option (the "Option") under the Corporation's Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan") to purchase all or any part of an aggregate of 200,000 shares of Common Stock of the Corporation (the "Optioned Shares"), subject to the terms and conditions of this Agreement.

1. Vesting, Term and Exercise of Option. Subject to the provisions of this Agreement, this Option may be exercised for up to the number of vested Optioned Shares (subject to adjustment as provided in Section 6 hereof) by you on or prior to the tenth anniversary of the Granting Date ("Last Exercise Date") at an initial exercise price (the "Exercise Price") of $___ per share (subject to adjustment as provided in Section 6 hereof) and all as subject to Plan and this Agreement. The Holder may exercise this Option according to the following vesting schedule: this Option shall become exerciseable with respect to the first 50,000 Optioned Shares, on the date hereof, with respect to the second 50,000 Optioned Shares, on the first anniversary of the date hereof, with respect to the third 50,000 Optioned Shares on the second anniversary of the date hereof and with respect to the remaining 50,000 Optioned Shares, on the third anniversary of the date hereof. Any portion of the Option that you do not exercise shall accumulate and can be exercised by you any time prior to the Last Exercise Date. You may not exercise your Option to purchase a fractional share or fewer than 100 shares, and you may only exercise your Option by purchasing shares in increments of 100 shares unless the remaining shares purchasable are less than 100 shares.

This Option may be exercised by delivering to the Secretary of the Corporation (i) a written Notice of Intention to Exercise in the form attached hereto as Appendix A signed by you and specifying the number of Optioned Shares you desire to purchase, (ii) payment, in full, of the Exercise Price for all such Optioned Shares in cash, certified check, surrender of shares of Common Stock of the Corporation having a value equal to the exercise price of the Optioned Shares as to which you are exercising this Option, provided that such surrendered shares, if previously acquired by exercise of a stock option, have been held by you at least six months prior to their surrender, or by means of a brokered cashless exercise. As a holder of an option, you shall have the rights of a shareholder with respect to the Optioned Shares only after they shall have been issued to you upon the exercise of this Option. Subject to the terms and provisions of this Agreement and the Plan, the Corporation shall use its best efforts to cause the Optioned Shares to be issued as promptly as practicable after receipt of your Notice of Intention to Exercise.

2. Non-transferability of Option. This Option shall not be transferable and may be exercised during your lifetime only by you. Any purported transfer or assignment of this Option shall be void and of no effect, and shall give the Corporation the right to terminate this

Option as of the date of such purported transfer or assignment. No transfer of an Option by will or by the laws of descent and distribution shall be effective unless the Corporation shall have been furnished with written notice thereof, and such other evidence as the Corporation may deem necessary to establish the validity of the transfer and conditions of the Option, and to establish compliance with any laws or regulations pertaining thereto.

3. Certain Rights and Restrictions With Respect to Common Stock. The Optioned Shares which you may acquire upon the exercise of this Option will not be registered under the Securities Act of 1933, as amended, or under state securities laws and the resale by you of such Optioned Shares will, therefore, be restricted. You will be unable to transfer such Optioned Shares without either registration under such Act and compliance with applicable state securities laws or the availability of an exemption therefrom. Accordingly, you represent and warrant to the Corporation that all shares of Common Stock you may acquire upon the exercise of this Option will be acquired by you for your own account for investment and that you will not sell or otherwise dispose of any such shares except in compliance with all applicable federal and state securities laws. The Corporation may place a legend to such effect upon each certificate representing Optioned Shares acquired by you upon the exercise of this Option.

4. Disputes. Any dispute which may arise under or as a result of or pursuant to this Agreement shall be finally and conclusively determined in good faith by the Board of Directors of the Corporation in its sole discretion, and such determination shall be binding upon all parties.

5. Termination of Status.

(a) This Option is a separate incentive and not in lieu of salary or other compensation. The Optioned Shares do not vest you with any right to employment with the Corporation, nor is the Corporation's right to terminate your employment in any way restricted by this Agreement. Subject to the following provisions of this Section 5, the Option will terminate upon and will not be exercisable after termination of your employment with the Corporation ("Employment Termination Date"). If your employment with the Corporation is terminated for any reason other than death or disability, this Option may not be exercised after the earlier of (i) ninety (90) days from the Employment Termination Date or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date.

(b) If you die while this Option is exercisable, or within a period of three months after the Employment Termination Date, the Option may be exercised by the duly authorized executor of your last will or by the duly authorized administrator of your estate, but may not be exercised after the earlier of (i) one year from the date of your death or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the date of your death.

(c) If your employment is terminated as a result of your permanent disability, this Option may not be exercised after the earlier of (i) one year from the Employment Termination Date, or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date.

If you die after the date your employment is terminated under the provisions of this Section 5(c) but before the Expiration Date, the provisions of Section 5(b) above shall apply. Permanent 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.

6. Adjustments to Exercise Price and Number of Securities. If the Corporation shall at any time subdivide or combine the outstanding shares of Common Stock, or similar corporate events the Exercise Price and the number of shares subject to the Option shall be appropriately adjusted.

7. Reservation and Listing of Securities. The Corporation shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of this Option, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Corporation covenants and agrees that, upon exercise of this Option and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Option shall be outstanding, the Corporation shall use its best efforts to cause all shares of Common Stock issuable upon the exercise of the Option to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock may then be listed and/or quoted on NASDAQ.

8. Forfeiture of Option Gains. If at any time within one year after the exercise of all or any portion of the Option the Committee determines that the Corporation has been materially harmed by you, which harm either (a) results in your being terminated for Cause or (b) results from your engaging in any activity determined by the Committee, in its sole discretion, to be in competition with any activity of the Corporation, or otherwise inimical, contrary or harmful to the interests of the Corporation (including, but not limited to, violating any non-competition or similar agreements entered into with the Corporation or otherwise 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 Corporation), then upon notice from the Corporation to you any gain ("Gain") realized by you upon exercising such Option shall be paid by you to the Corporation. For purposes of this Section 8, such Gain shall be the excess of the Fair Market Value of the shares of stock obtained through such exercise as of the date of option exercise over the purchase price of such shares. The Corporation shall have the right to offset such Gain against any amounts otherwise owed to you by the Corporation (including, but not limited to wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement).

9. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) If to the registered Holder of this Option, to the address of the Holder as shown on the books of the Corporation; or

(b) If to the Corporation, to 420 Lexington Avenue, Suite 601, New York, NY 10017, or to such other address as the Corporation may designate by notice to the Holders.

10. Supplements and Amendments. The Corporation and the Holder may from time to time supplement or amend this Agreement in any respect, provided, however, that no amendment may adversely affect your rights hereunder without your written consent.

11. Successors. All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Corporation, the Holder and their respective successors and assigns hereunder.

12. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of the State of New York without giving effect to the rules of the State of New York governing the conflicts of laws.

13. Entire Agreement; Modification. This Agreement, including all schedules and exhibits hereto, contains the entire understanding between the parties hereto with respect to the subject matter hereof.

14. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

15. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

16. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Corporation and the registered Holder of this Option any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Corporation and the Holder.

17. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

[Signature page follows immediately]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be dully executed, as of the day and year first written.

SIGA TECHNOLOGIES, INC.

By: /s/ Thomas N. Konatich

Thomas N. Konatich
Chief Financial Officer

/s/ John Odden

John Odden

AMENDMENT NO. 5 TO EMPLOYMENT AGREEMENT

This AMENDMENT NO. 5 TO EMPLOYMENT AGREEMENT (this "Amendment No. 5"), dated as of July 29, 2004 (the "Effective Date of Amendment No. 5"), between SIGA Technologies, Inc., a Delaware corporation (the "Corporation"), and Dr. Dennis E. Hruby ("Hruby"), amends certain provisions of the Employment Agreement, dated as of January 1, 1998, as amended (the "Existing Agreement"). Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Existing Agreement.

WHEREAS, under the Existing Agreement, the Initial Term ends on December 31, 2005; and

WHEREAS, the Corporation and Hruby desire to amend the Existing Agreement as provided in this Amendment No. 5.

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 2 of the Existing Agreement (referenced as "Paragraph 1" in the Amendment No. 2, dated as of June 13, 2000) shall be amended to read in its entirety as follows:

> 1. Employment for Term. The Corporation hereby employs Hruby and Hruby hereby accepts employment with the Corporation for the period beginning on the date hereof and ending on December 31, 2007 (the "Initial Term"), or upon the earlier termination of the Term pursuant to Section 7. The foregoing notwithstanding, the Corporation shall have the right to terminate Hruby's employment under the Agreement upon 1 year 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 herein.

2. Section 4(a) of the Existing Agreement shall be amended to add the following sentence at the end thereof:

> From and after the date hereof, the Base Salary shall be not less than $225,000 per annum, and the Corporation shall make the appropriate adjustments to its payroll.

3. Subsection 4(e) of the Existing Agreement shall be deleted, be of no further force and effect, and be replaced by the following:

> (e) 2004 Stock Option Grant. Hruby shall be granted an option to purchase a total of 150,000 shares of Common Stock of the Corporation at an exercise price of $1.40 per share, which shall vest in 75,000 share increments on December 31 of each year, commencing December 31, 2005, pursuant to a Stock Option Grant Agreement in substantially the form attached hereto as Exhibit A5A.

4. Section 4 of the Existing Agreement shall be amended to add a Subsection (f) that reads as follows:

> (f) Other and Additional Compensation. The preceding sections establish the minimum compensation during the Term and shall not preclude the Board from awarding Hruby a higher salary or any bonuses or stock options in the discretion of the Board during the Term at any time, provided that, from and after the Effective Date of Amendment No. 5, any bonus amount awarded Hruby in the discretion of the Board or a committee thereof shall not exceed 50% of Hruby's annual salary.

5. The Existing Agreement shall be amended to add an Exhibit A5A thereto in the form of Exhibit A5A hereto.

5. Any event occurring prior to the Effective Date of Amendment No. 5 that would otherwise constitute a Change of Control shall not be deemed a Change of Control for purposes of the Agreement.

6. Neither the amendments set forth in this Amendment No. 5, nor any event that took place prior to the Effective Date of Amendment No. 5, shall be deemed to constitute a breach of the Existing Agreement by the Corporation.

[Signature page follows immediately]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be dully executed, as of the day and year first written.

SIGA TECHNOLOGIES, INC.

By: /s/ Bernard Kasten

Name: Bernard Kasten, M.D.
Title: Chief Executive Officer

/s/ Dennis Hruby

Dr. Dennis E. Hruby

EXHIBIT A5A

SIGA TECHNOLOGIES, INC.

Incentive Stock Option Agreement

Granting Date: July 29, 2004

To: Dr. Dennis E. Hruby:

We are pleased to notify you that SIGA TECHNOLOGIES, INC., a Delaware corporation (the "Corporation"), has granted to you (the "Holder") an incentive stock option (the "Option") under the Corporation's Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan") to purchase all or any part of an aggregate of 150,000 shares of Common Stock of the Corporation (the "Optioned Shares"), subject to the terms and conditions of this Agreement.

1. Vesting, Term and Exercise of Option. Subject to the provisions of this Agreement, this Option may be exercised for up to the number of vested Optioned Shares (subject to adjustment as provided in Section 6 hereof) by you on or prior to the tenth anniversary of the Granting Date ("Last Exercise Date") at an initial exercise price (the "Exercise Price") of $1.40 per share (subject to adjustment as provided in Section 6 hereof) and all as subject to Plan and this Agreement. The Holder may exercise this Option according to the following vesting schedule: this Option shall become exercisable with respect to the first 75,000 Optioned Shares on December 31, 2005, and with respect to the remaining 75,000 Optioned Shares, on December 31, 2006. Any portion of the Option that you do not exercise shall accumulate and can be exercised by you any time prior to the Last Exercise Date. You may not exercise your Option to purchase a fractional share or fewer than 100 shares, and you may only exercise your Option by purchasing shares in increments of 100 shares unless the remaining shares purchasable are less than 100 shares.

This Option may be exercised by delivering to the Secretary of the Corporation (i) a written Notice of Intention to Exercise in the form attached hereto as Appendix A signed by you and specifying the number of Optioned Shares you desire to purchase, (ii) payment, in full, of the Exercise Price for all such Optioned Shares in cash, certified check, surrender of shares of Common Stock of the Corporation having a value equal to the exercise price of the Optioned Shares as to which you are exercising this Option, provided that such surrendered shares, if previously acquired by exercise of a stock option, have been held by you at least six months prior to their surrender, or by means of a brokered cashless exercise. As a holder of an option, you shall have the rights of a shareholder with respect to the Optioned Shares only after they shall have been issued to you upon the exercise of this Option. Subject to the terms and provisions of this Agreement and the Plan, the Corporation shall use its best efforts to cause the Optioned Shares to be issued as promptly as practicable after receipt of your Notice of Intention to Exercise.

2. Non-transferability of Option. This Option shall not be transferable and may be exercised during your lifetime only by you. Any purported transfer or assignment of this Option shall be void and of no effect, and shall give the Corporation the right to terminate this Option as of the date of such purported transfer or assignment. No transfer of an Option by will or by the laws of descent and distribution shall be effective unless the Corporation shall have

been furnished with written notice thereof, and such other evidence as the Corporation may deem necessary to establish the validity of the transfer and conditions of the Option, and to establish compliance with any laws or regulations pertaining thereto.

3. Certain Rights and Restrictions With Respect to Common Stock. The Optioned Shares which you may acquire upon the exercise of this Option may not be registered under the Securities Act of 1933, as amended, or under state securities laws and the resale by you of such Optioned Shares may, therefore, be restricted. If there is no such registration, you will be unable to transfer such Optioned Shares without either registration under such Act and compliance with applicable state securities laws or the availability of an exemption therefrom. Accordingly, you represent and warrant to the Corporation that all shares of Common Stock you may acquire upon the exercise of this Option will be acquired by you for your own account for investment and that you will not sell or otherwise dispose of any such shares except in compliance with all applicable federal and state securities laws. The Corporation may place a legend to such effect upon each certificate representing Optioned Shares acquired by you upon the exercise of this Option.

4. Disputes. Any dispute which may arise under or as a result of or pursuant to this Agreement shall be finally and conclusively determined in good faith by the Board of Directors of the Corporation in its sole discretion, and such determination shall be binding upon all parties.

5. Termination of Status.

(a) This Option is a separate incentive and not in lieu of salary or other compensation. The Optioned Shares do not vest you with any right to employment with the Corporation, nor is the Corporation's right to terminate your employment in any way restricted by this Agreement. Subject to the following provisions of this Section 5, the Option will terminate upon and will not be exercisable after termination of your employment with the Corporation ("Employment Termination Date"). If your employment with the Corporation is terminated for any reason other than death or disability, this Option may not be exercised after the earlier of (i) ninety (90) days from the Employment Termination Date or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date.

(b) If you die while this Option is exercisable, or within a period of three months after the Employment Termination Date, the Option may be exercised by the duly authorized executor of your last will or by the duly authorized administrator of your estate, but may not be exercised after the earlier of (i) one year from the date of your death or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the date of your death.

(c) If your employment is terminated as a result of your permanent disability, this Option may not be exercised after the earlier of (i) one year from the Employment Termination Date, or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date. If you die after the date your employment is terminated under the provisions of this Section 5(c)

but before the Expiration Date, the provisions of Section 5(b) above shall apply. Permanent 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.

6. Adjustments to Exercise Price and Number of Securities. If the Corporation shall at any time subdivide or combine the outstanding shares of Common Stock, or similar corporate events the Exercise Price and the number of shares subject to the Option shall be appropriately adjusted.

7. Reservation and Listing of Securities. The Corporation shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of this Option, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Corporation covenants and agrees that, upon exercise of this Option and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Option shall be outstanding, the Corporation shall use its best efforts to cause all shares of Common Stock issuable upon the exercise of the Option to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock may then be listed and/or quoted on NASDAQ.

8. Forfeiture of Option Gains. If at any time within one year after the exercise of all or any portion of the Option the Committee determines that the Corporation has been materially harmed by you, which harm either (a) results in your being terminated for Cause or (b) results from your engaging in any activity determined by the Committee, in its sole discretion, to be in competition with any activity of the Corporation, or otherwise inimical, contrary or harmful to the interests of the Corporation (including, but not limited to, violating any non-competition or similar agreements entered into with the Corporation or otherwise 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 Corporation), then upon notice from the Corporation to you any gain ("Gain") realized by you upon exercising such Option shall be paid by you to the Corporation. For purposes of this Section 8, such Gain shall be the excess of the Fair Market Value of the shares of stock obtained through such exercise as of the date of option exercise over the purchase price of such shares. The Corporation shall have the right to offset such Gain against any amounts otherwise owed to you by the Corporation (including, but not limited to wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement).

9. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) If to the registered Holder of this Option, to the address of the Holder as shown on the books of the Corporation; or

(b) If to the Corporation, to 420 Lexington Avenue, Suite 601, New York, NY 10017, or to such other address as the Corporation may designate by notice to the Holders.

10. Supplements and Amendments. The Corporation and the Holder may from time to time supplement or amend this Agreement in any respect, provided, however, that no amendment may adversely affect your rights hereunder without your written consent.

11. Successors. All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Corporation, the Holder and their respective successors and assigns hereunder.

12. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of the State of New York without giving effect to the rules of the State of New York governing the conflicts of laws.

13. Entire Agreement; Modification. This Agreement, including all schedules and exhibits hereto, contains the entire understanding between the parties hereto with respect to the subject matter hereof.

14. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

15. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

16. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Corporation and the registered Holder of this Option any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Corporation and the Holder.

17. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

[Signature page follows immediately]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be dully executed, as of the day and year first written.

SIGA TECHNOLOGIES, INC.

By: /s/ Bernard Kasten

Bernard Kasten, M.D.
Chief Executive Officer

/s/ Dennis E. Hruby

Dennis E. Hruby

AMENDMENT NO. 3 TO EMPLOYMENT AGREEMENT

This AMENDMENT NO. 3 TO EMPLOYMENT AGREEMENT (this "Amendment No. 3"), dated as of July 29, 2004 (the "Effective Date of Amendment No. 3"), between SIGA Technologies, Inc., a Delaware corporation (the "Corporation"), and Thomas N. Konatich ("Konatich"), amends certain provisions of the Amended and Restated Employment Agreement, dated as of October 6, 2000, between the Corporation and Konatich, as amended (the "Existing Agreement"). Capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Existing Agreement.

WHEREAS, under the Existing Agreement, the Initial Term ends on September 30, 2004; and

WHEREAS, the Corporation and Konatich desire to amend the Existing Agreement as provided in this Amendment No. 3.

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 the date hereof and ending on December 31, 2005 (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 the date hereof, the Base Salary shall be not less than $230,000 per annum, and the Corporation shall make the appropriate adjustments to its payroll.

3. Section 3(b) of the Existing Agreement shall be amended to add the following sentence to the end thereof:

> Furthermore, Konatich shall be granted an option to purchase a total of 150,000 shares of Common Stock of the Corporation at an exercise price of $1.40 per share, which shall vest with respect to 75,000 shares immediately and with respect to the remaining 75,000 shares on a pro rata basis from January 1, 2005 through December 31, 2005 with no provision for acceleration under any circumstances, pursuant to a Stock Option Grant Agreement in substantially the form attached hereto as Exhibit A3A.

4. Section 3(c) of the Existing Agreement shall be amended to read in its entirety as follows:

(c) Other and Additional Compensation. The preceding sections establish the minimum compensation during the Term and shall not preclude the Board from awarding Konatich a higher salary or any bonuses or stock options in the discretion of the Board during the Term at any time, provided that, from and after the Effective Date of Amendment No. 3, any bonus amount awarded Konatich in the discretion of the Board or a committee thereof shall not exceed 25% of Konatich's annual salary. In addition, the Corporation shall make a one-time payment to Konatich of $50,000 for his prior service as the Corporation's acting CEO.

5. The Existing Agreement shall be amended to add an Exhibit A3A thereto in the form of Exhibit A3A hereto.

6. Any event occurring prior to the Effective Date of Amendment No. 3 that would otherwise constitute a Change of Control shall not be deemed a Change of Control for purposes of the Agreement.

7. Neither the amendments set forth in this Amendment No. 3, nor any event that took place prior to the Effective Date of Amendment No. 3, shall be deemed to constitute a breach of the Existing Agreement by the Corporation.

[Signature page follows immediately]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 3 as of July 29, 2004.

SIGA TECHNOLOGIES, INC.

By: /s/ Bernard Kasten

Name: Bernard Kasten, M.D.
Title: Chief Executive Officer

/s/ Thomas N. Konatich

Thomas N. Konatich

EXHIBIT A3A

SIGA TECHNOLOGIES, INC.

Incentive Stock Option Agreement

Granting Date: July 29, 2004

To: Mr. Thomas N. Konatich:

We are pleased to notify you that SIGA TECHNOLOGIES, INC., a Delaware corporation (the "Corporation"), has granted to you (the "Holder") an incentive stock option (the "Option") under the Corporation's Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan (the "Plan") to purchase all or any part of an aggregate of 150,000 shares of Common Stock of the Corporation (the "Optioned Shares"), subject to the terms and conditions of this Agreement.

1. Vesting, Term and Exercise of Option. Subject to the provisions of this Agreement, this Option may be exercised for up to the number of vested Optioned Shares (subject to adjustment as provided in Section 6 hereof) by you on or prior to the tenth anniversary of the Granting Date ("Last Exercise Date") at an initial exercise price (the "Exercise Price") of $1.40 per share (subject to adjustment as provided in Section 6 hereof) and all as subject to Plan and this Agreement. The Holder may exercise this Option according to the following vesting schedule: this Option shall become exercisable with respect to the first 75,000 Optioned Shares, on the date hereof, and with respect to the remainder of the Optioned Shares quarterly, on a pro-rata basis from January 1, 2005 through December 31, 2005. Notwithstanding anything to the contrary contained herein or that certain Amended and Restated Employment Agreement, dated as of October 6, 2000, as amended, in no event shall the vesting of the Optioned Shares granted hereby be accelerated. Any portion of the Option that you do not exercise shall accumulate and can be exercised by you any time prior to the Last Exercise Date. You may not exercise your Option to purchase a fractional share or fewer than 100 shares, and you may only exercise your Option by purchasing shares in increments of 100 shares unless the remaining shares purchasable are less than 100 shares.

This Option may be exercised by delivering to the Secretary of the Corporation (i) a written Notice of Intention to Exercise in the form attached hereto as Appendix A signed by you and specifying the number of Optioned Shares you desire to purchase, (ii) payment, in full, of the Exercise Price for all such Optioned Shares in cash, certified check, surrender of shares of Common Stock of the Corporation having a value equal to the exercise price of the Optioned Shares as to which you are exercising this Option, provided that such surrendered shares, if previously acquired by exercise of a stock option, have been held by you at least six months prior to their surrender, or by means of a brokered cashless exercise. As a holder of an option, you shall have the rights of a shareholder with respect to the Optioned Shares only after they shall have been issued to you upon the exercise of this Option. Subject to the terms and provisions of this Agreement and the Plan, the Corporation shall use its best efforts to cause the Optioned Shares to be issued as promptly as practicable after receipt of your Notice of Intention to Exercise.

2. Non-transferability of Option. This Option shall not be transferable and may be exercised during your lifetime only by you. Any purported transfer or assignment of this

Option shall be void and of no effect, and shall give the Corporation the right to terminate this Option as of the date of such purported transfer or assignment. No transfer of an Option by will or by the laws of descent and distribution shall be effective unless the Corporation shall have been furnished with written notice thereof, and such other evidence as the Corporation may deem necessary to establish the validity of the transfer and conditions of the Option, and to establish compliance with any laws or regulations pertaining thereto.

3. Certain Rights and Restrictions With Respect to Common Stock. The Optioned Shares which you may acquire upon the exercise of this Option may not be registered under the Securities Act of 1933, as amended, or under state securities laws and the resale by you of such Optioned Shares may, therefore, be restricted. If there is no such registration, you will be unable to transfer such Optioned Shares without either registration under such Act and compliance with applicable state securities laws or the availability of an exemption therefrom. Accordingly, you represent and warrant to the Corporation that all shares of Common Stock you may acquire upon the exercise of this Option will be acquired by you for your own account for investment and that you will not sell or otherwise dispose of any such shares except in compliance with all applicable federal and state securities laws. The Corporation may place a legend to such effect upon each certificate representing Optioned Shares acquired by you upon the exercise of this Option.

4. Disputes. Any dispute which may arise under or as a result of or pursuant to this Agreement shall be finally and conclusively determined in good faith by the Board of Directors of the Corporation in its sole discretion, and such determination shall be binding upon all parties.

5. Termination of Status.

(a) This Option is a separate incentive and not in lieu of salary or other compensation. The Optioned Shares do not vest you with any right to employment with the Corporation, nor is the Corporation's right to terminate your employment in any way restricted by this Agreement. Subject to the following provisions of this Section 5, the Option will terminate upon and will not be exercisable after termination of your employment with the Corporation ("Employment Termination Date"). If your employment with the Corporation is terminated for any reason other than death or disability, this Option may not be exercised after the earlier of (i) ninety (90) days from the Employment Termination Date or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date.

(b) If you die while this Option is exercisable, or within a period of three months after the Employment Termination Date, the Option may be exercised by the duly authorized executor of your last will or by the duly authorized administrator of your estate, but may not be exercised after the earlier of (i) one year from the date of your death or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the date of your death.

(c) If your employment is terminated as a result of your permanent disability, this Option may not be exercised after the earlier of (i) one year from the Employment

Termination Date, or (ii) the Expiration Date, and may not be exercised for more than the number of Optioned Shares purchasable under Section 1 on the Employment Termination Date. If you die after the date your employment is terminated under the provisions of this Section 5(c) but before the Expiration Date, the provisions of Section 5(b) above shall apply. Permanent 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.

6. Adjustments to Exercise Price and Number of Securities. If the Corporation shall at any time subdivide or combine the outstanding shares of Common Stock, or similar corporate events the Exercise Price and the number of shares subject to the Option shall be appropriately adjusted.

7. Reservation and Listing of Securities. The Corporation shall at all times reserve and keep available out of its authorized shares of Common Stock, solely for the purpose of issuance upon the exercise of this Option, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Corporation covenants and agrees that, upon exercise of this Option and payment of the Exercise Price therefor, all shares of Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid, non-assessable and not subject to the preemptive rights of any stockholder. As long as this Option shall be outstanding, the Corporation shall use its best efforts to cause all shares of Common Stock issuable upon the exercise of the Option to be listed (subject to official notice of issuance) on all securities exchanges on which the Common Stock may then be listed and/or quoted on NASDAQ.

8. Forfeiture of Option Gains. If at any time within one year after the exercise of all or any portion of the Option the Committee determines that the Corporation has been materially harmed by you, which harm either (a) results in your being terminated for Cause or (b) results from your engaging in any activity determined by the Committee, in its sole discretion, to be in competition with any activity of the Corporation, or otherwise inimical, contrary or harmful to the interests of the Corporation (including, but not limited to, violating any non-competition or similar agreements entered into with the Corporation or otherwise 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 Corporation), then upon notice from the Corporation to you any gain ("Gain") realized by you upon exercising such Option shall be paid by you to the Corporation. For purposes of this Section 8, such Gain shall be the excess of the Fair Market Value of the shares of stock obtained through such exercise as of the date of option exercise over the purchase price of such shares. The Corporation shall have the right to offset such Gain against any amounts otherwise owed to you by the Corporation (including, but not limited to wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement).

9. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly made and sent when delivered, or mailed by registered or certified mail, return receipt requested:

(a) If to the registered Holder of this Option, to the address of the Holder as shown on the books of the Corporation; or

(b) If to the Corporation, to 420 Lexington Avenue, Suite 601, New York, NY 10017, or to such other address as the Corporation may designate by notice to the Holders.

10. Supplements and Amendments. The Corporation and the Holder may from time to time supplement or amend this Agreement in any respect, provided, however, that no amendment may adversely affect your rights hereunder without your written consent.

11. Successors. All the covenants and provisions of this Agreement shall be binding upon and inure to the benefit of the Corporation, the Holder and their respective successors and assigns hereunder.

12. Governing Law. This Agreement shall be deemed to be a contract made under the laws of the State of New York and for all purposes shall be construed in accordance with the laws of the State of New York without giving effect to the rules of the State of New York governing the conflicts of laws.

13. Entire Agreement; Modification. This Agreement, including all schedules and exhibits hereto, contains the entire understanding between the parties hereto with respect to the subject matter hereof.

14. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement.

15. Captions. The caption headings of the Sections of this Agreement are for convenience of reference only and are not intended, nor should they be construed as, a part of this Agreement and shall be given no substantive effect.

16. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any person or corporation other than the Corporation and the registered Holder of this Option any legal or equitable right, remedy or claim under this Agreement; and this Agreement shall be for the sole and exclusive benefit of the Corporation and the Holder.

17. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

[Signature page follows immediately]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be dully executed, as of the day and year first written.

SIGA TECHNOLOGIES, INC.

By: /s/ Bernard Kasten

Bernard Kasten, M.D.
Chief Executive Officer

/s/ Thomas N. Konatich

Thomas N. Konatich

Exhibit 31.1

I, Bernard L. Kasten, M.D., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of SIGA Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions);

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date: November 15, 2004

By /s/ Bernard L. Kasten, M.D.

Bernard L. Kasten, M.D.
Chief Executive Officer

Exhibit 31.2

I, Thomas Konatich, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of SIGA Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions);

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date: November 15, 2004

By /s/ Thomas N. Konatich

Thomas N. Konatich
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of SIGA Technologies, Inc. (the "Company") on Form 10-QSB for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bernard L. Kasten, M.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 15, 2004

/S/ Bernard L. Kasten, M.D.

Bernard L. Kasten, M.D.
Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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

In connection with the Quarterly Report of SIGA Technologies, Inc. (the "Company") on Form 10-QSB for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas N. Konatich., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 15, 2004

/S/ Thomas N. Konatich

Thomas N. Konatich
Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.