EDGAR Online

SIGA TECHNOLOGIES INC

FORM 10-K
(Annual Report)

Filed 03/10/14 for the Period Ending 12/31/13

Address	660 MADISON AVENUE SUITE 1700 NEW YORK, NY 10065
Telephone	212-672-9100
CIK	0001010086
Symbol	SIGA
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Drugs
Sector	Healthcare
Fiscal Year	12/31

Powered By EDGAR Online
http://www.edgar-online.com
© Copyright 2014, EDGAR Online, Inc. All Rights Reserved.
Distribution and use of this document restricted under EDGAR Online, Inc. Terms of Use.

Table of Contents

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

FORM 10-K

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2013
Or
☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____

Commission File No. 0-23047

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 Identification. No.)
660 Madison Avenue, Suite 1700 **New York, NY** (Address of principal executive offices)	**10065** (zip code)

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

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

Title of each class	**Name of each exchange on which registered**
common stock, $.0001 par value	Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ☐ No ☒ .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act Yes ☐ No ☒ .

Note —Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐ .

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

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

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

Table of Contents

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, based upon the closing sale price of the common stock on June 30, 2013 as reported on the Nasdaq Global Market was approximately $148,806,051.

As of February 14, 2014 the registrant had outstanding 53,262,322 shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

The following document is incorporated herein by reference:

Document	**Parts Into Which Incorporated**
Proxy Statement for the Company's 2014 Annual Meeting of Stockholders	Part III

SIGA TECHNOLOGIES, INC.
FORM 10-K

Table of Contents

Item 1. Business

Item 1. Business

Certain statements in this Annual Report on Form 10-K, including certain statements contained in "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words or phrases "can be," "expects," "may affect," "may depend," "believes," "estimate," "project" and similar words and phrases are intended to identify such forward-looking statements. Such forward-looking statements are subject to various known and unknown risks and uncertainties and SIGA cautions you that any forward-looking information provided by or on behalf of SIGA is not a guarantee of future performance. SIGA's actual results could differ materially from those anticipated by such forward-looking statements due to a number of factors, some of which are beyond SIGA's control, including, but not limited to, (i) the risk that potential products that appear promising to SIGA or its collaborators cannot be shown to be efficacious or safe in subsequent pre-clinical or clinical trials, (ii) the risk that SIGA or its collaborators will not obtain appropriate or necessary governmental approvals to market potential products, (iii) the risk that SIGA may not be able to obtain anticipated funding for its development projects or other needed funding, including from anticipated governmental contracts and grants (iv) the risk that SIGA may not complete performance under SIGA's contract (the "BARDA Contract") with the U.S. Biomedical Advanced Research and Development Authority ("BARDA") on schedule or in accordance with contractual terms, (v) the risk that SIGA may not be able to secure or enforce sufficient legal rights in its products, including intellectual property protection, (vi) the risk that any challenge to SIGA's patent and other property rights, if adversely determined, could affect SIGA's business and, even if determined favorably, could be costly, (vii) the risk that regulatory requirements applicable to SIGA's products may result in the need for further or additional testing or documentation that will delay or prevent seeking or obtaining needed approvals to market these products, (viii) the risk that one or more protests could be filed and upheld in whole or in part or other governmental action taken, in either case leading to a delay of performance under the BARDA Contract or other governmental contracts, (ix) the risk that the BARDA Contract is modified or canceled at the request or requirement of the U.S. government, (x) the risk that the volatile and competitive nature of the biotechnology industry may hamper SIGA's efforts to develop or market its products, (xi) the risk that changes in domestic and foreign economic and market conditions may affect SIGA's ability to advance its research or its products adversely, (xii) the effect of federal, state or foreign regulation, including drug regulation and international trade regulation, on SIGA's businesses, (xiii) the risk that our outstanding indebtedness may make it more difficult to obtain additional financing, (xiv) the risk that the U.S. government's responses (including inaction) to the national and global economic situation may affect SIGA's business adversely, (xv) the risk that our internal controls will not be effective in detecting or preventing a misstatement in our financial statements, (xvi) the risk that some amounts received and recorded as deferred revenue ultimately may not be recognized as revenue, (xvii) the risk that the recent remand to the Delaware Court of Chancery could result in a burdensome award of damages, which could materially and adversely affect the Company, (xviii) the risk that the remand may result in extended and expensive litigation, (xix) the risk that our litigation with PharmAthene may impede our efforts to continue to grow the Company, and (xx) the risk that we may not be able to establish our intended positions or otherwise not prevail in any further court proceedings. All such forward-looking statements are current only as of the date on which such statements were made. SIGA does not undertake any obligation to update publicly any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

Overview

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

We are a company specializing in the development and commercialization of solutions for serious unmet medical needs and biothreats. Our lead product is Arestvyr, ™ (tecovirimat), also known as ST-246®, an orally administered antiviral drug that targets orthopoxviruses. While Arestvyr is not yet licensed as safe or effective by the U.S. Food & Drug Administration, it is a novel small-molecule drug that is being delivered to the Strategic National Stockpile under Project BioShield.

Lead Product - Arestvyr ™

On May 13, 2011, we signed the BARDA Contract pursuant to which we agreed to deliver two million courses of Arestvyr to the U.S. Strategic National Stockpile ("Strategic Stockpile"). The base contract, worth approximately $463 million, includes $54 million related to development and supportive activities and contains various options to be exercised at BARDA's discretion. The period of performance for development and supportive activities runs until 2020. As originally issued, the BARDA Contract included an option for the purchase of up to 12 million additional courses of Arestvyr; however, following a protest by a competitor of the Company, BARDA issued a contract modification on June 24, 2011 pursuant to which it deleted the option to purchase the

additional courses. Under the BARDA Contract as modified, BARDA has agreed to buy from SIGA 1.7 million courses of Arestvyr. Additionally, SIGA will contribute to BARDA 300,000 courses manufactured primarily using federal funds provided by the U.S. Department of Health and Human Services ("HHS") under prior development contracts. The BARDA Contract as modified also contains options that will permit SIGA to continue its work on pediatric and geriatric formulations of the drug as well as use of Arestvyr for smallpox prophylaxis. As discussed in Item 3, "Legal Proceedings," the amount of profits we will retain pursuant to the BARDA Contract may be adversely affected by the outcome of PharmAthene's action against SIGA.

We believe that Arestvyr is among the first new small-molecule drugs delivered to the Strategic Stockpile under the Project BioShield Act of 2004 ("Project BioShield"). Arestvyr is an investigational product that is not currently approved by the U.S. Food and Drug Administration ("FDA") as a treatment of smallpox or any other indication. Nevertheless, the FDA has designated Arestvyr for "fast-track" status, creating a path for expedited FDA review and eventual regulatory approval. Arestvyr is a novel, patented drug that is easy to store, transport and administer. There could be several uses for an effective smallpox antiviral drug: to reduce mortality and morbidity in those infected with the smallpox virus, to protect the non-immune who risk developing smallpox following virus exposure, and as an adjunct to the smallpox vaccine in order to reduce the frequency of serious adverse events due to the live virus used for vaccination.

Arestvyr's regulatory path, and SIGA's development activities related to Arestvyr, are materially guided by the results of an FDA Advisory Committee meeting that was convened in December 2011 (the "Advisory Committee"). The Advisory Committee was convened to consider proposals for using a surrogate orthopoxvirus model and to determine what elements of the "animal rule" constitute "enough" evidence for approval of a drug for the treatment of smallpox. The Advisory Committee's recommendation confirmed that the monkeypox, rabbitpox and ectromelia models, especially in combination, could suitably provide appropriate evidence of efficacy for treatment of smallpox. Subsequent to the Advisory Committee, SIGA has had substantive meetings and communications with the FDA regarding the regulatory path of Arestvyr. Development activities for Arestvyr are based on the Advisory Committee's recommendation, and take into account meetings and communications with the FDA.

The regulatory status of Arestvyr follows: Arestvyr has Orphan Drug designation for both the treatment and prevention of smallpox, and in late 2010, Arestvyr received Orphan Drug designation for the broader indication of treatment of orthopoxvirus infections (vaccinia, variola, monkeypox and cowpox). Also in 2010, a final study report was completed and provided to the FDA for a Phase II multiple dose clinical trial to evaluate the safety, tolerability and pharmacokinetics of Arestvyr when administered as a single, daily oral dose for fourteen days. A clinical study to test the palatability of Arestvyr on various food items was initiated in January 2014, the purpose of which is to support dosage for humans who may have difficulty swallowing capsules including children and the elderly. Protocols for an expanded clinical safety trial to support an New Drug Application ("NDA") filing and a clinical mass balance (absorption, metabolism and excretion) study to inform on any potential drug to drug interactions are under development. Rabbitpox efficacy studies in rabbits, and supporting studies, are being conducted and planned. An Investigational New Drug ("IND") application for an intravenous (IV) formulation of Arestvyr was filed with FDA in September 2012 and we received a safe to proceed letter from FDA in November 2012 along with a letter granting fast-track status. Formulation work has commenced on an oral suspension formulation of Arestvyr which would support dosing for pediatrics and the elderly.

Manufacturing

We use third parties known as Commercial Manufacturing Organizations ("CMOs") to procure commercial raw materials and supplies, and to manufacture Arestvyr. Our CMOs apply methods and controls in facilities that are used for manufacturing, processing, packaging and holding pharmaceuticals which conform to current good manufacturing practices ("cGMP"), the standard set by FDA for manufacture of pharmaceuticals intended for human use.

Product Candidates

We are seeking partners for our Dengue Antiviral and Anti-Arenavirus drug candidates to support further development activity.

Dengue Antiviral : Dengue fever, an acute febrile disease characterized by a sudden onset of fever and an abnormally high internal body temperature, is caused by one of four serotypes of dengue virus of the genus Flavivirus. Dengue fever can be classified as classical dengue fever, severe dengue, which includes the life threatening dengue hemorrhagic fever syndrome, or dengue shock syndrome. Dengue virus may be transmitted via the bite of an infected *Aedes aegypti* mosquito, which is found in tropical and sub-tropical regions around the world.

Each year, regional epidemics of dengue fever cause significant morbidity and mortality. Regional epidemics also cause social disruption and substantial economic burden in affected areas, in terms of increased hospitalization rates and necessary

mosquito control. The World Health Organization estimates that forty percent of the world's population is at risk with an estimated 50-100 million people infected with the virus each year. There is currently no approved antiviral or vaccine for the treatment or prevention of dengue-mediated disease. We have identified a lead pre-clinical drug candidate with activity against all four serotypes of virus and which has shown efficacy in a murine model of disease.

Anti-Arenavirus: Arenaviruses are hemorrhagic fever viruses that have been classified as Category A agents by U.S. Centers for Disease Control and Prevention ("CDC") due to the great risk that they pose to public health and national safety. The hemorrhagic fever arenaviruses (Lassa virus in Africa and Junin, Machupo, Guanarito and Sabia viruses in South America) have no available FDA-approved treatment. In order to combat this threat, our scientists have identified a lead pre-clinical drug candidate, which has demonstrated significant antiviral activity in cell culture assays against Lassa virus. Lassa fever is an acute viral illness prevalent in West Africa with an estimated 100,000 to 300,000 infections. We have demonstrated therapeutic efficacy of our lead candidate against Lassa fever in several animal challenge studies. We believe that the availability of hemorrhagic fever virus antiviral drugs would address national and global security needs by acting as a significant deterrent and defense against the use of arenaviruses as weapons of bioterrorism or biowarfare.

Market for Biological Defense Programs

The market for biodefense countermeasures reflects continued awareness of the threat of global terror and biowarfare activity. The U.S. government is the largest source of development and procurement funding for academic institutions and biopharmaceutical companies conducting biodefense research or developing vaccines, anti-infectives and immunotherapies directed at potential agents of bioterror or biowarfare. U.S. government spending on biodefense programs includes development funding awarded by National Institute of Allergy and Infectious Diseases ("NIAID"), BARDA and Department of Defense ("DoD"), and procurement of countermeasures by BARDA, CDC and DoD.

Project BioShield, which became law in 2004, authorizes the procurement of countermeasures for biological, chemical, radiological and nuclear attacks for the Strategic Stockpile, which is a national repository of medical assets and countermeasures designed to provide federal, state and local public health agencies with medical supplies needed to treat and protect those affected by terrorist attacks, natural disasters, industrial accidents and other public health emergencies. Project BioShield initially provided appropriations of $5.6 billion to be expended over ten years. The initial $5.6 billion appropriation expired on September 30, 2013. In 2013, Congress reauthorized Project BioShield and in 2014, the Appropriations Act for Fiscal Year 2014 provided an annual appropriation of $670 million for activities related to countering biological and other threats to civilian populations, of which $255 million has been set aside for the procurement of countermeasures and $415 million has been set aside for advanced research and development and administrative expenses of BARDA.

In addition to the U.S. government, we believe that other potential additional markets for the sale of biodefense countermeasures include:

- foreign governments, including both defense and public health agencies;
- state and local governments, which may be interested in these products to protect, among others, emergency responders, such as police, fire and emergency medical personnel;
- healthcare providers, including hospitals and clinics; and
- non-governmental organizations and multinational companies, including transportation and security companies.

Research Agreements

We obtain funding in the form of grants or contracts from various agencies of the U.S. government to support our research and development activities. Currently, in addition to the BARDA Contract, we have one contract and two grants with varying expiration dates through February 2018 that provide for potential future aggregate research and development funding for specific projects of approximately $13.9 million. This amount includes, among other things, options that may or may not be exercised at the U.S. government's discretion. Moreover, the contracts and grants contain customary terms and conditions and include the U.S. government's right to terminate or restructure a grant for convenience at any time. We have entered into the following collaborative research arrangements and contracts:

Smallpox antiviral drug development : In 2006, we were awarded a contract from NIH totaling approximately $21 million for the continued development of ST-246, now also known as Arestvyr. In 2008, we were awarded a $55.1 million contract from NIH to support the development of additional formulations and orthopox-related indications for ST-246. In 2008, the NIH increased

an existing $16.5 million contract to $20.0 million. In August 2011, these contracts were restructured and transferred to BARDA so that $14.0 million was eligible to cover performance through February 2013. Subsequently, the period of performance for a portion of the remaining funds available under the contract was extended to February 2018. As of December 31, 2013, $7.0 million remains available to us under the restructured contract.

In September 2009, we received a three-year, $3.0 million Phase II grant from NIH to fund the continued development of ST-246 for the treatment of smallpox vaccine-related adverse events. This grant concluded in February 2013.

Dengue antiviral drug development : In May 2011, we received a 5-year grant of $6.5 million from NIH to continue funding for the development of antiviral drugs for dengue. As of December 31, 2013, there is $3.0 million available under this grant. As described in Item 7, “Management's Discussion and Analysis,” in connection with the Optimization Program, we have restricted our early-stage drug discovery efforts and thus do not expect directly to utilize material amounts of available funds under this grant.

Anti-arenavirus drug development : In August 2011, we received a 5-year grant of $7.7 million from NIH to continue funding for the development of antiviral drugs for Lassa fever virus. As of December 31, 2013, there is $3.9 million available under this grant. In connection with the Optimization Program, we have restricted our early-stage drug discovery efforts and thus do not expect directly to utilize material amounts of available funds under this grant.

We receive cash payments from NIH and BARDA on a monthly basis, as services are performed or goods are purchased. Our current contracts and grants, other than the BARDA Contract, do not include milestone payments. Amounts under contract and grant agreements are not guaranteed and can be canceled at any time for reasons such as non-performance or convenience of the U.S. government and, if canceled, we will not receive funds for additional work under the agreements.

For a discussion of research and development expenses, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly evolving technology and intense competition. Our competitors include most of the major pharmaceutical companies, each of which has financial, technical and marketing resources significantly greater than ours. Biotechnology and other pharmaceutical competitors in the biodefense space include, but are not limited to, Bavarian Nordic AS, Chimerix Inc., and Emergent BioSolutions. Academic institutions, governmental agencies and other public and private research organizations are also conducting research activities and seeking patent protection and may commercialize products on their own or through joint ventures.

Our biodefense product candidates face significant competition for U.S. government funding for both development and procurement of medical countermeasures for biological, chemical, radiological and nuclear threats, diagnostic testing systems, and other emergency preparedness countermeasures.

Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer side effects, are more convenient or are less expensive than products that we may develop. In addition, we may not be able to compete effectively if our product candidates do not satisfy governmental procurement requirements, particularly requirements of the U.S. government with respect to biodefense products.

Human Resources and Research Facilities

As of February 1, 2014, we had 34 full-time employees. None of our employees is covered by a collective bargaining agreement, and we consider our employee relations to be good. Our research and development facilities are located in Corvallis, Oregon, where we lease approximately 32,800 square feet under a lease agreement signed in January 2007, as amended in May 2011, and which expires in December 2017.

Intellectual Property and Proprietary Rights

Our commercial success will depend in part on our ability to obtain and maintain patent protection for our proprietary technologies, drug targets and potential products and to preserve our trade secrets. Because of the substantial length of time and expense associated with bringing potential products through the development and regulatory clearance processes to reach the marketplace, the pharmaceutical industry places considerable importance on obtaining patent and trade secret protection. The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and involve complex legal and factual

questions. No consistent policy regarding the breadth of claims allowed in biotechnology patents has emerged to date. Accordingly, we cannot predict the type and extent of claims allowed in these patents.

We are exclusive owner of 21 U.S. patents. We are also exclusive owner of 2 U.S. provisional patent applications, 16 U.S. utility patent applications, 3 international PCT patent applications and 92 foreign patent applications.

The following are our patent positions as of December 31, 2013:

PATENTS	Number Owned by SIGA	Patent Expiration Dates*
United States	21	2024 (1), 2026 (2), 2027 (5), 2028 (6), 2029 (4), 2030 (1) , 2032 (2)
Australia	4	2027(1), 2028(1), 2029(1), 2030(1)
Europe	12	2027(6), 2028(6)
Japan	4	2024(1), 2025(1), 2027(1), 2028(1)
South Africa	2	2027(1), 2028 (1)
African Regional Intellectual Property Organization (ARIPO)	2	2027(1), 2028 (1)
African Intellectual Property Organization (OAPI)	5	2027(1), 2028 (2), 2029 (1), 2030 (1)
All other jurisdictions	2	2024(1),2029(1)

* Patent Expiration Dates may be affected by patent term extensions and adjustments.

APPLICATIONS	Number Owned by SIGA
United States	16
United States provisional	2
PCT	3
Australia	7
Canada	9
Europe	11
Japan	5
Mexico	8
South Africa	4
ARIPO	3
OAPI	1
All Other Jurisdictions	44

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

FDA regulations require that patented drugs be sold under brand names that comply with various regulations. We must develop and make efforts to protect these brand names for each of our products in order to avoid product piracy and to secure exclusive rights to these brand names. We may expend substantial funds in developing and securing rights to adequate brand names for our products. We currently have proprietary trademark rights in SIGA®, Arestvyr ™, ST-246® and other brands used by us in the United States and certain foreign countries, but we may have to develop additional trademark rights in order to comply with regulatory requirements. We consider securing adequate trademark rights to be important to our business.

Government Regulation

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

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

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

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

FDA amended its regulations, effective June 30, 2002, to include the "animal rule" in circumstances that would permit the typical clinical testing regime to approve certain new drug and biological products used to reduce or prevent the toxicity of chemical, biological, radiological, or nuclear agents not otherwise naturally present for use in humans based on evidence of safety in healthy subjects and evidence of effectiveness derived only from appropriate animal studies and any additional supporting data. FDA has indicated that approval for therapeutic use of Arestvyr will be determined under the "animal rule."

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

FDA regulations also make available an alternative regulatory mechanism that may lead to use of the product under limited circumstances. The Emergency Use Authorization ("EUA") authority allows the FDA Commissioner to strengthen the public health protections against biological, chemical, radiological and nuclear agents that may be used to attack the American people or the U.S. armed forces. Under this authority, the FDA Commissioner may allow medical countermeasures to be used in an emergency to diagnose, treat or prevent serious or life-threatening diseases or conditions caused by such agents when appropriate findings are made concerning the nature of the emergency, the availability of adequate and approved alternatives, and the quality of available data concerning the drug candidate under consideration for emergency use. We have provided data to FDA to support an EUA for Arestvyr in the event of a smallpox attack. In November 2012, the CDC filed an IND application for use of Arestvyr in emergency situations until an EUA is in place. In December 2012, CDC received a "safe to proceed" letter from FDA for this IND. In August 2013, CDC filed a pre-EUA request for which FDA currently holds an open file.

Legislation and Regulation Related to Bioterrorism Counteragents and Pandemic Preparedness. Because some of our drug candidates are intended for the treatment of diseases that may result from acts of bioterrorism or biowarfare or for pandemic preparedness, they may be subject to the specific legislation and regulation described below and elsewhere in this Annual Report on Form 10-K.

Project BioShield. Project BioShield and related 2006 federal legislation provide procedures for biodefense-related procurement and awarding of research grants, making it easier for HHS to commit funds to countermeasure projects. Project BioShield provides alternative procedures under the Federal Acquisition Regulation, the general rubric for acquisition of goods and services by the U.S. government, for procuring property or services used in performing, administering or supporting biomedical countermeasure research and development. In addition, if the Secretary of HHS deems that there is a pressing need, Project BioShield authorizes the Secretary to use an expedited award process, rather than the normal peer review process, for grants, contracts and cooperative agreements related to biomedical countermeasure research and development activity.

Under Project BioShield, the Secretary of HHS, with the concurrence of the Secretary of the Department of Homeland Security and upon the approval of the President, can contract to purchase unapproved countermeasures for the Strategic Stockpile in specified circumstances. Congress is notified of a recommendation for a Strategic Stockpile purchase after Presidential approval. Project BioShield specifies that a company supplying the countermeasure to the Strategic Stockpile is paid on delivery of a substantial portion of the countermeasure. To be eligible for purchase under these provisions, the Secretary of HHS must determine that there are sufficient and satisfactory clinical results or research data, including data, if available, from pre-clinical and clinical trials, to support a reasonable conclusion that the countermeasure will qualify for approval or licensing within eight years. Project BioShield also allows the Secretary of HHS to authorize the emergency use of medical products that have not yet been approved by FDA. To exercise this authority, the Secretary of HHS must conclude that:

- the agent for which the countermeasure is designed can cause serious or life-threatening disease;
- the product may reasonably be believed to be effective in detecting, diagnosing, treating or preventing the disease;
- the known and potential benefits of the product outweigh its known and potential risks; and
- there is no adequate alternative to a product that is approved and available.

Although this provision permits the Secretary of HHS to circumvent FDA approval (entirely, or in part) for marketing, its use in this manner would likely be limited to rare circumstances. The Secretary of HHS concluded that, prior to award of the BARDA Contract in May 2011, ST-246, now also known as Arestvyr, will qualify within eight years for approval by FDA for therapeutic use against smallpox.

Public Readiness and Emergency Preparedness Act. The Public Readiness and Emergency Preparedness Act, or PREP Act, provides immunity for manufacturers from claims under state or federal law for “loss” arising out of the administration or use of a “covered countermeasure.” However, injured persons may still bring a suit for “willful misconduct” against the manufacturer under some circumstances. “Covered countermeasures” include security countermeasures and “qualified pandemic or epidemic products”, including products intended to diagnose or treat pandemic or epidemic disease, as well as treatments intended to address conditions caused by such products. For these immunities to apply, the Secretary of HHS must issue a declaration in cases of public health emergency or “credible risk” of a future public health emergency. Since 2007, the Secretary of HHS has issued 8 declarations under the PREP Act to protect from liability countermeasures that are necessary to prepare the nation for potential pandemics or epidemics, including a declaration on October 10, 2008 that provides immunity from tort liability as it relates to smallpox countermeasures.

Foreign Regulation. As noted above, in addition to regulations in the United States, we might be subject to a variety of foreign regulations governing clinical trials and commercial sales and distribution of our drug candidates. Whether or not we obtain FDA approval for a product, we may have to obtain approval of a product by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The actual time required to obtain clearance to market a product in a particular foreign jurisdiction may vary substantially, based upon the type, complexity and novelty of the pharmaceutical drug candidate, the specific requirements of that jurisdiction, and in some countries whether FDA has previously approved the drug for marketing. The requirements governing the conduct of clinical trials, marketing authorization, pricing and reimbursement vary from country to country. Certain foreign jurisdictions, including the European Union, have adopted biodefense-specific regulation akin to that available in the United States such as a procedure similar to the “animal rule” promulgated by FDA.

Regulations Regarding Government Contracting. The status of an organization as a government contractor in the United States and elsewhere means that the organization is also subject to various statutes and regulations, including the Federal Acquisition Regulation, which governs the procurement of goods and services by agencies of the United States. These governing statutes and regulations can impose stricter penalties than those normally applicable to commercial contracts, such as criminal and civil damages liability and suspension and debarment from future government contracting. In addition, pursuant to various statutes and regulations, government contracts can be subject to unilateral termination or modification by the government for convenience in the United States and elsewhere, detailed auditing requirements, statutorily controlled pricing, sourcing and subcontracting restrictions and statutorily mandated processes for adjudicating contract disputes.

Availability of Reports and Other Information

We file annual, quarterly, and current reports, proxy statements, and other documents with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934 (the "Exchange Act"). The public may read and copy any material that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any document that we file with or furnish to the SEC at www.sec.gov.

In addition, our Company website can be found on the Internet at www.siga.com. The website contains information about us and our operations. Copies of each of our filings with the SEC on Form 10-K, Form 10-Q, and Form 8-K, and all amendments to those reports, can be viewed and downloaded free of charge as soon as reasonably practicable after the reports and amendments are electronically filed with or furnished to the SEC. To view the reports, access www.siga.com, click on "Investor Relations" and "Financial Information."

The following corporate governance related documents are also available on our website:

- Audit Committee Charter;
- Compensation Committee Charter;
- Nominating and Corporate Governance Committee Charter;
- Code of Ethics and Business Conduct;
- Procedure for Sending Communications to the Board of Directors;
- Procedures for Security Holder Submission of Nominating Recommendations;
- Policy on Confidentiality of Information and Securities Trading; and
- Conflict of Interest Policy.

To review these documents, access www.siga.com and click on "Investor Relations" and "Corporate Governance."

Any of the above documents can also be obtained in print by any shareholder upon request to the Secretary, SIGA Technologies, Inc., 660 Madison Avenue, Suite 1700, New York, New York 10065.

Item 1A. Risk Factors

This report contains forward-looking statements and other prospective information relating to future events. These forward-looking statements and other information are subject to risks and uncertainties that could cause our actual results to differ materially from our historical results or currently anticipated results including the following:

Risks Related to Our Dependence on U.S. Government Contracts and Grants

We currently expect to derive substantially all of our foreseeable future revenue from sales of Arestvyr under the BARDA Contract in addition to contracts and grants from various agencies of the U.S. government. If BARDA demand for Arestvyr is reduced, our business, financial condition and operating results could be materially harmed.

Our BARDA Contract does not necessarily increase the likelihood that we will secure future comparable contracts with the U.S. government. The success of our business and our operating results for the foreseeable future are substantially dependent on the terms of the Arestvyr sales to the U.S. government, including price per course, the number and size of doses in a course and the timing of deliveries.

Furthermore, substantially all of our revenues for the years ended December 31, 2013, 2012 and 2011, respectively, were derived from contracts and grants other than the BARDA Contract. Our current revenue is primarily derived from contract work being performed for NIH under grants and one BARDA development contract scheduled to substantially conclude in February 2015. There can be no assurance that we will recognize the revenue from the BARDA Contract in the time periods we anticipate or at all, or that we will be able to secure future contracts or grants. Failure to recognize such revenue or secure such contracts or grants could have an adverse effect on our results of operations.

The pricing under our fixed-price government contracts and grants is based on estimates of the time, resources and expenses required to perform these contracts and grants. If our estimates are not accurate, we may not be able to earn an adequate return or may incur a loss under these arrangements.

Our existing contract with BARDA for Arestvyr includes fixed-price components. We expect that our future contracts and grants with the U.S. government for Arestvyr as well as contracts and grants for biodefense product candidates that we successfully develop also may be fixed-price arrangements. Under a fixed-price contract or grant, we are required to deliver our products at a fixed price regardless of the actual costs we incur and to absorb any cost in excess of the fixed price. Estimating costs that are related to performance in accordance with contract or grant specifications is difficult, particularly where the period of performance is over several years. Our failure to anticipate technical problems, estimate costs accurately or control costs during performance of a fixed-price contract or grant could reduce the profitability of a fixed-price contract or grant or cause a loss, which could in turn harm our operating results.

Our U.S. government contracts and grants require ongoing funding decisions by the government. Reduced or discontinued funding of these contracts and grants could cause our financial condition and operating results to suffer materially.

Our principal customer for Arestvyr at the present time is the U.S. government. We anticipate that the U.S. government will also be the principal customer for any other biodefense product that we successfully develop. Over its lifetime, a U.S. government program, such as Project BioShield, may be implemented through the award of many different individual grants, contracts and subcontracts. The funding of government programs is subject to Congressional appropriations, generally made on a fiscal year basis even though a program may continue for several years. Our government customers are subject to political considerations and stringent budgetary constraints. Our government customers are also subject to uncertainties as to continued funding of their budgets. Additionally, government-funded development grants and contracts typically consist of a base period of performance followed by successive option periods for performance of certain future activities. The value of the services provided during such option periods, which are exercisable in the sole discretion of the government may constitute the majority of the total value of the underlying contract. If levels of government expenditures and authorizations for biodefense decrease or shift to programs in areas where we do not offer products or are not developing product candidates, our business, revenues and operating results may suffer.

Our future business may be harmed as a result of the government contracting process, which can be a competitive bidding process that may involve risks not present in the commercial contracting process.

We expect that a significant portion of the business that we will seek in the near future will be under government grants, contracts or subcontracts, which may be awarded through competitive bidding. Competitive bidding for government contracts and grants presents a number of risks that are not typically present in the commercial contracting process, which may include:

- the need to devote substantial time and attention of management and key employees to the preparation of bids and proposals for contracts and grants that may not be awarded to us;
- the need to estimate the resources and cost structure that will be required to perform any contract or grant that we might be awarded;
- the risk that the government will issue a request for proposal to which we would not be eligible to respond;
- the risk that third parties may submit protests to our responses to requests for proposal that could result in delays or withdrawals of those requests for proposal; and
- the expenses that we might incur and the delays that we might suffer if our competitors protest or challenge contract awards made to us pursuant to competitive bidding, and the risk that any such protest or challenge could result in the resubmission of bids based on modified specifications, or in termination, reduction or modification of the awarded contract or grant.

The U.S. government may choose to award future contracts and grants for the supply of smallpox antivirus and other biodefense product candidates that we are developing to our competitors instead of to us. If we are unable to win particular contracts and grants, we may not be able to operate in the market for products that are provided under those contracts and grants for a number of years. If we are unable to obtain new contracts and grants over an extended period, or if we fail to anticipate all of the costs and resources that will be required to secure such contracts and grants, our growth strategy and our business, financial condition, and operating results could be materially adversely affected.

The success of our business with the U.S. government depends on our compliance with regulations and obligations under our U.S. government contracts and grants and various federal statutes and regulations.

Our business with the U.S. government is subject to specific procurement regulations and a variety of other legal compliance obligations. These laws and rules include those related to:

- procurement integrity;
- export control;
- government security regulations;
- employment practices;
- protection of the environment;
- accuracy of records and the recording of costs; and
- foreign corrupt practices.

In addition, before awarding us any contract or grant, the U.S. government could require that we respond satisfactorily to a request to substantiate our commercial viability and industrial capabilities. Compliance with these obligations increases our performance and compliance costs. Failure to comply with these regulations and requirements could lead to suspension or debarment, for cause, from government contracting or subcontracting for a period of time. The termination of a government contract or grant or relationship as a result of our failure to satisfy any of these obligations would have a negative impact on our operations and harm our reputation and ability to procure other government contracts or grants in the future.

Unfavorable provisions in government contracts and grants, some of which may be customary, may harm our future business, financial condition and potential operating results.

Government contracts and grants customarily contain provisions that give the government substantial rights and remedies, many of

which are not typically found in commercial contracts, including provisions that allow the government to:

- terminate existing contracts or grants, in whole or in part, for any reason or no reason;

- unilaterally reduce or modify grants, contracts or subcontracts, including through the use of equitable price adjustments;
- cancel multi-year contracts or grants and related orders if funds for performance for any subsequent year become unavailable;
- decline to exercise an option to renew a contract or grant;
- exercise an option to purchase only the minimum amount specified in a contract or grant;
- decline to exercise an option to purchase the maximum amount specified in a contract or grant;
- claim rights to products, including intellectual property, developed under a contract or grant;
- take actions that result in a longer development timeline than expected;
- direct the course of a development program in a manner not chosen by the government contractor;
- suspend or debar the contractor from doing business with the government or a specific government agency;
- pursue criminal or civil remedies under the False Claims Act and False Statements Act; and
- control or prohibit the export of products.

Generally, government contracts and grants contain provisions permitting unilateral termination or modification, in whole or in part, at the government's convenience. Under general principles of government contracting law, if the government terminates a contract or grant for convenience, the terminated company may recover only its incurred or committed costs, settlement expenses and profit on work completed prior to the termination.

If the government terminates a contract or grant for default, the defaulting company is entitled to recover costs incurred and associated profits on accepted items only and may be liable for excess costs incurred by the government in procuring undelivered items from another source. Our government contracts and grants, including the BARDA Contract, could be terminated under these circumstances. Some government contracts and grants permit the government the right to use, for or on behalf of the U.S. government, any technologies developed by the contractor under a government contract or grant. If we were to develop technology under a contract or grant with such a provision, we might not be able to prohibit third parties, including our competitors, from using that technology in providing products and services to the government.

Political or social factors, including related litigation, may delay or impair our ability to market Arestvyr and our biodefense product candidates and may require us to spend time and money to address these issues.

Products developed to treat diseases caused by or to combat the threat of bioterrorism or biowarfare will be subject to changing political and social environments. The political and social responses to bioterrorism and biowarfare have been highly charged and unpredictable. Political or social pressures or changes in the perception of the risk that military personnel or civilians could be exposed to biological agents as weapons of bioterrorism or biowarfare may delay or cause resistance to bringing our products to market or limit pricing or purchases of our products, any of which would harm our business.

In addition, substantial delays or cancellations of purchases could result from protests or challenges from third parties. Furthermore, lawsuits brought against us by third parties such as activists, even if not successful, require us to spend time and money defending the related litigation. The need to address political and social issues may divert our management's time and attention from other business concerns.

Additional lawsuits, publicity campaigns or other negative publicity may adversely affect the degree of market acceptance of, and thereby limit the demand for, Arestvyr and our biodefense product candidates. In such event, our ability to market and sell such products may be hindered and the commercial success of Arestvyr and other products we develop will be harmed, thereby reducing our revenues.

Risks Related to Product Development

Our business depends significantly on our success in completing development and commercialization of drug candidates that are still under development. If we are unable to commercialize these drug candidates, or experience significant delays in doing so, our business will be materially harmed.

We have invested a substantial majority of our efforts and financial resources in the development of our drug candidates. Our ability to generate near-term cash-flows is particularly dependent on the success of our smallpox antiviral drug candidate Arestvyr. The commercial success of our drug candidates will depend on many factors, including:

- successful development, formulation and cGMP scale-up of drug manufacturing that meets FDA requirements;
- successful development of animal models;
- successful completion of non-clinical development, including studies in approved animal models;
- our ability to pay the expense of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights;
- successful completion of clinical trials;
- receipt of marketing approvals from FDA and similar foreign regulatory authorities;
- establishing commercial manufacturing processes of our own or arrangements on reasonable terms with contract manufacturers;
- manufacturing stable commercial supplies of drug candidates, including availability of raw materials;
- launching commercial sales of the product, whether alone or in collaboration with others; and
- acceptance of the product by potential government customers, physicians, patients, healthcare payors and others in the medical community.

We expect to rely on FDA regulations known as the “animal rule” to obtain approval for certain of our biodefense drug candidates. The animal rule permits the use of animal efficacy studies together with human clinical safety trials to support an application for marketing approval. These regulations are relatively new, and both we and the government have limited experience in the application of these rules to the drug candidates that we are developing. It is possible that results from these animal efficacy studies may not be predictive of the actual efficacy of our drug candidates in humans. If we are not successful in completing the development and commercialization of our drug candidates, whether due to our efforts or due to concerns raised by our governmental regulators or customers, our business could be harmed.

We will not be able to commercialize our drug candidates if our pre-clinical development efforts are not successful, our clinical trials do not demonstrate safety or our clinical trials or animal studies do not demonstrate efficacy.

Before obtaining regulatory approval for the sale of our drug candidates, we must conduct extensive pre-clinical development, trials to demonstrate the safety of our drug candidates and clinical or animal trials to demonstrate the efficacy of our drug candidates. Pre-clinical and clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. Success in pre-clinical testing and early clinical trials does not ensure that later clinical trials or animal efficacy studies will be successful, and interim results of a clinical trial or animal efficacy study do not necessarily predict final results.

A failure of one or more of our clinical trials or animal efficacy studies can occur at any stage of testing. We may experience numerous unforeseen events during, or as a result of, pre-clinical testing and the clinical trial or animal efficacy study process that could delay or prevent our ability to receive regulatory approval or commercialize our drug candidates, including:

- regulators or institutional review boards may not authorize us to commence a clinical trial or conduct a clinical trial at a prospective trial site;

- we may decide, or regulators may require us, to conduct additional pre-clinical testing or clinical trials, or we may abandon projects that we expect to be promising, if our pre-clinical tests, clinical trials or animal efficacy studies produce negative or inconclusive results;

- we might have to suspend or terminate our clinical trials if the participants are being exposed to unacceptable health risks;

- regulators or institutional review boards may require that we hold, suspend or terminate clinical development for various reasons, including noncompliance with regulatory requirements;

- the cost of our clinical trials could escalate and become cost prohibitive;

- our governmental regulators may impose requirements on clinical trials, pre-clinical trials or animal efficacy studies that we cannot meet or that may prohibit or limit our ability to perform or complete the necessary testing in order to obtain regulatory approval;

- any regulatory approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the product not commercially viable;

- we may not be successful in recruiting a sufficient number of qualifying subjects for our clinical trials; and

- the effects of our drug candidates may not be the desired effects or may include undesirable side effects or the drug candidates may have other unexpected characteristics.

We are in various stages of product development and there can be no assurance of successful commercialization.

In general, our research and development programs are at an early stage of development. To obtain FDA approval for our biodefense products, we will be required to obtain adequate proof of efficacy from at least one animal model and provide animal and human safety data. Our other products will be subject to the usual FDA regulatory requirements, which include a number of phases of testing in humans.

FDA has not approved any of our biopharmaceutical product candidates. Any drug candidate we develop will require significant additional research and development efforts, including extensive pre-clinical and clinical testing and regulatory approval, prior to commercial sale. We cannot be sure our approach to drug discovery will be effective or will result in the successful commercialization of any drug. We cannot predict with certainty whether any drug resulting from our research and development efforts will be commercially available within the next several years, or if they will be available at all.

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

- be safe, non-toxic and effective;

- otherwise meet applicable regulatory standards;

- receive the necessary regulatory approvals;

- develop into commercially viable drugs;

- be manufactured or produced economically and on a large scale;

- be successfully marketed;

- be paid for by governmental procurers or be reimbursed by governmental or private insurers; and

- achieve customer acceptance.

In addition, third parties may preclude us from marketing our drugs through enforcement of their proprietary rights that we are not aware of, or third parties may succeed in marketing equivalent or superior drug products. Our failure to develop safe, commercially viable drugs would have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Commercialization

Our ability to grow our business depends significantly on our ability to achieve sales of Arestvyr to customers other than the U.S. government.

An element of our business strategy is to sell Arestvyr to customers other than the U.S. government. These potential customers include foreign governments and state and local governments, as well as non-governmental organizations focused on global health like the World Health Organization, health care institutions like hospitals (domestic and foreign) and certain large business organizations interested in protecting their employees against global threats.

The market for sales of Arestvyr to customers other than the U.S. government is undeveloped, and we may not be successful in generating meaningful sales of Arestvyr, if any, to these potential customers.

Governmental regulations may make it difficult for us to achieve significant sales of Arestvyr to customers other than the U.S. government. For example, federal and foreign regulations usually require approval of the drug under generally applicable food and drug laws or waivers of such approval before these customers may procure the drug. Additionally, federal laws place various restrictions on the export of drugs that are not FDA-approved or that have potential biodefense-related uses. These restrictions are subject to change as global conditions change. These restrictions and other regulations on drug sales could limit our sales of Arestvyr to foreign governments and other foreign customers. In addition, U.S. government demand for Arestvyr may limit supplies of Arestvyr available for sale to non-U.S. government customers.

If we fail to increase our sales of Arestvyr to customers other than the U.S. government, our business and opportunities for growth could be materially limited.

Because we must obtain regulatory clearance or otherwise operate under strict legal requirements in order to test and market our products in the U.S., we cannot predict whether or when we will be permitted to commercialize our products other than through the BARDA Contract.

Except with respect to sales to BARDA under Project BioShield, pharmaceutical products cannot generally be marketed in the U.S. until they have has completed rigorous pre-clinical testing and clinical trials and an extensive regulatory clearance process implemented by FDA. Pharmaceutical products typically take many years to satisfy regulatory requirements and require the expenditure of substantial resources depending on the type, complexity and novelty of the product and its intended use.

Before commencing clinical trials in humans, we must submit and receive clearance from FDA through a process begun by an IND application. Institutional review boards and FDA oversee clinical trials. Such trials:

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

Before receiving FDA clearance to market a product in the absence of a medical or public health emergency, we must demonstrate that the product is safe and effective on the patient population that will be treated. Data we obtain from pre-clinical and clinical activities and from animal models are susceptible to varying interpretations that could delay, limit or prevent regulatory

clearances. Additionally, we have limited experience in conducting and managing the pre-clinical and clinical trials and animal efficacy studies and manufacturing processes necessary to obtain regulatory clearance.

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

The biopharmaceutical market in which we compete and will compete is highly competitive.

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

Our potential products may not be acceptable in the market or eligible for third-party reimbursement resulting in a negative impact on our future financial results.

Any product we develop may not achieve market acceptance. The degree of market acceptance of any of our products will depend on a number of factors, including:

- the establishment and demonstration in the medical community of the efficacy and safety of such products;
- the potential advantage of such products over existing approaches to combating the problem intended to be addressed;
- the cost of our products relative to their perceived benefits; and
- payment or reimbursement policies of government and third-party payors.

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

Product liability lawsuits could cause us to incur substantial liabilities and require us to limit commercialization of any products that we may develop.

We face an inherent business risk related to the sale of Arestvyr and any other products that we successfully develop and the testing of our product candidates in clinical trials.

Arestvyr is currently identified as a covered countermeasure under a PREP Act declaration issued in October 2008, which provides us with substantial immunity with respect to the manufacture, administration or use of Arestvyr. Under our BARDA Contract, the U.S. government should indemnify us against claims by third parties for death, personal injury and other damages related to Arestvyr, including reasonable litigation and settlement costs, to the extent that the claim or loss results from specified risks not covered by insurance or caused by our grossly negligent or criminal behavior. The collection process can be lengthy and complicated, and there is no guarantee that we will be able to recover these amounts from the U.S. government.

If we cannot successfully defend ourselves against future claims that our product or product candidates caused injuries and we are not entitled to or able to obtain indemnity by the U.S. government with respect to such claims, or if the U.S. government

does not honor its indemnification obligations, we may incur substantial liabilities. Regardless of merit or eventual outcome, product liability claims may result in:

- decreased demand for any product candidate or product that we may develop;
- injury to our reputation;
- withdrawal of a product from the market;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue; and
- the inability to commercialize any products that we may develop.

We currently have product liability insurance with coverage up to a $10 million annual aggregate limit and up to $10 million per occurrence. The amount of insurance that we currently hold may not be adequate to cover all liabilities that may occur. Product liability insurance is difficult to obtain and increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost and we may not be able to maintain or obtain insurance coverage that will be adequate to satisfy any liability that may arise.

Additionally, a successful product liability claim or series of claims brought against us could cause our stock price to fall and could decrease our financial resources and materially and adversely affect our business.

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

If we or others identify side effects after any of our products are on the market, or if manufacturing problems occur:

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

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

Healthcare reform and controls on healthcare spending may limit the price we charge for our products and the amounts that we can sell.

There have been a number of legislative and regulatory proposals in the United States to change the health care system in ways that could affect our ability to sell our products profitably. One enacted proposal, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the “Healthcare Reform Act”), substantially changes the way healthcare is financed by both governmental and private insurers and will have a substantial effect on the pharmaceutical industry. The Healthcare Reform Act contains a number of provisions, including those governing enrollment in federal healthcare programs like Medicare, reimbursement changes and rules protecting against fraud and abuse, that will change

existing healthcare programs and will result in the development of new programs, including Medicare payment for performance initiatives and improvements to the physician quality reporting system and feedback program. We anticipate that, if we obtain marketing approval for our products, some of our revenue may be derived from governmental healthcare programs, including Medicare. Furthermore, beginning in 2011, the Healthcare Reform Act imposed a non-deductible excise tax on pharmaceutical manufacturers or importers who sell "branded prescription drugs," which includes innovator drugs and biologics (excluding orphan drugs or generics) to U.S. government programs. The Healthcare Reform Act and other healthcare reform measures that may be adopted in the future could have an adverse effect on our industry generally and potential future sales and profitability of our products specifically.

In addition to the Healthcare Reform Act, we expect that there will continue to be proposals by legislators at both the federal and state levels, regulators, and third-party payors to keep healthcare costs down while expanding individual healthcare benefits. Certain of these changes could impose limitations on the prices we will be able to charge for any product that is approved or the amounts of reimbursement available for these products from governmental agencies or other third-party payors or may increase the taxes imposed on life sciences companies such as ours. While it is too early to predict what effect the Healthcare Reform Act or any future legislation or regulation will have on us, such laws could have an adverse effect on our business, financial condition and results of operations.

Laws and regulations governing international operations may preclude us from developing, manufacturing and selling certain product candidates outside of the United States and require us to develop and implement costly compliance programs.

As we expand our operations outside of the United States, we must comply with numerous laws and regulations relating to our business operations in each jurisdiction in which we plan to operate. The creation and implementation of international business practices compliance programs is costly and such programs are difficult to enforce, particularly where reliance on third parties is required.

The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with certain accounting provisions requiring the company to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations. The anti-bribery provisions of the FCPA are enforced primarily by the U.S. Department of Justice. The SEC is involved with enforcement of the books and records provisions of the FCPA.

Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical studies and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions. In addition, biodefense companies like SIGA often sell their products directly to foreign governments.

Various laws, regulations and executive orders also restrict the use and dissemination outside of the United States, or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. Our expanding presence outside of the United States will require us to dedicate additional resources to compliance with these laws, and these laws may preclude us from developing, manufacturing, or selling certain products and product candidates outside of the United States, which could limit our growth potential and increase our development costs.

The failure to comply with laws governing international business practices may result in substantial penalties, including suspension or debarment from government contracting. Violation of the FCPA can result in significant civil and criminal penalties. Indictment alone under the FCPA can lead to suspension of the right to do business with the U.S. government until the pending claims are resolved. Conviction of a violation of the FCPA can result in long-term disqualification as a government contractor. The termination of a government contract or relationship as a result of our failure to satisfy any of our obligations under laws governing international business practices would have a negative impact on our operations and harm our reputation and ability to procure government contracts. The SEC also may suspend or bar issuers from trading securities on United States exchanges for violations of the FCPA's accounting provisions.

Other countries have laws similar to the FCPA which may be applicable to our operations.

If we are unable to expand our internal sales and marketing capabilities or enter into agreements with third parties, we may be unable to generate cash flows from product sales to customers other than the U.S. government.

To achieve commercial success for any approved product, we may need to enhance our own sales and marketing capabilities, enter into collaborations with third parties able to perform these services or outsource these functions to third parties.

We currently market and sell Arestvyr through a small, targeted sales and marketing group. We plan to continue to do so and expect that we will use a similar approach for sales to the U.S. government of any other biodefense product candidates that we successfully develop. If we are unable to do this, we may be unable to expand our sales of Arestvyr, which could have an adverse effect on our growth.

Risks Related to Manufacturing and Manufacturing Facilities

Problems related to large-scale commercial manufacturing could cause us to delay product launches or experience shortages of products.

Manufacturing drug products, especially in large quantities, is complex. Our drug candidates require several manufacturing steps, and may involve complex techniques to assure quality and sufficient quantity, especially as the manufacturing scale increases. Our products must be made consistently and in compliance with a clearly defined manufacturing process. Accordingly, it is essential to be able to validate and control the manufacturing process to assure that it is reproducible. Slight deviations anywhere in the manufacturing process, including obtaining materials, filling, labeling, packaging, storage, shipping, quality control and testing, some of which all pharmaceutical companies, including SIGA, experience from time to time, may result in lot failures, delay in the release of lots, product recalls or spoilage. Success rates can vary dramatically at different stages of the manufacturing process, which can lower yields and increase costs. We may experience deviations in the manufacturing process that may take significant time and resources to resolve and, if unresolved, may affect manufacturing output and/or cause us to fail to satisfy customer orders or contractual commitments, lead to delays in our clinical trials or result in litigation or regulatory action.

If third parties do not manufacture our drug candidates or products in sufficient quantities and at an acceptable cost or in compliance with regulatory requirements and specifications, the development and commercialization of our drug candidates could be delayed, prevented or impaired.

We currently rely on third parties to manufacture drug candidates that we require for pre-clinical and clinical development, including Arestvyr. Any significant delay in obtaining adequate supplies of our drug candidates could adversely affect our ability to develop or commercialize these drug candidates. We expect that we will rely on third parties for a portion of the manufacturing process for commercial supplies of drug candidates that we successfully develop. If our contract manufacturers are unable to scale-up production to generate enough materials for commercial launch, the success of those products may be jeopardized. Our current and anticipated future dependence upon others for the manufacture of our drug candidates may adversely affect our ability to develop drug candidates and commercialize any product that receives regulatory approval on a timely and competitive basis.

We currently rely on third parties to demonstrate regulatory compliance and for quality assurance with respect to the drug candidates manufactured for us. We intend to continue to rely on these third parties for these purposes with respect to production of commercial supplies of drugs that we successfully develop. Manufacturers are subject to ongoing, periodic, unannounced inspection by FDA and corresponding state and foreign agencies or their designees to ensure strict compliance with applicable regulations.

We cannot be certain that our present or future manufacturers will be able to comply with these regulations and other FDA regulatory requirements or similar regulatory requirements outside the U.S. While our contracts and grants call for compliance with all applicable regulatory requirements, we do not control compliance by these manufacturers with these regulations and standards. If we or these third parties fail to comply with applicable regulations, sanctions could be imposed on us, which could significantly and adversely affect supplies of our drug candidates.

Our activities may involve hazardous materials, use of which may subject us to environmental regulatory liabilities.

Our biopharmaceutical research and development sometimes involves the use of hazardous and radioactive materials and generation of biological waste. We are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of these materials and certain waste products. Although we believe that our safety procedures for handling and disposing of these materials comply with legally prescribed standards, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of an accident, we could be held liable for damages, and this liability could exceed our resources. We use, for example, small amounts of radioactive isotopes commonly used in pharmaceutical

research, which are stored, used and disposed of in accordance with Nuclear Regulatory Commission regulations. Our general liability policy provides coverage up to annual aggregate limits of $2 million and coverage of $2 million per occurrence.

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

Risks Related to Sales of Biodefense Products to the U.S. Government

Our business could be adversely affected by a negative audit by the U.S. government.

U.S. government agencies such as the Defense Contract Audit Agency (the "DCAA"), routinely audit and investigate government contractors. These agencies review a contractor's performance under its contracts and grants, cost structure, and compliance with applicable laws, regulations and standards.

The DCAA also reviews the adequacy of, and a contractor's compliance with, its internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems. Any cost found to be improperly allocated to a specific contract will not be reimbursed, while such costs already reimbursed must be refunded. If an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including:

- termination of contracts;
- forfeiture of profits;
- suspension of payments;
- fines; and
- suspension or prohibition from doing business with the U.S. government.

Laws and regulations affecting government contracts and grants might make it more costly and difficult for us to conduct our business.

We must comply with numerous laws and regulations relating to the formation, administration and performance of government contracts and grants, which can make it more difficult for us to retain our rights under these contracts. These laws and regulations affect how we do business with federal, state and local governmental agencies. Among the most significant government contracting regulations that affect our business are:

- the Federal Acquisition Regulation and other agency-specific regulations supplemental to the Federal Acquisition Regulation, which comprehensively regulate the procurement, formation, administration and performance of government contracts;
- the business ethics and public integrity obligations, which govern conflicts of interest and the hiring of former government employees, restrict the granting of gratuities and funding of lobbying activities and incorporate other requirements such as the Anti-Kickback Act and Foreign Corrupt Practices Act;
- export and import control laws and regulations; and
- laws, regulations and executive orders restricting the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

Risks Related to Regulatory Approvals

If we are not able to obtain required regulatory approvals, we will not be able to commercialize our drug candidates in the United States other than through sales to BARDA, and our ability to generate revenue will be materially impaired.

Our drug candidates and the activities associated with their development and commercialization, including their testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by FDA and other regulatory agencies in the United States and by comparable authorities in other countries. Failure to obtain regulatory approval for a drug candidate will prevent us from commercializing the drug candidate in the United States other than through sales to BARDA under Project BioShield. We have limited experience in preparing, filing and prosecuting the applications necessary to gain regulatory approvals and expect to rely on third-party contract research organizations and consultants to assist us in this process. Securing FDA approval requires the submission to FDA of extensive pre-clinical and clinical data and, potentially, animal efficacy studies, information about product manufacturing processes and inspection of facilities and supporting information in order to establish the drug candidate's safety and efficacy. Our future products may not be effective, may be only moderately effective, or may prove to have significant side effects, toxicities, or other characteristics that may preclude our obtaining regulatory approval or prevent or limit commercial use.

Failure to obtain regulatory approval in international jurisdictions could prevent us from marketing our products abroad.

We intend to have our products marketed outside the United States. To market our products in the European Union and many other foreign jurisdictions, we may need to obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ from that required to obtain FDA approval.

The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not obtain foreign regulatory approvals on a timely basis, if at all. Approval by FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or jurisdictions or by FDA. We and our potential future collaborators may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in any market.

The Fast Track designation for Arestvyr may not actually lead to a faster development or regulatory review or approval process.

We have obtained a "Fast Track" designation from FDA for Arestvyr. However, we may not experience a faster development process, review or approval compared to conventional FDA procedures. FDA may withdraw our Fast Track designation if it believes that the designation is no longer supported by data from our clinical development program. Our Fast Track designation does not guarantee that we will qualify for or be able to take advantage of FDA's expedited review procedures or that any application that we may submit to FDA for regulatory approval will be accepted for filing or ultimately approved.

Risks Related to Our Dependence on Third Parties

If third parties on whom we rely for clinical trials or certain animal trials do not perform as contractually required or as we expect, we may not be able to obtain regulatory approval for or commercialize our drug candidates and our business may suffer.

We do not have the ability independently to conduct the clinical trials, and certain animal trials, required to obtain regulatory approval for our products. We depend on independent investigators, contract research organizations and other third-party service providers to conduct trials of our drug candidates and expect to continue to do so. We rely heavily on these third parties for successful execution of our trials, but do not exercise day-to-day control over their activities. We are responsible for ensuring that each of our trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, FDA requires us to comply with standards, commonly referred to as Good Clinical Practices, for conducting and recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Similarly, animal trials may have to comply with Good Laboratory Practices.

We also currently rely on third-party manufacturers and service providers to produce Arestvyr. Under the BARDA Contract, we are responsible for the performance of these third-party contracts, and our contracts with these third parties give us certain supervisory and quality control rights, but we do not exercise complete day-to-day control over their activities.

Our reliance on third parties that we do not control does not relieve us of the responsibilities and requirements imposed by the BARDA Contract. Third parties may not complete activities on schedule, or may not conduct our trials in accordance with

regulatory requirements or our stated protocols. The failure of these third parties to carry out their obligations could delay or prevent the development, approval and commercialization of our drug candidates.

Risks Related to Our Intellectual Property

Our ability to compete may decrease if we do not adequately protect our intellectual property rights.

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

As of December 31, 2013, we exclusively own 21 U.S. patents, 2 U.S. provisional patent applications, 16 U.S. utility patent applications, 3 international PCT patent applications and 92 foreign patent applications. We included a summary of our patent position as of December 31, 2013 in Part I, Item 1 of this Annual Report on Form 10-K.

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

If our technologies are alleged or found to infringe the patents or proprietary rights of others, we may be sued, we may have to pay damages or be barred from pursuing a technology, or we may have to license those rights to or from others on unfavorable terms. Even if we prevail, such litigation may be costly.

Our commercial success will depend significantly on our ability to operate without infringing the patents or proprietary rights of third parties. Our technologies, or the technologies of third parties on which we may depend, may infringe the patents or proprietary rights of others. If there is an adverse outcome in any dispute concerning rights to these technologies, then we could be subject to significant liability, required to license disputed rights from or to other parties and/or required to cease using a technology necessary to carry out our research, development and commercialization activities.

The costs to establish or defend against claims of infringement or interference with patents or other proprietary rights can be expensive and time-consuming, even if the outcome is favorable. An outcome of any patent or proprietary rights administrative proceeding or litigation that is unfavorable to us may have a material adverse effect on us. We could incur substantial costs if we are required to defend ourselves in suits brought by third parties or if we initiate such suits. We may not have sufficient funds or resources in the event of litigation. Additionally, we may not prevail in any such action.

Any dispute resulting from claims based on patents and proprietary rights could result in a significant reduction in the coverage of the patents or proprietary rights owned, optioned by or licensed to us and limit our ability to obtain meaningful protection for our rights. If patents are issued to third parties that contain competitive or conflicting claims, we may be legally prohibited from researching, developing or commercializing potential products or be required to obtain licenses to these patents or to develop or obtain alternative technology. We may be legally prohibited from using technology owned by others, may not be able to obtain any license to the patents or technologies of third parties on acceptable terms, if at all, or may not be able to obtain or develop alternative technologies.

In December 2006, PharmAthene, Inc. (“PharmAthene”) filed an action against us in the Delaware Court of Chancery (the “Court” or “Court of Chancery”) captioned PharmAthene, Inc. v. SIGA Technologies, Inc., C.A. No. 2627-N. In its amended complaint, PharmAthene asked the Court to order us to enter into a license agreement with PharmAthene with respect to ST-246, also known as Arestvyr, to declare that we are obliged to execute such a license agreement, and to award damages resulting from our supposed breach of that obligation. PharmAthene also alleges that we breached an obligation to negotiate such a license agreement in good faith, and sought damages for promissory estoppel and unjust enrichment based on supposed information, capital, and assistance that PharmAthene allegedly provided to us during the negotiation process. The Court tried the case in January 2011.

In September 2011, the Court of Chancery issued its post-trial opinion. The Court denied PharmAthene's requests for specific performance and expectation damages measured by present value of estimated future profits. Nevertheless, the Court held that we breached our duty to negotiate in good faith and were liable under the doctrine of promissory estoppel. The Court consequently awarded to PharmAthene what the Court described as an equitable payment stream or equitable lien consisting of fifty percent of the net profits that we achieve from sales of ST-246 after we secure $40 million in net profits, for ten years following the first commercial sale. In addition, the Court awarded PharmAthene one-third of its reasonable attorneys' fees and expert witness expenses.

In May 2012, the Court entered its final order and judgment in this matter, implementing its post-trial opinion. Among other things, the final order and judgment provided that (a) net profits would be calculated in accordance with generally accepted accounting principles applied consistently with how they are applied in the preparation of our financial statements, (b) the net profits calculation would take into account expenses relating to ST-246 commencing with our acquisition of ST-246 in August 2004, and (c) PharmAthene could recover $2.4 million of attorneys' fees and expenses. As of December 31, 2013 , SIGA has recorded a $2.6 million loss contingency with respect to the fee, expense and interest portion of the judgment.

In June 2012, we appealed to the Supreme Court of the State of Delaware the final order and judgment and certain earlier rulings of the Court of Chancery. Shortly thereafter, PharmAthene filed its cross-appeal. We obtained a stay of enforcement of the fee and expense portion of the judgment by filing a surety bond for the amount of the judgment plus post-judgment interest. We posted $1.3 million as collateral for the surety bond which is recorded in other assets as of December 31, 2013 . The parties briefed the issues and argued before the Delaware Supreme Court,en banc, on January 10, 2013.

On May 24, 2013, the Supreme Court of Delaware issued its decision, affirming the Delaware Court of Chancery's judgment in part, reversing it in part, and remanding to Vice Chancellor Parsons. The Supreme Court affirmed the Chancery Court determination that the Company had breached its contractual obligation to negotiate in good faith; reversed the promissory estoppel holding; and, reversed the Vice Chancellor's equitable damages award. The Supreme Court held that the trial judge may award expectation damages for breach of the contractual duty to negotiate in good faith if such damages are proven with reasonable certainty, and remanded to the Chancery Court for consideration of damages consistent with that holding. The Supreme Court also reversed the Chancery Court's award of attorney fees and expert witness fees because they were predicated in part on a now-reversed finding of liability on PharmAthene's promissory estoppel claim. The Supreme Court held that the Chancery Court could reevaluate on remand an alternative award, if any, of attorneys' fees and expert testimony expenses consistent with the Supreme Court's opinion. Finally, the Supreme Court declined to consider all claims raised in PharmAthene's cross appeal because it affirmed the Chancery Court's finding that the Company was liable for breaching its contractual obligation to negotiate in good faith. On June 11, 2013, the Supreme Court issued its mandate to the Court of Chancery with the decision described above.

On June 26, 2013, the parties appeared before Vice Chancellor Parsons to discuss the remand, at which time PharmAthene declared its desire to supplement the record with further evidence. Following briefing and argument on August 15, 2013, the Chancery Court granted PharmAthene's motion to supplement the record and also allowed the Company to submit responsive evidence. On December 18-19, 2013, the Court held an evidentiary hearing with respect to that evidence. On January 15, 2014, after briefing on relevant issues, the parties appeared for oral argument regarding what if any remedy the Chancery Court should impose in light of the remand by the Supreme Court of Delaware.

No assurances can be given as to the Chancery Court's determinations on remand.

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

Risks Related to Our Financial Position and Need for Additional Financing

We have incurred operating losses since our inception and expect to incur net losses for the foreseeable future.

We incurred net operating losses of approximately $23.5 million and $22.5 million for the years ended December 31, 2013 and 2012, respectively. As of December 31, 2013, 2012 and 2011, our accumulated deficit was approximately $156.5 million, $139.4 million and $125.3 million, respectively. We expect to continue to have significant operating expenses and will need to generate significant revenues to achieve and maintain profitability.

Our ability to fund operations is substantially dependent on cash flows from delivery of Arestvyr. If we do not achieve positive cash flows, we cannot guarantee that we can sustain or enhance our current level of operations. We expect that cash flows

will fluctuate significantly and could be delayed from one quarter to another based on several factors. If cash flows grow slower than we anticipate, or if operating expenses or expenses resulting from the post-trial ruling in the litigation commenced by PharmAthene exceed our expectations or cannot be adjusted accordingly, then our business, results of operations, financial condition and cash flows will be materially and adversely affected. Because our strategy may include the acquisition of other businesses, acquisition and integration expenses and any cash required to fund these acquisitions will reduce our available cash.

Future acquisitions, strategic investments, partnerships or alliances could be difficult to identify and integrate, divert the attention of management, disrupt our business, dilute stockholder value and adversely affect our operating results and financial condition.

We may in the future seek to acquire or invest in business, products or technologies that we believe could complement or expand our services, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing businesses, we may not be able to integrate successfully the acquired personnel, operations and technologies, or effectively manage the combined business following the acquisitions. We may not be able to find an identify desirable acquisition targets or be successful in entering into an agreement with any particulate target. Acquisitions could also result in dilutive issuances of equity securities or the issuance of debt, which could adversely affect our operating results. In addition, if an acquired business fails to meet our expectations, our operating results, business and financial condition may suffer.

We may need additional funding, which may not be available to us, and which may force us to delay, reduce or eliminate any of our product development programs or commercialization efforts.

While we have raised substantial funds through credit facilities and the issuance of new equity or the exercise of options or warrants in the past, there is no guarantee that we will continue to be successful in raising such funds. If we are unable to raise additional funds, we could be forced to discontinue, cease or limit certain operations. Our cash flows may fall short of our projections or be delayed, or our expenses may increase, which could result in our capital being consumed significantly faster than anticipated. Our annual operating needs vary from year to year depending upon the amount of cash generated through the BARDA Contract, contracts, grants, licenses, the amount of projects we undertake, and the amount of resources we expend in connection with acquisitions, all of which may materially differ from year to year and may adversely affect our business.

We may require additional financing and we may not be able to raise additional funds. If we are able to obtain additional financing through the sale of equity or convertible debt securities, such sales may contain terms, such as liquidation and other preferences that are not favorable to us or our stockholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies or product candidates or grant licenses on terms that may not be favorable to us. Debt financing arrangements, if available, may require us to pledge certain assets or enter into covenants that would restrict our business activities or our ability to incur further indebtedness and may be at interest rates and contain other terms that are not favorable to our shareholders.

Outstanding indebtedness may make it more difficult to obtain additional financing or reduce our flexibility to act in our best interests.

In December 2012, the Company entered into a loan agreement with a lender to provide the Company a term loan of $5.0 million with a fixed interest rate of 9.85% per annum and a revolving line of credit of $7.0 million with a variable interest rate. As of December 31, 2013, $4 million of the term loan was outstanding. We are obligated to repay our outstanding balance by December 1, 2015. We also are obligated to make monthly interest payments on the outstanding principal amount in addition to monthly principal payments. We may issue additional debt or incur other types of indebtedness in the future, subject to compliance with the terms of our current loan agreement. The level of our indebtedness could affect us by: making it more difficult to obtain additional financing for working capital, capital expenditures, debt service requirements or other purposes; shortening the duration of available revolving credit because lenders may seek to avoid conflicting maturity dates; constraining our ability to react quickly in an unfavorable economic climate or to changes in our business or the pharmaceutical industry; or potentially requiring the dedication of substantial amounts to service the repayment of outstanding debt, including periodic interest payments, thereby reducing the amount of cash available for other purposes. In addition, our loan agreement contains customary covenants which could impact our ability to obtain additional financing and restrict our flexibility in carrying out our business strategy.

The term loan and revolving facility under our loan agreement are secured by a first priority lien on all of our existing and after acquired property, other than certain excluded assets, among which are: (i) the final drug product under the brand names Arestvyr or ST-246, (ii) the final drug product whose active ingredient has the United States Adopted Name (“USAN”) designation tecovirimat, (iii) any final drug product chemically derived from the active ingredient that has the USAN designation tecovirimat, (iv) any other orthopox related small molecule therapeutic product derived from the same family of tricyclononenes from which

Arestvyr was derived, and (v) intellectual property related to the foregoing items (i) through (iv). If we default on our obligations under our loan agreement, our lender could foreclose on our assets (other than the excluded assets).

Risks Related to Our Common Stock

Our stock price is, and we expect it to remain, volatile, which could limit investors' ability to sell stock at a profit.

The volatile price of our stock makes it difficult for investors to predict the value of their investments, to sell shares at a profit at any given time, or to plan purchases and sales in advance. A variety of factors may affect the market price of our common stock. These include, but are not limited to:

- publicity regarding actual or potential clinical or animal test results relating to products under development by our competitors or us;
- initiating, completing or analyzing, or a delay or failure in initiating, completing or analyzing, pre-clinical or clinical trials or animal trials or the design or results of these trials;
- achievement or rejection of regulatory approvals by our competitors or us;
- announcements of technological innovations or new commercial products by our competitors or us;
- developments concerning proprietary rights, including patents and rights to Arestvyr or a portion of the net profits associated therewith as asserted by PharmAthene;
- developments concerning our collaborations;
- regulatory developments in the United States and foreign countries;
- economic or other crises and other external factors;
- period-to-period fluctuations in our revenues and other results of operations;
- changes in financial estimates by securities analysts; and
- publicity or activity involving possible future acquisitions, strategic investments, partnerships or alliances.

Additionally, because the volume of trading in our stock fluctuates significantly at times, any information about us in the media may result in significant volatility in our stock price.

We will not be able to control many of these factors, and we believe that period-to-period comparisons of our financial results will not necessarily be indicative of our future performance.

In addition, the stock market in general, and the market for biotechnology companies in particular, has experienced extreme price and volume fluctuations that may have been unrelated or disproportionate to the operating performance of individual companies. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

A future issuance of preferred stock may adversely affect the rights of the holders of our common stock.

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

Concentration of ownership of our capital stock could delay or prevent a change of control.

Our directors, executive officers and principal stockholders beneficially own a significant percentage of our common stock. They also have, through the exercise or conversion of certain securities, the right to acquire additional common stock. As a result, these stockholders, if acting together, have the ability to influence the outcome of corporate actions requiring shareholder approval. Additionally, this concentration of ownership may have the effect of delaying or preventing a change in control of SIGA. As of the most recent available information, directors, officers and principal stockholders beneficially owned approximately 43% of our outstanding stock.

In the first quarter of 2013, we identified a material weakness, which has been subsequently remediated, in our internal control over financial reporting that resulted in the restatement of our consolidated financial statements included in our 2012 Annual Report on Form 10-K/A.

Our management is responsible for maintaining internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with GAAP. During the first quarter of 2013, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2012, and identified a material weakness related to the failure to ensure timely application of anti-dilution provisions contained in certain outstanding warrant arrangements. As a result of this material weakness, our management concluded that our internal control over financial reporting and our disclosure controls and procedures were not effective as of December 31, 2012.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The effectiveness of any controls or procedures is subject to certain limitations, and as a result, there can be no assurance that our controls and procedures will detect all errors or fraud. A control can provide only reasonable, not absolute, assurance that the objectives of the control system will be attained. We also cannot assure you that other material weaknesses will not arise or that circumvention of those controls and procedures will not occur. Additionally, even improved controls and procedures may not be adequate to prevent or identify errors or irregularities or ensure that our financial statements are prepared in accordance with generally accepted accounting principles. If we cannot maintain and execute adequate internal control over financial reporting or implement required new or improved controls that provide reasonable assurance of the reliability of the financial reporting and preparation of our financial statements for external use, we could suffer harm to our reputation, fail to meet our public reporting requirements on a timely basis, or be unable to report properly on our business and the results of our operations, and the market price of our securities could be materially adversely affected.

Risks Related to Our Business

The loss of key personnel or our ability to recruit or retain qualified personnel could adversely affect our results of operations.

We rely upon the ability, expertise, judgment, discretion, integrity and good faith of our senior management team. Our success is dependent upon our personnel and our ability to recruit and train high quality employees. We must continue to recruit, retain and motivate management and other employees sufficient to maintain our current business and support our projected growth. The loss of services of any of our key management could have a material adverse effect on our business.

Our future success depends on our ability to retain our chief executive officer and other key executives and to attract, retain and motivate qualified personnel. The loss of the services of any key executive might impede the achievement of our research, development and commercialization objectives. Replacing key employees may be difficult and time-consuming because of the limited number of individuals in our industry with the skills and experiences required to develop, gain regulatory approval of and commercialize our product candidates successfully. We generally do not maintain key person life insurance to cover the loss of any of our employees. Recruiting and retaining qualified scientific personnel, clinical personnel and sales and marketing personnel will also be critical to our success. We may not be able to attract and retain these personnel on acceptable terms, if at all, given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from other companies, universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development, regulatory and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us.

We may have difficulty managing our growth.

Potential future growth could place a significant strain on our management and operations. Our ability to manage any future growth will depend upon our ability to broaden our management team and our ability to attract, hire and retain skilled employees. Our success will also depend on the ability of our officers and key employees to continue to implement and improve our operational and other systems and to hire, train and manage our employees.

Our ability to use our net operating loss carryforwards may be limited.

As of December 31, 2013, we had federal net operating loss carryforwards, or NOLs, of $23.5 million to offset future taxable income. In 2012 and 2011, previously available NOLs of approximately $1.2 million and $0.9 million, respectively, expired. The remaining NOLs expire in various years between 2018 and 2032, if not utilized. Under the provisions of the Internal Revenue Code, substantial changes in our ownership, in certain circumstances, will limit the amount of NOLs that can be utilized annually in the future to offset taxable income. In particular, section 382 of the Internal Revenue Code imposes limitations on a company's ability to use NOLs if a company experiences a more-than-50% ownership change over a three-year period. If we are limited in our ability to use our NOLs in future years in which we have taxable income, we will pay more taxes than if we were able to utilize our NOLs fully. For example, as a result of a previous change in stock ownership, the annual utilization of the net operating carryforwards generated in tax years prior to 2004 may be subject to limitation.

In addition, the outcome of PharmAthene's action against SIGA, may limit our future profitability and therefore our ability to generate future taxable income that we can use our carryforwards to offset.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our headquarters are located in New York City, and our research and development facilities are located in Corvallis, Oregon. In January 2013, we entered into a sublease with an affiliate to sublet expanded office space in a New York City location to serve as new corporate headquarters. The sublease commenced in April 2013 and expires in 2020.

In Corvallis, we lease approximately 32,700 square feet under an amended lease agreement signed in January 2007, which was amended and extended on June 1, 2011. The Company formerly occupied 5,700 square feet under a sublease agreement signed in January 2010 which expired in September 2011. The facilities leased in Corvallis includes space existing under the prior lease terms and newly constructed space in the same building under the most recent lease amendment. We believe that our current facilities are adequate to our needs.

Item 3. Legal Proceedings

In December 2006, PharmAthene, Inc. ("PharmAthene") filed an action against us in the Delaware Court of Chancery (the "Court" or "Court of Chancery") captioned PharmAthene, Inc. v. SIGA Technologies, Inc., C.A. No. 2627-N. In its amended complaint, PharmAthene asked the Court to order us to enter into a license agreement with PharmAthene with respect to ST-246, also known as Arestvyr, to declare that we are obliged to execute such a license agreement, and to award damages resulting from our supposed breach of that obligation. PharmAthene also alleges that we breached an obligation to negotiate such a license agreement in good faith, and sought damages for promissory estoppel and unjust enrichment based on supposed information, capital, and assistance that PharmAthene allegedly provided to us during the negotiation process. The Court tried the case in January 2011.

In September 2011, the Court of Chancery issued its post-trial opinion. The Court denied PharmAthene's requests for specific performance and expectation damages measured by present value of estimated future profits. Nevertheless, the Court held that we breached our duty to negotiate in good faith and were liable under the doctrine of promissory estoppel. The Court consequently awarded to PharmAthene what the Court described as an equitable payment stream or equitable lien consisting of fifty percent of the net profits that we achieve from sales of ST-246 after we secure $40 million in net profits, for ten years following the first commercial sale. In addition, the Court awarded PharmAthene one-third of its reasonable attorneys' fees and expert witness expenses.

In May 2012, the Court entered its final order and judgment in this matter, implementing its post-trial opinion. Among other things, the final order and judgment provided that (a) net profits would be calculated in accordance with generally accepted accounting principles applied consistently with how they are applied in the preparation of our financial statements, (b) the net profits calculation would take into account expenses relating to ST-246 commencing with our acquisition of ST-246 in August 2004, and (c) PharmAthene could recover $2.4 million of attorneys' fees and expenses. As of December 31, 2013 , SIGA has recorded a $2.6 million loss contingency with respect to the fee, expense and interest portion of the judgment.

In June 2012, we appealed to the Supreme Court of the State of Delaware the final order and judgment and certain earlier rulings of the Court of Chancery. Shortly thereafter, PharmAthene filed its cross-appeal. We obtained a stay of enforcement of the fee and expense portion of the judgment by filing a surety bond for the amount of the judgment plus post-judgment interest. We posted $1.3 million as collateral for the surety bond which is recorded in other assets as of December 31, 2013 . The parties briefed the issues and argued before the Delaware Supreme Court,en banc, on January 10, 2013.

On May 24, 2013, the Supreme Court of Delaware issued its decision, affirming the Delaware Court of Chancery's judgment in part, reversing it in part, and remanding to Vice Chancellor Parsons. The Supreme Court affirmed the Chancery Court determination that the Company had breached its contractual obligation to negotiate in good faith; reversed the promissory estoppel holding; and, reversed the Vice Chancellor's equitable damages award. The Supreme Court held that the trial judge may award expectation damages for breach of the contractual duty to negotiate in good faith if such damages are proven with reasonable certainty, and remanded to the Chancery Court for consideration of damages consistent with that holding. The Supreme Court also reversed the Chancery Court's award of attorney fees and expert witness fees because they were predicated in part on a now-reversed finding of liability on PharmAthene's promissory estoppel claim. The Supreme Court held that the Chancery Court could reevaluate on remand an alternative award, if any, of attorneys' fees and expert testimony expenses consistent with the Supreme Court's opinion. Finally, the Supreme Court declined to consider all claims raised in PharmAthene's cross appeal because it affirmed the Chancery Court's finding that the Company was liable for breaching its contractual obligation to negotiate in good faith. On June 11, 2013, the Supreme Court issued its mandate to the Court of Chancery with the decision described above.

On June 26, 2013, the parties appeared before Vice Chancellor Parsons to discuss the remand, at which time PharmAthene declared its desire to supplement the record with further evidence. Following briefing and argument on August 15, 2013, the Chancery Court granted PharmAthene's motion to supplement the record and also allowed the Company to submit responsive evidence. On December 18-19, 2013, the Court held an evidentiary hearing with respect to that evidence. On January 15, 2014, after briefing on relevant issues, the parties appeared for oral argument regarding what if any remedy the Chancery Court should impose in light of the remand by the Supreme Court of Delaware.

No assurances can be given as to the Chancery Court's determinations on remand.

Item 4. Mine Safety Disclosures

No disclosure is required pursuant to this item.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

Our common stock trades under the symbol "SIGA." Our common stock has been traded on the Nasdaq Global Market since September 3, 2009 and, prior to such date, had been traded on the Nasdaq Capital Market since September 9, 1997. Prior to that time there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low sales prices for the common stock, as reported on the Nasdaq Global Market:

2013	High	Low
First Quarter	$ 4.60	$ 2.71
Second Quarter	4.00	2.72
Third Quarter	4.00	2.82
Fourth Quarter	4.15	2.90

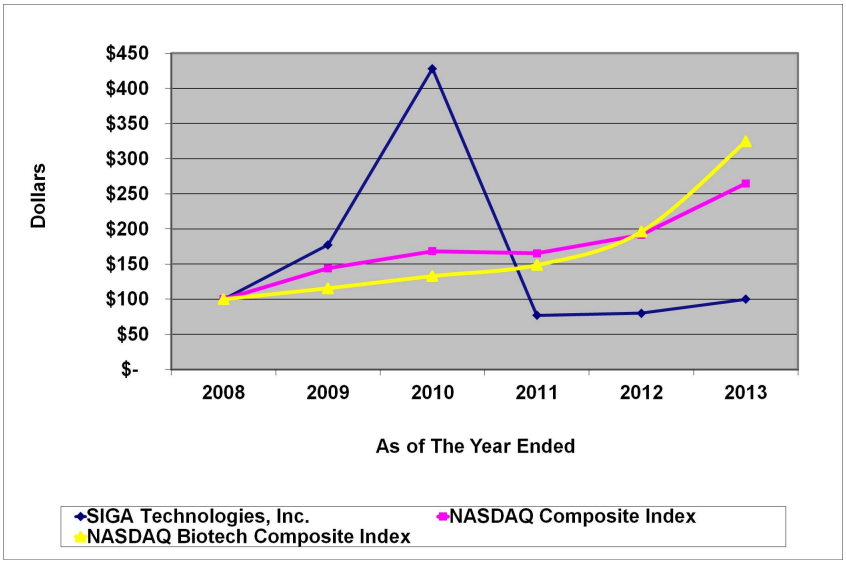
2012	High	Low
First Quarter	$ 3.89	$ 2.51
Second Quarter	3.59	2.20
Third Quarter	3.57	2.72
Fourth Quarter	3.38	2.33

As of February 14, 2014, the closing sale price of our common stock was $3.36 per share. There were 39 holders of record as of February 14, 2014. We believe that the number of beneficial owners of our common stock is substantially greater than the number of record holders, because a large portion of common stock is held in broker "street names."

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

Performance Graph

The following line graph compares the cumulative total stockholder return through December 31, 2013, assuming reinvestment of dividends, by an investor who invested $100 on December 31, 2008 in each of (i) our common stock; (ii) the Nasdaq National Market-US; and (iii) the Nasdaq Pharmaceutical Index.



	December 31,					
	2008	2009	2010	2011	2012	2013
SIGA Technologies, Inc.	$ 100	$ 177	$ 428	$ 77	$ 80	$ 100
NASDAQ Composite Index	$ 100	$ 144	$ 168	$ 165	$ 191	$ 265
NASDAQ Biotech Composite Index	$ 100	$ 116	$ 133	$ 149	$ 196	$ 325

Securities Authorized for Issuance Under Equity Compensation Plans

The information required by this item concerning securities authorized for issuance under equity compensation plans is set forth in Item 12, “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

Item 6. Selected Financial Data

The selected financial data for the years ended December 31, 2013, 2012 and 2011 and the consolidated balance sheet data as of December 31, 2013 and 2012 have been derived from our audited consolidated financial information included elsewhere in this Annual Report on Form 10-K. The selected financial data for the years ended December 31, 2010 and 2009 and the consolidated balance sheet data as of December 31, 2011, 2010 and 2009 have been derived from applicable audited consolidated financial statements not included in this annual report. The following table should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the consolidated financial statements and related notes to those statements included elsewhere in this annual report.

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(in thousands, except share and per share data)				
Revenues	$ 5,519	$ 8,971	$ 12,726	$ 19,216	$ 13,812
Selling, general and administrative	13,245	11,410	23,932	8,131	7,533
Research and development	13,857	18,213	18,367	22,659	17,423
Patent preparation fees	1,421	1,883	1,808	1,149	734
Restructuring charges	513	—	—	—	—
Loss from operations	(23,516)	(22,536)	(31,381)	(12,722)	(11,878)
Decrease (increase) in fair value of common stock warrants	(74)	805	24,436	(38,110)	(17,476)
Interest expense	(1,207)	(173)	—	—	—
Other income, net	1	1	13	659	1
Loss before income taxes	(24,796)	(21,904)	(6,932)	(50,173)	(29,354)
Benefit from (provision for) income taxes	7,618	7,844	36,032	(175)	—
Net income (loss)	$ (17,177)	$ (14,060)	29,100	$ (50,348)	$ (29,354)
Basic earnings (loss) per share	$ (0.33)	$ (0.27)	$ 0.57	$ (1.12)	$ (0.78)
Diluted earnings (loss) per share	$ (0.33)	$ (0.27)	$ 0.09	$ (1.12)	$ (0.78)
Weighted average shares outstanding: basic	52,368,842	51,639,622	50,929,491	45,151,774	37,463,255
Weighted average shares outstanding: diluted	52,368,842	51,639,622	54,061,650	45,151,774	37,463,255
Cash and cash equivalents and short-term investments	$ 91,310	$ 32,017	$ 49,257	$ 21,331	$ 19,496
Total assets	$ 193,824	$ 105,836	$ 90,380	$ 27,032	$ 25,915
Long-term obligations	$ 2,438	$ 4,779	$ 1,560	$ 27,188	$ 20,376
Stockholders’ equity	$ 16,975	$ 28,243	$ 40,771	$ (12,913)	$ (3,489)
Net cash provided by (used in) operating activities	$ 58,437	$ (20,223)	$ 25,574	$ (10,825)	$ (8,471)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our consolidated financial statements and notes to those statements and other financial information appearing elsewhere in this Annual Report on Form 10-K. In addition to historical information, the following discussion and other parts of this Annual Report contain forward-looking information that involves risks and uncertainties .

Overview

We are a company specializing in the development and commercialization of solutions for serious unmet medical needs and biothreats. Our lead product is Arestvyr™ (tecovirimat), also known as ST-246, an orally administered antiviral drug that targets orthopoxviruses. While Arestvyr is not yet licensed as safe or effective by the U.S. Food & Drug Administration, it is a novel small-molecule drug that is being delivered to the Strategic National Stockpile under Project Bioshield.

In the fourth quarter of 2013, the Company began an optimization program to increase efficiencies within its operations (the "Optimization Program"). This program, which includes a reduction in employee headcount, is intended to align the Company's resources, staff and efforts with the most promising growth opportunities. With the implementation of the Optimization Program, the Company is targeting a $6 million reduction in annual operating expenses through a combination of headcount reduction, operation efficiencies and restricting internal efforts on early stage drug discovery programs.

Lead Product - Arestvyr

On May 13, 2011, we signed the BARDA Contract pursuant to which we agreed to deliver two million courses of Arestvyr to the Strategic Stockpile. The base contract, worth approximately $463 million, includes $54 million related to development and supportive activities and contains various options to be exercised at BARDA's discretion. The period of performance for development and supportive activities runs until 2020. As originally issued, the BARDA Contract included an option for the purchase of up to 12 million additional courses of Arestvyr; however, following a protest by a competitor of the Company, BARDA issued a contract modification on June 24, 2011 pursuant to which it deleted the option to purchase the additional courses. Under the BARDA Contract as modified, BARDA has agreed to buy from SIGA 1.7 million courses of Arestvyr. Additionally, SIGA will contribute to BARDA 300,000 courses manufactured primarily using federal funds provided by HHS under prior development contracts. The BARDA Contract as modified also contains options that will permit SIGA to continue its work on pediatric and geriatric formulations of the drug as well as use Arestvyr for smallpox prophylaxis. As discussed in Item 3, "Legal Proceedings," the amount of profits we will retain pursuant to the BARDA Contract may be adversely affected by the outcome of PharmAthene's action against SIGA.

We believe Arestvyr is among the first new small-molecule drugs delivered to the Strategic Stockpile under Project BioShield. Arestvyr is an investigational product that is not currently approved by FDA as a treatment of smallpox or any other indication. FDA has designated Arestvyr for "fast-track" status, creating a path for expedited FDA review and eventual regulatory approval.

Critical Accounting Estimates

The methods, estimates and judgments we use in applying our accounting policies have a significant impact on the results we report in our consolidated financial statements, which we discuss under the heading "Results of Operations" following this section of our Management's Discussion and Analysis. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Our most critical accounting estimates include the valuation of stock-based awards including options and warrants, revenue recognition, impairment of assets and income taxes.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, collectability is reasonably assured, title and risk of loss have been transferred to the customer and there are no further contractual obligations.

Certain arrangements may provide for multiple deliverables, in which there may be a combination of: up-front licenses; research, development, regulatory or other services; and delivery of product. Multiple deliverable arrangements can be divided into separate units of accounting if the deliverables in the arrangement meet the following criteria: (i) the delivered item(s) have value to the customer on a standalone basis and (ii) in circumstances in which an arrangement includes a general right of return with respect to delivered items, then performance of the remaining deliverables must be considered probable and substantially in

control of the Company. If multiple deliverables cannot be divided into separate units of accounting then the deliverables must be combined into a single unit of accounting.

Total consideration in a multiple deliverable arrangement is allocated to units of accounting on a relative fair value of selling price basis. Consideration allocated to a delivered item or unit of accounting is limited to the amount that is not contingent upon delivery of additional items.

The BARDA Contract is a multiple deliverable arrangement comprising delivery of courses and covered research and development activities. The BARDA Contract provides certain product replacement rights with respect to delivered courses. For this reason, recognition of revenue that might otherwise occur upon delivery of courses is expected to be deferred until our obligations related to potential replacement of delivered courses are satisfied. Accordingly we have deferred revenue for all amounts received to date under the BARDA Contract except for revenue recognized for amounts received with respect to BARDA's obligation to reimburse the cost of covered research and development services.

Subject to the above, payments for development activities are recognized as revenue is earned, over the period of effort. Funding for the acquisition of capital assets under cost-plus-fee contracts and grants is evaluated for appropriate recognition as a reduction to the cost of the acquired asset, a financing arrangement, or revenue, based on the specific terms of the related grant or contract.

Share-based Compensation

We account for our stock-based compensation using the fair value recognition provisions prescribed by the authoritative guidance, which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options based on estimated fair values.

Stock-based compensation expense for 2013, 2012 and 2011 was $2.3 million, $1.8 million and $12.5 million, respectively. The fair value of share-based awards is determined on the grant date; for options awards, fair value is generally estimated using the Black-Scholes model and for stock appreciation rights, fair value is estimated using a Monte Carlo method. The value of the portion of the award that is ultimately expected to vest is recorded as expense over the requisite periods in our consolidated statement of operations. Determining the fair value of stock-based awards at the grant date requires judgment, including estimating the expected term over which stock awards will be outstanding before they are exercised, the expected volatility of our stock, and the number of stock-based awards that are expected to be forfeited. It is reasonably likely that future assumptions may change, in which case the fair value of future option awards may exceed or fall short of historical calculated fair values. In addition, for stock options with performance conditions, on a quarterly basis we estimate the most probable outcome of the performance conditions in order to determine the amount of compensation costs to be recorded over the remaining vesting period.

Fair Value of Financial Instruments

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

- Level 1 – Quoted prices for identical instruments in active markets.

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

- Level 3 – Instruments where significant value drivers are unobservable to third parties.

The carrying value of cash and cash equivalents, accounts receivable, short-term investments, accounts payable and accrued expenses approximates fair value due to the relatively short maturity of these instruments. Liability classified common stock warrants and outstanding debt are classified as Level 2 instruments and are recorded at their fair market value as of each reporting period. The determination of fair market value is subject to management's judgments.

For the years ended December 31, 2013 and 2012, we did not hold any Level 3 securities.

Goodwill

The purchase price of an acquired company is allocated between intangible assets and the net tangible assets of the acquired business with the residual of the purchase price recorded as goodwill. The determination of the fair value of the assets acquired and liabilities assumed involves certain judgments and estimates.

At December 31, 2013 and 2012, our goodwill was $898,000. We evaluate goodwill for impairment at least annually or as circumstances warrant. Goodwill is tested for recoverability between annual evaluations whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value. In 2013, we operated as one business and one reporting unit. Therefore, the goodwill impairment analysis was performed on the basis of the Company as a whole using our market capitalization as an estimate of our fair value. In the past, our market capitalization has been significantly in excess of our carrying value. It is possible that our future market capitalization may fall short of our current market capitalization, in which case a potential impairment could result.

Income Taxes

Determining the consolidated provision for income tax expense, deferred tax assets and liabilities and related valuation allowance, if any, involves judgment. The recognition of a valuation allowance for deferred taxes requires management to make estimates and judgments about our future profitability which are inherently uncertain. On an on-going basis, we evaluate whether a valuation allowance is needed to reduce our deferred income tax assets to an amount that is more likely than not to be realized. The evaluation process includes assessing historical and current results in addition to future expected results.

Our assessment that our deferred tax assets will be realized is based on estimates of future taxable income arising from the BARDA Contract. If the current estimates of future taxable income are reduced or not realized, for example, based on the outcome of PharmAthene's action against SIGA described in Item 3, "Legal Proceedings," our assessment regarding the realization of deferred tax assets could change. Future changes in the estimated amount of deferred taxes expected to be realized will be reflected in our financial statements in the period the estimate is changed with a corresponding adjustment to operating results. Changes in estimates may occur and can have a significant favorable or unfavorable impact on our operating results from period to period.

Contingencies

We are currently involved in certain legal proceedings. If the potential loss from any claim, asserted or unasserted, or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Accruals are based on our best estimates based on available information. On a periodic basis, as additional information becomes available, or based on specific events such as the outcome of litigation or settlement of claims, we may reassess the potential liability, if any, related to these matters and may revise these estimates, which could result in a material adjustment to our operating results.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued new guidance on the reporting of reclassifications from accumulated other comprehensive income to net income. The new guidance does not change the requirements for reporting net income or other comprehensive income in financial statements but requires disclosures regarding the reclassification of accumulated other comprehensive income by component into net income. The Company's adoption of this guidance on January 2, 2013 did not have a material effect on our financial statements.

In July 2013, the FASB issued new guidance on the financial statement presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company does not anticipate a material impact to the Company's financial position, results of operations or cash flows as a result of this change.

Results of Operations

Years ended December 31, 2013, 2012, and 2011

Revenues from research and development contracts and grants for the years ended December 31, 2013 and 2012, were $5.5 million and $9.0 million, respectively. The decrease of $3.5 million, or 39%, includes the impact of a $3.0 million decrease in revenues from our federal contracts supporting the development of Arestvyr and a $455,000 decrease in grant revenues related to Lassa fever.

Revenues from research and development contracts and grants for the years ended December 31, 2012 and 2011, were $9.0 million and $12.7 million, respectively. The decrease of $3.7 million, or 30%, is primarily attributable to the net impact of a $5.0 million decrease in contract and grant revenues related to Arestvyr, dengue and broad spectrum, offset by a $1.2 million increase in grant revenues related to Lassa fever. The largest portion of the net decrease in revenues comes from the restructuring of an NIH Arestvyr contract in connection with entry into the BARDA Contract in 2011, which impacted the timing of grant usage

and the amount of funds available for usage. Additionally, $1.2 million of the revenue decrease is attributable to the conclusion in late 2011 of two federal grants supporting development of a broad spectrum antiviral.

Selling, general and administrative expenses ("SG&A") for the years ended December 31, 2013 and 2012 were $13.2 million and $11.4 million, respectively, reflecting an increase of approximately $1.8 million or 16%. The increase primarily relates to a $920,000 increase in employee compensation, which is related to an increase in corporate headcount and an increase in non-cash stock compensation expense, and an increase of $413,000 in facilities expenses.

SG&A for the years ended December 31, 2012 and 2011 were $11.4 million and $23.9 million, respectively, reflecting a decrease of approximately $12.5 million or 52%. The decrease in SG&A expenses primarily relates to a decrease in non-cash stock-based compensation of approximately $10.7 million and a $1.6 million non-recurring loss contingency expense recorded in 2011 in connection with the PharmAthene litigation.

Research and development ("R&D") expenses were $13.9 million for the year ended December 31, 2013 , a decrease of approximately $4.4 million or 24% from the $18.2 million incurred during the year ended December 31, 2012. $2.4 million of the decrease relates to lower direct vendor-related expenses supporting the development of Arestvyr, dengue antivirals, broad-spectrum antivirals and high-throughput screening. An additional $1.2 million of the decrease is attributable to $775,000 reduction in employee compensation and a $468,000 inventory write-off in 2012.

R&D expenses were $18.2 million for the year ended December 31, 2012, approximately matching the $18.4 million incurred during the year ended December 31, 2011. Decreases in direct vendor-related expenses supporting the development of Arestvyr, dengue antivirals and broad-spectrum antivirals were offset by increases in expenses related to various operation initiatives, employee compensation and vendor-related costs supporting the development of Lassa fever antivirals.

Restructuring expenses for the year ended December 31, 2013 were $513,000. In the fourth quarter of 2013, the Company began the Optimization Program to increase efficiencies within its operations. The program, which included a reduction in employee headcount, is intended to align the Company's resources, staff and efforts with the most promising growth opportunities. With the implementation of the Optimization Program, the Company is targeting a $6 million reduction in annual operating expenses, of which a substantial portion of the reduction has been implemented at December 31, 2013. The following table summarizes the activity for the restructuring:

	Accrued as of January 1, 2013	Charges	Payments	Non-Cash Items	Accrued as of December 31, 2013
Severance Charges	$ —	$ 325,000	$ (207,000)	$ —	$ 118,000
Asset Impairments	—	188,000	—	(188,000)	—
	$ —	$ 513,000	$ (207,000)	$ (188,000)	$ 118,000

During the years ended December 31, 2013, 2012, and 2011, we incurred direct costs of $4.0 million, $7.4 million and $7.2 million, respectively, on the development of Arestvyr. During the year ended December 31, 2013, we spent $597,000 on internal human resources dedicated to the drug's development and $3.4 million mainly on manufacturing and clinical testing. During the year ended December 31, 2012, we spent $1.3 million on internal human resources dedicated to the drug's development and $6.0 million mainly on manufacturing and clinical testing. During the year ended December 31, 2011, we spent $1.4 million on internal human resources dedicated to the drug's development and $5.8 million mainly on packaging and manufacturing. From inception of the ST-246 development program to-date, we invested a total of $56.7 million in the program, of which $10.2 million supported internal human resources, and $46.4 million were used mainly for manufacturing, clinical and pre-clinical work. These resources reflect research and development expenses directly related to the program. They exclude additional expenditures such as patent costs, allocation of indirect expenses, and other services provided by NIH and DoD.

During the years ended December 31, 2013 , 2012, and 2011, we incurred direct costs of $1.8 million, $2.2 million and $1.7 million, respectively, to support the development of drug candidates for dengue fever, Lassa fever virus and other drug candidates for certain arenavirus pathogens and hemorrhagic fevers. During the year ended December 31, 2013, we spent $1.0 million on internal human resources and $738,000 was spent mainly on the optimization and chemistry of lead antiviral compounds. During the year ended December 31, 2012, $1.2 million was spent on internal human resources and $1.0 million was spent mainly on the optimization and chemistry of lead antiviral compounds. During the year ended December 31, 2011, we spent $1.7 million for dengue fever, Lassa virus and other drug candidates for certain arenavirus pathogens and hemorrhagic fevers, of which $766,000 was mainly for internal human resources and $916,000 for medicinal chemistry and pre-clinical testing of our drug candidates. From inception of these programs to date, we spent a total of $14.2 million related to the programs, of which $5.5 million, $8.5 million and $299,000 were expended on internal human resources, pre-clinical work and equipment, respectively. These resources

reflect research and development expenses directly related to the programs. They exclude additional expenditures such as patent costs, allocation of indirect expenses, and other services provided by NIH and DoD.

Patent preparation expenses for the years ended December 31, 2013 , 2012 and 2011 were $1.4 million, $1.9 million and $1.8 million, respectively. These expenses reflect our ongoing efforts to protect our lead drug candidates in varied geographic territories.

Changes in the fair value of liability classified warrants to acquire common stock are recorded as gains or losses. For the years ended December 31, 2013 , 2012, and 2011, we recorded a loss of $74,000, a gain of $805,000 and a gain of $24.4 million, respectively. The warrants and rights to purchase our common stock were recorded at fair market value and classified as liabilities.

Interest expense for the year ended December 31, 2013 was $1.2 million consisting of interest on outstanding debt and certain vendor payable arrangements. Interest expense for the year ended December 31, 2012 was $173,000, reflecting certain vendor payable arrangements.

Other income for the years ended December 31, 2013 , 2012, and 2011, was $1,500, $500 and $13,000, respectively. Other income mainly consists of interest income on our cash and cash equivalents.

For the year ended December 31, 2013, we incurred net losses of $24.8 million for tax purposes and a corresponding tax benefit of $7.6 million. The effective tax rate at December 31, 2013 was 30.7%. Our effective tax rate was impacted by recurring items such as state and local taxes, non-deductible expenses and changes in tax laws.

For the year ended December 31, 2012, we incurred net losses for tax purposes and consequently, recognized an income tax benefit of $7.8 million. For the year ended December 31, 2011, the benefit from income taxes of $36.0 million mainly reflected a partial reduction of our valuation allowance as a significant portion of our deferred tax assets became realizable on a more likely than not basis primarily as a result of the execution of the BARDA Contract and forecasts of pre-tax earnings. Prior to June 30, 2011, we provided a tax valuation allowance on our United States federal and state deferred tax assets based on our evaluation that such assets were not “more likely than not” to be realized.

The recognition of a valuation allowance for deferred taxes requires management to make estimates and judgments about our future profitability which are inherently uncertain. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. If the current estimates of future taxable income are reduced or not realized, for example, based on the outcome in the PharmAthene litigation described in Item 3, “Legal Proceedings,” the Company’s assessment regarding the realization of deferred tax assets could change. Future changes in the estimated amount of deferred taxes expected to be realized will be reflected in the Company’s financial statements in the period the estimate is changed with a corresponding adjustment to operating results. Changes in estimates may occur often and can have a significant favorable or unfavorable impact on the Company’s operating results from period to period.

In 2012 and 2011, previously available NOLs of approximately $1.2 and $0.9 million, respectively, expired.The remaining NOLs expire in various years between 2018 and 2032, if not utilized.

Liquidity and Capital Resources

On December 31, 2013 , we had $91.3 million in cash and cash equivalents compared with $32.0 million at December 31, 2012 .

During the year ended December 31, 2013, the Company received approximately $109.7 million from BARDA under the BARDA Contract of which approximately $96.1 million was for the aggregate delivery of approximately 725,000 courses of Arestvyr™ (tecovirimat) to the Strategic Stockpile, approximately $5.4 million was for reimbursement of expenses related to research and development expenses and supportive activities, and $8.2 million was for a milestone payment for successfully completing the milestone requirements for the Final Drug Product Commercial Validation batches and report. In addition to the 725,000 courses of Arestvyr delivered to the Strategic Stockpile for which we received payment, 195,000 courses were delivered at no cost to BARDA in accordance with the BARDA Contract.

In the fourth quarter of 2013, the Company initiated the Optimization Program which included a reduction in employee headcount. With the implementation of the Optimization Program, the Company is targeting a $6 million reduction in annual operating expenses, of which a substantial portion of the reduction has been implemented as of December 31, 2013.

During the year ended December 31, 2012, we received a $12.3 million milestone payment upon receiving FDA concurrence with respect to the product labeling strategy under the BARDA Contract and net proceeds of $4.9 million from the issuance of debt after deducting the discount and issue costs. In December 2012, we entered into a loan agreement with a lender to provide the Company a term loan of $5.0 million with a fixed interest rate of 9.85% per annum and a revolving line of credit of $7.0 million with a variable interest rate. Borrowings under the revolving line of credit are based on eligible outstanding accounts receivable and will bear interest at a rate per annum equal to 5.25% plus the higher of: (a) 1.50%, and (b) three-month LIBOR divided by a defined factor. The term of the loan is three years. As of December 31, 2013, $4 million of the term loan was outstanding and no amounts were available to borrow against the revolving line of credit as there were no eligible accounts receivable.

Operating activities

Net cash provided by operations for the year ended December 31, 2013 was $58.4 million; net cash used in operations for the year ended December 31, 2012 was $20.2 million and net cash provided by operations during the year ended December 31, 2011 was $25.6 million. In 2013, the Company received approximately $109.7 million from BARDA, partially offset by $27.0 million of cash payments to CMOs for the manufacture, development and other supportive activities for Arestvyr.

In 2012, the Company used $17.6 million of cash for the manufacture of Arestvyr and $1.4 million of cash for development and supportive activities for Arestvyr. These cash uses relate to the performance of the BARDA contract. Partially offsetting the above-mentioned items was the receipt in 2012 of a $12.3 million milestone payment on the BARDA contract relating to FDA concurrence with respect to SIGA's labeling strategy for Arestvyr.

On December 31, 2013 and 2012, our accounts receivable balance was $1.0 million and $4.7 million, respectively. Our account receivable balances primarily reflect work performed during December 2013 and 2012 in connection with Arestvyr, dengue fever antiviral and Lassa fever antiviral development contracts; the decrease is primarily attributed to lower grant activity in 2013. Our accounts payable, accrued expenses and other current liabilities balance were $9.9 million and $14.5 million on December 31, 2013 and 2012, respectively. The decrease is mainly due to the timing of payments to contract manufacturing organizations for inventory processed under the BARDA Contract.

Investing activities

Capital expenditures during the years ended December 31, 2013 , 2012, and 2011 were approximately $857,300, $588,200 and $237,000, respectively, reflecting purchases of fixed assets in the ordinary course of business.

For the year ended December 31, 2012, we posted $1.3 million of collateral for a surety bond related to the PharmAthene litigation For the year ended December 31, 2011, we had net proceeds of $15 million from maturities of U.S. Treasury bills.

Financing activities

Cash provided by financing activities was $1.7 million, $4.9 million and $2.6 million, during the years ended December 31, 2013 , 2012, and 2011, respectively. During the year ended December 31, 2013 , we received $2.9 million from exercises of options and warrants to purchase common stock which was offset by a $1.0 million repayment of the term loan in accordance with the loan repayment schedule.

During the year ended December 31, 2012, we received proceeds of $10,000 from exercises of options and warrants to purchase common stock. The amount of proceeds was offset by the repurchase of common stock to meet minimum statutory tax withholding requirements. During the year ended December 31, 2011, we received proceeds of $3.9 million from exercises of options and warrants to purchase common stock.

Other

We have incurred cumulative net losses and expect to incur additional expenses to perform further research and development activities. As of December 31, 2013, we have delivered an aggregate of approximately 920,000 courses of Arestvyr to the Strategic Stockpile, of which 195,000 courses were delivered at no cost to BARDA in accordance with the BARDA Contract. Upon meeting a key requirement of the BARDA Contract in the third quarter of 2013, we received payment of approximately $96.1 million for the courses of product delivered to date. We believe that the funds received from the BARDA Contract (refer to Note 2 to the Consolidated Financial Statements) together with our existing capital resources and continuing government contracts and grants will be sufficient to support our operations beyond the next twelve months. As discussed in Part II, Item 1, "Legal Proceedings," our ability to support our operations may be adversely affected by the outcome in the litigation with PharmAthene. The financial statements do not include any adjustment relating to the recoverability of the carrying amount of recorded assets and liabilities that might result from the outcome of these uncertainties.

Contractual Obligations, Commercial Commitments and Purchase Obligations

Future contractual obligations and commercial commitments as of December 31, 2013 are expected to be as follows:

		Payments due by period			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	Greater than 5 years
Long term debt obligations (1)	$ 4,415,889	$ 2,307,813	$ 2,108,076	$ —	$ —
Operating lease obligations (2)	8,532,168	1,602,840	3,264,684	2,396,204	1,268,440
Purchase obligations	10,748,541	10,406,715	208,676	107,500	25,650
Total contractual obligations	$ 23,696,598	$ 14,317,368	$ 5,581,436	$ 2,503,704	$ 1,294,090

(1) Consists of $4 million of outstanding debt under our term loan with a fixed interest rate of 9.85%. The amounts in the table above assume the payment of interest on our term loan through its maturity date and the payment amount of the notes in accordance with the loan agreement. Interest is payable monthly.

(2) Includes facilities and office space under two operating leases expiring in 2017 and 2020, respectively. These obligations assume non-termination of agreements and represent expected payments, which are subject to change.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our investment portfolio includes cash, cash equivalents and short-term investments. Our main investment objectives are the preservation of investment capital and the maximization of after-tax returns on our investment portfolio. We believe that our investment policy is conservative, both in the duration of our investments and the credit quality of the investments we hold. We do not utilize derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions to manage exposure to interest rate changes. Accordingly, we believe that, while the securities we hold are subject to changes in the financial standing of the issuer of such securities and our interest income is sensitive to changes in the general level of U.S. interest rates, we are not subject to any material risks arising from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices or other market changes that affect market risk sensitive instruments.

Item 8. Financial Statements and Supplementary Data

Index to the Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and comprehensive income/loss, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of SIGA Technologies, Inc. and its subsidiary at December 31, 2013 and December 31, 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 10, 2014

SIGA TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

As of December 31, 2013 and 2012

	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 91,309,754	$ 32,017,490
Accounts receivable	982,023	970,288
Inventory	20,515,349	17,641,922
Prepaid expenses and other current assets	750,808	801,149
Deferred tax assets	10,383,908	33,515,327
Total current assets	123,941,842	84,946,176
Property, plant and equipment, net	1,382,073	987,869
Receivables from long-term contract	—	3,771,219
Deferred costs	22,583,202	2,841,534
Goodwill	898,334	898,334
Other assets	2,078,159	2,181,720
Deferred tax assets, net	42,940,624	10,209,278
Total assets	$ 193,824,234	$ 105,836,130
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 5,064,380	$ 10,189,917
Accrued expenses and other current liabilities	4,842,393	4,283,849
Current common stock warrants	313,425	333,793
Current portion of long term debt	1,968,826	954,738
Total current liabilities	12,189,024	15,762,297
Deferred revenue	162,222,189	57,052,020
Common stock warrants	—	657,246
Long term debt	1,989,948	3,955,262
Other liabilities	447,605	166,303
Total liabilities	176,848,766	77,593,128
Commitments and contingencies (Note 13)		
Stockholders' equity		
Common stock ($.0001 par value, 100,000,000 shares authorized, 53,108,844 and 51,642,520 issued and outstanding at December 31, 2013, and December 31, 2012, respectively)	5,310	5,164
Additional paid-in capital	173,498,028	167,588,375
Accumulated deficit	(156,527,870)	(139,350,537)
Total stockholders' equity	16,975,468	28,243,002
Total liabilities and stockholders' equity	$ 193,824,234	$ 105,836,130

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

SIGA TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/LOSS

For the Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Revenues			
Research and development	$ 5,519,300	$ 8,970,835	$ 12,725,792
Operating expenses			
Selling, general and administrative	13,244,819	11,410,131	23,931,713
Research and development	13,856,500	18,213,036	18,367,348
Patent preparation fees	1,421,218	1,883,405	1,808,168
Restructuring charges	512,944	—	—
Total operating expenses	29,035,481	31,506,572	44,107,229
Operating loss	(23,516,181)	(22,535,737)	(31,381,437)
Decrease (increase) in fair value of common stock warrants	(73,756)	804,516	24,436,309
Interest expense	(1,207,332)	(172,993)	—
Other income, net	1,497	522	13,061
Loss before income taxes	(24,795,772)	(21,903,692)	(6,932,067)
Benefit from (provision for) income taxes	7,618,439	7,844,153	36,031,646
Net income (loss)	$ (17,177,333)	$ (14,059,539)	$ 29,099,579
Basic earnings (loss) per share	$ (0.33)	$ (0.27)	$ 0.57
Diluted earnings (loss) per share	$ (0.33)	$ (0.27)	$ 0.09
Weighted average shares outstanding: basic	52,368,842	51,639,622	50,929,491
Weighted average shares outstanding: diluted	52,368,842	51,639,622	54,061,650
Net income (loss)	$ (17,177,333)	$ (14,059,539)	$ 29,099,579
Change in net unrealized gain (loss) on short-term investments	—	—	(4,067)
Comprehensive income (loss)	$ (17,177,333)	$ (14,059,539)	$ 29,095,512

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

SIGA TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2013, 2012 and 2011

	Common Stock		Additional Paid - In	Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Deficit	Income (Loss)	Equity
Balances, December 31, 2010	49,019,443	$ 4,902	$ 141,468,691	$ (154,390,577)	$ 4,067	$ (12,912,917)
Net income				29,099,579		29,099,579
Change in net unrealized gain (loss) on short-term investments					(4,067)	(4,067)
Issuance of common stock upon exercise of stock options and warrants	2,123,454	213	3,946,024			3,946,237
Stock-based compensation	700,000	70	12,463,702			12,463,772
Tax obligation from stock-based compensation	(205,545)	(21)	(1,353,635)			(1,353,656)
Fair value of exercised common stock warrants			9,531,911			9,531,911
Balances, December 31, 2011	51,637,352	5,164	166,056,693	(125,290,998)	—	40,770,859
Net income				(14,059,539)		(14,059,539)
Issuance of common stock upon exercise of stock options and warrants	5,168		(247,833)			(247,833)
Stock-based compensation			1,779,515			1,779,515
Balances, December 31, 2012	51,642,520	5,164	167,588,375	(139,350,537)	—	28,243,002
Net loss				(17,177,333)		(17,177,333)
Issuance of common stock upon exercise of stock options and warrants	1,508,148	150	2,868,237			2,868,387
Stock-based compensation			2,172,597			2,172,597
Tax obligation from stock-based compensation	(41,824)	(4)	(178,948)			(178,952)
Warrants issued in exchange for services recorded as other assets			272,729			272,729
Fair value of exercised common stock warrants			751,370			751,370
Excess tax benefit from stock-based compensation			23,668			23,668
Balances, December 31, 2013	53,108,844	$ 5,310	$ 173,498,028	$ (156,527,870)	$ —	$ 16,975,468

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

SIGA TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2013, 2012 and 2011

	2013	2012	2011
Cash flows from operating activities:			
Net income (loss)	$ (17,177,333)	$ (14,059,539)	$ 29,099,579
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and other amortization	463,137	419,358	568,288
Increase (decrease) in fair value of warrants	73,756	(804,516)	(24,436,309)
Stock-based compensation	2,263,506	1,779,515	12,463,772
Non-cash interest expense	48,774	—	—
Changes in assets and liabilities:			
Accounts receivable	3,759,484	(2,104,404)	365,041
Inventory	(2,873,427)	(17,641,922)	—
Deferred costs	(19,741,668)	(2,591,462)	(250,072)
Prepaid expenses and other current assets	188,101	(444,251)	12,119
Other assets	147,621	(548,419)	(4,697)
Deferred income taxes, net	(9,599,927)	(7,847,802)	(36,051,978)
Accounts payable, accrued expenses and other current liabilities	(4,566,993)	7,550,989	2,659,597
Deferred revenue	105,170,169	16,050,910	41,001,110
Other liabilities	281,302	18,717	147,586
Net cash provided by (used in) operating activities	58,436,502	(20,222,826)	25,574,036
Cash flows from investing activities:			
Capital expenditures	(857,341)	(588,235)	(237,023)
Collateral for surety bond	—	(1,347,956)	—
Proceeds from maturity of short term investments	—	—	40,000,000
Purchases of short term investments	—	—	(25,004,717)
Net cash provided by (used in) investing activities	(857,341)	(1,936,191)	14,758,260
Cash flows from financing activities:			
Net proceeds from exercise of warrants and options	2,868,387	9,577	3,946,237
Payment of common stock tendered for employee tax obligations	(178,952)	—	(1,353,656)
Proceeds from the issuance of long-term debt	7,000,000	4,910,000	—
Repayment of long-term debt	(8,000,000)	—	—
Excess tax benefit from stock-based compensation	23,668	—	—
Net cash provided by financing activities	1,713,103	4,919,577	2,592,581
Net increase (decrease) in cash and cash equivalents	59,292,264	(17,239,440)	42,924,877
Cash and cash equivalents at beginning of period	32,017,490	49,256,930	6,332,053
Cash and cash equivalents at end of period	$ 91,309,754	$ 32,017,490	$ 49,256,930
Supplemental disclosure of non-cash financing activities:			
Reclass of common stock warrant liability to additional paid-in capital upon warrant exercise	$ 751,370	$ —	$ 9,531,911

The accompanying notes are an integral part of these financial statements

1. Organization and Basis of Presentation

Description of Business
SIGA Technologies, Inc. ("SIGA" or the "Company") is a company specializing in the development and commercialization of solutions for serious unmet medical needs and biothreats. The Company's lead product is Arestvyr ™ (tecovirimat), also known as ST-246®, an orally administered antiviral drug that targets orthopoxviruses. While Arestvyr is not yet licensed as safe or effective by the U.S. Food & Drug Administration, it is a novel small-molecule drug that is being delivered to the Strategic National Stockpile under Project Bioshield.

Basis of presentation
The consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America ("US GAAP") and reflect the consolidated financial position, results of operations and cash flows for all periods presented.

The consolidated financial statements have been prepared on a basis which assumes that the Company will continue as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

2. Summary of Significant Accounting Policies

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

Cash Equivalents, Short-term Investments and Marketable Securities
The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Highly liquid investments with maturities greater than three months and less than one year are classified as short-term investments. Such investments are generally money market funds, bank certificates of deposit, and U.S. Treasury bills.

The Company classifies short-term investments and marketable securities with readily determinable fair values as "available-for-sale." Investments in securities that are classified as available-for-sale are measured at fair market value in the balance sheet and unrealized holding gains and losses on investments are reported as a separate component of stockholders' equity until realized.

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

Accounts Receivable
Accounts receivable are recorded net of provisions for doubtful accounts. At December 31, 2013 and 2012, 100% of accounts receivables represented receivables from National Institutes of Health ("NIH") and Biomedical Advanced Research and Development Authority ("BARDA"). An allowance for doubtful accounts is based on specific analysis of the receivables. At December 31, 2013 and 2012, the Company had no allowance for doubtful accounts.

Inventory

Inventories are stated at the lower of cost or estimated realizable value. The Company capitalizes inventory costs associated with the Company's products when, based on management's judgment, future commercialization is considered probable and the future economic benefit is expected to be realized; otherwise, such costs are expensed as research and development. Inventory is evaluated for impairment periodically to identify inventory that may expire prior to expected sale or has a cost basis in excess of its estimated realizable value. If certain batches or units of product no longer meet quality specifications or become obsolete due to expiration, the Company records a charge to write down such unmarketable inventory to its estimated realizable value.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided on a straight-line method over the estimated useful lives of the various asset classes. The estimated useful lives are as follows: 5 years for laboratory equipment; 3 years for computer equipment; and 7 years for furniture and fixtures. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the lease term. Maintenance, repairs and minor replacements are charged to expense as incurred.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, collectability is reasonably assured, title and risk of loss have been transferred to the customer and there are no further contractual obligations.

Certain arrangements may provide for multiple deliverables, in which there may be a combination of: up-front licenses; research, development, regulatory or other services; and delivery of product. Multiple deliverable arrangements can be divided into separate units of accounting if the deliverables in the arrangement meet the following criteria: (i) the delivered item(s) have value to the customer on a standalone basis and (ii) in circumstances in which an arrangement includes a general right of return with respect to delivered items, then performance of the remaining deliverables must be considered probable and substantially in control of the Company. If multiple deliverables cannot be divided into separate units of accounting then the deliverables must be combined into a single unit of accounting.

Total consideration in a multiple deliverable arrangement is allocated to units of accounting on a relative fair value of selling price basis. Consideration allocated to a delivered item or unit of accounting is limited to the amount that is not contingent upon delivery of additional items.

Direct costs incurred by the Company and associated with the deferral of revenue for a unit of accounting will also be deferred and will be recognized as expenses over the same period that the related deferred revenue is recognized as revenue.

Subject to the above, payments for development activities are recognized as revenue as earned, over the period of effort. Funding for the acquisition of capital assets under cost-plus-fee contracts or grants is evaluated for appropriate recognition as a reduction to the cost of the asset, a financing arrangement, or revenue based on the specific terms of the related grant or contract.

For the years ended December 31, 2013, 2012, and 2011, revenues from NIH and BARDA were 100% , 100% and 96% , respectively, of total revenues recognized by the Company.

Research and Development

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

Goodwill

The Company evaluates goodwill for impairment at least annually or as circumstances warrant. The impairment review process compares the fair value of the reporting unit in which goodwill resides to its carrying value. The Company operates as one business and one reporting unit. Therefore, the goodwill impairment analysis is performed on the basis of the Company as a whole, using the market capitalization of the Company as an estimate of its fair value.

Share-based Compensation

Stock-based compensation expense for all share-based payment awards made to employees and directors is determined on the grant date; for options awards, fair value is estimated using the Black-Scholes model and for stock appreciation rights ("SARs"), fair value is estimated using a Monte Carlo method. The value of the portion of the award that is ultimately expected to vest is recorded as expense over the requisite service periods in the Company's consolidated statement of operations.

These compensation costs are recognized net of an estimated forfeiture rate over the requisite service periods of the awards. Forfeitures are estimated on the date of the respective grant and revised if actual or expected forfeiture activity differs from original estimates.

Income Taxes

The Company recognizes income taxes utilizing the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recorded for temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities at enacted tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is established if it is more likely than not that some or the entire deferred tax asset will not be realized. The recognition of a valuation allowance for deferred taxes requires management to make estimates and judgments about the Company's future profitability which are inherently uncertain.

Net Loss per Share

The objective of basic earning per share ("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, except that it also gives effect to all potentially dilutive common shares outstanding during the period.

The following is a reconciliation of the basic and diluted net income (loss) per share computation:

	Year Ended December 31,		
	2013	**2012**	**2011**
Net (loss) income for basic EPS	$ (17,177,333)	$ (14,059,539)	$ 29,099,579
Change in fair value of warrants	—	—	24,436,309
Net loss (income) for diluted EPS	$ (17,177,333)	$ (14,059,539)	$ 4,663,270
Weighted-average shares: basic	52,368,842	51,639,622	50,929,491
Effect of potential common shares	—	—	3,132,159
Weighted-average shares: diluted	52,368,842	51,639,622	54,061,650
Earnings (loss) per share: basic	$ (0.33)	$ (0.27)	$ 0.57
Earnings (loss) per share: diluted	$ (0.33)	$ (0.27)	$ 0.09
Anti-dilutive employee share-based awards, excluded	—	—	504,668

The diluted earnings per share calculation reflects the effect of the assumed exercise of outstanding warrants and any corresponding elimination of the benefit included in operating results from the change in fair value of the warrants. Diluted shares outstanding include the dilutive effect of in-the-money options and warrants, unvested restricted stock and restricted stock units. The dilutive effect of such equity awards is calculated based on the average share price for each fiscal period using the treasury stock method. Under the treasury stock method, the amount the employee must pay for exercising stock options, the average amount of compensation cost for future service that the Company has not yet recognized, and the amount of tax benefits that would be recorded in additional paid-in capital when the award becomes deductible, are collectively assumed to be used to repurchase shares.

The Company incurred losses for the years ended December 31, 2013 and 2012 whereas for the year ended December 31, 2011, the Company had net income. For all periods presented, certain equity instruments are excluded from the calculation of diluted earnings (loss) per share as the effect of such shares is anti-dilutive. The weighted average number of equity instruments excluded consist of:

	Year Ended December 31,		
	2013	2012	2011
Stock Options	2,725,632	2,865,861	504,668
Stock-Settled Stock Appreciation Rights	439,056	421,020	—
Restricted Stock Units	981,645	351,011	—
Warrants	1,802,820	2,263,538	—

As discussed in Note 5, the appreciation of each SSAR was capped at a determined maximum value. As a result, the weighted average number shown in the table above for stock-settled stock appreciation rights reflects the weighted average maximum number of shares that could be issued.

Fair Value of Financial Instruments

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

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

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

The Company uses model-derived valuations where inputs are observable in active markets to determine the fair value of certain common stock warrants on a recurring basis and classify such warrants in Level 2. The Company utilizes the Black-Scholes model consisting of the following variables: (i) the closing price of SIGA's common stock; (ii) the expected remaining life of the warrant; (iii) the expected volatility using a weighted-average of historical volatilities from a combination of SIGA and comparable companies; and (iv) the risk-free market rate. At December 31, 2013 and 2012, the fair value of such warrants was as follows:

	2013	2012
Common stock warrants, current	$ 313,425	$ 333,793
Common stock warrants, non-current	—	657,246
	$ 313,425	$ 991,039

As of December 31, 2013 and 2012, the Company had $4.0 million and $5.0 million outstanding, respectively, from a loan entered into on December 31, 2012 (refer to Note 6 for details). The fair value of the loan, which is measured using Level 2 inputs, approximates book value at December 31, 2013 and 2012.

For the years ended December 31, 2013 and 2012, SIGA did not hold any Level 3 securities.

Legal Contingencies

The Company is subject to certain contingencies arising in the ordinary course of business. The Company records accruals for these contingencies to the extent that a loss is both probable and reasonably estimable. If some amount within a range of loss appears to be a better estimate than any other amount within the range, that amount is accrued. Alternatively, when no amount within a range of loss appears to be a better estimate than any other amount, the lowest amount in the range is accrued. We record anticipated recoveries under existing insurance contracts when recovery is assured.

Segment Information

The Company is managed and operated as one business. The entire business is managed by a single management team that reports to the chief executive officer. The Company does not operate separate lines of business or separate business entities with respect to any of its product candidates. Accordingly, the Company does not prepare discrete financial information with respect to separate product areas or by location and only has one reportable segment.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued new guidance on the reporting of reclassifications from accumulated other comprehensive income to net income. The new guidance does not change the requirements for reporting net income or other comprehensive income in financial statements but requires disclosures regarding the reclassification of accumulated other comprehensive income by component into net income. The Company's adoption of this guidance on January 2, 2013 did not have a material effect on our financial statements.

In July 2013, the FASB issued new guidance on the financial statement presentation of unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company does not anticipate a material impact to the Company's financial position, results of operations or cash flows as a result of this change.

3. Procurement Contract and Research Agreements

Procurement Contract

On May 13, 2011, the Company signed a contract with BARDA (the "BARDA Contract") pursuant to which SIGA agreed to deliver two million courses of Arestvyr to the Strategic Stockpile. The base contract, worth approximately $463 million , includes $54 million related to development and supportive activities and contains various options to be exercised at BARDA's discretion. The period of performance for development and supportive activities runs until 2020. As originally issued, the BARDA Contract included an option for the purchase of up to 12 million additional courses of Arestvyr; however, following a protest by a competitor of the Company, BARDA issued a contract modification on June 24, 2011 pursuant to which it deleted the option to purchase the additional courses. Under the BARDA Contract as modified, BARDA has agreed to buy from SIGA 1.7 million courses of Arestvyr. Additionally, SIGA will contribute to BARDA 300,000 courses manufactured primarily using federal funds provided by the U.S. Department of Health and Human Services ("HHS") under prior development contracts. The BARDA Contract as modified also contains options that will permit SIGA to continue its work on pediatric and geriatric versions of the drug as well as use Arestvyr for smallpox prophylaxis. As described in Note 14, the amount of profits SIGA will retain pursuant to the BARDA Contract may be adversely affected by the outcome of PharmAthene's action against SIGA.

In the fourth quarter of 2011, SIGA received approximately $41.0 million in advance payments under the BARDA Contract. In the fourth quarter of 2012, SIGA received FDA concurrence with respect to its product labeling strategy in accordance with the BARDA Contract and received the related milestone payment of approximately $12.3 million . In May 2013, after BARDA notified SIGA that the Company had successfully completed the milestone requirements for the Final Drug Product Commercial Validation batches, the Company received a milestone payment of approximately $8.2 million . In 2013, in addition to the $8.2 million milestone payment, the Company received approximately $101.5 million from BARDA, of which approximately $96.1 million was for the delivery of 725,000 courses of Arestvyr and approximately $5.4 million was for reimbursement related to research and development services and supportive activities.

The BARDA Contract is a multiple deliverable arrangement comprising delivery of courses and covered research and development activities. The BARDA Contract provides certain product replacement rights with respect to delivered courses. For this reason, recognition of revenue that might otherwise occur upon delivery of courses is expected to be deferred until the Company's obligations related to potential replacement of delivered courses are satisfied. The Company assessed the selling price for each of the aforementioned deliverables - research and development activities and drug product. The selling price of certain reimbursed research and development services was determined by reference to existing and past research and development grants and contracts between the Company and various government agencies. The selling price of drug product was determined by reference to other Companies' sales of drug products such as antiviral therapeutics, orphan drugs and drugs with potential life-saving impact similar to Arestvyr, including products delivered to the Strategic Stockpile.

The Company has recognized revenue for reimbursement of certain BARDA Contract research and development services. Cash inflows related to delivery of courses will continue to be recorded as deferred revenue. In addition, direct costs incurred by the Company to fulfill the delivery of courses under the BARDA Contract are being deferred and will be recognized as expenses over the same period that the related deferred revenue is recognized as revenue.

As of December 31, 2013 and 2012, deferred direct costs under the BARDA Contract of approximately $22.6 million and $2.8 million , respectively, are included in deferred costs on the consolidated balance sheets. As of December 31, 2013, the Company recorded $162.2 million of deferred revenue for the delivery of approximately 725,000 courses of Arestvyr to the Strategic Stockpile and certain research and development services provided as part of the BARDA Contract. For the year ended December 31, 2013, revenue from reimbursed research and development was $1.2 million . In addition to the 725,000 courses of Arestvyr that were accepted by the Strategic Stockpile and resulted in payment, the Company also delivered 195,000 courses at no cost to BARDA in accordance with the BARDA Contract, of which 62,000 were accepted in 2013 and 133,000 were accepted in 2014,

In February 2014, the Company delivered approximately 256,000 courses of Arestvyr accepted into the Strategic Stockpile, of which approximately 192,000 courses will be invoiced for $25.4 million and the remainder will be at no cost to BARDA.

Research Agreements

The Company obtains funding from the contracts and grants it obtains from various agencies of the U.S. Government to support its research and development activities. Currently, the Company has one contract and two grants with varying expiration dates through July 2016 that provide for potential future aggregate research and development funding for specific projects of approximately $13.9 million . This amount includes, among other things, options that may or may not be exercised at the U.S. government's discretion. Moreover, the contract and grants contain customary terms and conditions including the U.S. Government's right to terminate or restructure a grant for convenience at any time.

4. Stockholders' Equity

On December 31, 2013, the Company's authorized share capital consisted of 110,000,000 shares, of which 100,000,000 are designated common shares and 10,000,000 are designated preferred shares. The Company's Board of Directors is authorized to issue preferred shares in series with rights, privileges and qualifications of each series determined by the Board.

At December 31, 2013 and 2012, the fair market value of outstanding liability classified warrants was $313,425 and $991,039 , respectively. The Company applied the Black-Scholes model to calculate the fair values of the respective derivative instruments using the contractual term of the warrants. Management estimates the expected volatility using a combination of the Company's historical volatility and the volatility of a group of comparable companies.

For the years ended December 31, 2013 and 2012, the Company recorded a loss of $73,756 and a gain of $804,516 related to net changes in fair value for liability classified warrants outstanding during the respective periods.

On April 30, 2013, SIGA entered into a Services Agreement with MacAndrews & Forbes LLC ("M&F") for certain professional and administrative services. The Services Agreement has a term of three years. As consideration for the Services Agreement, SIGA issued warrants to M&F to acquire 250,000 shares of common stock at an exercise price of $3.29 per share. The warrants are fully vested, immediately exercisable and remain exercisable for two years from issuance. The grant-date fair value, determined using the Black-Scholes model as previously described, is recorded as an asset with a corresponding increase to equity. The asset is amortized over the contractual term of the warrant.

2008 Financing
On June 19, 2008, SIGA entered into a letter agreement (as amended, the "Letter Agreement") that expired on June 19, 2010, with MacAndrews & Forbes LLC ("M&F"), a related party, for M&F's commitment to invest, at SIGA's discretion or at M&F's option, up to $8 million in exchange for (i) SIGA common stock and (ii) warrants to purchase 40% of the number of SIGA shares acquired by M&F. In consideration for the commitment of M&F reflected in the Letter Agreement, on June 19, 2008, M&F received warrants to purchase 238,000 shares of SIGA common stock, initially exercisable at $3.06 (the "Commitment Warrants"). The Commitment Warrants were exercisable until June 19, 2012. On June 19, 2012, the Commitment Warrants were amended to extend expiration to June 19, 2014. Due to certain anti-dilution provisions, the Commitment Warrants are recorded as a liability, and consequently the "mark-to-market" adjustment to the fair value from the extended term was accounted immediately upon modification.

In 2009, SIGA issued to M&F 816,993 shares of common stock and 326,797 warrants (the "2009 Warrants") to acquire common stock in exchange for total proceeds of $2.5 million . The warrants were exercisable for a term of four years from issuance for an exercise price of $3.519 per share. The 2009 Warrants were not exercised and as a result expired during the year ended December 31, 2013.

On June 18, 2010, M&F notified SIGA of its intention to exercise its right to invest $5.5 million , the remaining amount available under the Letter Agreement following earlier investments and entered into a Deferred Closing and Registration Rights Agreement dated as of June 18, 2010 with the Company. On July 26, 2010, upon satisfaction of certain customary closing conditions, including

the expiration of the applicable waiting period pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, M&F funded the $5.5 million purchase price to SIGA in exchange for the issuance of (i) 1,797,386 shares of common stock and (ii) warrants to purchase 718,954 shares of SIGA common stock at an exercise price of $3.519 per share; the warrants are exercisable for a term of four years from issuance.

The number of shares issuable pursuant to the warrants granted under the Letter Agreement, as well as the exercise price of those warrants, may be subject to adjustment as a result of the effect of future equity issuances on certain anti-dilution provisions in the related warrant agreements.

2006 Placements
In 2006, the Company issued 1,000,000 warrants with an initial exercise price of $4.99 per share (the "2006 Warrants"). As of December 31, 2013, there are no remaining 2006 Warrants as all issuances were either exercised or expired during the fourth quarter of 2013.

The Company accounted for the warrants in accordance with the authoritative guidance which requires that free-standing derivative financial instruments that require net cash settlement be classified as assets or liabilities at the time of the transaction, and recorded at their fair value. Any changes in the fair value of the derivative instruments are reported in earnings or loss as long as the derivative contracts are classified as assets or liabilities.

5. Stock Compensation Plans

The Company's 2010 Stock Incentive Plan (the "2010 Plan") was initially adopted in May 2010. The 2010 Plan provided for the issuance of stock options, restricted stock and unrestricted stock with respect to an aggregate of 2,000,000 shares of the Company's Common Stock to employees, consultants and outside directors of the Company. On May 17, 2011, the 2010 Plan was amended to provide for the issuance of restricted stock units ("RSUs") and on February 2, 2012, the 2010 Plan was amended to provide for the issuance of SARs. Effective April 25, 2012, the 2010 Plan was amended to increase the maximum number of shares of Common Stock available for issuance to an aggregate of 4,500,000 shares. The vesting period for awards granted under the 2010 Plan, except those granted to outside directors, is determined by the Compensation Committee of the Board of Directors. The Compensation Committee also determines the expiration date of each equity award, however, stock options and SARs may not be exercisable more than ten years after the date of grant. as the maximum term of equity awards issued under the 2010 Plan is ten years.

For the years ended December 31, 2013, 2012 and 2011, the Company recorded stock-based compensation expense, including stock options, SARs, RSUs and certain warrant amortization, of approximately $2.3 million , $1.8 million and $12.5 million , respectively.

Stock Options
Stock option awards provide holders the right to purchase shares of Common Stock at prices determined by the Compensation Committee and must have an exercise price equal to or in excess of the fair market value of the Company's common stock at the date of grant.

The fair value of option grants were estimated at the date of grant during the years ended December 31, 2013, 2012, and 2011 based upon the following range of assumptions:

	2013	2012	2011
Expected volatility	67%	77%	76%
Expected dividend yield	—%	—%	—%
Risk-free interest rate	0.84% - 1.29%	0.98% - 1.24%	1.94%
Expected life	6 years	6 years	6 years

Expected volatility has been estimated using a combination of the Company's historical volatility and the historical volatility of a group of comparable companies, both using historical periods equivalent to the options' expected lives. The expected dividend yield assumption is based on the Company's intent not to issue a dividend in the foreseeable future. The risk-free interest rate assumption is based upon observed interest rates for securities with maturities approximating the options' expected lives. The expected life was estimated based on historical experience and expectation of employee exercise behavior in the future giving consideration to the contractual terms of the award.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2013	2,902,708	$ 4.28		
Granted	27,000	3.87		
Exercised	(506,623)	1.37		
Canceled/Expired	(69,455)	4.06		
Outstanding at December 31, 2013	2,353,630	$ 4.91	5.09	$ 849,950
Vested and expected to vest at December 31, 2013	2,343,414	$ 4.91	5.10	$ 844,331
Exercisable at December 31, 2013	2,013,960	$ 5.09	4.99	$ 663,128

As of December 31, 2013 , $189,000 of total remaining unrecognized stock-based compensation cost related to stock options is expected to be recognized over the weighted-average remaining requisite service period of 1.06 years. The total fair value of vested stock options was $0.6 million , $0.9 million and $2.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.
The total intrinsic value of stock options exercised was $959,000 , $5,000 and $12.3 million for the years ended December 31, 2013, 2012 and 2011, respectively. The intrinsic value represents the amount by which the market price of the underlying stock exceeds the exercise price of an option.

The weighted average fair value at the date of grant for stock options granted during the years ended December 31, 2013, 2012 and 2011 was $2.34 , $1.77 and $7.01 .

As of December 31, 2013 and 2012, 500,000 of the Company's outstanding options, respectively, were subject to specific performance conditions consisting of minimum cash receipts thresholds and regulatory approval of our lead drug candidate. During the year ended December 31, 2013, the performance conditions relating to minimum cash receipts were achieved making 300,000 of the aforementioned options exercisable. The remaining 200,000 options with performance conditions relating to regulatory approval have not been achieved, thus these options are not exercisable at December 31, 2013.

Stock Appreciation Rights
Stock-settled stock appreciation rights ("SSARs") provide holders the right to purchase shares of Common Stock at prices determined by the Compensation Committee and must have an exercise price equal to or in excess of the fair market value of the Company's common stock at the date of grant. Upon exercise, the gain, or intrinsic value, is settled by the delivery of SIGA stock to the employee.

During the year ended December 31, 2012, the Company granted 1.4 million shares of SSARs at a weighted average grant-date fair value of $0.68 per share. The exercise price of a SSAR is equal to the closing market price on the date of grant. The granted SSARs vest in equal annual installments over a period of three years and expire no later than seven years from the date of grant. Moreover, the appreciation of each SSAR was capped at a determined maximum value. At December 31, 2013 and 2012, due to the cap on value the maximum number of shares that could be issued in the future was 407,705 and 453,465 , respectively.

The fair value of granted SSARs has been estimated utilizing a Monte Carlo method. The Monte Carlo method is a statistical simulation technique used to provide the grant-date fair value of an award. As the issued SSARs were capped at maximum values, such attribute was considered in the simulation. The following table presents the weighted-average assumptions utilized in the valuations:

	2012
Expected volatility	71%
Expected life from grant date	4.5 years
Expected dividend yield	—%
Risk-free interest rate	0.61%

The Company calculates the expected volatility using a combination of SIGA's historical volatility and the volatility of a group of comparable companies. The expected life from grant date was estimated based on the expectation of exercise behavior in

consideration of the maximum value and contractual term of the SSARs. The dividend yield assumption is based on the Company's intent not to issue a dividend in the foreseeable future. The risk-free interest rate assumption is based upon observed interest rates appropriate for the expected life of the SSARs.

A summary of the Company's SSAR activity is as follows:

	Number of SSARs	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2013	1,420,951	$ 3.53		
Granted	—	—		
Exercised	(8,750)	3.53		
Canceled/Expired	(101,301)	3.53		
Outstanding at December 31, 2013	1,310,900	$ 3.53	5.09	$ —
Vested and expected to vest at December 31, 2013	1,285,297	$ 3.53	5.09	$ —
Exercisable at December 31, 2013	459,684	$ 3.53	5.09	$ —

As of December 31, 2013 , $302,000 of total remaining unrecognized stock-based compensation cost related to SSARs is expected to be recognized over the weighted-average remaining requisite service period of 1.09 years. The total fair value of vested SSARs was $317,000 , $0 and $0 for the years ended December 31, 2013, 2012 and 2011, respectively. The total intrinsic value of SSARs exercised was $4,000 , $0 and $0 for the years ended December 31, 2013, 2012 and 2011, respectively. The intrinsic value represents the amount by which the market price of the underlying stock exceeds the exercise price of a SSAR.

Restricted Stock Awards/Restricted Stock Units

RSUs awarded to employees vest in equal annual installments over a three-year period and RSUs awarded to directors of the Company vest over a one-year period. A summary of the Company's RSU activity is as follows:

	Number of RSUs	Weighted Average Grant-Date Fair Value
Outstanding at January 1, 2013	460,000	$ 2.82
Granted	775,000	2.98
Vested	(253,332)	2.69
Canceled/Expired	(15,000)	2.82
Outstanding at December 31, 2013	966,668	$ 2.98

As of December 31, 2013 , $1.7 million of total remaining unrecognized stock-based compensation cost related to RSUs is expected to be recognized over the weighted-average remaining requisite service period of 1.67 years. The weighted average fair value at the date of grant for restricted stock awards granted during the years ended December 31, 2013, 2012 and 2011 was $2.98 , $2.82 and $14.26 per share, respectively. The total fair value of restricted stock and restricted stock units vested during the years ended December 31, 2013, 2012 and 2011 was $0.7 million , $0 and $10.0 million .

Warrants

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at January 1, 2013	2,253,902	$ 3.30
Granted	250,000	3.29
Exercised	(815,568)	2.92
Canceled/Expired	(472,108)	3.81
Outstanding at December 31, 2013	1,216,226	$ 3.36

Warrants represent the right to purchase shares of Common Stock at contractual exercise prices. As of December 31, 2013, all outstanding warrants are exercisable.

6. Debt

In December 2012, the Company entered into a loan agreement ("Loan Agreement") with General Electric Capital Corporation ("GE Capital") to provide the Company a term loan of $5.0 million with a fixed interest rate of 9.85% per annum and a revolving line of credit of $7.0 million with a variable interest rate. Borrowings under the revolving line of credit are based on eligible outstanding accounts receivable and will bear interest at a rate per annum equal to 5.25% plus the higher of: (a) 1.50% , and (b) three-month LIBOR divided by a defined factor. The term of the loan is three years.

As of December 31, 2013 and 2012, $4.0 million and $5.0 million , respectively, was outstanding. Under the Loan Agreement, the Company may draw down from the revolving line of credit up to 85% of qualified eligible accounts receivable as described in the Loan Agreement. As of December 31, 2013 and 2012, no amounts were available to borrow against the revolving line of credit as there were no eligible accounts receivable.

Under the Loan Agreement, the Company was required to make interest-only monthly payments from February 2013 through June 2013. Monthly payments of $167,000 in principal plus accrued interest commenced on July 1, 2013.

The loan is collateralized by substantially all of the Company's assets other than Arestvyr or any intellectual property related to Arestvyr. The Loan Agreement contains affirmative and negative covenants including certain customary financial covenants. The Company was in compliance with all financial debt covenants as of December 31, 2013 and 2012.

In connection with securing the Loan Agreement, the Company incurred approximately $386,000 of debt issue costs which are recorded as deferred costs and allocated between other current assets and other assets. Furthermore, the Company incurred $90,000 of costs which were accounted for as a debt discount and thus, are recorded as a direct reduction of the face amount of the debt. The debt issue costs and debt discount will be amortized to interest expense over the term of the Loan Agreement.

The aggregate amount of required principal payments at December 31, 2013 are as follows:

2014	$	2,000,000
2015		2,000,000
Unamortized discount		(41,226)
Total	$	3,958,774

7. Related Party Transactions

On December 1, 2009, the Company entered into an Office Services Agreement with an affiliate of M&F to occupy office space for approximately $8,000 per month. An amendment in February 2012 increased the monthly payment to $12,000 to appropriately reflect expanded use of space. The Office Services Agreement was canceled effective March 31, 2013.

In October 2012, the Company funded a letter of credit and deposit to take advantage of a lease for office space secured by an affiliate of M&F from a third party landlord on behalf of the Company. Pursuant to such letter of credit, in January 2013 the Company entered into a sublease in which the Company will pay all costs associated with the lease, including rent. All payments made by the Company pursuant to the sublease will either be directly or indirectly made to the third-party landlord and not retained by M&F or any affiliate. The new sublease replaced the current Office Services Agreement that is described in the previous paragraph, and occupancy commenced on April 1, 2013. The sublease allows for a free rent period of five months beginning April 1, 2013; subsequent to the free rent period, monthly rent payments are $60,000 for the first five years and $63,000 for the next two years. Upon expiration on September 1, 2020, the sublease and lease provides for two consecutive five year renewal options.

A member of the Company's Board of Directors is a member of the Company's outside counsel. During the years ended December 31, 2013, 2012 and 2011, the Company incurred costs of $1.8 million , $2.0 million and $3.1 million , respectively, related to services provided by the outside counsel. On December 31, 2013, the Company's outstanding payables included $200,000 payable to the outside counsel.

8. Inventory

During the year ended December 31, 2013, the Company delivered approximately 787,000 courses accepted into the Strategic Stockpile; due to the deferral of revenue under the BARDA Contract (refer to Note 2), amounts that would be otherwise recorded as cost of goods sold for delivered courses are recorded as deferred costs in the balance sheet. The value of inventory represents the costs incurred to manufacture Arestvyr under the BARDA Contract. Certain of the existing units of Arestvyr were initially manufactured prior to the point at which future commercialization was probable; thus, such cost was expensed as research and development in those respective periods. Additional costs incurred to complete production of courses of Arestvyr will be recorded as inventory and reclassified to deferred costs upon delivery to the extent related revenue is deferred.

Inventory consisted of the following at December 31, 2013 and 2012:

	2013	2012
Work in-process	$ 6,152,198	$ 17,641,922
Finished goods	14,363,151	—
Inventory	$ 20,515,349	$ 17,641,922

For the year ended December 31, 2012, research and development expense included inventory write-downs of $0.5 million.

9. Property, Plant and Equipment

Property, plant and equipment consisted of the following at December 31, 2013 and 2012:

	2013	2012
Laboratory equipment	$ 2,473,428	$ 2,305,410
Leasehold improvements	3,166,622	2,817,123
Computer equipment	655,364	458,421
Furniture and fixtures	488,168	345,287
	6,783,582	5,926,241
Less - accumulated depreciation	(5,401,509)	(4,938,372)
Property, plant and equipment, net	$ 1,382,073	$ 987,869

Depreciation and amortization expense on property, plant, and equipment was $463,137 , $419,358 , and $568,288 for the years ended December 31,2013, 2012, and 2011, respectively. For the year ended December 31, 2011, in addition to depreciation and amortization expense, the Company incurred non-cash charges of $25,000 in connection with disposals of fixed assets.

10. Accrued Expenses

Accrued expenses and other current liabilities consisted of the following at December 31, 2013 and 2012:

	2013	2012
Loss contingency	$ 2,635,270	$ 2,491,981
Bonus	—	250,000
Professional fees	794,275	579,609
Vacation	252,410	328,463
Other	1,160,438	633,796
Accrued expenses and other current liabilities	$ 4,842,393	$ 4,283,849

11. Income Taxes

At December 31, 2013 and 2012, the Company's provision (benefit) for income taxes is comprised of the following:

	2013	2012	2011
Current:			
Federal	$ 1,608,033	$ —	$ —
State and local	373,455	3,649	20,332
Total current provision (benefit)	1,981,488	3,649	20,332
Deferred:			
Federal	(10,072,499)	(7,557,163)	(35,493,317)
State and local	472,572	(290,639)	(558,661)
Total deferred provision (benefit)	(9,599,927)	(7,847,802)	(36,051,978)
Total provision (benefit)	$ (7,618,439)	$ (7,844,153)	$ (36,031,646)

At December 31, 2013 and 2012, the Company’s deferred tax assets and liabilities are comprised of the following:

	2013	2012
Deferred income tax assets:		
Net operating losses	$ 7,750,690	$ 36,764,901
Deferred research and development costs	2,278,397	2,950,555
Amortization of intangible assets	1,342,555	1,572,281
Share-based compensation	2,166,125	1,768,990
Depreciation	604,973	709,184
Deferred revenue	48,685,086	4,403,266
Alternative minimum tax credits	1,608,033	—
Loss contingency	942,529	892,129
Other	554,777	212,483
Deferred income tax assets	65,933,165	49,273,789
Less: valuation allowance	(4,442,929)	(4,328,233)
Deferred income tax assets, net of valuation allowance	$ 61,490,236	$ 44,945,556
Deferred income tax liabilities:		
Amortization of goodwill	(224,908)	(203,682)
Capitalized contract costs	(7,940,796)	(1,017,269)
Deferred income tax assets, net	$ 53,324,532	$ 43,724,605

As of December 31, 2013, $23.5 million federal net operating loss carryforwards which expire in 2021 to 2032 was available to offset taxable income. As a result of a cumulative change in stock ownership occurring in a prior year, approximately $3.1 million

of the federal net operating loss carryforwards are subject to annual limitation under IRC Section 382. In addition, the utilization of approximately $1.6 million of federal net operating losses attributable to excess tax deductions on share-based compensation activity will be realized as a benefit to Additional Paid-in Capital when such deductions are applied to income taxes payable. In 2012, previously available NOLs of approximately $1.2 million expired.

For the year ended December 31, 2012, the Company incurred net losses for tax purposes and consequently, recognized an income tax benefit of $7.8 million . For the year ended December 31, 2011, the benefit from income taxes of $36.0 million mainly reflects net losses as well as a partial reduction of its valuation allowance as a significant portion of the Company's deferred tax assets became realizable on a "more likely than not" basis primarily as a result of the execution of the BARDA Contract and forecasts of pre-tax earnings. Prior to June 30, 2011, the Company provided a tax valuation allowance on our United States federal and state deferred tax assets based on the Company's evaluation that such assets were not "more likely than not" to be realized.

As of December 31, 2013, a valuation allowance of approximately $4.4 million relates to certain deferred tax assets that the Company does not expect to realize on a more likely than not basis. The recognition of a valuation allowance for deferred taxes requires management to make estimates and judgments about the Company's future profitability which are inherently uncertain. This includes assessing available positive and negative evidence to determine if sufficient future tax income will be generated to utilize existing deferred tax assets. If the current estimates of future taxable income are reduced or not realized, for example, based on the outcome in PharmAthene's action against the Company described in Note 13, the Company's assessment regarding the realization of deferred tax assets could change. Future changes in the estimated amount of deferred taxes expected to be realized will be reflected in the Company's financial statements in the period the estimate is changed with a corresponding adjustment to operating results. Changes in estimates may occur often and can have a significant favorable or unfavorable impact on the Company's operating results from period to period.

The Company's effective tax rate differs from the U.S. Federal Statutory income tax rate of 35% as follows:

	2013	2012	2011
Statutory federal income tax rate	(35.0)%	(35.0)%	(35.0)%
State tax benefit	2.9 %	(1.4)%	0.3 %
Gain (loss) from fair value of common warrants	0.1 %	(1.3)%	(123.4)%
Share-based compensation	0.4 %	0.8 %	24.8 %
Other	0.3 %	0.5 %	1.4 %
Valuation allowance on deferred tax assets	0.6 %	0.5 %	(387.6)%
Effective tax rate	(30.7)%	(35.9)%	(519.5)%

For the years ended December 31, 2013 and 2012, the Company's effective tax rate differs from the statutory rate principally due to state and local taxes and other permanent differences. For the year ended December 31, 2011, the Company's effective tax rate differs from the federal statutory rate due to the partial reversal of its valuation allowance as certain deferred tax assets became realizable on a more-likely-than basis as well as the decrease in the fair value of common stock warrants which is not deductible for tax purposes.

The Company applies the applicable authoritative guidance which prescribes a comprehensive model for the manner in which a company should recognize, measure, present and disclose in its financial statements all material uncertain tax positions that the Company has taken or expects to take on a tax return. The Company has no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within twelve months from December 31, 2013. The Company files federal income tax returns and income tax returns in various state and local tax jurisdictions. The open tax years for U.S. federal, state and local tax returns is generally 2010 - 2013; open tax years relating to unused net operating loss carryforwards ("NOLs") begin in 1998. In the event that the Company concludes that it is subject to interest and/or penalties arising from uncertain tax positions, the Company will present interest and penalties as a component of income taxes. No amounts of interest or penalties were recognized in the Company's consolidated financial statements for each of the years in the three-year period ended December 31, 2013.

12. Restructuring

In the fourth quarter of 2013, the Company began an optimization program to increase efficiencies within its operations (the "Optimization Program"). This program, which included a reduction in employee headcount, is intended to align the Company's resources, staff and efforts with the most promising growth opportunities. With the implementation of the Optimization Program, the Company is targeting a $6 million reduction in annual operating expenses, of which a substantial portion of the reduction has been implemented at December 31, 2013. For the year ended December 31, 2013, the Company recorded a restructuring charge of 512,944 which included a non-cash asset impairment for the write-off of certain prepaid assets. The following table summarizes the activity for the restructuring:

	Accrued as of January 1, 2013	Charges	Payments	Non-Cash Items	Accrued as of December 31, 2013
Severance Charges	$ —	$ 324,615	$ (206,385)	$ —	$ 118,230
Asset Impairments	—	188,329	—	(188,329)	—
	$ —	$ 512,944	$ (206,385)	$ (188,329)	$ 118,230

13. Commitments and Contingencies

Operating lease commitments

The Company leases its Corvallis, Oregon, facilities and office space under an operating lease, most recently amended in November 2012, which expires in 2017 and includes a renewal option for an extension of five years . In January 2013, we entered into a sublease with an affiliate of M&F for corporate office space under an operating lease which commenced in April 2013 and expires in 2020 (refer to Note 9 for further description of the lease arrangement). The respective leases contain annual escalation clauses, renewal provisions and generally require us to pay utilities, insurance, taxes and other operating expenses. Rental expense, including charges for maintenance, utilities, real estate taxes and other operating expenses, totaled $1.4 million , $1.0 million and $827,000 for the years ended December 31, 2013, 2012 and 2011, respectively.

Future minimum rental commitments under non-cancelable operating leases as of December 31, 2013 are expected to be as follows:

2014	$ 1,602,840
2015	1,622,508
2016	1,642,176
2017	1,661,844
2018	734,360
Thereafter	1,268,440
Total	$ 8,532,168

Other

In December 2006, PharmAthene, Inc. ("PharmAthene") filed an action against SIGA in the Delaware Court of Chancery (the "Court" or "Court of Chancery") captioned PharmAthene, Inc. v. SIGA Technologies, Inc., C.A. No. 2627-N. In its amended complaint, PharmAthene asked the Court to order the Company to enter into a license agreement with PharmAthene with respect to ST-246, now also known as Arestvyr, to declare that the Company is obliged to execute such a license agreement, and to award damages resulting from the Company's supposed breach of that obligation. PharmAthene also alleged that the Company breached an obligation to negotiate such a license agreement in good faith, and sought damages for promissory estoppel and unjust enrichment based on supposed information, capital, and assistance that PharmAthene allegedly provided to the Company during the negotiation process. The Court tried the case in January 2011.

In September 2011, the Court issued its post-trial opinion. The Court denied PharmAthene's requests for specific performance and expectation damages measured by the present value of estimated future profits. Nevertheless, the Court held that the Company breached its duty to negotiate in good faith and was liable under the doctrine of promissory estoppel. The Court consequently awarded to PharmAthene what the Court described as an equitable payment stream or equitable lien consisting of fifty percent of the net profits that the Company achieves from sales of ST-246 after the Company secures $40 million in net profits, for ten years following the first commercial sale. In addition, the Court awarded PharmAthene one-third of its reasonable attorneys' fees and expert witness expenses.

In May 2012, the Court entered its final order and judgment in this matter, implementing its post-trial opinion. Among other things, the final order and judgment provided that (a) net profits would be calculated in accordance with generally accepted accounting principles applied consistently with how they are applied in the preparation of the Company's financial statements, (b) the net profits calculation would take into account expenses relating to ST-246 commencing with the Company's acquisition of ST-246 in August 2004, and (c) PharmAthene could recover $2.4 million of attorneys' fees and expenses. As of December 31, 2013 , SIGA has recorded a $2.6 million loss contingency with respect to the fee, expense and interest portion of the judgment.

In June 2012, the Company appealed to the Supreme Court of the State of Delaware the final order and judgment and certain earlier rulings of the Court of Chancery. Shortly thereafter, PharmAthene filed its cross-appeal. The Company obtained a stay of enforcement of the fee and expense portion of the judgment by filing a surety bond for the amount of the judgment plus post-judgment interest. The Company posted $1.3 million as collateral for the surety bond which is recorded in other assets as of December 31, 2013 . The parties briefed the issues, and argued before the Delaware Supreme Court,en banc, on January 10, 2013.

On May 24, 2013, the Supreme Court of Delaware issued its decision, affirming the Delaware Court of Chancery's judgment in part, reversing it in part, and remanding to Vice Chancellor Parsons. The Supreme Court affirmed the Chancery Court determination that the Company had breached its contractual obligation to negotiate in good faith; reversed the promissory estoppel holding; and, reversed the Vice Chancellor's equitable damages award. The Supreme Court held that the trial judge may award expectation damages for breach of the contractual duty to negotiate in good faith if such damages are proven with reasonable certainty, and remanded to the Chancery Court for consideration of damages consistent with that holding. The Supreme Court also reversed the Chancery Court's award of attorney fees and expert witness fees because they were predicated in part on a now-reversed finding of liability on PharmAthene's promissory estoppel claim. The Supreme Court held that the Chancery Court could reevaluate on remand an alternative award, if any, of attorneys' fees and expert testimony expenses consistent with the Supreme Court's opinion. Finally, the Supreme Court declined to consider all claims raised in PharmAthene's cross-appeal because it affirmed the Chancery Court's finding that the Company was liable for breaching its contractual obligation to negotiate in good faith. On June 11, 2013, the Supreme Court issued its mandate to the Court of Chancery with the decision described above.

On June 26, 2013, the parties appeared before Vice Chancellor Parsons to discuss the remand, at which time PharmAthene declared its desire to supplement the record with further evidence. Following briefing and argument on August 15, 2013, the Chancery Court granted PharmAthene's motion to supplement the record and also allowed the Company to submit responsive evidence. On December 18-19, 2013, the Court held an evidentiary hearing with respect to that evidence. On January 15, 2014, after briefing on relevant issues, the parties appeared for oral argument regarding what if any remedy the Chancery Court should impose in light of the remand by the Supreme Court of Delaware.

No assurances can be given as to the Chancery Court's determinations on remand.

From time to time, the Company is involved in disputes or legal proceedings arising in the ordinary course of business. The Company believes that there is no dispute or litigation pending, except as discussed above, that could have, individually or in the aggregate, a material adverse effect on its financial position, results of operations or cash flows.

14. Financial Information By Quarter (Unaudited)

2013	Three Months Ended			
	March 31	June 30	September 30	December 31
	(in thousands, except for per share data)			
Revenues	$ 1,328	$ 965	$ 2,292	$ 934
Selling, general and administrative	3,031	3,166	3,266	3,782
Research and development	3,645	3,131	4,261	2,819
Patent preparation fees	458	301	329	333
Restructuring charges	—	—	—	513
Operating loss	(5,807)	(5,633)	(5,564)	(6,513)
Net loss	(4,876)	(3,061)	(4,902)	(4,338)
Earnings (loss) per share: basic and diluted	$ (0.09)	$ (0.06)	$ (0.09)	$ (0.08)

2012	Three Months Ended			
	March 31	June 30	September 30	December 31
	(in thousands, except for per share data)			
Revenues	$ 1,466	$ 2,701	$ 2,290	$ 2,514
Selling, general and administrative	2,214	3,475	3,139	2,583
Research and development	4,465	5,183	4,170	4,396
Patent preparation fees	336	376	377	794
Operating loss	(5,549)	(6,332)	(5,396)	(5,259)
Net loss	(4,616)	(3,767)	(3,059)	(2,618)
Earnings (loss) per share: basic and diluted	$ (0.09)	$ (0.07)	$ (0.06)	$ (0.04)

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2013 in accordance with the framework on *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934. Management recognizes that any disclosure controls and procedures no matter how well designed and operated, can only provide reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on that evaluation, our Chief Executive Office and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2013 at a reasonable level of assurance.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2013 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) or Rule 15d-15(f) of the Securities and Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the Company's assets;

b. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and

c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Information required by this item is incorporated herein by reference from our definitive proxy statement for the 2014 Annual Meeting of Stockholders.

Item 11. Executive Compensation

Information required by this item is incorporated herein by reference from our definitive proxy statement for the 2014 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item is incorporated herein by reference from our definitive proxy statement for the 2014 Annual Meeting of Stockholders.

Equity Compensation Plan Information

The following table sets forth certain compensation plan information with respect to compensation plans as of December 31, 2013:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Available for Future Issuance under Equity Compensation Plans (2)
Equity compensation plans approved by security holders	3,977,561	$ 4.29	1,959,944
Equity compensation plans not approved by security holders	—	N/A	—
Total	3,977,561		1,959,944

(1) Consists of the 1996 Incentive and Non-Qualified Stock Option Plan and the 2010 Stock Incentive Plan.

(2) Consists of the 2010 Stock Incentive Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item is incorporated herein by reference from our definitive proxy statement for the 2014 Annual Meeting of Stockholders.

Item 14. Principal Accountant Fees and Services

Information required by this item is incorporated herein by reference from our definitive proxy statement for the 2014 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) and (2). Financial Statements and Financial Statements Schedule.

See Index to Financial Statements under Item 8 in Part II hereof where these documents are listed.

(a) (3). Exhibits.

The following is a list of exhibits:

Exhibit No.	Description
3(a)	Restated Articles of Incorporation of the Company (incorporated by reference to the Form S-3 Registration Statement of the Company dated May 10, 2000 (No. 333-36682)).
3(b)	Form of Certificate of Amendment of the Restated Certificate of Incorporation of SIGA Technologies, Inc. (incorporated by reference to the Proxy Statement on Schedule 14A of the Company dated June 15, 2007).
3(c)	Amended and Restated Bylaws of the Company (incorporated by reference to the Annual Report on Form 10-K of the Company for the year ended December 31, 2008), as amended by the Amendment to the Bylaws of the Company (incorporated by reference to the Current Report on Form 8-K of the Company filed March 12, 2009).
4(a)	Form of Common Stock Certificate (incorporated by reference to the Form SB-2 Registration Statement of the Company dated March 10, 1997 (No. 333-23037)).
4(b)	Registration Rights Agreement, dated as of August 13, 2003, between the Company and MacAndrews & Forbes Holdings Inc. (incorporated by reference to the Current Report on Form 8-K of the Company filed on August 18, 2003).
4(c)	Form of Warrant to purchase shares of common stock of the Company, issued to MacAndrews & Forbes, LLC on June 19, 2008 (incorporated by reference to the Current Report on Form 8-K of the Company filed on June 23, 2008).
4(d)	Form of Consideration Warrant issued to MacAndrews & Forbes, LLC on April 30, 2013 (incorporated by reference to the Current Report on Form 10-Q of the Company filed on May 15, 2013).
10(a)	Securities Purchase Agreement, dated as of August 13, 2003, between the Company and MacAndrews & Forbes Holdings Inc. (incorporated by reference to the Current Report on Form 8-K of the Company filed on August 18, 2003).
10(b)	Letter Agreement dated October 8, 2003 among the Company, MacAndrews & Forbes Holdings Inc. and TransTech Pharma, Inc. (incorporated by reference to the Current Report on Form 8-K of the Company filed on August 18, 2003).
10(c)	Amended and Restated Employment Agreement, dated as of January 22, 2007, between the Company and Dennis E. Hruby (incorporated by reference to the Current Report on Form 8-K of the Company filed on January 22, 2007).
10(d)	Amended Employment Agreement dated December 31, 2011, to January 27, 2007 Employment Agreement (as amended) between the Company and Dr. Hruby (incorporated by reference to the Current Report on Form 8-K of the Company filed on December 27, 2011).
10(e)	Amended and Restated Employment Agreement, dated as of January 22, 2007, between the Company and Dennis E. Hruby (incorporated by reference to the Current Report on Form 8-K of the Company filed on January 22, 2007).
10(f)	Amended Employment Agreement dated December 31, 2011, to January 27, 2007 Employment Agreement (as amended) between the Company and Dr. Hruby (incorporated by reference to the Current Report on Form 8-K of the Company filed on December 27, 2011).
10(g)	Letter Agreement, dated as of June 19, 2008, between the Company and MacAndrews & Forbes, LLC (incorporated by reference to the Current Report on Form 8-K of the Company filed on June 23, 2008)

10(h)	Employment Agreement, dated as of January 31, 2007, between the Company and Eric A. Rose (incorporated by reference to the Current Report on Form 8-K of the Company filed on January 31, 2007), as amended and restated (as set forth in the Current Report on Form 8-K of the Company filed on November 17, 2008).
10(i)	Amendment to Employment Agreement, dated March 11, 2009, between the Company and Dennis E. Hruby (incorporated by reference to the Current Report on Form 8-K of the Company filed on March 12, 2009).

10(j)	Employment Agreement dated as of February 10, 2011, between SIGA and Daniel J. Luckshire (incorporated by reference to the Current Report on Form 8-K of the Company filed on February 16, 2011).
10(k)	2010 Stock Incentive Plan dated May 13, 2010 (incorporated by reference to the Definitive Proxy Statement on Schedule 14A of the Company filed on April 12, 2010).
10(l)	Amendment to the SIGA Technologies, Inc. 2010 Stock Incentive Plan (incorporated by reference to the Current Report on Form 8-K of the Company filed on May 17, 2011).
10(m)	Deferred Closing and Registration Rights Agreement, dated as of June 18, 2010, between MacAndrews & Forbes LLC and the Company (incorporated by reference to the Current Report on Form 8-K of the Company filed on June 22, 2010).
10(n)	Contract dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment) (incorporated by reference to the Current Report on Form 8-K of the Company filed on May 17, 2011).
10(o)	Amendment of Solicitation/Modification of Contract dated as of June 24, 2011, to Agreement dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment) (incorporated by reference to the Current Report on Form 8-K of the Company filed on June 28, 2011).
10(p)	Amendment to Employment Agreement, dated January 22, 2007, between the Company and Dr. Dennis Hruby (incorporated by reference to the Current Report on Form 8-K of the Company filed on December 27, 2011).
10(q)	Amendment to Employment Agreement, dated November 17, 2008, between the Company and Dr. Eric Rose (incorporated by reference to the Current Report on Form 8-K of the Company filed on January 13, 2012).
10(r)	Amendment to the SIGA 2010 Stock Incentive Plan (incorporated by reference to the Current Report on Form 8-K of the Company filed on February 2, 2012).
10(s)	Director Compensation Program, effective January 1, 2012 (incorporated by reference to the Definitive Proxy Statement on Form DEF 14A of the Company filed on April 27, 2012).
10(t)	Amendment of Solicitation/Modification of Contract dated as of September 28, 2011, to Agreement dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment) (incorporated by reference to the Current Report on Form 10-Q of the Company filed on May 7, 2012).
10(u)	Amendment of Solicitation/Modification of Contract dated as of October 7, 2011, to Agreement dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment) (incorporated by reference to the Current Report on Form 10-Q of the Company filed on May 7, 2012).
10(v)	Amendment of Solicitation/Modification of Contract dated as of January 25, 2012 to Agreement, dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment) (incorporated by reference to the Current Report on Form 10-Q of the Company filed on May 7, 2012).
10(w)	Amendment of Solicitation/Modification of Contract dated as of February 7, 2012, to Agreement, dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (incorporated by reference to the Current Report on Form 10-Q of the Company filed on May 7, 2012).
10(x)	Amendment to the SIGA 2010 Stock Incentive Plan (incorporated by reference to the Current Report on Form 8-K of the Company

	filed on May 25, 2012).
10(y)	Employment Agreement dated as of June 4, 2012, between SIGA and William J. Haynes II (incorporated by reference to the Current Report on Form 8-K of the Company filed on June 4, 2012).
10(z)	Loan and Security Agreement, dated as of December 31, 2012, between General Electric Capital Corporation and the Company (incorporated by reference to the Current Report on Form 8-K of the Company filed on January 1, 2013).

10(aa)	Amendment of Solicitation/Modification of Contract dated as of December 19, 2012, to Agreement, dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services (portions of this exhibit have been omitted and separately filed with the Securities and Exchange Commission with a request for confidential treatment) (incorporated by reference to the Current Report on Form 10-K of the Company filed on March 6, 2013).
10(bb)	Amendment of Solicitation/Modification of Contract dated as of February 28, 2013, to Agreement, dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services.
10(cc)	Amendment of Solicitation/Modification of Contract dated as of April 9, 2013, to Agreement, dated as of May 13, 2011, between SIGA and the Biomedical Advanced Research and Development Authority of the United States Department of Health and Human Services.
14	The Company's Code of Ethics and Business Conduct (incorporated by reference to the Annual Report on Form 10-KSB of the Company for the year ended December 31, 2003).
21	Subsidiaries of the Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Chief Executive Officer.
31.2	Certification pursuant to Rules 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Chief Financial Officer.

SIGNATURES

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

SIGA TECHNOLOGIES, INC.
(Registrant)

Date: March 10, 2014

By: */s/ Eric A. Rose*
Eric A. Rose, M.D.
Chairman and Chief Executive Officer

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

Signature	**Title of Capacities**	**Date**
/s/ Eric A. Rose Eric A. Rose, M.D.	Chairman and Chief Executive Officer (Principal Executive Officer)	March 10, 2014
/s/ Daniel J. Luckshire Daniel J. Luckshire	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 10, 2014
/s/ James J. Antal James J. Antal	Director	March 10, 2014
/s/ Michael J. Bayer Michael J. Bayer	Director	March 10, 2014
/s/ William C. Bevins William C. Bevins	Director	March 10, 2014
/s/ Thomas E. Constance Thomas E. Constance	Director	March 10, 2014
/s/ Jeffrey Kindler Jeffrey Kindler	Director	March 10, 2014
/s/ Joseph Marshall Joseph Marshall	Director	March 10, 2014
/s/ Paul G. Savas Paul G. Savas	Director	March 10, 2014
/s/ Bruce Slovin Bruce Slovin	Director	March 10, 2014
/s/ Andrew Stern Andrew Stern	Director	March 10, 2014

/s/ Frances Fragos Townsend		
Frances Fragos Townsend	Director	March 10, 2014
/s/ Michael Weiner, M.D.		
Michael Weiner, M.D.	Director	March 10, 2014

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT	1. CONTRACT ID CODE	PAGE OF PAGES
	N/A	1 2

2. AMENDMENT/MODIFICATION NO	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO	5. PROJECT NO. *(If applicable)*
Modification 0007	See Block 16 C		N/A

6. ISSUED BY CODE	N/A	7. ADMINISTERED BY (*If other than Item 6*) CODE	N/A

DHHS/ASPR/AMCG
330 Independence Avenue, SW,
Room G640,
Washington, DC 20201

8. NAME AND ADDRESS OF CONTRACTOR (*No., street, county, State and ZIP Code)*	(X)	9A. AMENDMENT OF SOLICITATION NO.
SIGA TECHNOLOGIES, INC. 35 E 62nd Street New York, NY 10065		9B. DATED (*SEE ITEM 11*)
	X	10A.MODIFICATION OF CONTRACT/ ORDER NO. HHSO100201100001C
		10B. DATED (*SEE ITEM 13*) 05/13/2011
CODE N/A	FACILITY CODE N/A	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning ___ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment, you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (*If required*) N/A

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(U)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (*Specify authority*) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (*such as changes in paying office, appropriation date, etc.*) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 52.243-2 Changes – Fixed Price, (Aug1987) and mutual agreement of the Parties
	D. OTHER (*Specify type of modification and authority*)

E. IMPORTANT: Contractor [] is not, [X] is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (*Organized by UCF section headings, including solicitation/contract subject matter where feasible*)

PURPOSE: To revise Section F.2. Place and Method of Delivery for the purpose of delivering the first 5004 treatment courses under CLIN 0001.

FUNDS ALLOTED PRIOR TO MOD #7 $463,393,621
FUNDS ALLOTTED WITH MOD #7 $ 0
TOTAL FUNDS ALLOTED TO DATE $463,393,621.00 (unchanged)
EXPIRATION DATE: September 24, 2020 (unchanged)
CONTRACT FUNDED THROUGH: September 24, 2020 (unchanged)

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect

15A. NAME AND TITLE OF SIGNER (*Type or print*)		16A. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*)	
Dennis E. Hruby, Chief Scientific Officer		Darrick A. Early, Contracting Officer DHHS/ASPR/AMCG	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
/s/ Dennis E. Hruby (*Signature of person authorized to sign*)	28 Feb 2013	BY /s/ Darrick A. Early (*Signature of Contracting Officer*)	28 Feb 2013

1. Section F.2. Place and Method of Delivery is revised by adding the following:

F.2.1.1.. Treatment courses delivered and inspected at the Contractor's site on March 4, 2013 under CLIN 0001 in the amount of 5004 units under Lot Number 24601003 are subject to the following clause: FAR 52.247-29 F.o.b. Origin (Feb 2006)

No other treatment courses delivered under this Contract are subject to this provision.

All other terms and conditions of contract HHSO100201100001C remain unchanged.

END OF MODIFICATION 7 TO HHSO100201100001C
(Rest of page intentionally left blank)

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES	
N/A	1	2

2. AMENDMENT/MODIFICATION NO	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO	5. PROJECT NO. *(If applicable)*
Modification 0008	See Block 16 C		N/A

6. ISSUED BY CODE	N/A	7. ADMINISTERED BY (*If other than Item 6*) CODE	N/A

DHHS/ASPR/AMCG
330 Independence Avenue, SW,
Room G640,
Washington, DC 20201

8. NAME AND ADDRESS OF CONTRACTOR (*No., street, county, State and ZIP Code)*	(X)	9A. AMENDMENT OF SOLICITATION NO.
SIGA TECHNOLOGIES, INC. 35 E 62nd Street New York, NY 10065		9B. DATED (*SEE ITEM 11*)
	X	10A.MODIFICATION OF CONTRACT/ ORDER NO. HHSO100201100001C
		10B. DATED (*SEE ITEM 13*) 05/13/2011
CODE N/A	FACILITY CODE N/A	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning ___ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment, you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (*If required*) N/A

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(U)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (*Specify authority*) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (*such as changes in paying office, appropriation date, etc.*) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 1.602-1, FAR 52.232-23 Assignment of Claims
	D. OTHER (*Specify type of modification and authority*)

E. IMPORTANT: Contractor [] is not, [X] is required to sign this document and return 1 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (*Organized by UCF section headings, including solicitation/contract subject matter where feasible*)

PURPOSE: The purpose of this modification is to acknowledge the Assignment of Claims to GE Capital Corporation. See continuation sheet.

FUNDS ALLOTED PRIOR TO MOD #8 $463,393,621
FUNDS ALLOTTED WITH MOD #8 $ 0
TOTAL FUNDS ALLOTED TO DATE $463,393,621.00 (unchanged)
EXPIRATION DATE: September 24, 2020 (unchanged)
CONTRACT FUNDED THROUGH: September 24, 2020 (unchanged)

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect

15A. NAME AND TITLE OF SIGNER (*Type or print*)		16A. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*)	
Dennis E. Hruby, Chief Scientific Officer		Darrick A. Early, Contracting Officer DHHS/ASPR/AMCG	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
/s/ Dennis E. Hruby (*Signature of person authorized to sign*)	09 Apr 2013	BY /s/ Darrick A. Early (*Signature of Contracting Officer*)	09 Apr 2013

Contract is revised by updating the following:

Article B.6 Advance Understandings is hereby updated to add B.6.3 Assignment of Claims

Under the provisions of FAR 52.232-23 and Assignment of Claims Act §31 U.S.C. 3727, 41 U.S.C §15, the Contractor has provided notice and has agreed that as it earns compensation for services rendered under this contract, these payments will be made (assigned) to General Electric (GE) Capital Corporation (assignee). This assignment shall cover all money due or become due under this contract. It shall not exceed the life of this contract. Under this notice, DHHS/ASPR/AMCG is aware and has consented to directing payments due under this notice of assignment to GE Capital Corporation.

The Contractor agrees that this assignment cannot be further assigned or re-assigned unless authorized.

If, prior to contract completion, the Contractor fulfills its obligation to GE Capital, the assignee must process a release of claims. This shall ensure that future payments are made to the correct party. In such cases, the Contractor shall file a written notice of release together with a true copy of the release of assignment instrument to the Contracting Officer and the Disbursing officer.

All other terms and conditions of contract HHSO100201100001C remain unchanged.

END OF MODIFICATION 8 TO HHSO100201100001C

(Rest of page intentionally left blank)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-129756 and 333-138796) and on Form S-8 (Nos. 333-183101, 333-167329, 333-112935, 333-56216 and 333-35992) of SIGA Technologies, Inc. of our report dated March 10, 2014 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10−K.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 10, 2014

Exhibit 31.1

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

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

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

Date: March 10, 2014

/s/ Eric A. Rose

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

Exhibit 31.2

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

I, Daniel J. Luckshire, certify that:

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

Date: March 10, 2014

/s/ Daniel J. Luckshire

Daniel J. Luckshire

Executive Vice President and
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 Annual Report of SIGA Technologies, Inc. (the "Company") on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric A. Rose, M.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

A signed original of this written statement required by Section 906 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.

/s/ Eric A. Rose

Eric A. Rose, M.D.
Chairman and Chief Executive Officer
March 10, 2014

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 Annual Report of SIGA Technologies, Inc. (the "Company") on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel J. Luckshire, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

A signed original of this written statement required by Section 906 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.

/s/ Daniel J. Luckshire

Daniel J. Luckshire
Executive Vice President and Chief Financial Officer
March 10, 2014