SEACOAST BANKING CORP OF FLORIDA
Form 10-K
March 14, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

¨ 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. 0-13660

SEACOAST BANKING CORPORATION OF FLORIDA

(Exact Name of Registrant as Specified in Its Charter)

Florida	59-2260678
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
815 Colorado Avenue, Stuart, FL	34994
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (772) 287-4000

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Par Value $0.10	Nasdaq Global Select 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 x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES ¨ NO x

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

YES x NO ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 x NO ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	
Non-accelerated filer ¨	Accelerated filer x
	Smaller reporting company ¨
(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

YES ¨ NO x

The aggregate market value of Seacoast Banking Corporation of Florida common stock, par value $0.10 per share, held by non-affiliates, computed by reference to the price at which the stock was last sold on June 30, 2015, as reported on the Nasdaq Global Select Market, was $376,755,361. The number of shares outstanding of Seacoast Banking Corporation of Florida common stock, par value $0.10 per share, as of February 29, 2016, was 34,628,589.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's 2016 Proxy Statement for the Annual Meeting of Shareholders to be held May 24, 2016 (the "2016 Proxy Statement") are incorporated by reference into Part III, Items 10 through 14 of this report. Other than those portions of the 2016 Proxy Statement specifically incorporated by reference herein pursuant to Items 10 through 14, no other portions of the 2016 Proxy Statement shall be deemed so incorporated.

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SPECIAL CAUTIONARY NOTICE
REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference herein which are not statements of historical fact, including those under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere herein, are "forward-looking statements" within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance or achievements of Seacoast Banking Corporation of Florida ("Seacoast" or the "Company") to be materially different from those set forth in the forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "further," "plan," "point to," "project," "coul and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation:

- the effects of current and future economic, business and market conditions in the United States generally or in the communities we serve;

- changes in governmental monetary and fiscal policies, including interest rate policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve");

- legislative and regulatory changes, including changes in banking, securities and tax laws and regulations and their application by our regulators, including those associated with the Dodd Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and changes in the scope and cost of Federal Deposit Insurance Corporation ("FDIC") insurance and other coverage;

- changes in accounting policies, rules and practices and applications or determinations made thereunder;

- the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities, and interest sensitive assets and liabilities;

- changes in borrower credit risks and payment behaviors;

- changes in the availability and cost of credit and capital in the financial markets;

- changes in the prices, values and sales volumes of residential and commercial real estate in the United States and in the communities we serve, which could impact write-downs of assets, our ability to liquidate non-performing assets, realized losses on the disposition of non-performing assets and increased credit losses;

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- our ability to comply with any requirements imposed on us or on our banking subsidiary, Seacoast National Bank (“Seacoast National”) by regulators and the potential negative consequences that may result;
- our concentration in commercial real estate loans;
- the failure of assumptions and estimates, as well as differences in, and changes to, economic, market and credit conditions, including changes in borrowers’ credit risks and payment behaviors from those used in our loan portfolio stress test;
- the effects of competition from a wide variety of local, regional, national and other providers of financial, investment and insurance services;
- the failure of assumptions and estimates underlying the establishment of reserves for possible loan losses and other estimates;
- the impact on the valuation of our investments due to market volatility or counterparty payment risk;
- statutory and regulatory restrictions on our ability to pay dividends to our shareholders;
- any applicable regulatory limits on Seacoast National’s ability to pay dividends to us;
- increases in regulatory capital requirements for banking organizations generally, which may adversely affect our ability to expand our business or could cause us to shrink our business;
- the risks of mergers, acquisitions and divestitures, including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth and/or expense savings from such transactions;
- changes in technology or products that may be more difficult, costly, or less effective than anticipated;
- inability of our risk management framework to manage risks associated with our business such as credit risk and operational risk, including third party vendors and other service providers;
- the effects of war or other conflicts, acts of terrorism or other catastrophic events that may affect general economic conditions;

- the risks that our deferred tax assets could be reduced if estimates of future taxable income from our operations and tax planning strategies are less than currently estimated, and sales of our capital stock could trigger a reduction in the amount of net operating loss carryforwards that we may be able to utilize for income tax purposes; and

- other factors and risks described under “Risk Factors” herein and in any of our subsequent reports filed with the Securities and Exchange Commission (the “Commission” or “SEC”) and available on its website at www.sec.gov.

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All written or oral forward-looking statements that are made by us or are attributable to us are expressly qualified in their entirety by this cautionary notice. We assume no obligation to update, revise or correct any forward-looking statements that are made from time to time, either as a result of future developments, new information or otherwise, except as may be required by law.

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Part I

Item 1. Business

General

We are a bank holding company, incorporated in Florida in 1983, and registered under the Bank Holding Company Act of 1956, as amended (the "BHC Act"). Our principal subsidiary is Seacoast National Bank, a national banking association ("Seacoast National"). Seacoast National commenced its operations in 1933, and operated as "First National Bank & Trust Company of the Treasure Coast" prior to 2006 when we changed its name to Seacoast National Bank.

As a bank holding company, we are a legal entity separate and distinct from our subsidiaries, including Seacoast National. We coordinate the financial resources of the consolidated enterprise and maintain financial, operational and administrative systems that allow centralized evaluation of subsidiary operations and coordination of selected policies and activities. Our operating revenues and net income are derived primarily from Seacoast National through dividends and fees for services performed.

As of December 31, 2015, we had total consolidated assets of approximately $3.535 billion, total deposits of approximately $2.844 billion, total consolidated liabilities, including deposits, of approximately $3.181 billion and consolidated shareholders' equity of approximately $353.5 million. Our operations are discussed in more detail under "Item 7. Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations."

We and our subsidiaries offer a full array of deposit accounts and retail banking services, engage in consumer and commercial lending and provide a wide variety of trust and asset management services, as well as securities and annuity products to our customers. Seacoast National had 43 traditional banking offices in 14 counties in Florida at year-end 2015. We have 18 branches in the "Treasure Coast of Florida," including the counties of Martin, St. Lucie and Indian River on Florida's southeastern coast. During 2013, we expanded our footprint by strategically opening five new commercial lending offices in the larger metropolitan markets we serve, more specifically, three in Orlando, one in Boca Raton, and one in Ft. Lauderdale, Florida. More recently, in October 2014, we acquired 12 branches in Central Florida through our acquisition of The BANKshares, Inc., a Florida corporation ("BANKshares"), and its subsidiary bank, BankFIRST, and in July 2015, we acquired 3 branches in Palm Beach County (closing one branch in close proximity to an existing Seacoast branch) through our acquisition of Grand Bankshares, Inc., a Florida corporation ("Grand Bankshares"), and its subsidiary bank, Grand Bank ("Grand").

Most of our banking offices have one or more automated teller machines ("ATMs") providing customers with 24-hour access to their deposit accounts. We are a member of the "NYCE Payments Network," an electronic funds transfer organization represented in all fifty states in the United States, which permits banking customers access to their accounts at 2.5 million participating ATMs and retail locations throughout the United States. During 2014, Seacoast National partnered with Publix, a major grocery chain in the state of Florida, to offer free access at over 1,000 Publix ATMs within the state of Florida. Our debit cards are accepted wherever VISA is accepted.

Seacoast National's "MoneyPhone" system allows customers to access information on their loan or deposit account balances, transfer funds between linked accounts, make loan payments, and verify deposits or checks that may have cleared, all over the telephone. This service is available 24 hours a day, seven days a week.

In addition, customers may access banking information via Seacoast National's Customer Service Center ("CSC") 24 hours a day, seven days a week. Our CSC staff is available to open accounts, take applications for certain types of loans, resolve account issues, and offer information on other bank products and services to existing and potential customers.

We also offer Internet and Mobile banking to business and retail customers. These services allow customers to access transactional information on their deposit accounts, review loan and deposit balances, transfer funds between linked accounts and deposit checks to and loan payments from a deposit account, all over the Internet or their Mobile device, 24 hours a day, seven days a week. Seacoast National has significantly expanded its technology platform and the products offered to its customers by introducing digital deposit capture on smart phones, launching new consumer and business tablet and mobile platforms, rebranding its website, and enhancing its automatic teller machine capabilities.

Seacoast National also provides brokerage and annuity services. Seacoast National personnel involved with the sale of these services are dual employees with Invest Financial Corporation, the company through which Seacoast National presently conducts its brokerage and annuity services.

Seacoast National has seven, wholly-owned subsidiaries:

- FNB Insurance Services, Inc. ("FNB Insurance"), an inactive subsidiary, which was formed to provide insurance agency services;

- South Branch Building, Inc., which is a general partner in a partnership that constructed a branch facility of Seacoast National;

- TCoast Holdings, LLC, BR West, LLC, and TC Property Ventures, LLC, each of which was formed to own and operate certain properties acquired through foreclosure. TC Stuart, LLC, similar in operation, was dissolved in the state of Florida on April 26, 2013;

- Commercial Business Finance, Inc. ("CBF"), a receivables factoring company, acquired in the BANKshares acquisition, that provides working capital financing for small to medium sized businesses; and

- BankFIRST Realty, Inc., acquired in the BANKshares acquisition, which owns and operates certain properties acquired through foreclosure. We anticipate dissolution of this entity during 2016, when remaining foreclosed properties are expected to be sold.

The operations of each of these direct and indirect subsidiaries represented less than 10% of our consolidated assets and contributed less than 10% to our consolidated revenues in 2015.

We directly own all the common equity in six statutory trusts relating to our trust preferred securities:

- SBCF Capital Trust I, formed on March 31, 2005 for the purpose of issuing $20 million in trust preferred securities;
- SBCF Statutory Trust II, formed on December 16, 2005 for the purpose of issuing $20 million in trust preferred securities;
- SBCF Statutory Trust III, formed on June 29, 2007 for the purpose of issuing $12 million in trust preferred securities;

- BankFIRST (FL) Statutory Trust I, formed on December 19, 2002 for the purpose of issuing $5.2 million in trust preferred securities;

- BankFIRST (FL) Statutory Trust II, formed on March 5, 2004 for the purpose of issuing $4.1 million in trust preferred securities;

- The BANKshares Capital Trust I, formed on December 15, 2005, for the purpose of issuing $5.2 million in trust preferred securities; and

- Grand Bankshares Capital Trust I, formed on October 29, 2004, also for the purpose of issuing $7.2 million in trust preferred securities.

We have operated an office of Seacoast Marine Finance Division, a division of Seacoast National, in Ft. Lauderdale, Florida since February 2000. Offices in California that have been in operation since November 2002 were closed at the end of 2014, but Seacoast National continues to have representation in California, Washington and Arizona. Seacoast Marine Finance Division is staffed with experienced marine lending professionals with a marketing emphasis on marine loans of $200,000 and greater, with the majority of loan production sold to correspondent banks on a non-recourse basis.

During May 2015, Seacoast acquired a second receivables factoring location in Boynton Beach, Florida, and operates this office as Seacoast Business Funding, a division of Seacoast National. We believe cost synergies will be obtained by merging the back room operations of this division with that of CBF's in early 2016, under one division manager.

Our principal offices are located at 815 Colorado Avenue, Stuart, Florida 34994, and the telephone number at that address is (772) 287-4000. We and our subsidiary Seacoast National maintain Internet websites at www.seacoastbanking.com, www.seacoastbank.com, and www.seacoastnational.com, respectively. We are not incorporating the information on our or Seacoast National's website into this report, and none of these websites nor the information appearing on these websites is included or incorporated in, or is a part of, this report.

We make available, free of charge on our corporate website, our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with or furnish it to the SEC.

Employees

As of December 31, 2015, we and our subsidiaries employed 665 full-time equivalent employees. We consider our employee relations to be good, and we have no collective bargaining agreements with any employees.

Expansion of Business

Over the years, we have expanded our products and services to meet the changing needs of the various segments of our market, and we presently expect to continue this strategy. We have expanded geographically through the addition of de novo branches. We also, from time to time, have acquired banks, bank branches and deposits, and have opened new branches and commercial lending offices.

In October 2014, we acquired BankFIRST, a commercial bank headquartered in Winter Park, Florida, with twelve offices in five counties in Central Florida. BankFIRST was merged with Seacoast National in October 2014.

In July 2015, we acquired Grand, a commercial bank headquartered in West Palm Beach, Florida, with three offices in Palm Beach County. Grand was merged into Seacoast National in July 2015.

In October 2015, Seacoast National entered into a Branch Sale Agreement with BMO Harris Bank N.A. ("BMO") pursuant to which Seacoast National has agreed to purchase fourteen branches of BMO located in the Orlando MSA, which will add approximately $355 million of deposits, and approximately $70 million in loans. This transaction is expected to close in the first half of 2016, subject to regulatory approval or other customary conditions.

In November 2015, we and Seacoast National entered into an Agreement and Plan of Merger with Floridian Financial Group, Inc., a Florida corporation ("Floridian"), and Floridian's wholly-owned subsidiary, Floridian Bank, a Florida chartered commercial bank. This acquisition will add approximately $426 million in assets, $361 million in deposits, and $289 million in gross loans. This transaction closed March 11, 2016.

Florida law permits statewide branching, and Seacoast National has expanded, and anticipates future expansion, by opening additional bank offices and facilities, as well as by acquisition of other financial institutions and branches. Since 2002, we have opened and acquired 34 new offices in 14 counties of Florida. With technology improvements and changes to our customers' banking preferences, we have also rationalized our branch footprint by closing and consolidating certain branches. Since 2007, we have closed 19 offices in seven counties of Florida, with three offices consolidated during 2015, five offices consolidated in December 2014, and two offices consolidated in January 2013. During 2013, we opened five new commercial lending offices in our larger metropolitan locations in Florida, with three opened in Orlando, one in Ft. Lauderdale and one in Boca Raton. The Seacoast Marine Finance Division operates a loan production office in Ft. Lauderdale, Florida, and has representation in California, Washington and Arizona. For more information on our branches and offices see "Item 2. Properties". As part of our overall strategic growth plan, we intend to regularly evaluate possible mergers, acquisitions and other expansion opportunities. We believe that with the current economic environment, there may be additional opportunities for us to acquire and consolidate other financial institutions in the State of Florida.

Seasonality; Cycles

We believe our commercial banking operations are somewhat seasonal in nature. Investment management fees and deposits often peak in the first and second quarters, and often are lowest in the third quarter. Transactional fees from merchants, and ATM and debit card use also typically peak in the first and second quarters. Public deposits tend to increase with tax collections in the first and fourth quarters and decline as a result of spending thereafter.

Commercial and residential real estate activity, demand, prices and sales volumes are less seasonal and vary based upon various factors, including economic conditions, interest rates and credit availability.

Competition

We and our subsidiaries operate in the highly competitive markets of Martin, St. Lucie, Indian River, Brevard, Palm Beach and Broward Counties, in southeastern Florida and in the Orlando metropolitan statistical area in Orange, Seminole and Lake County, as well as Volusia County. We also operate in five competitive counties in central Florida near Lake Okeechobee. Seacoast National not only competes with other banks of comparable or larger size in its markets, but also competes with various other nonbank financial institutions, including savings and loan associations, credit unions, mortgage companies, personal and commercial financial companies, peer to peer lending businesses, investment brokerage and financial advisory firms and mutual fund companies. We compete for deposits, commercial, fiduciary and investment services and various types of loans and other financial services. Seacoast National also competes for interest-bearing funds with a number of other financial intermediaries and investment alternatives, including mutual funds, brokerage and insurance firms, governmental and corporate bonds, and other securities. Continued consolidation, and rapid technological changes, within the financial services industry will most likely change the nature and intensity of competition that we face, but can also create opportunities for us to demonstrate and exploit what we believe are our competitive advantages.

Our competitors include not only financial institutions based in the State of Florida, but also a number of large out-of-state and foreign banks, bank holding companies and other financial institutions that have an established market presence in the State of Florida, or that offer products by mail, telephone or over the Internet. Many of our competitors are engaged in local, regional, national and international operations and have greater assets, personnel and other resources. Some of these competitors are subject to less regulation and/or more favorable tax treatment than us. Many of these institutions have greater resources, broader geographic markets and higher lending limits than us and may offer services that we do not offer. In addition, these institutions may be able to better afford and make broader use of media advertising, support services, and electronic and other technology than us. To offset these potential competitive disadvantages, we depend on our reputation as an independent, "super" community bank headquartered locally, our personal service, our greater community involvement and our ability to make credit and other business decisions quickly and locally.

Supervision and Regulation

Bank holding companies and banks are extensively regulated under federal and state law. This discussion is qualified in its entirety by reference to the particular statutory and regulatory provisions described below and is not intended to be an exhaustive description of the statutes or regulations applicable to us and Seacoast National's business. As a bank holding company under federal law, we are subject to regulation, supervision and examination by the Board of Governors of the Federal Reserve System ("Federal Reserve"). As a national bank, our primary bank subsidiary, Seacoast National, is subject to regulation, supervision and examination by the Office of the Comptroller of the Currency ("OCC"). In addition, as discussed in more detail below, Seacoast National and any other of our subsidiaries that offer consumer financial products could be subject to regulation, supervision, and examination by the Consumer Financial Protection Bureau ("CFPB"). Supervision, regulation, and examination of us, Seacoast National and our respective subsidiaries by the bank regulatory agencies are intended primarily for the protection of consumers, bank depositors and the Deposit Insurance Fund ("DIF") of the FDIC, rather than holders of our capital stock. Any change in laws, regulations, or supervisory actions, whether by the OCC, the Federal Reserve, the FDIC, the CFPB, or Congress, could have a material adverse impact on us and Seacoast National.

We are required to comply with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002, as well as rules and regulations adopted by the SEC, the Public Company Accounting Oversight Board, and Nasdaq. In particular, we are required to include management and independent registered public accounting firm reports on internal controls as part of our Annual Report on Form 10-K in order to comply with Section 404 of the Sarbanes-Oxley Act. We have evaluated our controls, including compliance with the SEC rules on internal controls, and have and expect to continue to spend significant amounts of time and money on compliance with these rules. Our failure to comply with these internal control rules may materially adversely affect our reputation, ability to obtain the necessary certifications to financial statements, and the values of our securities. The assessments of our financial reporting controls as of December 31, 2015 are included in this report under "Section 9A. Controls and Procedures."

Recent Regulatory Developments

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

On July 21, 2010, President Obama signed into law the Dodd-Frank Act. The Dodd-Frank Act has and will continue to have a broad impact on the financial services industry, imposing significant regulatory and compliance changes, the imposition of increased capital, leverage and liquidity requirements, and numerous other provisions designed to improve supervision and oversight of, and strengthen safety and soundness within, the financial services sector. Provisions of the Dodd-Frank Act that have affected or are likely to affect our operations or the operations of Seacoast National include:

- Creation of the CFPB with centralized authority, including examination and enforcement authority, for consumer protection in the banking industry.
- New limitations on federal preemption.
- New prohibitions and restrictions on the ability of a banking entity to engage in proprietary trading for its own account and have certain interests in, or relationships with, certain unregistered hedge funds, private equity funds and commodity pools (together, “covered funds”).
- Application of new regulatory capital requirements, including changes to leverage and risk-based capital standards and changes to the components of permissible tiered capital.
- Requirement that holding companies and their subsidiary banks be well capitalized and well managed in order to engage in activities permitted for financial holding companies.
- Changes to the assessment base for deposit insurance premiums.
- Permanently raising the FDIC’s standard maximum insurance amount to $250,000.
- Repealed the prohibition of the payment of interest on demand deposits.
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Restrictions on compensation, including a prohibition on incentive-based compensation arrangements that encourage inappropriate risk taking by covered financial institutions that are deemed to be excessive, or that may lead to material losses.

- Requirement that sponsors of asset-backed securities retain a percentage of the credit risk underlying the securities.

- Requirement that banking regulators remove references to and requirements of reliance upon credit ratings from their regulations and replace them with appropriate alternatives for evaluating creditworthiness.

The following items and information provided in subsequent sections provide a further description of certain relevant provisions of the Dodd-Frank Act and their potential impact on our operations and activities, both currently and prospectively.

Creation of New Governmental Authorities. The Dodd-Frank Act created various new governmental authorities such as the Oversight Council and the CFPB, an independent regulatory authority housed within the Federal Reserve. The CFPB has broad authority to regulate the offering and provision of consumer financial products.. The CFPB's authority to supervise and examine depository institutions with $10 billion or less in assets for compliance with federal consumer laws remains largely with those institutions' primary regulators. However, the CFPB may participate in examinations of these smaller institutions on a "sampling basis" and may refer potential enforcement actions against such institutions to their primary regulators. The CFPB also may participate in examinations of Seacoast National, which currently has assets of less than $10 billion, and could supervise and examine our other direct or indirect subsidiaries that offer consumer financial products or services. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the CFPB, and state attorneys general are permitted to enforce consumer protection rules adopted by the CFPB against certain institutions.

Limitation on Federal Preemption. The Dodd-Frank Act significantly reduced the ability of national banks to rely upon federal preemption of state consumer financial laws. Although the OCC will have the ability to make preemption determinations where certain conditions are met, the broad rollback of federal preemption has the potential to create a patchwork of federal and state compliance obligations. This could, in turn, result in significant new regulatory requirements applicable to us, with attendant potential significant changes in our operations and increases in our compliance costs. It could also result in uncertainty concerning compliance, with attendant regulatory and litigation risks.

Corporate Governance. The Dodd-Frank Act addresses many investor protection, corporate governance, and executive compensation matters that will affect most U.S. publicly traded companies. The Dodd-Frank Act (1) grants shareholders of U.S. publicly traded companies an advisory vote on executive compensation; (2) enhances independence requirements for Compensation Committee members; and (3) requires companies listed on national securities exchanges to adopt incentive-based compensation clawback policies for executive officers.

The Dodd-Frank Act requires the banking agencies and the SEC to establish joint rules or guidelines for financial institutions with more than $1 billion in assets, such as us and Seacoast National, that prohibit incentive compensation arrangements that the agencies determine encourage inappropriate risks by the institution. The banking agencies issued proposed rules in 2011 and previously issued guidance on sound incentive compensation policies, but have not yet finalized any rules. We and Seacoast National have undertaken efforts to ensure that our incentive compensation plans do not encourage inappropriate risks, consistent with three key principles—that incentive compensation arrangements should appropriately balance risk and financial rewards, be compatible with effective controls and risk management, and be supported by strong corporate governance.

Shareholder Say-On-Pay Votes. The Dodd-Frank Act requires public companies to take shareholders' votes on proposals addressing compensation (known as say-on-pay), the frequency of a say-on-pay vote, and the golden parachutes available to executives in connection with change-in-control transactions. Public companies must give shareholders the opportunity to vote on the compensation at least every three years and the opportunity to vote on frequency at least every six years, indicating whether the say-on-pay vote should be held annually, biennially, or triennially. The first say-on-pay vote occurred at our 2011 annual shareholders meeting. The say-on-pay, the say-on-parachute and the say-on-frequency votes are explicitly nonbinding and cannot override a decision of our board of directors.

Volcker Rule. In December 2013, the Federal Reserve and other regulators jointly issued final rules implementing requirements of a new Section 13 to the Bank Holding Company Act, commonly referred to as the "Volcker Rule." The Volcker Rule generally prohibits us and our subsidiaries from (i) engaging in proprietary trading for our own account, and (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund," all subject to certain exceptions. The Volcker Rule also specifies certain limited activities in which we and our subsidiaries may continue to engage, and required us to implement a compliance program. The regulators provided for a Volcker Rule conformance date of July 21, 2015. The Federal Reserve extended the conformance deadline to July 21, 2016 for certain legacy "covered funds" activities and investments in place before December 31, 2013, and the Federal Reserve expressed its intention to grant the last available statutory extension for such covered funds activities until July 21, 2017.

While many of the requirements called for in the Dodd-Frank Act have been implemented, others will continue to be implemented over time. Given the extent of the changes brought about by the Dodd-Frank Act and the significant discretion afforded to federal regulators to implement those changes, we cannot fully predict the extent of the impact such requirements will have on our operations. The changes resulting from the Dodd-Frank Act may impact the profitability of our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage requirements or otherwise adversely affect our business. These changes may also require us to invest significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements. Failure to comply with the new requirements may negatively impact our results of operations and financial condition. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on us, these changes could be materially adverse to our investors.

Basel III

We were required to comply with higher minimum capital requirements as of January 1, 2015. These new rules ("Revised Capital Rules") implement the Dodd-Frank Act and a separate international regulatory regime known as "Basel III" (which is discussed below). Prior to January 1, 2015, we and Seacoast National were subject to risk-based capital guidelines issued by the Federal Reserve and the OCC for bank holding companies and national banks, respectively. The risk-based capital guidelines that applied to us and Seacoast National through December 31, 2014, were based upon the 1988 capital accord of the international Basel Committee on Banking Supervision, a committee of central banks and bank supervisors, as implemented by the U.S. federal banking agencies on an interagency basis.

The following is a brief description of the relevant provisions of the Revised Capital Rules and their potential impact on our capital levels. Among other things, the Revised Capital Rules (i) introduce a new capital measure called "Common Equity Tier 1" ("CET1"), (ii) specify that Tier 1 Capital consist of CET1 and "Additional Tier 1 Capital" instruments meeting certain requirements, (iii) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and note to the other components of capital and (iv) expand the scope of the deductions/adjustments from capital as compared to existing regulation that apply to us and other banking organizations.

New Minimum Capital Requirements. The Revised Capital Rules required the following initial minimum capital ratios as of January 1, 2015:

- 4.5% CET1 to risk-weighted assets.
- 6.0% Tier 1 capital to risk-weighted assets.
- 8.0% Total capital to risk-weighted assets.

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- 4.0% Tier 1 capital to average consolidated assets as reported on consolidated financial statements (known as the "leverage ratio").

Capital Conservation Buffer. The Revised Capital Rules also introduce a new “capital conservation buffer,” composed entirely of CET1, on top of the minimum risk-weighted asset ratios, which is designed to absorb losses during periods of economic stress. Banking organizations with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer will face constraints on dividends, equity repurchases and compensation based on the amount of this difference.

When fully phased in on January 1, 2019, the Revised Capital Rules will require us and Seacoast National to maintain (i) a minimum ratio of CET1 to risk-weighted assets of 7% (4.5% attributable to CET1 plus the 2.5% capital conservation buffer); (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 8.5% (6.0% attributable to Tier 1 capital plus the 2.5% capital conservation buffer), (iii) a minimum ratio of Total capital (that is, Tier 1 plus Tier 2) to risk-weighted assets of at least 10.5% (8.0% attributable to Total capital plus the 2.5% capital conservation buffer) and (iv) a minimum leverage ratio of 4%, calculated as the ratio of Tier 1 capital to average assets (as compared to a current minimum leverage ratio of 3% for banking organizations that either have the highest supervisory rating or have implemented the appropriate federal regulatory authority's risk-adjusted measure for market risk).

Regulatory Deductions. The Revised Capital Rules provide for a number of deductions from and adjustments to CET1, including the requirement that mortgage servicing rights, deferred tax assets arising from temporary differences that could not be realized through net operating loss carrybacks and significant investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. Implementation of the deductions and other adjustments to CET1 began on January 1, 2015 and will be phased-in over a three-year period (beginning at 40% on January 1, 2015 and an additional 20% per year thereafter until fully phased-in at January 1, 2018).

Under the Revised Capital Rules, the effects of certain accumulated other comprehensive items (except gains and losses on cash flow hedges where the hedged item is not recognized on a banking organization’s balance sheet at fair value) are not excluded; however, certain banking organizations, including us and Seacoast National, may make a one-time permanent election to continue to exclude these items. The Revised Capital Rules also preclude counting certain hybrid securities, such as trust preferred securities, as Tier 1 capital of bank or thrift holding companies. However, for bank or thrift holding companies that had assets of less than $15 billion as of December 31, 2009 like us, trust preferred securities issued prior to May 19, 2010 can be treated as Tier 1 capital to the extent that they do not exceed 25% of Tier 1 capital after applying all capital deductions and adjustments.

Management believes, at December 31, 2015, that we and Seacoast National meet all capital adequacy requirements under the Revised Capital Rules on a fully phased-in basis if such requirements were currently effective.

Bank Holding Company Regulation

As a bank holding company, we are subject to supervision and regulation by the Federal Reserve under the BHC Act. Bank holding companies generally are limited to the business of banking, managing or controlling banks, and other activities that the Federal Reserve determines to be closely related to banking, or managing or controlling banks as to be a proper incident thereto. We are required to file with the Federal Reserve periodic reports and such other information as the Federal Reserve may request. Ongoing supervision is provided through regular examinations by the Federal Reserve and other means that allow the regulators to gauge management’s ability to identify, assess and control risk in all areas of operations in a safe and sound manner and to ensure compliance with laws and regulations. The Federal Reserve may also examine our non-bank subsidiaries.

Expansion and Activity Limitations. Under the BHC Act, a bank holding company is generally permitted to engage in, or acquire direct or indirect control of more than 5 percent of the voting shares of, any company engaged in the following activities:

- banking or managing or controlling banks.
- furnishing services to or performing services for our subsidiaries; and
- any activity that the Federal Reserve determines to be so closely related to banking as to be a proper incident to the business of banking, including:

- factoring accounts receivable;
- making, acquiring, brokering or servicing loans and usual related activities;
- leasing personal or real property;
- operating a non-bank depository institution, such as a savings association;
- performing trust company functions;
- providing financial and investment advisory activities;
- conducting discount securities brokerage activities;
- underwriting and dealing in government obligations and money market instruments;
- providing specified management consulting and counseling activities;
- performing selected data processing services and support services;

- acting as agent or broker in selling credit life insurance and other types of insurance in connection with credit transactions;

- performing selected insurance underwriting activities;

- providing certain community development activities (such as making investments in projects designed primarily to promote community welfare); and,

- issuing and selling money orders and similar consumer-type payment instruments

With certain exceptions, the BHC Act prohibits a bank holding company from acquiring direct or indirect ownership or control of voting shares of any company which is not a bank or bank holding company, and from engaging directly or indirectly in any activity other than banking or managing or controlling banks or performing services for its authorized subsidiaries. A bank holding company, may, however, engage in or acquire an interest in a company that engages in activities which the Federal Reserve has determined by regulation or order to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

The Gramm-Leach-Bliley Act of 1999 (the “GLB”) substantially revised the statutory restrictions separating banking activities from certain other financial activities. Under the GLB, bank holding companies that are “well-capitalized” and “well-managed”, as defined in Federal Reserve Regulation Y, which have and maintain “satisfactory” ratings under the Community Reinvestment Act of 1977, as amended (the “CRA”), and meet cerle="DISPLAY: inline; FONT-WEIGHT: bold">Percentage of Percentage ofName and Address of Amount of Beneficial Common Stock Total VotingBeneficial Owner (1) Ownership (2) Outstanding Stock OutstandingEric A. Rose, M.D. 1,013,647(12) 1.98% 1.98% Paul G. Savas 121,840(13) * * Andrew Stern Old North 402 Georgetown University 37th and O St. NW Washington, DC 20057 25,650(14) * * Bruce Slovin 1 Eleven Associates LLC 111 East 61st Street New York, NY 10065 160,000(7) * * Frances Fragos Townsend 25,000(14) * * Michael A. Weiner, M.D. 161 Fort Washington Ave. New York, NY 10032 60,000(11) * * Ayelet Dugary 215,000(15) * * Dennis E. Hruby, Ph.D. 708,333(16) 1.39% 1.39% Daniel J. Luckshire - * * All executive officers and directors as a group (sixteen individuals) 2,978,891(17) 5.64% 5.64%

(1) Unless otherwise indicated the address of each beneficial owner identified is 35 East 62nd Street, New York, New York 10065.

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

(3) MacAndrews & Forbes LLC is a direct, wholly owned subsidiary of MacAndrews Holdings, a holding company whose sole stockholder is Ronald O. Perelman.

(4) STH Partners L.P. (“STH”) is a holding company, the general partner of which is MK Holdings One LLC and the limited partner of which is MacAndrews & Forbes LLC (having a 100% limited partner interest in STH). STH and its general and limited partners are parties to a letter agreement pursuant to which the parties agreed that (i) the general partner of STH shall have sole power to dispose of the shares of Common Stock held by STH and (ii) on all matters to be voted on by the stockholders of the Company, all shares of Common Stock held by STH shall be voted in the same proportion as the votes cast by all other holders of voting stock of the Company.

(5) Includes 1,302,944 shares of Common Stock issuable upon exercise of warrants.

(6) Includes 85,000 shares of Common Stock issuable upon exercise of options.

(7) Includes 45,000 shares of Common Stock issuable upon exercise of options.

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(8) Includes 275,000 shares of Common Stock issuable upon exercise of options.

(9) Includes 55,000 shares of Common Stock issuable upon exercise of options.

(10) Includes 65,000 shares of Common Stock issuable upon exercise of options.

(11) Includes 40,000 shares of Common Stock issuable upon exercise of options.

(12) Includes 886,667 shares of Common Stock issuable upon exercise of options.

(13) Includes 85,000 shares of Common Stock issuable upon exercise of options.

(14) Includes 25,000 shares of Common Stock issuable upon exercise of options.

(15) Includes 215,000 shares of Common Stock issuable upon exercise of options.

(16) Includes 583,333 shares of Common Stock issuable upon exercise of options.

(17) See footnotes (5)-(16).

MANAGEMENT

Executive Officers

The following table sets forth certain information with respect to the executive officers of SIGA:

Name	Age	Position
Eric A. Rose, M.D.	60	Chief Executive Officer and Chairman of the Board
Ayelet Dugary (1)	44	Chief Financial Officer and Secretary
Dennis E. Hruby, Ph.D.	59	Vice President and Chief Scientific Officer
Daniel J. Luckshire (2)	40	Executive Vice President, Chief Financial Officer and Secretary

(1) Ms. Dugary was appointed to serve as Acting Chief Financial Officer on February 1, 2009 and as Chief Financial Officer effective April 29, 2009. Effective February 25, 2011, the Company and Ms. Dugary agreed not to extend the terms of Ms. Dugary's employment agreement, and effective as of the same date, Ms. Dugary's employment as Chief Financial Officer ceased.

(2) Mr. Luckshire was hired on February 10, 2011 to serve as Executive Vice President and Chief Financial Officer; his employment was effective on the same date.

Ayelet Dugary served as Chief Financial Officer beginning on April 29, 2009. Ms. Dugary served as SIGA's Acting Chief Financial Officer from February 2009 to April 2009, and Director of Finance and Controller from December 2004 to January 2009. From 1997 to 2004, Ms. Dugary served in various positions of increasing responsibility with PricewaterhouseCoopers, LLP, the last of which was Senior Manager, where she gained substantial auditing experience and assisted clients in the development of their financial reporting and regulatory compliance procedures. Ms. Dugary holds an MBA from the University of Santa Clara, CA.

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

Daniel J. Luckshire joined as Executive Vice President and Chief Financial Officer in February 2011. Prior to joining SIGA, Mr. Luckshire was a strategic advisor and private investor for a broad range of companies who are leaders within specialized market segments. Between 1998 and 2008, Mr. Luckshire was an investment banker at Merrill Lynch & Co., where he held various positions of increasing responsibility. Prior to his employment with Merrill Lynch, Mr. Luckshire was a member of the management team that built USI Insurance Services into a national insurance brokerage and was a CPA at Price Waterhouse LLP. Mr. Luckshire has a Master of Business Administration degree in Finance and Strategic Management from The Wharton School of the University of Pennsylvania and a Bachelor of Science degree in Accountancy from Villanova University.

See Director Nominee Information, for a biography of Dr. Rose.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Compensation Committee of the Board of Directors is responsible for implementing the Board of Directors' directives relating to the compensation of our named executive officers, as well as our other key employees. In this regard, the Compensation Committee has the responsibility to establish a compensation policy for officers and key employees designed to (i) attract and retain the best possible executive talent; (ii) tie annual and long-term cash and stock incentives to achievement of measurable corporate and individual performance objectives; and (iii) provide competitive compensation to our officers and key employees to align executives' incentives with the creation of stockholder value.

As a general matter, the compensation policy for officers and key employees includes:

- base salary, which is determined on an annual or semi-annual basis,
- annual or other time-based cash incentive compensation, and
- long-term incentive compensation in the form of equity participation awards.

This section discusses the principles underlying our executive compensation policies, our decisions to date and the principles that we expect to use in coming years.

Our Named Executive Officers

For 2010, our Named Executive Officers and their titles were:

Name	Title
Dr. Eric A. Rose	Chief Executive Officer and Chairman of the Board
Ayelet Dugary (1)	Chief Financial Officer and Secretary
Dr. Dennis E. Hruby	Vice President and Chief Scientific Officer

(1) On April 29, 2009, Ms. Dugary became Chief Financial Officer. On February 25, 2011, the Company and Ms. Dugary agreed not to extend the terms of Ms. Dugary's employment agreement, and effective as of the same date, Ms. Dugary's employment as Chief Financial Officer ceased.

Our Executive Compensation Decision Process

Overview

Our Compensation Committee reviews and approves on a periodic basis the corporate goals and objectives with respect to the compensation for the executive officers, including the Chief Executive Officer. In its discretion, the Committee may establish cash incentive programs and otherwise award bonuses to executive officers and key employees. Annual incentive compensation to our executive officers is payable pursuant to contractual provisions with certain executives that provide eligibility to receive discretionary bonuses at the sole discretion of the Board of Directors, based on the executives' performance, economic and business conditions affecting the Company, and the financial condition of the Company. The Board's decisions in such matters have been delegated from time to time to the Compensation Committee. In connection with its review of compensation matters for the Company's executive officers, the Compensation Committee reviews information regarding the compensation of similarly situated executives at peer companies. The Compensation Committee either makes such awards or makes recommendations to the Board of Directors with respect to the amounts of such awards based on the foregoing criteria.

Role of Executive Officers in Setting Compensation Decisions

Regarding most compensation matters, the Chief Executive Officer has historically provided recommendations to the Compensation Committee relying on his personal experience with respect to evaluating the contribution of our other executive officers. Dr. Eric A. Rose, our Chief Executive Officer and Chairman of the Board of Directors, is involved in compensation recommendations, with input from our Chief Financial Officer and Chief Scientific Officer, as it relates to the compensation of other key employees. The Compensation Committee considers, but retains the right to reject or modify, such recommendations. Although the Chief Executive Officer may attend a portion of the meetings of the Compensation Committee, neither he nor any other member of management may be present during executive sessions of the

Compensation Committee. Moreover, the Chief Executive Officer may not be present when decisions with respect to his compensation are made. On more than one occasion, the Committee has used a third-party compensation consultant.

Compensation Advisors

The Compensation Committee has the authority to retain compensation consultants to advise the Compensation Committee as it deems necessary to carry out its duties. In 2010, the Compensation Committee retained the services of Compensation Advisory Partners LLC as its independent executive compensation consultant. In connection with this engagement, the Compensation Committee requested that Compensation Advisory Partners LLC review the fairness of the compensation package for Dr. Rose, Dr. Hruby and Ms. Dugary in relation to a peer group comprised of comparable biotechnology companies.

Competitive Market Analysis and Benchmarking

In reviewing and recommending the compensation of the Chief Executive Officer and other executive officers, the Compensation Committee considers the compensation awarded to officers of similarly situated companies, our performance, the respective individual’s performance, compensation given to our officers in past years, anticipated changes to future duties and other factors the Compensation Committee deems appropriate. As a framework for the Compensation Committee’s decisions regarding the compensation of the Company’s named executive officers during 2010, the Compensation Committee evaluated aggregate executive compensation data from the fiscal years 2008 and 2009 regarding the chief executive officer, chief financial officer, and chief scientific officer of Alexion Pharmaceuticals, Inc., Cubist Pharmaceuticals, Inc., Dynavax Technologies Corp., Emergent Biosolutions Inc., Enzon Pharmaceuticals, Inc., Hemispherx Biopharma Inc., Human Genome Sciences, Inc., PharmAthene, Inc., SciClone Pharmaceuticals, Inc., and ViroPharma Inc. SIGA’s third-party compensation consultant selected these companies as similarly situated because they are all biotechnology companies specializing either in small-molecule drugs or solutions to bioterrorism and, with the exception of Human Genome Sciences and Alexion Pharmaceuticals, have comparable market capitalizations. The Committee found the aggregate compensation paid to each of the Company’s named executive officers, in general, was consistent with the compensation paid to executive officers of the selected peer group after taking into account differences, such as product sales, total research revenue, scope of supervisory responsibility of employees and nature of other commitments, between the Company and the peer group.

Evaluations

The Compensation Committee evaluates, at least once a year, the performance of our officers and other key employees in light of goals and objectives established by the Committee. Based upon these evaluations, the Compensation Committee either adjusts the compensation of such personnel as appropriate or recommends to the full Board of Directors any adjustment for such personnel, including any change to base salary, bonus, incentive and equity compensation. In its evaluation of the Chief Executive Officer, the Compensation Committee considers overall management of the Company, the progress achieved by our drug candidates, the establishment and maintenance of successful relationships with the Company’s various funding and research partners and potential customers and successful relations with the Board of Directors and the shareholders. In its evaluation of the Chief Financial Officer, the Committee considers the Company’s financial performance, the Chief Financial Officer’s role in achieving our financial goals, the Chief Financial Officer’s relationships with the shareholders and potential investors, the Chief Financial Officer’s efforts with respect to financial regulatory compliance (including compliance with NASDAQ rules, the securities laws and all related regulations), and the preparation of and compliance with the Company’s budget. In its evaluation of the Company’s Chief Scientific Officer, the Committee considers achievement of program objectives within budgetary requirements, new grants and other third-party funding obtained, relationships with regulators and current and possible future scientific partners, compliance with grant requirements and management of the Company’s research facility located in Corvallis, OR.

Our Compensation Philosophy and Program Objectives

The overall objectives of the Company's compensation program are to attract and retain the best possible executive talent, to motivate these executives to achieve the goals inherent in the Company's business strategy, to maximize the link between executive and stockholder interests through a stock incentive plan and to recognize individual contributions as well as overall business results. To achieve these objectives, the Company has developed an overall compensation strategy and specific compensation plans that tie a substantial portion of an executive's compensation to performance.

Our Executive Compensation Program

Overview

The key elements of the Company's compensation program consist of fixed compensation in the form of base salary, and the discretion to award variable compensation in the forms of incentive compensation and stock option awards. The Compensation Committee's policies with respect to each of these elements are discussed below. In addition, while the elements of compensation described below are considered separately, the Compensation Committee takes into account the full compensation package offered by the Company to the individual, including pension benefits, insurance and other benefits, as well as the programs described below.

Base Salary

The compensation philosophy of the Company is to maintain executive base salary at a competitive level to enable the Company to attract and retain executives and key employee talent needed to accomplish the Company's goals. In determining the appropriate base salary levels and, to a lesser extent, other compensation elements, the Compensation Committee considers the scope of responsibility, prior experience and past accomplishments, and anticipated changes to future job responsibilities, as well as historical practices within the Company. Economic and business conditions affecting the Company are also considered. The Compensation Committee also considers historical levels of salary paid by the Company as well as the provisions in the various executive's employment contracts with the Company, which contracts are more fully discussed elsewhere in this proxy statement.

Periodic adjustments in base salary may be merit-based with respect to individual performance or tied to the Company's financial condition or other competitive factors. The Compensation Committee takes into account the effect of any transaction outside of the ordinary course of business that has been consummated during the relevant year and, where appropriate, also considers non-financial performance measures. These include the Company's competitive position, scientific developments and improvements in relations with employees and investors.

For Dr. Rose, Ms. Dugary and Dr. Hruby, we paid as base salary in 2010 the amounts required under their employment agreements. These amounts were reviewed and set by our Compensation Committee. These base salary levels reflect our Compensation Committee's subjective judgment, which took into account each executive's respective position and tenure, our present needs, the executive's individual performance, achievements and prior contributions and anticipated performance levels.

Annual Incentive Compensation

The Compensation Committee, in its discretion, may establish cash incentive programs and otherwise award bonuses to executive officers and key employees. Annual incentive compensation to our executive officers is payable pursuant to contractual provisions with certain executives that provide eligibility to receive discretionary bonuses, in the sole discretion of the Board of Directors or Compensation Committee based on the executives' performance, economic and business conditions affecting the Company, and the financial condition of the Company. The Compensation Committee approves or makes recommendations to the Board of Directors with respect to such amounts. Dr. Hruby was contractually entitled to certain guaranteed cash bonus payments each year of his current employment agreement. His guaranteed cash bonus for 2010 was $75,000. Also in 2010, Dr. Hruby received a discretionary bonus of $75,000; no other executive officers received a discretionary bonus. In its evaluation of Dr. Hruby, the Compensation Committee did not have any pre-established goals or targets identified, however, in its determination as to the amount of discretionary bonus to be awarded, the Compensation Committee considered Dr. Hruby's achievement of program objectives within budgetary requirements, new grants and other third-party funding obtained, relationships with regulators and current and possible future scientific partners, compliance with grant requirements and management of the Company's research facility located in Corvallis, Oregon and the announcement by the Biomedical Advanced Research and Development Authority ("BARDA") of a Request for Proposal ("RFP") for the acquisition of a smallpox antiviral, the response to which required Dr. Hruby to expend additional significant efforts on the Company's behalf. Specifically, the Compensation Committee took Dr. Hruby's contributions to the following achievements into consideration in making the $75,000 discretionary award:

- Continued leadership in interactions with the FDA to develop a plan to achieve the regulatory approval of ST-246.
- Successful leadership of the negotiation and implementation of the NIH/BARDA contracts for ST-246 therapeutic development, IV formulation and prophylaxis that resulted in achievement of programmatic milestones and awarding of funding.
- Leadership of the broad-spectrum antiviral program that has resulted in the declaration of a lead compound.

Ms. Dugary was also contractually entitled to certain guaranteed cash bonus payments. Her guaranteed cash bonus for 2010 was $50,000. Dr. Rose's employment agreement does not provide for guaranteed bonus payments.

We believe that the annual incentive bonuses can motivate and encourage our executives to fulfill our objectives and provide us with the opportunity to recognize superior individual performance.

Long-Term Incentive Awards

The Compensation Committee believes that granting stock options and other equity-based incentives can provide officers and employees with a strong economic interest in maximizing stock price appreciation over the long term. The Committee also believes that the practice of granting stock options can be useful in retaining and recruiting the key talent necessary to ensure the Company's continued success. This element of compensation is governed by the 2010 Stock Incentive Plan (the "2010 Plan") adopted in April 2010 to supersede the previous plan, which provides for grants of incentive stock options, non-qualified stock options and shares of restricted and unrestricted stock to our executives, directors and employees. Prior to that date, the Amended and Restated 1996 Incentive and Non-Qualified Stock Option Plan (the "1996 Plan) was in effect. The 2010 Plan is administered by our Compensation Committee, which reviews management's recommendations concerning persons to be granted awards, and determines the number of stock options or shares to be granted to each such person, and the terms and conditions of any grant as permitted under the 2010 Plan. The exercise price of stock options is set by the Compensation Committee and has been at a price at least equal to the market price of the Common Stock on the date of the grant. Options granted by SIGA therefore do not have any value to the executive unless the market price of our Common Stock rises, which ensures that the interests of our executives are aligned with those of our stockholders. Through these equity awards, we seek to emphasize the importance of improving the performance of our stock price, increasing shareholder value over the long-term.

Both incentive options ("Incentive Options") and nonqualified options ("Nonqualified Options") may be granted under the 2010 Plan. An Incentive Option is intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). As such, any Incentive Option granted under the 2010 Plan will have an exercise price of not less than 100% of the fair market value of the shares on the date on which such option is granted. With respect to an Incentive Option granted to an employee who owns more than 10% of the total combined voting stock of SIGA or of any parent or subsidiary of SIGA, the exercise price for such option must be at least 110% of the fair market value of the shares subject to the option on the date the option is granted.

In determining the size of a stock grant, including stock options and restricted stock, to a named executive officer, the Compensation Committee considers not only competitive market factors, changes in responsibility and the executive officers' achievement of pre-established goals, but also the number, term and vesting of stock-based awards previously granted to the officer. The Compensation Committee may also consider the total compensation package or changes made thereto, when determining whether to make a stock-based award. The number of shares granted to each named executive officer is determined by the Compensation Committee based on its consideration of the named executive officer's individual responsibilities and ability to significantly enhance key company initiatives. In connection with its review of compensation matters for the Company executive officers, the Compensation Committee also reviews information regarding the overall compensation, including stock-based awards, of similarly situated executives at peer companies. The Compensation Committee makes recommendations to the Board of Directors with respect to such awards based on the foregoing facts. For 2010, there were no such awards made to the named executive officers.

Additional Benefits and Perquisites

Our officers and key employees are entitled to participate in the benefit plans which are generally available to all employees, including health, dental, life, and accidental disability. For each of these benefit plans, the Company makes contributions to the premiums paid to the plans. The Company also offers a 401(k) defined contribution plan, but it makes no contribution to the 401(k) plan. In each case, we provide these benefits to our executive officers on the same basis as our other employees.

Severance and Change in Control Agreements

We also provide some of our executive officers with severance and change in control arrangements in their employment contracts. We believe that severance and change of control packages are a common characteristic of compensation for key executive officers. They are intended to provide our executive officers with a sense of security in making the commitment to dedicate their professional careers to our success. Due to our size relative to other public companies and our operating history, we believe that severance and change in control arrangements are necessary to help us attract and retain necessary skilled and qualified executive officers to continue to grow our business.

Our Compensation Policies

Section 162(m) Policy

The Compensation Committee has found it unnecessary to consider the applicability of Section 162(m) of the Code because no executive officer receives compensation in excess of one million dollars.

Common Share Ownership Requirements

While we have not adopted a formal written policy on common share ownership requirements, part of our compensation philosophy involves common share ownership by our executive officers, because we believe that it helps to align their financial interests with those of our stockholders. We also recognize, on the other hand, that our executive officers cannot acquire more than 10% of our common shares without triggering adverse tax consequences. In addition, we expect our executive officers to abide by the provisions of our 2004 Policy on Confidential Information and Insider Trading.

Timing of Awards

Our Compensation Committee has the authority to issue equity awards under our incentive plan. We expect that the Compensation Committee will continue making equity awards to our executive officers and key employees when appropriate. The Compensation Committee strives to ensure that any award is made in such a manner to avoid even the appearance of manipulation because of its award date.

Financial Restatement

Although we have not adopted a formal written policy, it is our Board of Directors' informal policy that the Compensation Committee will, to the extent permitted by governing law, have the sole and absolute authority and discretion in consultation with the Board of Directors, to make retroactive adjustments to any cash or equity based incentive payments to executive officers where the payment was based upon the achievement of certain financial results that were subsequently the subject of a restatement, without regard to misconduct being involved. If the Compensation Committee chose to exercise this discretion, we would seek to recover any amount determined to have been improperly paid to the executive officer.

Summary Compensation Table

The following table sets forth the total compensation of the Company's Named Executive Officers for the fiscal year ended December 31, 2010.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Eric A. Rose, M.D.	2010	400,000	-	-	162,441	-	-	-	562,441
Chief Executive	2009	400,000	-	-	481,112	-	-	-	881,112
Officer	2008	400,000	-	-	166,943	-	-	-	566,943
Ayelet Dugary	2010	225,000	50,000	-	53,919	-	-	-	328,919
Chief Financial	2009	225,000	50,000	-	80,703	-	-	-	355,703
Officer (1)	2008	180,000	40,000	-	46,939	-	-	-	266,939
Dennis E. Hruby, Ph.D.	2010	275,000	150,000	-	111,222	-	-	-	536,222
Chief Scientific Officer	2009	275,000	150,000	-	218,773	-	-	-	643,773
	2008	250,000	125,000	-	192,716	-	-	-	567,716

(1) Ms. Dugary became Acting Chief Financial Officer on February 1, 2009 and Chief Financial Officer on April 29, 2009. On February 25, 2011, the Company and Ms. Dugary agreed not to extend the terms of Ms. Dugary's employment agreement, and effective as of the same date, Ms. Dugary's employment as Chief Financial Officer ceased.

(2) Option awards represent the fair value on the grant date recognized for financial statement purposes.

Salary

The amounts reported in the "Salary" column above represent base salaries paid to each of the Named Executive Officers and employees for the each of the three years listed above.

Bonus

The amounts reported in the "Bonus" column above for each of the three years listed above include bonus which was accrued and paid with respect to performance in each of those respective years.

Stock-Based Awards

The 1996 Plan was adopted in 1996 and amended in 2001, 2004 and 2005. In April 2010, the 2010 Plan was adopted to update and supersede the 1996 Plan. The maximum number of shares of Common Stock available under the 2010 Plan is 2,000,000. Stock options may be granted to key employees, consultants and outside directors pursuant to the 2010 Plan.

The 2010 Plan is administered by our Compensation Committee, which reviews management's recommendations concerning persons to be granted stock awards, and determines the number of stock awards to be granted to each such person, and the terms and conditions of any stock options as permitted under the Plan. The members of the Compensation Committee during 2010 were Steven L. Fasman, who served as Chair, Paul G. Savas, Bruce Slovin, and Michael A. Weiner, M.D. See "Committees of the Board of Directors" above for more information.

The 2010 Plan provides for the grant of any or all of the following: Incentive Options, Nonqualified Options, restricted stock, and unrestricted stock. An Incentive Option is intended to qualify as an incentive stock option within the meaning of Section 422 of the Code. Any Incentive Option granted under the 2010 Plan will have an exercise price of not less than 100% of the fair market value of the shares on the date on which such option is granted. With respect to an Incentive Option granted to an employee who owns more than 10% of the total combined voting stock of SIGA or of any parent or subsidiary of SIGA, the exercise price for such option must be at least 110% of the fair market value of the shares subject to the option on the date the option is granted.

Grants of Plan Based Awards

During the year ended December 31, 2010, there were no grants of plan-based awards made to the Executive Officers. During the year ended December 31, 2009, the Compensation Committee recommended the award of 50,000 options to each of Ayelet Dugary, Chief Financial Officer, and Dennis Hruby, Chief Scientific Officer. For each award, the Compensation Committee recommended that the options become exercisable according to vesting as follows: one-third on each annual anniversary of the date of grant (March 5, 2009). The Board of Directors approved the award, and all of the aforementioned options have an exercise price of $4.70 per share.

The Compensation Committee determined that it was in the best interest of our Company to issue stock options to motivate the aforementioned executive officers to contribute to our growth and to continue their service with our Company. The number of shares granted to each named executive officer was determined by the Committee based on its consideration of the named executive officer's individual responsibilities and ability to significantly enhance key company initiatives.

Employment Agreements

We currently have employment agreements with Dr. Rose, Dr. Hruby and Mr. Luckshire. Dr. Rose's employment agreement became effective as of March 1, 2007. The most recent amendments to the employment agreements of Dr. Hruby became effective as of March 16, 2011. We have included below descriptions of the current employment agreements of each of these officers, as amended. On February 10, 2011, SIGA and Ms. Dugary agreed not to extend the current term of Ms. Dugary's employment agreement, and therefore her employment with SIGA terminated effective February 25, 2011.

Eric A. Rose – Chief Executive Officer

On January 31, 2007, we entered into an employment agreement with Eric A. Rose, M.D., pursuant to which he became our Chief Executive Officer, effective as of March 1, 2007. The current term of his employment agreement expires on December 31, 2011, and will renew for additional one (1) year periods unless notice of non-renewal is given. Pursuant to the employment agreement, we agree to pay to Dr. Rose an annual base salary of $400,000, subject to any cost of living adjustments as may be approved by our Board of Directors. Dr. Rose is also eligible to receive bonus payments (in either cash or stock options) as may be approved by the Board of Directors in its sole discretion. We may terminate his employment agreement (with or without cause), provided that upon any termination by us without cause (including, without limitation, termination without cause upon a change in control), or termination by Dr. Rose for good reason, we will be obligated to continue to pay Dr. Rose's base salary for one year, and all stock options and other stock-based grants to Dr. Rose shall immediately and irrevocably vest and become exercisable upon the date of termination and shall remain exercisable for a period of not less than one (1) year from the date of termination. Further detail on our severance obligations to Dr. Rose, including the definitions of "cause", "good reason" and "change in control" is set forth below under the heading “Potential Payments Upon Termination or Change in Control”.

Ayelet Dugary – Chief Financial Officer

On March 11, 2009, we amended Ayelet Dugary's existing employment agreement, and pursuant to such amendment she became our Acting Chief Financial Officer, effective as of February 1, 2009. On April 29, 2009, Ms. Dugary because our Chief Financial Officer. Pursuant to her employment agreement, as amended, we had agreed to pay to Ms. Dugary an annual base salary of $225,000, subject to any cost of living adjustments as may have been approved by our Board of Directors, and an annual cash bonus of $50,000. Ms. Dugary was also eligible to receive bonus payments (in either cash or stock options) as may have been approved by the Board of Directors in its sole discretion.

By mutual agreement between Ms. Dugary and the Company, Ms. Dugary's employment with the Company ceased effective February 25, 2011 (the "Separation Effective Date").

In connection with Ms. Dugary's departure, the Company entered into a Separation and Consulting Agreement (the "Dugary Separation Agreement") with Ms. Dugary on the Separation Effective Date. Pursuant to the Dugary Separation Agreement, Ms. Dugary resigned as Chief Financial Officer and Secretary effective immediately.

Pursuant to the Dugary Separation Agreement, Ms. Dugary will continue to receive her base salary for a period of one year following the Separation Effective Date. The Dugary Separation Agreement further provides that any unvested stock options would vest immediately and become exercisable. Furthermore, all outstanding stock options granted to Ms. Dugary under the 1996 Plan and the 2010 Plan were extended for a period of not less than one year from the Separation Effective Date (to the extent they would have expired earlier).

Finally, pursuant to the Dugary Separation Agreement, Ms. Dugary has been engaged as a consultant to SIGA for a period that will continue until 90 days from the date of termination for a fee of $45,000.

Dennis E. Hruby – Chief Scientific Officer

On January 22, 2007, we entered into an amended and restated employment agreement with Dr. Dennis E. Hruby, our Chief Scientific Officer, which replaced his prior employment agreement. The current employment agreement expires on January 21, 2012 and will renew for additional one (1) year periods unless notice of non-renewal is given. On March 11, 2009, we amended Dr. Hruby's employment agreement whereby we agreed to pay Dr. Hruby an annual base salary of $275,000, subject to any cost of living adjustments as may be approved by our Board of Directors, and an annual cash bonus of no less than $75,000 and no more than $150,000. On March 15, 2011, we further amended Dr. Hruby's base salary to an annual amount of $338,680. In addition, unless either party provides notice of its desire not to renew the Hruby Employment Agreement thirty (30) days prior to the expiration of the then-current term, the Employment Agreement shall automatically renew for additional one (1) year periods. In the event that Dr. Hruby's employment is not renewed by SIGA upon the expiration of its term, Dr. Hruby will receive severance in an amount equal to his annual base salary at the time of such non-renewal. The agreement also provides that Dr. Hruby shall report to the Board of Directors, SIGA's Chief Executive Officer or any other executive officer in a position senior to him. All other material terms of the original employment agreement remain unchanged. Pursuant to his Employment Agreement, we may terminate his Employment Agreement (with or without cause), provided that upon any termination by us without cause (including, without limitation, termination without cause upon a change in control), or termination by Dr. Hruby for good reason, we will be obligated to continue to pay Dr. Hruby's base salary for two years, and all stock options and other stock-based grants to Dr. Hruby shall immediately and irrevocably vest and become exercisable upon the date of termination and shall remain exercisable for a period of not less than two (2) years from the date of termination. Further detail on our severance obligations to Dr. Hruby including the definitions in his current Employment Agreement of "cause", "good reason" and "change in control" is set forth below under the heading "Potential Payments Upon Termination or Change in Control".

Daniel J. Luckshire – Chief Financial Officer

On February 10, 2011, we entered into an executive employment agreement with Mr. Daniel J. Luckshire, our current Chief Financial Officer. The current employment agreement expires on February 10, 2013. Pursuant to the employment agreement, we agreed to pay Mr. Luckshire: an annual base salary of $400,000, subject to any cost of living or merit increases as may be approved by our Board of Directors, an annual cash bonus, the target of which is 50% of the base salary, subject to the discretion of the Compensation Committee and an annual stock bonus, the target of which is $300,000 in restricted shares of Common Stock, subject to the discretion of the Compensation Committee. We may terminate his employment agreement (with or without cause), provided that upon any termination by us without cause or termination by Mr. Luckshire for good reason, we will be obligated to continue to pay Mr. Luckshire's base salary for one year, restricted shares shall vest and a pro-rata amount of stock options due to vest within twelve months shall immediately and irrevocably vest and become exercisable upon the date of termination and shall remain exercisable for a period of not less than one (1) year from the date of termination. In the event of termination by us with cause, or termination by Mr. Luckshire for good reason, upon a change in control, we will be obligated to continue to pay Mr. Luckshire's base salary for one year and pay accrued and pro-rata bonuses, and all restricted share grants and stock options shall immediately vest, with the options remaining exercisable for a period of not less than one year from the date of termination.

Outstanding Equity Awards at Fiscal Year End

The following table provides certain summary information concerning unexercised options and equity incentive plan awards for each Named Executive Officer as of December 31, 2010.

	Option Awards					Stock Awards			
Name and Principal Position	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested (#)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incen Plan Award Market or P Value of Un Shares, Unit Other Right Have Not V
Eric A. Rose, M.D.	600,000	-	-	2.50	5/3/2011	-	-	-	
Chief Executive	10,000	-	-	1.22	6/2/2015	-	-	-	
Officer	10,000	-	-	2.72	12/19/2016	-	-	-	
	200,000	-	-	3.10	7/26/2017	-	-	-	
	66,667	-	333,333	2.49	11/14/2018	-	-	-	
Ayelet Dugary	140,000	-	-	1.50	12/15/2014	-	-	-	
Chief Financial	25,000	-	-	3.10	7/26/2017	-	-	-	
Officer (1)	16,667	-	33,333	4.70	3/5/2019	-	-	-	
Dennis E. Hruby, Ph.D.,	300,000	-	-	2.50	7/23/2012	-	-	-	
Chief Scientific	150,000	-	-	1.40	6/29/2014	-	-	-	
Officer	100,000	-	200,000	3.10	7/26/2017	-	-	-	
	16,667	-	33,333	4.70	3/5/2019	-	-	-	

(1) Ms. Dugary became Acting Chief Financial Officer on February 1, 2009 and Chief Financial Officer on April 29, 2009. On February 25, 2011, the Company and Ms. Dugary agreed not to extend the terms of Ms. Dugary's employment agreement, and effective as of the same date, Ms. Dugary's employment as Chief Financial Officer ceased. Pursuant to the Dugary Separation Agreement, any remaining unexercised unearned options were immediately earned and exercisable upon separation.

Option Exercises and Stock Vested

During the fiscal year ended December 31, 2010, no options were exercised by any of our officers. Our officers did not receive any stock awards during the year ended December 31, 2010.

Potential Payments Upon Termination or Change in Control

Severance Arrangement for Eric A. Rose

The following table and footnotes describe and quantify the potential payments to Dr. Rose upon termination or change in control, assuming that such termination or change in control was effective as of December 31, 2010:

	Termination by the Company without cause (or by the officer for good cause)	Termination upon death or disability	Termination by the Company due to a change in control
Aggregate monthly cash payments	$ 400,000	$ -	$ 400,000
Lump sum cash payment	-	-	-
Value of accelerated stock options (1)	3,836,663	-	3,836,663
Total	$ 4,236,663	$ -	$ 4,236,663

(1) Equal to the aggregate amount of the differences between the exercise prices of the accelerated stock options and the closing sales price per share of the Company's common stock on the NASDAQ Global Market on December 31, 2010.

Pursuant to Dr. Rose's current employment agreement (which was effective as of March 1, 2007), the following termination and change in control-related circumstances would trigger payments or the provision of other benefits:

- Termination by the Company without cause or by Dr. Rose for good reason.
- Termination by the Company within 90 days of the occurrence of a change in control (other than for cause)
- Termination by the Company for cause or by Dr. Rose without good reason.
- Termination by the Company based on Dr. Rose's death or total disability.

If Dr. Rose's employment agreement is terminated without cause or if Dr. Rose terminates his employment for good reason, he will be entitled to the following: (i) any accrued but unpaid salary for services rendered through the date of termination; (ii) any vacation accrued to the date of termination, in accordance with Company policy; (iii) any accrued but unpaid expenses through the date of termination required to be reimbursed in accordance with his employment agreement; (iv) any benefits to which he may be entitled upon termination pursuant to the plans, programs and grants referred to in the employment agreement in accordance with the terms of such plans, programs and grants; (v) the continued payment of his salary for one (1) year; and (vi) the Company shall take all such action as is necessary such that all stock options and other stock-based grants to Dr. Rose shall, immediately and irrevocably vest and become exercisable as of the date of termination and shall remain exercisable for a period of not less than one (1) year from the date of termination.

If Dr. Rose's employment agreement is terminated within 90 days after the occurrence of a change in control other than for cause, he will be entitled to the following: (i) any accrued but unpaid salary for services rendered through the date of termination; (ii) any vacation accrued to the date of termination, in accordance with Company policy; (iii) any accrued but unpaid expenses through the date of termination required to be reimbursed in accordance with his employment agreement; (iv) any benefits to which he may be entitled upon termination pursuant to the plans, programs and grants referred to in the employment agreement in accordance with the terms of such plans, programs and grants; (v) the continued payment of his salary for one (1) year; and (vi) the Company shall take all such action as is necessary such that all stock options and other stock-based grants to Dr. Rose shall, immediately and irrevocably vest and become exercisable as of the date of termination and shall remain exercisable for a period of not less than one (1) year from the date of termination.

If Dr. Rose's employment is terminated for cause, or if he voluntarily terminates his employment, he will be entitled to the following: (i) any accrued but unpaid salary for services rendered through the date of termination; (ii) any vacation accrued to the date of termination, in accordance with Company policy; (iii) any accrued but unpaid expenses through the date of termination required to be reimbursed in accordance with his employment agreement; and (iv) any benefits to which he may be entitled upon termination pursuant to the plans, programs and grants referred to in the employment agreement in accordance with the terms of such plans, programs and grants.

If Dr. Rose's employment is terminated prior to the expiration of the term by reason of death or total disability, his estate or beneficiaries will be entitled to the following: (i) any accrued but unpaid salary for services rendered through the date of termination; (ii) any vacation accrued to the date of termination, in accordance with Company policy; (iii) any accrued but unpaid expenses through the date of termination required to be reimbursed in accordance with his employment agreement; and (iv) any benefits to which he may be entitled upon termination pursuant to the plans, programs and grants referred to in the employment agreement in accordance with the terms of such plans, programs and grants.

Severance Arrangement for Ayelet Dugary

By mutual agreement between Ms. Dugary and the Company, Ms. Dugary's employment with the Company ceased effective February 25, 2011 (the "Separation Effective Date").

In connection with Ms. Dugary's departure, the Company entered into a Separation and Consultation Agreement with Ms. Dugary (the "Dugary Separation Agreement") on the Separation Effective Date. Pursuant to the Dugary Separation Agreement, Ms. Dugary resigned as Chief Financial Officer and Secretary effective at execution.

Pursuant to the Dugary Separation Agreement, Ms. Dugary will continue to receive her base salary for a period of one year following the Separation Effective Date. The Dugary Separation Agreement further provides that her unvested stock options would vest immediately and become exercisable. Furthermore, all outstanding stock options granted to Ms. Dugary under the 1996 Plan were extended for a period of not less than one year from the Separation Effective Date (to the extent they would have expired earlier).

Finally, pursuant to the Dugary Separation Agreement, Ms. Dugary has been engaged as a consultant to SIGA for a period that will continue until 90 days from the Separation Effective date for a fee of $45,000.

Severance Arrangement for Dennis E. Hruby

The following table and footnotes describe and quantify the potential payments to Dr. Hruby upon termination, change in control or in the event that his contract is not renewed, assuming that such termination, change in control or non-renewal was effective as of December 31, 2010:

	Termination by the Company without cause (or by the officer for good cause)	Termination upon death or disability	Termination by the Company due to a change in control
Aggregate monthly cash payments	$ 550,000	$ -	$ 550,000
Lump sum cash payment	-	-	-
Value of accelerated stock options (1)	2,489,997	-	2,489,997
Total	$ 3,039,997	$ -	$ 3,039,997

(1) Equal to the aggregate amount of the differences between the exercise prices of the accelerated stock options and the closing sales price per share of the Company's common stock on the NASDAQ Global Market on December 31, 2010.

Pursuant to Dr. Hruby's employment agreement, the following termination and change in control-related circumstances would trigger payments or the provision of other benefits:

- Termination by the Company without cause or by Dr. Hruby for good reason.
- Termination by the Company within 90 days of the occurrence of a change in control (other than for cause)
- Termination by the Company for cause or by Dr. Hruby without good reason.

- Termination by the Company based on Dr. Hruby's death or total disability.
- Failure by the Company to renew the employment agreement at the end of its term.

If Dr. Hruby's employment agreement is terminated without cause or if Dr. Hruby terminates his employment for good reason, he will be entitled to the following: (i) any accrued but unpaid salary for services rendered through the date of termination; (ii) any vacation accrued to the date of termination, in accordance with Company policy; (iii) any accrued but unpaid expenses through the date of termination required to be reimbursed in accordance with his employment agreement; (iv) any benefits to which he may be entitled upon termination pursuant to the plans, programs and grants referred to in the employment agreement in accordance with the terms of such plans, programs and grants; (v) the continued payment of his salary for two (2) years; and (vi) the Company shall take all such action as is necessary such that all stock options and other stock-based grants to Dr. Hruby shall, immediately and irrevocably vest and become exercisable as of the date of termination and shall remain exercisable for a period of not less than one (1) year from the date of termination.

If Dr. Hruby's employment agreement is terminated within 90 days after the occurrence of a change in control other than for cause, he will be entitled to the following: (i) any accrued but unpaid salary for services rendered through the date of termination; (ii) any vacation accrued to the date of termination, in accordance with Company policy; (iii) any accrued but unpaid expenses through the date of termination required to be reimbursed in accordance with his employment agreement; (iv) any benefits to which he may be entitled upon termination pursuant to the plans, programs and grants referred to in the employment agreement in accordance with the terms of such plans, programs and grants; (v) the continued payment of his salary for two (2) years; and (vi) the Company shall take all such action as is necessary such that all stock options and other stock-based grants to Dr. Hruby shall, immediately and irrevocably vest and become exercisable as of the date of termination and shall remain exercisable for a period of not less than one (1) year from the date of termination.

If Dr. Hruby's employment is terminated for cause, or if he voluntarily terminates his employment, he will be entitled to the following: (i) any accrued but unpaid salary for services rendered through the date of termination; (ii) any vacation accrued to the date of termination, in accordance with Company policy; (iii) any accrued but unpaid expenses through the date of termination required to be reimbursed in accordance with his employment agreement; and (iv) any benefits to which he may be entitled upon termination pursuant to the plans, programs and grants referred to in the employment agreement in accordance with the terms of such plans, programs and grants.

If Dr. Hruby's employment is terminated prior to the expiration of the term by reason of death or total disability, his estate or beneficiaries will be entitled to the following: (i) any accrued but unpaid salary for services rendered through the date of termination; (ii) any vacation accrued to the date of termination, in accordance with Company policy; (iii) any accrued but unpaid expenses through the date of termination required to be reimbursed in accordance with his employment agreement; and (iv) any benefits to which he may be entitled upon termination pursuant to the plans, programs and grants referred to in the employment agreement in accordance with the terms of such plans, programs and grants.

In the event that the Company elects not to renew Dr. Hruby's employment agreement, he shall be entitled to the continued payment of the base salary for one year (such sums to be paid at the times and in the amounts such Base Salary would have been paid had Dr. Hruby's employment continued).

No other material changes were made to Dr. Hruby's severance arrangement.

Other General Terms

Circumstances Triggering Payments

"Cause", "good reason" and "change of control" are defined in Dr. Rose, and Dr. Hruby's current employment agreement as follows:

"Cause" generally includes:

- executive officer's neglect or failure or refusal to perform his duties under the applicable employment agreement (other than as a result of total or partial incapacity due to physical or mental illness);
- any act by or omission of executive officer constituting gross negligence or willful misconduct in connection with the performance of his duties that could reasonably be expected to materially injure the reputation, business or business relationships of the Company or any of its affiliates;
- perpetration of an intentional and knowing fraud against or affecting the Company or any of its affiliates or any customer, client, agent, or employee thereof;

- the commission by or indictment of executive officer for (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud ("indictment", for these purposes, meaning a United States-based indictment, probable cause hearing or any other procedure pursuant to which an initial determination of probable or reasonable cause with respect to such offense is made);

- the breach of a covenant set forth in the applicable employment agreement; or

- any other material breach to the applicable employment agreement.

"Good reason" generally includes:

- the Company failing to pay executive officer his base salary;

- executive officer no longer holding his agreed upon office or offices of equivalent stature, or his functions and/or duties being materially diminished; or

- executive officer's job site being involuntarily relocated to a location which is more than fifty (50) miles from the agreed upon region.

A "Change in Control" is deemed to occur upon:

- the consummation of a transaction or a series of related transactions pursuant to which any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than executive officer, his designee(s) or "affiliate(s)" (as defined in Rule 12b-2 under the Exchange Act), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing forty percent (40%) or more of the combined voting power of the Company's then outstanding securities;

- stockholders of the Company approving a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than eighty percent (80%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

- the stockholders of the Company approving a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of, or the Company sells or disposes of, all or substantially all of the Company's assets.

Pursuant to each of their respective current employment agreements, during the respective terms thereof plus an additional twenty-four months thereafter, Dr. Rose, Mr. Luckshire and Dr. Hruby have agreed not to engage in any competitive business with us or to induce our employees to terminate their employment or to solicit our customers. We agree to indemnify each of them under their respective employment agreements for liabilities incurred because of their employment and to provide each of them with the full protection of any directors' and officers' liability insurance policies maintained generally for the benefit of our officers.

Equity Compensation Plan Information

The following table sets forth certain compensation plan information with respect to both equity compensation plans approved by security holders and equity compensation plans not approved by security holders as of December 31, 2010:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders (1)	4,719,628	$ 3.02	1,941,000
Equity compensation plans not			

approved by security holders	-	N/A	-
Total	4,719,628		1,941,000

(1) Consists of the 1996 Plan and the 2010 Plan.

As of December 31, 2010, there were no outstanding options that had been awarded outside of the Company's equity compensation plan.

Director Compensation

During the fiscal year ending December 31, 2010, the directors of SIGA received total compensation as shown in the following table.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($) (7)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James J. Antal (2,3)	20,500	-	50,137	-	-	-	70,637
Michael J. Bayer (3)	13,000	-	50,137	-	-	-	63,137
Thomas E. Constance	12,000	-	50,137	-	-	-	62,137
Steven L. Fasman (4)	15,000	-	50,137	-	-	-	65,137
Scott M. Hammer, M.D.	10,000	-	50,137	-	-	-	60,137
Joseph W. Marshall, III	10,000	-	50,137	-	-	-	60,137
Mehmet C. Oz, M.D. (6)	-	-	-	-	-	-	-
Eric A. Rose, M.D. (5)	-	-	-	-	-	-	-
Paul G. Savas (2,4)	27,000	-	50,137	-	-	-	77,137
Bruce Slovin (2,4)	20,000	-	50,137	-	-	-	70,137
Andrew Stern (1)	5,000	-	111,094	-	-	-	116,094
Michael Weiner, M.D. (3,4)	15,500	-	50,137	-	-	-	65,637

(1) Mr. Stern began serving on the Board of Directors in July 2010

(2) Member of the Audit Committee

(3) Member of the Nominating and Corporate Governance Committee

(4) Member of the Compensation Committee

(5) Chairman of the Board

(6) Dr. Oz served on the Board of Directors until January 12, 2010

(7) Option awards represent the fair value on the grant date as vesting occurs immediately

Director Fees and Equity Compensation

Directors who are not currently receiving compensation as officers or employees of the Company or any of its affiliates receive $1,000 per meeting for board meetings and will be reimbursed for expenses incurred by them in connection with serving on our Board of Directors. The chairman of each of the Audit Committee, Nominating Committee, and the Compensation Committee will each receive $1,000 per meeting for meetings of the Audit Committee, Nominating and Compensation Committee, respectively. All other members of the respective committees will receive $500 per meeting for meetings of the committees.

Non-employee directors will receive an initial grant of 25,000 options upon such non-employee director's first election to the Board of Directors, which such options will be granted under the Company's incentive plan. In addition, non-employee directors will receive an annual grant of 10,000 options under the Company's incentive plan, made at each Annual Meeting. All such options have an exercise price equal to the fair market value of the underlying SIGA shares on the date of grant.

TRANSACTIONS WITH RELATED PERSONS

Review, Approval or Ratification of Transactions with Related Persons

The Company’s policies and procedures for reviewing, approving, and ratifying transactions with related persons are set forth in a written policy.

Under these procedures, at each calendar year’s first regularly scheduled Audit Committee meeting, management recommends related party transactions be entered into by the Company for that calendar year, including the proposed aggregate value of such transactions, if applicable. After review, the Audit Committee either approves or disapproves such transactions, and at each subsequently scheduled meeting, management is required to update the Audit Committee as to any material change to those proposed transactions.

Further, in the event management recommends any further related party transactions subsequent to the first calendar year meeting, such transactions may be presented to the Audit Committee for approval or preliminarily entered into by management subject to ratification by the Audit Committee; provided that, if ratification shall not be forthcoming, management shall make all reasonable efforts to cancel or annul such transactions.

In addition, with respect to any related party transaction that includes a compensation component, management will submit the terms of such proposed compensation (or any subsequent material changes to such compensation) to the Compensation Committee for its review. After its review, the Compensation Committee either approves or disapproves the compensation component of the related party transaction and informs management and the Audit Committee of such approval or disapproval.

Transactions with Related Persons

Based on information provided by the directors and the executive officers, the Audit Committee determined that there were no related person transactions to be reported in this proxy statement other than:

Kramer Levin Naftalis & Frankel LLP, the Company’s legal counsel, billed the Company for legal services provided to the Company. One of our directors, Thomas Constance, is a partner at Kramer Levin Naftalis & Frankel LLP.

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”), 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. 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 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 common stock at an exercise price of $3.519 per share. 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.

In 2009, SIGA issued to M&F 816,993 shares of common stock and 326,797 warrants to acquire common stock in exchange for total proceeds of $2.5 million. The warrants are exercisable for a term of four years from issuance for an exercise price of $3.519 per share. 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 warrant agreements.

On December 1, 2009 the Company entered into an Office Service Agreement with an affiliate of M&F to occupy office space for approximately $8,000 per month. The agreement is cancelable upon 60 days notice by SIGA or the affiliate.

PROPOSAL No. 2

ADVISORY VOTE ON EXECUTIVE COMPENSATION

Executive compensation is an important matter for our stockholders. The core of SIGA’s executive compensation philosophy and practice continues to be pay for performance. SIGA’s executive compensation programs are designed to attract, motivate and retain highly qualified executive officers who are able to achieve corporate objectives and create stockholder value. SIGA’s executive officers are compensated in a manner consistent with SIGA’s strategy, competitive practice, sound governance principles, and stockholder interests and concerns. The Compensation Committee believes that SIGA’s executive compensation programs reflect a strong pay-for-performance philosophy and are well aligned with the long-term interests of our stockholders. We urge you to read the Compensation Discussion and Analysis (“CD&A”) section of this proxy statement for additional detail on SIGA’s executive compensation, including our compensation philosophy and objectives and the 2010 compensation of the named executive officers.

In accordance with recently enacted legislation, stockholders are being asked to vote on the following resolution:

RESOLVED, that the Company’s stockholders approve, on an advisory basis, the compensation of the Company’s named executive officers, as described in the Compensation Discussions and Analysis section, the tabular disclosure regarding such compensation, and the accompanying narrative disclosure, set forth in the Company’s 2011 Proxy Statement.

As an advisory vote, this proposal is non-binding. Nevertheless, the Board of Directors and the Compensation Committee value the opinions of our stockholders, and will consider the outcome of the vote when making future compensation decisions for our named executive officers.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE “FOR” PROPOSAL No. 2 (ITEM 2 OF THE ENCLOSED PROXY CARD).

PROPOSAL No. 3

VOTE ON FREQUENCY OF EXECUTIVE COMPENSATION VOTE

As discussed in Proposal No. 2, executive compensation is an important matter for our stockholders. Consequently and in accordance with recently enacted legislation, we are asking stockholders to vote on the frequency of SIGA's solicitation of a non-binding stockholder vote on executive compensation (commonly known as the "say-on-pay" vote). Stockholders may select from the following four options: (i) one year (ii) two years (iii) three years or (iv) abstain from voting.

The Board of Directors believes a frequency of once every three years is the optimal frequency for the say-on-pay vote for a number of reasons including:

- Our compensation programs do not encourage significant risk taking that might create adverse consequences for the Company;

- A longer frequency is consistent with long-term compensation objectives; and

- Our compensation programs are designed to reward and incent long-term performance and a triennial vote allows for changes to the Company's compensation programs to be functioning for an ample period to evaluate whether the changes were effective.

Although this advisory vote on the frequency of the say-on-pay is not binding on the Company's Board of Directors or Compensation Committee, the Board of Directors and the Compensation Committee will consider the result of this vote when determining the frequency of future say-on-pay votes.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR A VOTE FOR ONCE EVERY "THREE YEARS" FOR PROPOSAL No. 3 (ITEM 3 OF THE ENCLOSED PROXY CARD).

PROPOSAL No. 4

RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed the firm of PricewaterhouseCoopers LLP as SIGA's independent registered public accounting firm to audit the financial statements of SIGA for the fiscal year ending December 31, 2011, and recommends that stockholders vote for ratification of this appointment. PricewaterhouseCoopers LLP has audited SIGA's financial statements since January 1997. Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. The affirmative vote of a majority of the total votes cast on such proposal in person or by proxy at the Annual Meeting will be required to ratify the selection of PricewaterhouseCoopers LLP.

If the stockholders fail to ratify the selection, the Audit Committee will reconsider its selection of auditors. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year, if it determines that such change would be in the best interests of SIGA and its stockholders.

Principal Accountant Fees and Services

	Year ended December 31,	
	2010	2009
Audit Fees	$ 413,300	$ 390,600
Audit Related Fees	57,600	230,800
Tax Fees	71,000	-
All Other Fees	8,600	2,400
Total Fees	$ 550,500	$ 623,800

Audit Fees. Consists of fees billed professional services rendered and expenses incurred for the integrated audit of SIGA's annual financial statements and of its internal control over financial reporting, reviews of the interim financial statements included in quarterly reports and for services normally provided by PricewaterhouseCoopers LLP in connection with statutory and regulatory filings or engagements.

Audit Related Fees. Consists of fees billed that are related to the performance of the audit or review of SIGA's consolidated financial statements and are not reported under "Audit Fees." These services are related to the audit of our federal expenditures.

Tax Fees. Consists of fees billed for tax compliance, tax advice or tax planning. These services related to assistance with our federal tax compliance.

All Other Fees. Consists of fees billed for products and services other than the services reported above. These services included miscellaneous services.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services, and other services.

SIGA did not make use in fiscal year 2010 of the rule that waives pre-approval requirements for non-audit services in certain cases if the fees for these services constitute less than 5% of the total fees paid to the auditor during the year.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" PROPOSAL No. 4 (ITEM 4 OF THE ENCLOSED PROXY CARD).

STOCKHOLDER PROPOSALS

Pursuant to Rule 14a-8 under the Exchange Act, stockholder proposals submitted for inclusion in our proxy materials for the 2012 Annual Meeting of Stockholders must be received at our principal executive offices, 35 East 62nd Street, New York, New York 10065, Attention: Secretary, not later than December 14, 2011. In order to avoid controversy, shareholders should submit proposals by means, including electronic, that permit them to prove the date of delivery. Such proposals must comply with SIGA’s By-Laws and the requirements of Regulation 14A under the Exchange Act.

If a stockholder intends to present a proposal for consideration at the next annual meeting outside of the processes of Rule 14a-8 under the Exchange Act, we must receive notice of such proposal at the address given above by February 27, 2012. If not received by such date, such notice will be considered untimely under Rule 14a-4(c)(1) under the Exchange Act, and our proxies will have discretionary voting authority with respect to such proposal, if presented at the annual meeting. We will not be required to include any such proposal in our proxy materials.

The deadlines described above are calculated by reference to the mailing date of the proxy materials for this year’s annual meeting. If the date of next year’s annual meeting is more than 30 days earlier or later than the anniversary of this year’s meeting, SIGA will, in a timely manner, inform stockholders of such change and the effect of such change on the deadlines given above by including a notice in our Annual Report on Form 10-K, one of our Quarterly Reports on Form 10-Q, a Current Report on Form 8-K or by any other means reasonably calculated to inform stockholders.

SECTION 16(a) BENEFICIAL
OWNERSHIP REPORTING COMPLIANCE

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

Based solely upon review of the copies of such reports furnished to SIGA and written representations from certain of SIGA’s executive officers and directors that no other such reports were required, SIGA believes that during the fiscal year ended December 31, 2010, no director failed to file on a timely basis a report relating to a transaction as required by Section 16(a) of the Exchange Act.

AVAILABILITY OF ANNUAL REPORT AND FORM 10-K TO STOCKHOLDERS

SIGA’s Annual Report to Stockholders for the year ended December 31, 2010 accompanies this proxy statement. SIGA will provide to any stockholder, upon written request and without charge, a copy of its most recent Annual Report on Form 10-K, including the financial statements, as filed with the SEC. All requests for such reports should be directed to the Chief Financial Officer, 35 East 62nd Street, New York, New York 10065, telephone number (212) 672-9100.

OTHER MATTERS

At the date of this proxy statement, management was not aware that any matters not referred to in this proxy statement would be presented for action at the Annual Meeting. If any other matters should come before the Annual Meeting, the persons named in the accompanying proxy will have discretionary authority to vote all proxies in accordance with their best judgment, unless otherwise restricted by law.

"Householding" of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding", potentially provides extra convenience for stockholders and cost savings for companies. We and some brokers household proxy materials, delivering a single proxy statement or annual report to multiple stockholders sharing an address, unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement or annual report, please notify us by sending a written request to SIGA Technologies, Inc., 35 East 62nd Street, New York, New York 10065 or by calling us at (212) 672-9100. You may also notify us to request delivery of a single copy of our annual report or proxy statement if you currently share an address with another stockholder and are receiving multiple copies of our annual report or proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS

Daniel J. Luckshire
Secretary

Dated: April 12, 2011

ANNUAL MEETING OF STOCKHOLDERS OF
SIGA TECHNOLOGIES, INC.

May 17, 2011

Directions to offices of Kramer Levin Naftalis & Frankel LLP

By Air

There are three major airports in the metropolitan area: LaGuardia Airport (in Queens County and nearest), John F. Kennedy International Airport (in Queens County) and Newark International Airport (in Newark, NJ). From each of these airports, you can take a taxi to and from the office.

From Penn Station (Hub for Long Island Railroad, Amtrak and some NJ Transit Trains)

Walk north on Seventh Avenue to 45th Street and make a right onto 45th Street. Walk one avenue east to Avenue of the Americas (6th Avenue). 1177 Avenue of the Americas is on your near left corner of 45th.

From Port Authority (Hub for NJ Transit Buses and Some Out of Town Buses such as Greyhound)

Walk north on Eighth Avenue to 45th Street and make a right onto 45th Street. Walk three avenues east to Avenue of the Americas (6th Avenue). 1177 Avenue of the Americas is on your near left corner of 45th.

From Grand Central Station (Hub for Metro North - Connecticut and Westchester)

Walk west two and a half avenues up 42nd Street to Avenue of the Americas (6th Avenue). Make a right on 42nd Street and Avenue of the Americas. Walk three blocks north on Avenue of Americas to #1177.

Nearest Subway Stations

The B, D, F and M trains all go to 47th and 50th Streets/Rockefeller Center. The 7, 1, 2, 3, N, Q and R trains all go to 42nd Street/Times Square (Broadway and Seventh Avenues). The 4, 5, 6 and 7 trains all go to Grand Central Terminal (42nd-45th Streets between Lexington and Madison Avenues).

Parking

The two nearest parking garages are the garage on 46th Street, between 7th Avenue and Avenue of the Americas (6th Avenue), right before the Muse Hotel, and the Grace Building Garage on 43rd Street and Avenue of the Americas.

The office is located between 45th and 46th Streets. Reception is on the 29th Floor.

SIGA TECHNOLOGIES, INC.
PROXY SOLICITED BY THE BOARD OF DIRECTORS
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 17, 2011

The undersigned hereby appoints each of Eric A. Rose and Daniel J. Luckshire as attorney and proxy of the undersigned, with full power of substitution, to vote all of the shares of stock of SIGA Technologies, Inc. which the undersigned may be entitled to vote at the Annual Meeting of Stockholders of SIGA Technologies, Inc. to be held at the offices of Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, 29th floor, New York, New York 10036, on Tuesday, May 17, 2011, at 10:00 a.m. (local time), and at any and all postponements, continuations and adjournments thereof, with all powers that the undersigned would possess if personally present, upon and in respect of the following matters and in accordance with the following instructions, with discretionary authority as to any and all other matters that may properly come before the meeting.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FORALL NOMINEES” IN PROPOSAL 1, “FOR” PROPOSALS 2 AND 4 AND “3 YEARS” ON PROPOSAL 3.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE: x

1. Election of directors:

o FOR ALL NOMINEES

o WITHHOLD AUTHORITY FOR ALL NOMINEES

o FOR ALL EXCEPT (See instructions below)

NOMINEES:	¡	Eric A. Rose, M.D.	¡	Paul G. Savas
	¡	James J. Antal	¡	Bruce Slovin
	¡	Michael J. Bayer	¡	Andrew Stern
	¡	William C. Bevins	¡	Frances Fragos Townsend
	¡	Thomas E. Constance	¡	Michael A. Weiner, M.D.
	¡	Joseph W. Marshall, III		

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark “FOR ALL EXCEPT” and fill in the circle next to each nominee you wish to withhold, as shown here:

2. Advisory vote on executive compensation

o FOR o AGAINST o ABSTAIN

3. Advisory vote on the frequency of future advisory votes on executive compensation.

o 1 YEAR o 2 YEARS o 3 YEARS o ABSTAIN

4. To ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm of SIGA Technologies, Inc. for the fiscal year ending December 31, 2011.

o FOR o AGAINST o ABSTAIN

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. IT MAY BE REVOKED PRIOR TO ITS EXERCISE.

RECEIPT OF NOTICE OF THE ANNUAL MEETING AND PROXY STATEMENT IS HEREBY ACKNOWLEDGED, AND THE TERMS OF THE NOTICE AND PROXY STATEMENT ARE HEREBY INCORPORATED BY REFERENCE INTO THIS PROXY. THE UNDERSIGNED HEREBY REVOKES ALL PROXIES HERETOFORE GIVEN FOR SAID MEETING OR ANY AND ALL ADJOURNMENTS, POSTPONEMENTS AND CONTINUATIONS THEREOF.

PLEASE VOTE, DATE, SIGN AND PROMPTLY RETURN THIS PROXY IN THE ENCLOSED RETURN ENVELOPE WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o

Signature of Stockholder:

Date:

Signature of Stockholder:

Date:

PLEASE SIGN EXACTLY AS YOUR NAME APPEARS ON THIS PROXY. WHERE SHARES ARE HELD JOINTLY, EACH HOLDER SHOULD SIGN. WHEN SIGNING AS EXECUTOR, ADMINISTRATOR, ATTORNEY-IN-FACT, TRUSTEE OR GUARDIAN, PLEASE GIVE FULL TITLE AS SUCH. IF SIGNER IS A CORPORATION, PLEASE SIGN IN FULL CORPORATE NAME BY DULY AUTHORIZED OFFICER, GIVING FULL TITLE AS SUCH. IF SIGNER IS A PARTNERSHIP, PLEASE SIGN IN FULL PARTNERSHIP NAME BY AUTHORIZED PERSON.