

SIGA TECHNOLOGIES INC

Form 424B3

October 21, 2016

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Registration No. 333-211866

PROSPECTUS

SIGA Technologies, Inc.

Up to 35,000,000 Shares of Common Stock Issuable Upon the Exercise of Rights to Subscribe for Such Shares

SIGA Technologies, Inc. (SIGA, the Company, we or us), is distributing, at no charge, to the holders of our common stock, par value \$0.0001 per share, non-transferable subscription rights to purchase shares of our common stock. The subscription rights will not be tradable. The price per share will be determined after the close of business on November 8, 2016, which is the expiration date of our offering period (the expiration date), and will equal the lower of \$1.50 or 85% of the volume weighted average price of our shares during market hours on the expiration date, as reported on the OTC Pink Sheets. We refer to the price as so determined as the subscription price.

Each stockholder will receive one subscription right for each share of our common stock owned on October 12, 2016, the record date of the rights offering, and each subscription right will entitle its holder to invest \$0.65 towards the purchase of shares of our common stock , which we refer to as the basic subscription right, at the subscription price. If you exercise your basic subscription rights in full, and other stockholders do not fully exercise their basic subscription rights, you will be entitled to an over-subscription privilege to purchase a portion of the unsubscribed common stock at the subscription price, subject to proration limitations and the potential ownership limitations set forth under Rights Offering — Limitations on Exercise , which we refer to as the over-subscription privilege. The number of shares that you will obtain will equal the accepted dollar amount of your investment divided by the subscription price rounded down to the nearest whole share. Each subscription right consists of a basic subscription right and an over-subscription privilege, which we refer to, together, as the subscription right.

In connection with the rights offering, we have entered into an investment agreement, or backstop agreement, with ST Holdings One LLC (“MacAndrews”), which is a wholly owned subsidiary of MacAndrews & Forbes LLC, Blackwell Partners LLC - Series A, Nantahala Capital Partners Limited Partnership, Nantahala Capital Partners II Limited Partnership, Silver Creek CS SAV, L.L.C. and Nantahala Capital Partners SI, LP (collectively, together with MacAndrews, the Backstop Parties). Under the terms of the backstop agreement, the Backstop Parties will purchase, pursuant to a separate private placement, a number of shares of common stock equal to the number of shares that are not subscribed for in the rights offering, if any, provided that to the extent MacAndrews acquisition of our voting stock would require a filing and approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the HSR Act), MacAndrews will receive non-voting convertible preferred stock in lieu of common stock, which preferred stock will automatically convert to common stock upon receipt of HSR Act approval, and will not be convertible to common stock without such HSR approval. Under the backstop agreement, the subscription price will be equal to the subscription price applicable to all shareholders under the rights offering. The Backstop Parties, taken together, will receive a fee of \$1.76 million, or 5% of the maximum gross proceeds of the rights offering (the backstop fee), for providing the backstop commitment, payable, at the option of the Company, in cash or stock or, subject to the mutual agreement of the parties, other equity securities. In addition, the Backstop Parties will have certain registration rights with respect to shares received pursuant to the backstop agreement, as more fully described in The Rights Offering — Backstop Agreement. Following the rights offering and the consummation of the transactions contemplated by the

backstop agreement, MacAndrews and its affiliates may be able to exert significant influence on, or may control, our affairs and actions, including matters submitted for a stockholder vote.

The total purchase price of the common stock offered in the rights offering is \$35,284,792, assuming full participation, payable in cash. The net proceeds of the rights offering will be used by us for the satisfaction of PharmAthene, Inc.'s judgment against us (the PharmAthene Judgment), due by November 30, 2016 pursuant to our Third Amended Chapter 11 Plan as approved by the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). As of June 30, 2016, the Company's obligation under the PharmAthene Judgment was approximately \$204 million. On July 8, 2016, SIGA paid PharmAthene \$20 million toward the PharmAthene Judgment, and in September and early October 2016, the Company paid an additional \$100 million toward the PharmAthene Judgment. Immediately prior to the consummation of the rights offering, the remaining balance of the PharmAthene Judgment is expected to be approximately \$84 million (including monthly accrued interest).

The rights will expire at 5:00 p.m., New York City time, November 8, 2016, unless extended as described herein, which date we refer to as the expiration date. We may extend the period for exercising the rights in our sole discretion; provided, however, that we may not extend the expiration date of the rights offering past November 29, 2016. Funds received in payment of the subscription price are anticipated to be held in escrow until the loan transaction described in this prospectus is consummated and the other conditions to the rights offering are satisfied or waived (if waivable), or until we definitively determine to terminate the rights offering. Such funds will not be released from escrow to or for use by us, whether for satisfaction of the PharmAthene Judgment or for any other purpose, unless we consummate the rights offering. You will have no right to rescind your subscriptions after receipt of your payment of the subscription price except as described in this prospectus. Rights that are not exercised prior to the expiration date will expire and have no value. Stockholders who do not participate in the rights offering will continue to own the same number of shares of our common stock and, if any rights are exercised, will own a smaller percentage of the total shares of our common stock issued and outstanding after the rights offering. In addition, neither the rights offering nor the loan transaction described in this prospectus will be consummated unless we determine that, upon consummation of both the rights offering and the loan transaction described in this prospectus (or through some other source of financing), we will have sufficient cash to fully satisfy the PharmAthene judgment. We may not waive these conditions. If we determine that we do not have sufficient cash to fully satisfy the PharmAthene judgment, we will terminate the rights offering and return your subscription payment to you without interest or penalty. In addition, if we are unable to satisfy the PharmAthene judgment, PharmAthene may be entitled to all the equity of the Company. If PharmAthene receives all the equity of the Company, you will lose any shares of the Company's common stock that you currently hold and will therefore suffer a complete loss of your equity investment in the Company (other than any subscription payments made in connection with the rights offering, which will be returned to you as described herein).

We are distributing the rights and offering the common stock directly to you. We have not employed any brokers, dealers or underwriters in connection with the solicitation or exercise of rights in the rights offering and no commissions, fees or discounts will be paid in connection with the rights offering. American Stock Transfer & Trust Company, LLC is acting as the subscription agent. While certain of our directors, officers and other employees may solicit responses from you, those directors, officers and other employees will not receive any commissions or compensation for their services other than their normal compensation.

	Per Share of Common Stock⁽¹⁾	Total⁽²⁾
Subscription Price	\$ 1.50	\$ 35,284,792
Estimated Expenses	0.02	500,000
Net Proceeds to SIGA	\$ 1.48	\$ 34,784,792

(1) Subscription price estimated for the purpose of calculated estimated expenses per share and net proceeds per share only. The estimated subscription price is equal to the lower of \$1.50 or 85% of the volume weighted

average price of our shares during market hours on October 20, 2016, as reported on the OTC Pink Sheets, of \$2.61. The actual subscription price may differ.

(2) Assumes the rights offering is fully subscribed.

Exercising your subscription rights for the common stock involves risks. See Risk Factors beginning on page 13 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Our securities are not being offered in any jurisdiction where the offer is not permitted under applicable local laws.

If you have any questions or need further information about this rights offering, please call D.F. King & Co., Inc., the information agent for the rights offering, toll free at 1-800-207-2872, or by email at infoagent@dfking.com.

The date of this prospectus is October 21, 2016.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus or any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide you with different or additional information. We are not making an offer of securities in any state or other jurisdiction where the offer is not permitted. You should not consider any information in this prospectus to be investment, legal or tax advice. We encourage you to consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding an investment in our securities.

Unless we otherwise indicate or unless the context requires otherwise, all references in this prospectus to the Company, SIGA, we, us or our refer to SIGA Technologies, Inc. and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements regarding, among other things, our anticipated financial and operating results. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly release any modifications or revisions to these forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events, except to the extent required by federal securities laws. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements.

The words anticipate, believe, estimate, expect, intend, will, should, may, plan, and similar expressions to us or our management, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, intended, or planned. We assume no obligations and do not intend to update these forward-looking statements.

Readers are also urged to carefully review and consider the various disclosures made by us which attempt to advise interested parties of the factors that affect our business, including without limitation the disclosures made under the caption Management's Discussion and Analysis and under the caption Risk Factors included herein.

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PROSPECTUS SUMMARY

The following summary provides an overview of certain information about us and the rights offering and may not contain all the information that is important to you. This summary is qualified in its entirety by, and should be read together with, the information contained in other parts of this prospectus. You should read this entire prospectus carefully before making a decision about whether to invest in our securities.

SIGA Technologies, Inc.

We are a company specializing in the development and commercialization of solutions for serious unmet medical needs and biothreats. Our lead product is TPOXX[®], also known as Tecovirimat or ST-246[®], an orally administered antiviral drug that targets orthopoxvirus infections. While TPOXX[®] is not yet approved as safe or effective by the U.S. Food & Drug Administration (FDA), it is a novel small-molecule drug that is being developed with support from Biomedical Advanced Research and Development Authority (BARDA) and delivered to the U.S. Strategic National Stockpile (the Strategic Stockpile) under Project BioShield.

We were incorporated in the State of Delaware in 1995. Our principal executive offices are located at 660 Madison Avenue, Suite 1700, New York, NY 10065. Our telephone number is (212) 672-9100. Our website is www.siga.com. Information contained on our website does not constitute a part of this prospectus.

Recent Developments

On October 13, 2016, Eric A. Rose entered into an amended and restated employment agreement pursuant to which he resigned from the position of Chief Executive Officer of the Company and was appointed Executive Chairman of the Board of Directors of the Company. On the same day, Phillip Louis Gomez, III entered into an employment agreement pursuant to which he became the Company's Chief Executive Officer.

Chapter 11 Case

On September 16, 2014, the Company filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) chapter 11 Case Number 14-12623 (SHL). The Company operated its business as a debtor-in-possession until its emergence from chapter 11 of the Bankruptcy Code on April 12, 2016. The Company did not apply the provision of fresh start accounting as ownership of existing shares of the Company's common stock remained unaltered by the Third Amended Chapter 11 Plan.

The Company commenced the chapter 11 case to preserve its ability to satisfy its commitments under its contract with BARDA (the BARDA Contract) and to maintain its operations, which likely would have been jeopardized by the enforcement of a judgment stemming from the litigation with PharmAthene (see PharmAthene Litigation below). While operating as a debtor-in-possession under chapter 11, the Company pursued an appeal of the Delaware Court of Chancery's final order and judgment (the Delaware Court of Chancery Final Order and Judgment), without having to post a bond.

Plan of Reorganization

On April 7, 2016, the Company filed its Third Amended Chapter 11 Plan (the Plan), which was supported by the official committee of unsecured creditors appointed in the Company's chapter 11 case (the UCC). The Plan, as more fully described below, addresses, among other things, how the Company will treat and satisfy its liabilities relating to the period prior to the commencement of its chapter 11 case, including all claims held by PharmAthene. On April 8,

2016, the Bankruptcy Court confirmed the Plan and on April 12, 2016, the Plan became effective (the Effective Date of the Plan).

The Plan provides that, among other things:

- Prepetition unsecured claims (other than PharmAthene's claim) will be paid in cash in full. As of June 30, 2016, the Company had paid \$785,000 of prepetition unsecured claims. Remaining unpaid prepetition unsecured claims, other than those related to the PharmAthene claim, are \$19,000.
- As of the Effective Date of the Plan, ownership of existing shares of the Company's common stock remained unaltered by the Plan; however, existing shares are subject to potential future cancellation (without receipt of any consideration) in the event that PharmAthene's claim is satisfied through the issuance of newly-issued shares of Company stock (option (ii) described in the second bullet below).

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- On the Effective Date of the Plan, the Company paid \$5 million to PharmAthene, to be applied to payments to be made under option (i) set forth in the bullet immediately below, and otherwise nonrefundable. The Company can treat PharmAthene's claim under the Plan by one of three options: (i) payment in full in cash of the Company's obligation under the Delaware Court of Chancery Final Order and Judgment, which was approximately \$204 million as of June 30, 2016, by a date certain; (ii) delivery to PharmAthene of 100% of newly-issued stock of the Company, with all existing shares of the Company's common stock being cancelled with no distribution to existing stockholders on account thereof; or (iii) such other treatment as is mutually agreed upon by the Company and PharmAthene. On July 8, 2016, pursuant to the Plan, the Company notified PharmAthene (the Notification) of its intention to satisfy PharmAthene's claim by option (i), payment in full in cash. As part of the Notification, the Company paid PharmAthene \$20 million, which is to be applied to payments to be made under (i) set forth above, and otherwise nonrefundable. As a consequence of the Notification and the payment of \$20 million to PharmAthene, the Company extended until October 19, 2016 the deadline (the Final Treatment Date) to treat the PharmAthene Claim under the Plan. Additionally, on July 20, 2016, a joint motion was filed by the Company and PharmAthene with the Bankruptcy Court in which the Company and PharmAthene proposed to further extend the Final Treatment Date to November 30, 2016, provided that the Company made a \$100 million payment to PharmAthene by October 19, 2016 which would be applied to payments to be made under (i) above, and otherwise non-refundable. The Bankruptcy Court entered an order affirming the joint motion on August 18, 2016. In September and early October, the Company paid PharmAthene \$100 million in order to satisfy the extension requirement.

In addition, the Plan requires the Company to comply with certain affirmative and negative covenants from the Effective Date of the Plan until the covenants are terminated as provided under the Plan, and if the Company breaches any covenant, PharmAthene is entitled to exercise certain remedies provided in the Plan — See Business — Plan of Reorganization .

PharmAthene Litigation

After several years of litigation and remands, the Delaware Supreme Court on December 23, 2015 affirmed the Delaware Court of Chancery Final Order and Judgment in which the Delaware Court of Chancery (the Court of Chancery) awarded PharmAthene approximately \$195 million, including pre-judgment interest up to January 15, 2015. As of June 30, 2016 the accrued obligation under the PharmAthene Judgment, including post-judgment interest, was approximately \$204 million. On July 8, 2016, SIGA paid PharmAthene \$20 million toward the PharmAthene Judgment, and in September and early October 2016, the Company paid an additional \$100 million toward the PharmAthene Judgment. Immediately prior to the consummation of the rights offering, the remaining balance of the PharmAthene Judgment is expected to be approximately \$84 million (including monthly accrued interest). The PharmAthene Judgment will be satisfied in accordance with the Plan, as described in Business — Plan of Reorganization.

Going Concern

The Company's ability to continue as a going concern is impacted by the PharmAthene Judgment, as well as by the uncertainty attendant to the exact manner in which PharmAthene's claim will be treated under the Plan. As of June 30, 2016, the accrued obligation under the Delaware Court of Chancery Final Order and Judgment, including post-judgment and Plan-specified interest, was approximately \$204 million. In addition, as of June 30, 2016, the Company has a net capital deficiency of \$304 million. These factors raise substantial doubt about the Company's ability to continue as a going concern. As such, the realization of assets and the satisfaction of liabilities are subject to uncertainties. The financial statements included in this prospectus do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

The Rights Offering

Issuer

SIGA Technologies, Inc.

Rights Granted

We are distributing to you, at no charge, one non-transferable subscription right to invest \$0.65 for every share of our common stock that you owned on the record