

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE #0-4829-03

NABI

(Exact name of registrant as specified in its charter)

DELAWARE

59-1212264

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

5800 Park of Commerce Boulevard N.W., Boca Raton, FL

33487

(Address of principal executive offices)

(Zip Code)

(Registrant's telephone number, including area code): (561) 989-5800

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, and (2) has been subject to such filing requirements for the past 90 days.

YES (X) NO ()

The number of shares outstanding of registrant's common stock at May 12, 1998 was 34,893,917 shares.

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
Nabi

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PART I Financial Information
Item 1 Financial Statements

CONSOLIDATED BALANCE SHEETS

(In Thousands)	(UNAUDITED) March 31, ----- 1998	December 31, ----- 1997

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,225	\$ 3,397
Trade accounts receivable, net	35,086	36,060
Inventories, net	40,526	43,387
Prepaid expenses and other assets	18,666	16,128
	-----	-----
TOTAL CURRENT ASSETS	95,503	98,972
PROPERTY AND EQUIPMENT, NET	91,943	89,187
OTHER ASSETS:		
Excess of acquisition cost over net assets acquired, net	16,866	17,123
Intangible assets, net	7,827	8,104
Other, net	12,289	12,520
	-----	-----
TOTAL ASSETS	\$224,428	\$225,906
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade accounts payable	\$ 12,380	\$ 11,390
Accrued expenses	18,771	17,396
Notes payable	2,154	6,253
	-----	-----
TOTAL CURRENT LIABILITIES	33,305	35,039
NOTES PAYABLE	116,930	114,828
OTHER	381	376
	-----	-----
TOTAL LIABILITIES	150,616	150,243
	-----	-----
STOCKHOLDERS' EQUITY:		
Convertible preferred stock, par value \$.10 per share: 5,000 shares authorized; no shares outstanding	--	--
Common stock, par value \$.10 per share: 75,000 shares authorized; 34,889 and 34,801 shares issued and outstanding, respectively	3,489	3,480
Capital in excess of par value	137,882	137,780
Accumulated deficit	(66,895)	(64,977)
Accumulated other comprehensive income (loss)	(664)	(620)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	73,812	75,663
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$224,428	\$225,906
	=====	=====

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

Nabi

 CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Data)	(UNAUDITED) Three Months Ended March 31,	
	1998	1997

SALES	\$ 58,614	\$ 56,377
COSTS AND EXPENSES:		
Costs of products sold	44,589	43,185
Selling, general and administrative expense	7,995	4,400
Research and development expense	4,767	3,798
Royalty expense	2,745	1,209
Other operating expense, principally freight and amortization	582	934
	-----	-----
OPERATING INCOME (LOSS)	(2,064)	2,851
INTEREST INCOME	9	185
INTEREST EXPENSE	(1,776)	(976)
OTHER, NET	(140)	(9)
	-----	-----
INCOME (LOSS) BEFORE BENEFIT (PROVISION) FOR INCOME TAXES	(3,971)	2,051
BENEFIT (PROVISION) FOR INCOME TAXES	2,053	(701)
	-----	-----
NET INCOME (LOSS)	(\$ 1,918)	\$ 1,350
	=====	=====
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	(\$ 0.06)	\$ 0.04
	=====	=====

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

Nabi

 CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)	(UNAUDITED) Three Months Ended March 31,	
	1998	1997
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income (loss)	(\$ 1,918)	\$ 1,350
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	2,671	2,130
Provision for doubtful accounts	62	100
Other	102	(16)
Deferred income taxes	(2,053)	--
Change in assets and liabilities:		
Decrease (increase) in trade accounts receivable	911	505
Decrease (increase) in inventories	2,861	(5,863)
Decrease (increase) in prepaid expenses and other assets	(485)	486
Decrease (increase) in other assets	27	(2,049)
Increase (decrease) in accounts payable and accrued liabilities	2,327	(8,863)
	-----	-----
Total adjustments	6,423	(13,570)
	-----	-----
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	4,505	(12,220)
	-----	-----
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from maturity of short-term investments	--	8,850
Capital expenditures	(4,765)	(7,332)
	-----	-----
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(4,765)	1,518
	-----	-----
CASH FLOW FROM FINANCING ACTIVITIES:		
Borrowing (repayments) under line of credit, net	2,126	10,000
Other debt	(4,149)	2,209
Proceeds from the exercise of options and warrants	111	309
	-----	-----
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(1,912)	12,518
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,172)	1,816
	-----	-----
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,397	18,513
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,225	\$ 20,329
	=====	=====

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

Nabi

 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

NOTE 1 -- GENERAL

Nabi is a fully integrated research and development driven biopharmaceutical company that develops and commercializes products for the prevention and treatment of infectious diseases and immunological disorders, and supplies human-blood plasma.

The consolidated financial statements include the accounts of Nabi and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in Nabi's Annual Report to Stockholders for the year ended December 31, 1997.

In the opinion of management, the unaudited consolidated financial statements include all adjustments necessary to present fairly Nabi's consolidated financial position at March 31, 1998 and the consolidated results of its operations for the three months ended March 31, 1998 and 1997. The interim results of operations are not necessarily indicative of the results which may occur for the fiscal year.

NOTE 2 -- INVENTORIES

The components of inventories, stated at the lower of cost (FIFO) or market, are as follows:

	MARCH 31, ----- 1998	DECEMBER 31, ----- 1997
(In thousands)		

Finished goods	\$36,593	\$40,029
Work in process	316	212
Raw materials	4,789	3,787
	-----	-----
	41,698	44,028
Less: reserves	(1,172)	(641)
	=====	=====
TOTAL	\$40,526	\$43,387
	=====	=====

NOTE 3 -- PROPERTY AND EQUIPMENT

Property and equipment and related allowances for depreciation and amortization are summarized below:

(In thousands)	MARCH 31,	DECEMBER 31,
	1998	1997
Information systems	\$19,335	\$19,066
Leasehold improvements	18,683	18,077
Machinery and equipment	17,028	16,882
Land and buildings	8,634	8,634
Furniture and fixtures	4,632	4,568
Construction in progress	50,113	46,776
Total property and equipment	118,425	114,003
Less: accumulated depreciation and amortization	(26,482)	(24,816)
TOTAL	\$91,943	\$89,187

Construction in progress consists primarily of costs incurred in connection with construction of Nabi's biopharmaceutical facility and includes capitalized interest of \$5,903 and \$5,149 at March 31, 1998 and December 31, 1997, respectively.

NOTE 4 -- EARNINGS PER SHARE

The following is a reconciliation between basic and diluted earnings per share for the quarters ending March 31, 1998 and 1997:

	BASIC EPS	EFFECT OF DILUTIVE SECURITIES: STOCK OPTIONS	DILUTED EPS
THREE MONTHS ENDED MARCH 31, 1998			
Net loss	(\$1,918)	-	(\$1,918)
Shares	34,852	-	34,852 (1)
Per share	(\$0.06)		(\$0.06)
THREE MONTHS ENDED MARCH 31, 1997			
Net income	\$1,350	-	\$1,350
Shares	34,677	713	35,390
Per share	\$0.04		\$0.04

(1) AT MARCH 31, 1998, STOCK OPTIONS FOR SHARES OF COMMON STOCK WERE NOT INCLUDED IN THE CALCULATION OF DILUTED EARNINGS PER SHARE BECAUSE THE EFFECTS WERE ANTI-DILUTIVE.

NOTE 5 -- COMPREHENSIVE INCOME

Effective January 1, 1998, Nabi adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" which establishes new rules for the reporting of comprehensive income.

The components of comprehensive income for the first quarter of 1998 and 1997 are as follows:

(In thousands)	QUARTER ENDED MARCH 31,	
	1998	1997
Net income (loss)	(\$1,918)	\$1,350
Other comprehensive income (loss)	(44)	(336)
TOTAL	(\$1,962)	\$1,014

NOTE 6 -- RECLASSIFICATIONS

Certain items in the consolidated financial statements for the 1997 period have been reclassified for comparative purposes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the major factors contributing to Nabi's financial condition and results of operations for the three month periods ended March 31, 1998 and 1997. The discussion and analysis should be read in conjunction with the condensed consolidated financial statements and notes thereto. All dollar amounts are expressed in thousands, except per share amounts.

RESULTS OF OPERATIONS

The following table sets forth Nabi's results of operations expressed as a percentage of sales:

	THREE MONTHS ENDED MARCH 31,	
	1998	1997
Sales	100.0%	100.0%
Cost of products sold	76.1	76.6
Gross profit margin	23.9	23.4
Selling, general and administrative expense	13.6	7.8
Research and development expense	8.1	6.7
Royalty expense	4.7	2.1
Other operating expense	1.0	1.7
Operating income (loss)	(3.5)	5.1
Interest income	--	0.3
Interest expense	(3.0)	(1.8)
Other, net	(0.3)	--
Income (loss) before benefit (provision) for income taxes	(6.8)	3.6
Benefit (provision) for income taxes	3.5	(1.2)
Net income (loss)	(3.3)%	2.4%

Information concerning Nabi's sales by operating segments for the respective periods, is set forth in the following table:

(In thousands)	THREE MONTHS ENDED MARCH 31,			
	1998		1997	
Segment				
Plasma				
- Source	\$34,008	58.0%	\$33,896	60.2%
- Specialty	10,700	18.3	16,256	28.8
- Other (includes diagnostic products and services)	1,254	2.1	1,317	2.3
	45,962	78.4	51,469	91.3
Drugs	12,652	21.6	4,908	8.7
TOTAL	\$58,614	100.0%	\$56,377	100.0%

THREE-MONTHS ENDED MARCH 31, 1998 AND 1997

SALES. Sales for the first quarter of 1998 increased by \$2.2 million to \$58.6 million compared to \$56.4 million for the first quarter of 1997. The increase was primarily attributable to a substantial increase in the sales of drug products, partially offset by a decline in specialty plasma sales.

GROSS PROFIT MARGIN. Gross profit and related margin for the first quarter of 1998 was \$14 million, or 23.9% of sales, compared to \$13.2 million, or 23.4% of sales, in the first quarter of 1997. The increase in gross profit and related margin resulted from increased sales of high-margin drug products, offset by the effects of reduced margins on plasma product sales. Gross profits and related margins on plasma product sales were adversely affected by under absorption of fixed overhead as a result of reduced production levels in response to the general disruption in the plasma industry and certain expenses associated with process improvement initiatives within plasma operations.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE. Selling, general and administrative expense was \$8.0 million, or 13.6% of sales, for the first quarter of 1998 compared to \$4.4 million, or 7.8% of sales, in the first quarter of 1997. The increase resulted primarily from costs associated with Nabi's restructuring measures, sales and marketing expenses associated with increased drug product sales and expenses associated with the implementation and ongoing support of new information systems.

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expense was \$4.8 million, or 8.1% of sales, for the first quarter of 1998 compared to \$3.8 million, or 6.7% of sales, in the first quarter of 1997. The increase in expenses related primarily to costs associated with the advancement of clinical trials for Nabi-H-BIG(R), Nabi-Altastaph(TM) and Nabi-StaphVAX(TM).

INTEREST EXPENSE. Interest expense for the first quarter of 1998 was \$1.8 million, or 3% of sales, compared to \$1.0 million, or 1.8% of sales, in the first quarter of 1997. The increase was primarily attributable to interest expense associated with higher average outstanding borrowings in the first quarter of 1998 when compared to 1997.

OTHER FACTORS. Benefit for income taxes was \$2.1 million or an effective rate of 52%, in the first quarter of 1998 compared to a \$.7 million provision, or an effective rate of 34%, in the first quarter of 1997. The 52% effective tax rate for the first quarter of 1998 differs from the statutory rate of 35% primarily due to foreign losses, non-deductible goodwill and alternative minimum taxes. The 34% effective tax rate for the first quarter of 1997 differs from the statutory rate of 35% primarily due foreign trade income, offset by the effects of non-deductible goodwill and state income taxes.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1998, Nabi's credit agreement provided for a \$45 million revolving credit facility subject to certain borrowing base restrictions as defined in the agreement which matures in September 2002, and a \$5.0 million term loan due March 1999. Borrowings under the agreement were \$36.4 million and additional availability was approximately \$9.7 million at March 31, 1998. The credit agreement is secured by substantially all of Nabi's assets, contains covenants requiring the maintenance of certain financial covenants and prohibits the payment of dividends.

As of March 31, 1998, Nabi's current assets exceeded current liabilities by \$62.2 million as compared to a net working capital position of \$63.9 million at December 31, 1997.

Projected capital expenditures for 1998 include deferred validation costs, including capitalized interest for manufacturing facilities, development of information systems, and plasma center renovations. Nabi believes that cash flow from operations and its available bank credit facilities will be sufficient to meet its anticipated cash requirements for 1998.

FACTORS TO BE CONSIDERED

The parts of this Quarterly Report on Form 10-Q captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings" contain certain forward-looking statements which involve risks and uncertainties. Readers should refer to a discussion under "Factors to be Considered" contained in Nabi's Annual Report on Form 10-K for the year ended December 31, 1997 concerning certain factors that could cause Nabi's actual results to differ materially from the results anticipated in such forward-looking statements. Said discussion is hereby incorporated by reference into this Quarterly Report.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Nabi is a party to litigation in the ordinary course of business. There have been no material developments in any of the legal proceedings reported in Nabi's Annual Report on Form 10-K for the year ended December 31, 1997. Nabi does not believe that any such litigation will have a material adverse effect on its business, financial position or results of operations.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibit

10.30	Amendment No. 2 and Waiver dated as of March 30, 1998 to Loan and Security Agreement dated as of September 12, 1997.....	14
27	Financial Data Schedule (for SEC use only).....	27

b. Reports on Form 8-K:

None

Nabi

SIGNATURES

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

Nabi

DATE: May 13, 1998

By: /s/ David J. Gury

DAVID J. GURY
Chairman of the Board,
President and Chief Executive Officer

By: /s/ Lorraine M. Breece

LORRAINE M. BREECE
Chief Accounting Officer,
Controller

[EXECUTION COPY]

AMENDMENT NO. 2 AND WAIVER
DATED AS OF MARCH 30, 1998

TO

LOAN AND SECURITY AGREEMENT
DATED AS OF SEPTEMBER 12, 1997

THIS AMENDMENT NO. 2 AND WAIVER dated as of March 30, 1998 (this "Amendment") is made between NABI, a Delaware corporation (the "Borrower"), the financial institutions party from time to time to the Loan Agreement referred to below (the "Lenders"), and NATIONSBANK, N.A., a national banking association, as agent for the Lenders (in that capacity, together with any successors in that capacity, the "Agent").

Preliminary Statements

The Borrower, the Lenders, and the Agent are parties to a Loan and Security Agreement dated as of September 12, 1997, as amended by Amendment No. 1 and Waiver dated as of November 14, 1997 (as so amended, the "Loan Agreement"; terms defined in the Loan Agreement and not otherwise defined herein being used herein as therein defined).

Defaults have occurred and are continuing under the Loan Agreement by reason of the Borrower's failure provide copies of the monthly unaudited consolidated financial statements of the Borrower and its Consolidated Subsidiaries for the months of January and February, 1998, as required under Section 9.1(b) of the Loan Agreement, and the Borrower's failure to maintain (i) a minimum consolidated Fixed Charge Coverage Ratio of at least .36 to 1 and (ii) a Minimum Consolidated Net Worth of not less than \$79,000,000, each for the Fiscal Quarter ending on December 31, 1997, as required under Section 10.1 of the Loan Agreement (the "Existing Defaults"), as a result of which the Lenders are entitled to exercise the rights and remedies provided for in the Loan Agreement.

The Borrower has requested that the Lenders provide a temporary term loan facility to create borrowing availability under the Revolving Credit Facility, waive the Existing Defaults, modify certain financial covenants and amend certain other provisions of the Loan Agreement, and the Lenders have agreed, upon and subject to the terms, conditions and provisions of this Amendment.

Statement Of Agreement

NOW, THEREFORE, in consideration of the Loan Agreement, the Loans made by the Lenders and outstanding thereunder, the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. AMENDMENT TO LOAN AGREEMENT. The Loan Agreement is hereby amended, subject to the provisions of Section 3 of this Amendment,

(a) by amending Section 1.1 DEFINITIONS thereof

(i) by amending the definition "APPLICABLE MARGIN" by deleting the figure "0.00%" appearing therein and substituting therefor the figure "1.00%";

(ii) by amending the definition "COLLATERAL" by redesignating subsection (m) appearing therein as subsection (n) and by inserting a new subsection (m) to read in its entirety as follows:

"(m) all Real Estate,"

(iii) by amending the definition "COMMITMENT" in its entirety to read as follows:

"COMMITMENT" means, as to each Lender, the amount set forth opposite such Lender's name on ANNEX A hereto representing such Lender's obligation, upon and subject to the terms and conditions of this Agreement (including the applicable provisions of SECTION 11.1), to make or maintain its Proportionate Share of Loans under the Revolving Credit Facility and the Term Loan Facility or, from and after the date hereof, as set forth in the Register representing such Lender's obligation to make or maintain its Proportionate Share of Loans under the Revolving Credit Facility and the Term Loan Facility.

(iv) by amending the definition "EFFECTIVE INTEREST RATE" by deleting the phrase "Revolving Credit" appearing therein;

(v) by amending the definition "EURODOLLAR RATE LOAN" by inserting the phrase "Revolving Credit" immediately before the term "Loan" appearing therein;

(vi) by amending the definition "FIXED CHARGE COVERAGE RATIO" by inserting the phrase "plus any amount received in respect of federal or state income tax refunds," immediately after the term "EBITDA" appearing in subsection (i) thereof;

(vii) by amending the definition "LOAN" by inserting the phrase "or Term Loan" immediately after the phrase "Revolving Credit Loan" appearing therein;

(viii) by amending the definition "NOTE" by inserting the phrase "or the Term Notes" immediately after the phrase "Revolving Credit Notes" appearing therein;

(ix) by amending the definition "PRIME RATE LOAN" by deleting the phrase "Prime Rate Revolving Credit" appearing therein;

(x) by amending the definition "REVOLVING CREDIT FACILITY" by deleting the figure "\$50,000,000" appearing therein and substituting therefor the figure "\$45,000,000";

(xi) by amending the definition "SECURITY DOCUMENTS" by redesignating subsections (f), (g) and (h) appearing therein as subsections (g), (h) and (i) and by inserting a new subsection (f) to read in its entirety as follows:

"(f) the Mortgage,"

(xii) by adding the following additional definitions to read as follows:

"EURODOLLAR AVAILABILITY DATE" means April 1, 1999.

"MORTGAGE" means and includes any mortgage, deed of trust, deed to secure debt, assignment or other instruments executed and delivered by the Borrower to or for the benefit of the Agent by which the Agent, on behalf of the Lenders, acquires a Lien on the

Borrower's Real Estate or a collateral assignment of the Borrower's interest under leases of Real Estate, and all amendments, modifications and supplements thereto.

"OPERATING CASH FLOW" means, for any specified period, the sum of the Net Income or Net Loss before provision for interest expense, income taxes, depreciation and amortization expense, plus any amount received in respect of federal or state income tax refunds, minus cash outlays for income taxes, minus Maintenance Capex and minus Other Included Expenditures of the Borrower and its Consolidated Subsidiaries for such period. For the purposes of this definition "Other Included Expenditures" means any expenditures during the computation period for a Permitted Repurchase or for Excess Permitted Capital Expenditures or for Permitted Investments listed on Schedule 1.1A (other than the 1st, 4th and 5th items listed on such Schedule) made after the Effective Date that are not included in the Capital Expenditures budgeted by the Borrower for such period and subject to the limitations of SECTION 10.5.

"TERM LOAN DATE" has the meaning set forth in SECTION 2B.6.

"TERM LOAN FACILITY" means the credit facility providing for Term Loans described in SECTION 2B.1 in the aggregate principal amount of \$5,000,000.

"TERM LOANS" means Loans made to the Borrower pursuant to SECTION 2B.1 outstanding on the Term Loan Date.

"TERM NOTE" means each Term Note made by the Borrower payable to the order of a Lender evidencing the obligation of the Borrower to pay the aggregate unpaid principal amount of the Loans made to it by such Lender under the Term Loan Facility (and any promissory note or notes that may be issued from time to time in substitution, renewal, extension, replacement or exchange therefor whether payable to such Lender or to a different Lender in connection with a Person becoming a Lender after the Term Loan Date or otherwise) in form and substance satisfactory to the Agent either as originally executed or as the same may from time to time be supplemented, modified, amended, renewed, extended or refinanced.

(b) by amending Section 2.1 REVOLVING CREDIT LOANS by inserting the phrase "AND PROVIDED FURTHER, HOWEVER, that no Eurodollar Rate Loans shall be requested or made prior to the Eurodollar Availability Date" immediately before the period at the end of the first sentence thereof.

(c) by amending Section 2.2 MANNER OF BORROWING REVOLVING CREDIT LOANS by deleting the phrase "Effective Date" appearing in subsection (a)(ii) thereof and substituting therefor the phrase "Eurodollar Availability Date".

(d) by inserting a new Article 2B TERM LOAN FACILITY to read in its entirety as follows:

ARTICLE 2B

TERM LOAN FACILITY

SECTION 2B.1 TERM LOAN. Upon the terms and subject to the conditions of, and in reliance upon the representations and warranties made under, this Agreement, each Lender agrees severally, but not jointly, to advance to the Borrower on the Term Loan Date a Term Loan (which shall be a Prime Rate Loan) in a principal amount equal to such Lender's Proportionate Share of the Term Loan Facility.

SECTION 2B.2 MANNER OF BORROWING TERM LOAN. The Borrower shall give the Agent at least two Business Days' prior written notice of the occurrence of the Term Loan Date. Upon receipt of

such notice, the Agent shall promptly notify each Lender thereof. Each Lender will make an amount equal to such Lender's Proportionate Share of the Term Loan Facility available to the Agent for the account of the Borrower, at the office of the Agent, prior to 12:00 noon on the Term Loan Date, in funds immediately available to the Agent. Upon the satisfaction of the conditions of SECTIONS 2B.2 and 2B.6, the Agent shall make the advance to the Borrower pursuant to SECTION 2B.1.

SECTION 2B.3 REPAYMENT OF TERM LOAN. The outstanding principal balance of the Term Loan is due and payable, and shall be repaid in full by the Borrower on March 31, 1999; PROVIDED, HOWEVER, that, notwithstanding the foregoing, in the event the Termination Date shall occur before March 31, 1999, the then unpaid principal balance of the Term Loan shall be due and payable on said Termination Date.

SECTION 2B.4 TERM NOTE. Each Lender's Term Loans and the obligation of the Borrower to repay such Term Loans shall also be evidenced by a Term Note payable to the order of such Lender. Each Term Note shall be dated the Term Loan Date (or later "effective date" under any Assignment and Acceptance) and be duly and validly executed and delivered by the Borrower.

SECTION 2B.5 PREPAYMENT OF TERM LOAN.

(a) VOLUNTARY PREPAYMENT. The Borrower shall have the right at any time and from time to time, upon at least 30 days' prior written notice to the Agent in the case of a prepayment in full and upon at least five days' prior written notice to the Agent in the case of a partial prepayment, to prepay the Term Loan in whole or in part on any Business Day. Each partial prepayment of the Term Loan shall be in a principal amount equal to \$50,000 or any integral multiple thereof and shall be applied to the then outstanding principal amount of the Term Loan. On the prepayment date, the Borrower shall pay interest on the amount prepaid, accrued to the prepayment date. Any notice of prepayment given by the Borrower hereunder shall be irrevocable, and the amount to be prepaid (including accrued interest and any prepayment fees) shall be due and payable on the date designated in the notice.

(b) MANDATORY PREPAYMENT ON ASSET DISPOSITION. Any and all amounts received by the Borrower as Net Proceeds from any Asset Disposition (subject to such restrictions and consents as may be required in the Loan Documents), shall be paid by the Borrower within one month following receipt thereof to the Agent for application to the Term Loans, after first applying such proceeds to reduce amounts outstanding under the Revolving Credit Facility pursuant to SECTION 2.4, to the extent such Net Proceeds exceed all amounts then outstanding under the Revolving Credit Facility. The Borrowers shall also be obligated to prepay the Term Loan in full together with accrued and unpaid interest thereon upon any termination of this Agreement pursuant to SECTION 3.6 or otherwise or upon any acceleration of the Term Loan pursuant to ARTICLE 13.

SECTION 2B.6 TERM LOAN DATE. The date on which the Lenders shall advance their Proportionate Share of the Term Loan Facility (the "TERM LOAN DATE") shall occur on the first date on or before April 30, 1998 on which the Lenders shall have received each of the following documents, each in form and substance satisfactory to the Lenders:

(a) the Term Notes in the form attached hereto as EXHIBIT D, with all blanks properly completed, dated the Term Loan Date and duly executed and delivered by the Borrower in favor of each Lender;

(b) a certificate of the Secretary of the Borrower having attached thereto the articles or certificate of incorporation and bylaws of the Borrower as in effect on the Term Loan Date attached thereto (or containing the certification of such Secretary that no amendment or modification of such articles or certificate or bylaws has become effective since the last date on which such documents were delivered to the Lenders pursuant to the Loan Agreement), corporate

action, if any, taken in connection with the Term Loan Date, and to the further effect that the incumbency certificate delivered in connection with the occurrence of the Effective Date remains in effect, unchanged;

(c) a certificate of the president or any vice-president of the Borrower stating that, to the best of his knowledge and based on an examination reasonably believed by him to be sufficient to enable him to make an informed statement,

(i) as of the Term Loan Date, all of the representations and warranties made or deemed to be made under the Loan Agreement are true and correct as of the date hereof, and

(ii) as of the Term Loan Date, no Default or Event of Default exists, and the Agent shall be satisfied as to the truth and accuracy thereof;

(d) the Mortgage duly executed and delivered by the Borrower and evidencing the recording of such instrument in the appropriate jurisdiction for the recording thereof on the Real Estate subject thereto (the Boca Raton facility) or, at the option of the Agent, in proper form for recording in such jurisdiction;

(e) a fully paid mortgagee title insurance policy or, at the option of the Agent, unconditional commitment for the issuance thereof with all requirements and conditions to the issuance of the final policy deleted or marked satisfied, issued by a title insurance company satisfactory to the Agent, in an amount equal to not less than the fair market value of the Real Estate subject to the Mortgage, insuring that such Mortgage creates a valid first lien on, and security title to, all Real Estate described therein, with no survey exceptions and no other exceptions which the Agent shall not have approved in writing;

(f) such materials and information concerning the Real Estate as the Agent may require, including, without limitation, (A) current and accurate surveys satisfactory to the Agent of all of the owned Real Estate, certified to the Agent and showing the location of the 100-year and 50-year flood plains thereon, (B) zoning letters as to the zoning status of all of the owned Real Estate, (C) certificates of occupancy covering all of the Real Estate, and (D) owner's affidavits as to such matters relating to the owned Real Estate as the Agent may request; and

(g) such other documents and instruments as the Agent or any Lender may reasonably request.

(e) by amending Section 3.8 SETTLEMENT AMONG LENDERS by redesignating subsection (c) appearing therein as subsection (d) and by inserting a new subsection (c) to read in its entirety as follows:

(c) TERM LOANS. The Agent shall pay to each Lender its Ratable Share (based on the principal amount of the Term Loans owing to such Lender) of all payments received by the Agent hereunder in immediately available funds in respect of the principal of, or interest on, the Term Loans, net of any amounts payable by such Lender to the Agent, by wire transfer of same day funds, on the same day received by the Agent, if received prior to 1:00 p.m. (Atlanta time), otherwise on the following Business Day.

(f) by amending Section 3.13 CONVERSION OR CONTINUATION by inserting the phrase "(other than a Term Loan)" immediately after the phrase "Prime Rate Loan" appearing therein.

(g) by amending Section 10.1 FINANCIAL RATIOS in its entirety to read as follows:

SECTION 10.1 FINANCIAL RATIOS. Permit:

(a) MAXIMUM OPERATING LOSS. The negative Operating Cash Flow of the Borrower and its Consolidated Subsidiaries for the Fiscal Quarter ending March 31, 1998 to be greater than \$(4,575,000).

(b) MINIMUM FIXED CHARGE COVERAGE. The consolidated Fixed Charge Coverage Ratio of the Borrower and its Consolidated Subsidiaries as of the end of any Fiscal Quarter ending during any period described below to be less than the ratio set forth below opposite such period:

Period -----	Ratio -----
the two consecutive Fiscal Quarters ending June 30, 1998	0.33 to 1;
the three consecutive Fiscal Quarters ending September 30, 1998	.70 to 1;
the four consecutive Fiscal Quarters ending December 31, 1998	.89 to 1;
each four consecutive Fiscal Quarter period ending during Fiscal Year 1999	1.1 to 1; or
each four consecutive Fiscal Quarter period ending thereafter	1.25 to 1.

(c) MINIMUM EBITDA Consolidated EBITDA of the Borrower and its Consolidated Subsidiaries for each Fiscal Year set forth below to be less than the amount set forth opposite such Fiscal Year:

Fiscal Year -----	Amount -----
December 31, 2000	\$32,000,000
December 31, 2001	\$36,000,000

(d) MINIMUM CONSOLIDATED NET WORTH. Permit consolidated Net Worth of the Borrower and its Consolidated Subsidiaries calculated at the end of any Fiscal Quarter ending on or after December 31, 1997 to be less than an amount equal to the sum of \$62,000,000 PLUS 50% of the consolidated Net Income (without deduction for losses) of the Borrower and its Consolidated Subsidiaries, on a cumulative basis, for the period beginning on October 1, 1997 and ending on the last day of such Fiscal Quarter.

(h) by amending SECTION 14.2 EXPENSES by

follows: (a) amending subsection (a) thereof in its entirety to read as

(a) the negotiation, preparation, execution, delivery, enforcement and termination of this Agreement and each of the other Loan Documents, whenever the same shall be executed and delivered, including, without limitation

(i) the out-of-pocket costs and expenses incurred in connection with the administration and interpretation of this Agreement and the other Loan Documents;

(ii) the costs and expenses of appraisals of the Collateral;

(iii) the costs and expenses of lien and title searches and title insurance;

(iv) taxes, fees and other charges for recording the Mortgage, the Negative Pledge Agreements and filing the Financing Statements filed in connection with the occurrence of the Effective Date,

(b) by deleting the phrase "if a Default has occurred and is continuing," appearing in subsection (e) thereof, and

(c) by deleting the phrase ", after the occurrence of a Default or Event of Default," appearing in subsection (h) thereof.

Section 2. WAIVER OF DEFAULTS. On the Amendment Effective Date (as hereinafter defined) the Lenders hereby waive the Existing Defaults.

Section 3. EFFECTIVENESS OF AMENDMENT. This Amendment shall become effective as of the first date (the "Amendment Effective Date") on which the Lenders shall have received each of the following documents (except that on the Amendment Effective Date, the effectiveness of Section 2 of this Amendment shall be retroactive to March 27, 1998:

(a) four copies of this Amendment duly executed and delivered by the Borrower, each Lender and the Agent;

(b) the Amended and Restated Revolving Credit Notes in the form attached hereto as ANNEX A, dated the Amendment Effective Date and duly executed and delivered by the Borrower in favor of each Lender;

(c) a certificate of the Secretary of the Borrower having attached thereto the articles or certificate of incorporation and bylaws of the Borrower as in effect on the Amendment Effective Date attached thereto (or containing the certification of such Secretary that no amendment or modification of such articles or certificate or bylaws has become effective since the last date on which such documents were delivered to the Lenders pursuant to the Loan Agreement), all corporate action, taken by the Borrower to authorize the execution, delivery and performance of this Amendment, and to the further effect that the incumbency certificate delivered in connection with the occurrence of the Effective Date remains in effect, unchanged;

(d) a certificate of the president or any vice-president of the Borrower stating that, to the best of his knowledge and based on an examination reasonably believed by him to be sufficient to enable him to make an informed statement,

(i) after giving effect to the waiver set forth in Section 2 of this Amendment, all of the representations and warranties made or deemed to be made under the Loan Agreement are true and correct as of the date hereof, and

(ii) after giving effect to the waiver set forth in Section 2 of this Amendment, no Default or Event of Default exists, and the Agent shall be satisfied as to the truth and accuracy thereof;

(e) the Confirmation of Guarantors in the form attached hereto as ANNEX B duly executed and delivered by each Guarantor;

(f) the payment of an amendment fee in the amount of \$250,000; and

(g) such other documents and instruments as the Agent or any Lender may reasonably request.

Section 4. REPRESENTATIONS AND WARRANTIES. The Borrower hereby makes the following representations and warranties to the Agent and the Lenders, which representations and warranties shall survive the delivery of this Amendment and the making of additional Loans under the Loan Agreement as amended hereby:

(a) AUTHORIZATION OF AGREEMENTS. The Borrower has the right and power, and has taken all necessary action to authorize it, to execute, deliver and perform this Amendment and each other agreement contemplated hereby to which it is a party in accordance with their respective terms. This Amendment and each other agreement contemplated hereby to which it is a party have been duly executed and delivered by the duly authorized officers of the Borrower and each is, or each when executed and delivered in accordance with this Amendment will be, a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms.

(b) COMPLIANCE OF AGREEMENTS WITH LAWS. The execution, delivery and performance of this Amendment and each other agreement contemplated hereby to which the Borrower is a party in accordance with their respective terms do not and will not, by the passage of time, the giving of notice or otherwise,

(i) require any Governmental Approval or violate any Applicable Law relating to the Borrower or any of its Subsidiaries,

(ii) conflict with, result in a breach of or constitute a default under the articles or certificate of incorporation or by-laws or any shareholders' agreement of the Borrower or any of its Subsidiaries, any material provisions of any indenture, agreement or other instrument to which the Borrower, any of its Subsidiaries or any of Borrower's or such Subsidiaries' property may be bound or any Governmental Approval relating to the Borrower or any of its Subsidiaries, or

(iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by the Borrower other than the Security Interest.

Section 5. EXPENSES. The Borrower agrees to pay or reimburse on demand all costs and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by the Agent in connection with the negotiation, preparation, execution and delivery of this Amendment.

Section 6. EFFECT OF AMENDMENT. From and after the Amendment Effective Date, all references in the Loan Agreement and in any other Loan Document to "this Agreement," "the Loan Agreement," "hereunder," "hereof" and words of like import referring to the Loan Agreement, shall mean and be references to the Loan Agreement as amended by this Amendment. Except as expressly amended hereby, the Loan Agreement and all terms, conditions and provisions thereof remain in full force and effect and are hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

Section 7. COUNTERPART EXECUTION; GOVERNING LAW.

(a) EXECUTION IN COUNTERPARTS. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed signature page of any party hereto by facsimile transmission shall be effective as delivery of a manually executed counterpart thereof.

(b) GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of Georgia.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER

NABI

[CORPORATE SEAL]

By: /s/ Alfred J. Fernandez

Alfred J. Fernandez
Senior Vice President and
Chief Financial Officer

Attest:
By: -----
Name: -----
Title: -----

AGENT

NATIONSBANK, N.A.

By: /s/ Brian O. Fallon

Name: Brian O. Fallon

Title: Senior Vice President

LENDERS

NATIONSBANK, N.A.

By: /s/ Brian O. Fallon

Name: Brian O. Fallon

Title: Senior Vice President

BANKBOSTON, N.A.

By: /s/ Andrew A. Doherty

Name: Andrew A. Doherty

Title: Vice President

FORM OF AMENDED AND RESTATED
REVOLVING CREDIT NOTE

\$ _____ Atlanta, GA
March , 1998

FOR VALUE RECEIVED, the undersigned, NABI, a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of _____ (the "Lender") at the offices of NationsBank, N.A., a national banking association, as agent for the Lenders (together with its successor agents the "Agent") located at 600 Peachtree Street, N.E., Atlanta, Georgia, 30308, or at such other place within the United States as shall be designated from time to time by the Agent on the Termination Date, the principal amount of (\$ _____), or such lesser principal amount as may then constitute the aggregate unpaid balance of all Revolving Credit Loans made by the Lender to the Borrower pursuant to the Loan Agreement (as hereinafter defined), in lawful money of the United States of America in federal or other immediately available funds.

The Borrower also unconditionally promises to pay interest on the unpaid principal amount of this Note outstanding from time to time for each day from the date of disbursement until such principal amount is paid in full at the rates per annum and on the dates specified in the Loan Agreement applicable from time to time in accordance with the provisions thereof. Nothing contained in this Note or in the Loan Agreement shall be deemed to establish or require the payment of a rate of interest in excess of the maximum rate permitted by any Applicable Law. In the event that any rate of interest required to be paid hereunder exceeds the maximum rate permitted by Applicable Law, the provisions of the Loan Agreement relating to the payment of interest under such circumstances shall control.

This Amended and Restated Revolving Credit is delivered in exchange and substitution for, but not in extinguishment of the Indebtedness outstanding under, the Revolving Credit Note dated September 12, 1997 in the original principal amount of \$25,000,000.00 made by the Borrower in favor of the Lender.

This Note is one of the Revolving Credit Notes referred to in that certain Loan and Security Agreement dated as of September 12, 1997 (as amended, modified, supplemented or restated from time to time, the "Loan Agreement"; terms defined therein being used in this Note as therein defined) between the Borrower, the financial institutions party thereto from time to time (the "Lenders") and the Agent, is subject to, and entitled to, all provisions and benefits of the Loan Documents, is secured by the Collateral and other property as provided in the Loan Documents, is subject to optional and mandatory prepayment in whole or in part and is subject to acceleration prior to maturity upon the occurrence of one or more Events of Default, all as provided in the Loan Documents.

Presentment for payment, demand, protest and notice of demand, notice of dishonor, notice of non-payment and all other notices are hereby waived by the Borrower, except to the extent expressly provided in the Loan Agreement. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

The Borrower hereby agrees to pay on demand all costs and expenses incurred in collecting the Secured Obligations hereunder or in enforcing or attempting to enforce any of the Lender's rights hereunder, including, but not limited to, reasonable attorneys' fees and expenses if collected by or through an attorney, whether or not suit is filed, all as provided in the Loan Agreement.

The provisions of Section 14.5 of the Loan Agreement are hereby expressly incorporated by reference herein.

This Revolving Credit Note shall be governed by, and construed in accordance with, the laws of the State of Georgia without giving effect to the conflict of laws principles thereof.

IN WITNESS WHEREOF, the undersigned has executed this Note as of the day and year first above written.

NABI

By: _____
Name: _____
Title: _____

(CORPORATE SEAL)

Attest:
By: _____
Name: _____

CONSENT AND CONFIRMATION OF GUARANTORS

The undersigned, each in their capacity as a Guarantor under the Subsidiary Guaranty dated as of September 12, 1997 (as modified or amended to date, the "Subsidiary Guaranty"), in favor of the Lenders, hereby confirms, for the benefit of the Borrower and the Lenders, that (1) such Guarantor is a Subsidiary of Borrower, (2) such Guarantor has received a copy of Amendment No. 2 and Waiver dated as of March 30, 1998 and consents thereto and (3) the Subsidiary Guaranty of which such Guarantor is the maker constitutes a continuing unconditional, guaranty of the Secured Obligations under and as defined in the Subsidiary Guaranty. Each of the undersigned is and continues to be liable under the Subsidiary Guaranty in accordance with the terms thereof, notwithstanding the execution and delivery of the aforesaid Amendment.

Dated: March , 1998

BIOMUNE CORPORATION

[Corporate Seal]

By:/s/ Alfred J. Fernandez

Alfred J. Fernandez
Treasurer

NABI FINANCE, INC.

[Corporate Seal]

By:/s/ Alfred J. Fernandez

Alfred J. Fernandez
President

NABIMED, LTD.

[Corporate Seal]

By:/s/ Alfred J. Fernandez

Alfred J. Fernandez
Secretary

UNIVAX PLASMA, INC.

[Corporate Seal]

By:/s/ Alfred J. Fernandez

Alfred J. Fernandez
Treasurer and Chief Financial Officer

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT MARCH 31, 1998 (UNAUDITED) AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1998 (UNAUDITED) AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS	DEC-31-1998	JAN-01-1998	MAR-31-1998
			1,225
		0	
	35,086		
		0	
	40,526		
	95,503		91,943
		0	
	224,428		
33,305			116,930
	0		
		0	
		3,489	
		70,323	
73,812			58,614
	58,614		
			44,589
		44,589	
	16,089		
		0	
	1,776		
	(3,971)		
		(2,053)	
(1,918)			
		0	
		0	
			0
	(1,918)		
	(0.06)		
		0	

RECEIVABLES, INVENTORY AND PP&E REPRESENT NET AMOUNTS.
LOSS PROVISION INCLUDED IN OTHER EXPENSES.