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

FORM 10-Q

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

For the quarterly period ended September 25, 2004

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 Number: 000-04829

Nabi Biopharmaceuticals

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

59-1212264
(I.R.S. Employer
Identification No.)

5800 Park of Commerce Boulevard N.W., Boca Raton, FL 33487
(Address of principal executive offices, including zip code)

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

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 twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's common stock, par value \$0.10 per share, at October 19, 2004 was 58,422,696 shares.

Table of Contents

Nabi Biopharmaceuticals

INDEX

Page No.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

- Condensed Consolidated Balance Sheets, as of September 25, 2004 (unaudited) and December 27, 2003

- Condensed Consolidated Statements of Operations (unaudited) for the Three and Nine Months Ended September 25, 2004 and September 27, 2003

- Condensed Consolidated Statements of Cash Flows (unaudited) for the Nine Months Ended September 25, 2004 and September 27, 2003

- Notes to Condensed Consolidated Financial Statements (unaudited)

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 3. Defaults Upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K

SIGNATURES

[Table of Contents](#)

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except for share and per share amounts)	(UNAUDITED) September 25, 2004	December 27, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 110,780	\$ 115,756
Trade accounts receivable, net	34,706	37,062
Inventories, net	21,495	23,483
Prepaid expenses and other current assets	7,481	10,284
Total current assets	174,462	186,585
Property, plant and equipment, net	110,174	101,831
Other assets:		
Intangible assets, net	91,975	94,991
Other, net	1,479	3,894
Total assets	\$ 378,090	\$ 387,301
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 18,480	\$ 10,874
Accrued expenses	29,428	23,956
Current portion of notes payable, PhosLo acquisition, net	10,107	4,226
Total current liabilities	58,015	39,056
Notes payable, PhosLo acquisition, less current portion, net	12,804	23,167
Other liabilities	7,422	5,762
Total liabilities	78,241	67,985
Stockholders' equity:		
Convertible preferred stock, par value \$.10 per share: 5,000,000 shares authorized; no shares outstanding	—	—
Common stock, par value \$.10 per share: 125,000,000 and 75,000,000 shares authorized, and 59,172,633 and 57,772,302 shares issued as of September 25, 2004 and December 27, 2003, respectively	5,917	5,773
Capital in excess of par value	311,723	297,909
Treasury stock, 803,811 and 800,315 shares as of September 25, 2004 and December 27, 2003, respectively, at cost	(5,297)	(5,240)
(Accumulated deficit) retained earnings	(12,464)	20,874
Other accumulated comprehensive loss	(30)	—
Total stockholders' equity	299,849	319,316
Total liabilities and stockholders' equity	\$ 378,090	\$ 387,301

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, Except Per Share Data)	(UNAUDITED)			
	For the Three Months Ended		For the Nine Months Ended	
	September 25, 2004	September 27, 2003	September 25, 2004	September 27, 2003
Sales	\$ 43,774	\$ 42,435	\$ 138,115	\$ 128,595
Costs and expenses:				
Costs of products sold	17,495	16,101	55,033	62,781
Royalty expense	3,331	5,423	12,924	13,722
Gross Margin	22,948	20,911	70,158	52,092
Selling, general and administrative expense	12,009	9,351	38,846	32,189
Research and development expense	17,718	6,454	46,049	18,183
Amortization of intangible assets	2,105	1,460	6,424	1,629
Other operating expense, principally freight	175	128	370	324
Operating (loss) income	(9,059)	3,518	(21,531)	(233)
Interest income	428	131	1,112	502
Interest expense	(296)	(506)	(2,104)	(570)
Other income, net	9	12	17	30
(Loss) income before (provision) benefit for income taxes	(8,918)	3,155	(22,506)	(271)
(Provision) benefit for income taxes	(2,003)	(962)	(10,832)	14
Net (loss) income	\$ (10,921)	\$ 2,193	\$ (33,338)	\$ (257)
Basic (loss) income per share	\$ (0.18)	\$ 0.05	\$ (0.57)	\$ (0.01)
Diluted (loss) income per share	\$ (0.18)	\$ 0.05	\$ (0.57)	\$ (0.01)
Basic weighted average shares outstanding	59,149	45,355	58,632	41,152
Diluted weighted average shares outstanding	59,149	46,285	58,632	41,152

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	(UNAUDITED) For the Nine Months Ended	
	September 25, 2004	September 27, 2003
Cash flow from operating activities:		
Net loss	\$ (33,338)	\$ (257)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	14,093	9,623
Provision for (recovery of) doubtful accounts	364	(3)
Provision for slow moving or obsolete inventory	564	1,641
Write-off of loan origination fees	539	—
Gain on sale of assets	(119)	—
Non-cash compensation	578	689
Write-off of obsolete fixed assets	146	23
Deferred income taxes	5,867	—
Tax benefit from stock options exercised	4,965	—
Changes in assets and liabilities:		
Trade accounts receivable	1,992	375
Inventories	1,381	(7,918)
Prepaid expenses and other current assets	1,379	372
Other assets	(222)	(1,027)
Accounts payable and accrued liabilities	12,233	(5,314)
Total adjustments	43,760	(1,539)
Net cash provided by (used in) operating activities	10,422	(1,796)
Cash flow from investing activities:		
Expenditures for Acquisition of Products	(750)	(61,255)
Proceeds from sales of assets	179	—
Capital expenditures	(15,194)	(4,082)
Expenditures for Manufacturing Rights	(2,669)	(2,019)
Net cash used in investing activities	(18,434)	(67,356)
Cash flow from financing activities:		
Payment of notes payable, PhosLo acquisition	(5,333)	—
Borrowings under debt agreement	—	10,000
Proceeds from issuance of common stock	—	31,270
Proceeds from exercise of employee stock options	8,369	2,393
Net cash provided by financing activities	3,036	43,663
Net decrease in cash and cash equivalents	(4,976)	(25,489)
Cash and cash equivalents at beginning of period	115,756	51,737
Cash and cash equivalents at end of period	\$ 110,780	\$ 26,248

See accompanying notes to condensed consolidated financial statements.

NOTE 1 OVERVIEW

We apply our knowledge of the human immune system to develop and commercialize products that address serious, unmet medical needs. Our focus is in the areas of infectious, autoimmune and addictive diseases. In addition to four marketed products (PhosLo[®], Nabi-HB[®], WinRho SDF[®] and Aloprim[™]), we have four products in clinical trials. We expect to file a Marketing Authorization Approval, or MAA, for StaphVAX[®] in the European Union, or EU, in the fourth quarter of 2004 based on existing clinical data. For U.S. licensure, we have advanced StaphVAX to a confirmatory Phase III clinical trial and completed enrollment in this trial in August of 2004. We anticipate filing a Biologics License Application, or BLA, for StaphVAX by the end of 2005. StaphVAX is designed to prevent the most dangerous and prevalent strains of Staph aureus bacterial infections, which are a major cause of hospital infections. Staph aureus bacteria are becoming increasingly resistant to antibiotics. Our other products in development are Altastaph[™], an antibody based product for prevention and treatment of Staph aureus infections, Civacir[™], an antibody based product for preventing hepatitis C re-infection in liver transplant patients and NicVAX[™], a vaccine for nicotine addiction. Altastaph is currently in a Phase II clinical trial and NicVAX recently completed a Phase II clinical trial in the U.S. Civacir has completed a Phase I/II clinical trial. We have a state-of-the-art fractionation facility for the manufacture of Nabi-HB and our investigational antibody products, Altastaph and Civacir, and for contract manufacturing. In addition, we have commenced construction of a vaccine manufacturing facility within our Boca Raton, Florida plant for the manufacture of StaphVAX, NicVAX and our other vaccines in pre-clinical development. We are also developing contract manufacturing capacity at Cambrex Bio Science Baltimore, Inc., or Cambrex Bio Science, so that Cambrex Bio Science can manufacture StaphVAX for us. Cambrex Bio Science has successfully completed the manufacture of three consistency lots of StaphVAX that will be included in the MAA we intend to file in the fourth quarter of 2004. Our supply contract with the manufacturer of Autoplex T[®] ended on May 11, 2004. Future sales of Autoplex T will be limited to inventory on hand at September 25, 2004. We also collect specialty and non-specific antibodies for use in our products and supply pharmaceutical and diagnostic customers our excess production for the subsequent manufacture of their products.

Our corporate headquarters is in Boca Raton, Florida and we maintain our research and development facilities in Rockville, Maryland. We have established wholly owned subsidiaries in Ireland and Luxembourg for the purpose of facilitating the regulatory approval, sales and marketing of our products in Europe.

The condensed consolidated financial statements include the accounts of Nabi Biopharmaceuticals and its subsidiaries. All significant intercompany accounts and transactions were eliminated during consolidation. These statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the year ended December 27, 2003.

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly our consolidated financial position as of September 25, 2004 and December 27, 2003, the consolidated results of our operations for the three and nine months ended September 25, 2004 and September 27, 2003 and our cash flows for the nine months then ended. The interim results of operations are not necessarily indicative of the results that may occur for the full fiscal year.

NOTE 2 ACCOUNTING POLICIES

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

[Table of Contents](#)

Basis of presentation: Certain items in the 2003 consolidated financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncements: In January 2003, the Financial Accounting Standards Board, or FASB, issued Interpretation No. 46, *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*, or FIN 46. FIN 46 addresses the consolidation of entities whose equity holders have either (a) not provided sufficient equity at risk to allow the entity to finance its own activities or (b) do not possess certain characteristics of a controlling financial interest. FIN 46 requires the consolidation of these entities, known as variable interest entities, or VIE's, by the primary beneficiary entity. The primary beneficiary is the entity, if any, that is subject to a majority of the risk of loss from the VIE's activities, entitled to receive a majority of the VIE's residual returns, or both. FIN 46 applies immediately to variable interests in VIEs created or obtained after January 31, 2003. As amended by FASB Staff Position No. FIN 46-6, FIN 46 is effective for variable interests in a VIE created before February 1, 2003 at the end of the first interim or annual period ending after December 15, 2003 (the end of fiscal 2003, December 27, 2003, for us). We have no interests in VIEs and accordingly, the adoption of FIN 46 had no impact on our financial statements.

In May 2003, the FASB issued Statement of Financial Accounting Standards, or SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 establishes standards for how companies classify and measure certain financial instruments with characteristics of both liabilities and equity. It requires companies to classify a financial instrument that is within its scope as a liability, or an asset, in some circumstances. SFAS No. 150 is effective beginning with the second quarter of fiscal 2004. We do not currently have financial instruments with characteristics of both liabilities and equity, and therefore, the adoption of SFAS No. 150 did not have an impact on our financial condition, results of operations or cash flows.

Comprehensive Loss: We follow SFAS No. 130, *Reporting Comprehensive Income*, which computes comprehensive income as the total of net income and all other changes in shareholders' equity. For the three and nine months ended September 25, 2004, comprehensive loss included our net loss and the effect of foreign currency translation adjustments. As of September 25, 2004, \$30 thousand of foreign currency loss was included on our balance sheet in addition to net loss.

Stock-Based Compensation: On December 31, 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*. This Statement amends SFAS No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of that Statement to require prominent disclosure about the effects on reported net loss of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, this Statement amends Accounting Principles Board, or APB Opinion No. 28, *Interim Financial Reporting*, to require disclosure about those effects in interim financial information. We continue to account for stock-based compensation based on the provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*.

[Table of Contents](#)

The following table summarizes our results as if we had recorded stock-based compensation expense for the three months and nine months ended September 25, 2004 and September 27, 2003, respectively, based on the provisions of SFAS No. 123, as amended by SFAS No. 148:

(In thousands, except per share amounts)	For the Three Months Ended	
	September 25, 2004	September 27, 2003
Net (loss) income:		
As reported	\$ (10,921)	\$ 2,193
Add: Stock-based employee compensation expense included in reported net (loss) income, net of tax	—	—
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(1,143)	(1,359)
Pro forma	\$ (12,064)	\$ 834
Basic (loss) income per share:		
As reported	\$ (0.18)	\$ 0.05
Add: Stock-based employee compensation expense included in reported net (loss) income, net of tax	—	—
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(0.02)	(0.03)
Pro forma	\$ (0.20)	\$ 0.02
Diluted (loss) income per share:		
As reported	\$ (0.18)	\$ 0.05
Add: Stock-based employee compensation expense included in reported net (loss) income, net of tax	—	—
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(0.02)	(0.03)
Pro forma	\$ (0.20)	\$ 0.02
For the Nine Months Ended		
(In thousands, except per share amounts)		
Net loss:		
As reported	\$ (33,338)	\$ (257)
Add: Stock-based employee compensation expense included in reported net loss, net of tax	129	300
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(3,430)	(5,563)
Pro forma	\$ (36,639)	\$ (5,520)
Basic and diluted loss per share:		
As reported	\$ (0.57)	\$ (0.01)
Add: Stock-based employee compensation expense included in reported net loss, net of tax	—	0.01
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(0.06)	(0.13)
Pro forma	\$ (0.63)	\$ (0.13)

[Table of Contents](#)

NOTE 3 INVENTORIES

The components of inventories, stated at the lower of cost or market with cost determined on the first-in first-out (FIFO) method, are as follows:

<u>(In thousands)</u>	<u>September 25, 2004</u>	<u>December 27, 2003</u>
Finished goods	\$ 12,361	\$ 12,746
Work in process	8,447	9,955
Raw materials	687	782
Total	\$ 21,495	\$ 23,483

Work in process inventory includes \$1.5 million of inventory related to StaphVAX that is not yet approved by either the U.S. Food and Drug Administration or the European Evaluation Agency medicines FDA. During the third quarter of 2004, \$0.5 million of the StaphVAX intermediate product manufactured at Cambrex Bio Science and accounted for as inventory at June 26, 2004 will be utilized in the validation process at our vaccine facility in development in Boca Raton, Florida. This material was expensed as research and development in the third quarter of 2004.

NOTE 4 (LOSS) INCOME PER SHARE

Basic loss per share is computed by dividing our net (loss) by the weighted average number of shares outstanding during the period. When the effects are not anti-dilutive, diluted earnings per share is computed by dividing our net income by the weighted average number of shares outstanding and the impact of all dilutive potential common shares, primarily stock options. The dilutive impact of stock options is determined by applying the "treasury stock" method.

A total of 1,584,139 common stock equivalents have been excluded from the calculation of net loss per share in the three months ended September 25, 2004 because their inclusion would be anti-dilutive. In addition, a total of 2,163,870 and 920,496 common stock equivalents have been excluded from the calculation of net loss per share in the nine months ended September 25, 2004 and September 27, 2003, respectively, because their inclusion would be anti-dilutive.

[Table of Contents](#)

NOTE 5 OPERATING SEGMENT INFORMATION

The following table presents information related to our two reportable segments:

(In thousands)	For the Three Months Ended		For the Nine Months Ended	
	September 25, 2004	September 27, 2003	September 25, 2004	September 27, 2003
Sales:				
Biopharmaceutical products	\$ 32,823	\$ 30,710	\$ 103,055	\$ 75,363
Antibody products	10,951	11,725	35,060	53,232
Total	\$ 43,774	\$ 42,435	\$ 138,115	\$ 128,595
Gross Margin:				
Biopharmaceutical products	\$ 21,882	\$ 20,251	\$ 66,641	\$ 48,602
Antibody products	1,066	660	3,517	3,490
Total	\$ 22,948	\$ 20,911	\$ 70,158	\$ 52,092
Operating (loss) income:				
Biopharmaceutical products	\$ (8,901)	\$ 4,193	\$ (19,929)	\$ 4,518
Antibody products	(158)	(675)	(1,602)	(4,751)
Total	\$ (9,059)	\$ 3,518	\$ (21,531)	\$ (233)

Selling and marketing expense and research and development expense are allocated almost fully to the biopharmaceutical products segment based on the allocation of effort within those functions. General and administrative expenses are allocated to each segment based primarily on relative sales levels.

(In thousands)	For the Three Months Ended		For the Nine Months Ended	
	September 25, 2004	September 27, 2003	September 25, 2004	September 27, 2003
Operating (loss) income:				
U.S.	\$ (5,090)	\$ 3,518	\$ (16,352)	\$ (233)
Ex-U.S.	(3,969)	—	(5,179)	—
Total	\$ (9,059)	\$ 3,518	\$ (21,531)	\$ (233)

The loss generated ex-U.S. results from our initial commercialization activities to expand our biopharmaceutical products business to the EU, and has been allocated wholly to our biopharmaceutical business.

[Table of Contents](#)

The following table reconciles reportable segment operating (loss) income to (loss) income before (provision) benefit for income taxes:

(In thousands)	For the Three Months Ended		For the Nine Months Ended	
	September 25, 2004	September 27, 2003	September 25, 2004	September 27, 2003
Reportable segment operating loss	\$ (9,059)	\$ 3,518	\$ (21,531)	\$ (233)
Unallocated interest income	428	131	1,112	502
Unallocated interest expense	(296)	(506)	(2,104)	(570)
Unallocated other income, net	9	12	17	30
(Loss) income before (provision) benefit for income taxes	\$ (8,918)	\$ 3,155	\$ (22,506)	\$ (271)

NOTE 6 STOCK OPTIONS AND WARRANTS

The following table summarizes the stock option activity under our 2004 Stock Plan for Non-Employee Directors, our 2000 Equity Incentive Plan and our 1998 Non-Qualified Employee Stock Option Plan for the nine months ended September 25, 2004 and the year ended December 27, 2003.

	Options	Exercise Price per Share	Weighted Average Exercise Price
	In thousands		
Balance at December 28, 2002	7,991	\$ 1.63 - \$ 13.75	\$ 6.51
Granted	1,937	5.09 - 11.25	6.00
Exercised	(1,808)	1.63 - 11.13	4.46
Canceled	(1,003)	2.88 - 13.75	8.22
Balance at December 27, 2003	7,117	2.63 - 13.75	6.68
Granted	1,855	8.88 - 17.15	14.94
Exercised	(1,324)	2.69 - 13.75	6.33
Canceled	(138)	4.69 - 17.08	8.79
Balance at September 25, 2004	7,510	\$ 2.63 - \$ 17.15	\$ 8.75

[Table of Contents](#)

Exercise Price Range	Outstanding			Exercisable	
	Options (In thousands)	Average Years Remaining	Average Exercise Price	Options (In thousands)	Average Exercise Price
\$ 2.63 - \$ 4.25	610	4.0	\$ 3.08	609	\$ 3.07
\$ 4.35 - \$ 7.61	3,628	6.7	\$ 5.99	2,482	\$ 6.10
\$ 8.00 - \$ 11.25	1,240	6.4	\$ 9.62	787	\$ 9.76
\$ 11.77 - \$ 17.15	2,032	8.5	\$ 14.84	236	\$ 13.79
Total	7,510			4,114	

On April 15, 2004, the holder of a warrant to purchase 133,333 shares of our common stock at \$7.50 per share exercised the warrant using the net exercise provision of the warrant. As a result of the net exercise, we issued 74,070 shares of our common stock to the holder of the warrant. The warrant had been issued in conjunction with the private placement of common stock in 2000 from which we realized \$9.3 million, net of issuance costs. As of September 25, 2004, we had no outstanding warrants to purchase our common stock.

NOTE 7 TREASURY STOCK

In separate transactions on April 5, 2004, June 19, 2003 and February 24, 2003, a former officer of the Company exercised stock options for 6,250, 355,735 and 67,627 shares of our common stock, respectively. In addition, on May 6, 2003, a member of our Board of Directors exercised stock options for 4,500 shares of our common stock. The purchases were paid for by delivery of 3,496 shares of common stock, 190,683 shares of common stock, 38,358 shares of common stock and 2,371 shares of common stock, respectively, valued at \$0.1 million, \$1.4 million, \$0.2 million and \$16 thousand for the respective transactions. In each of the transactions, the former officer and the member of our Board of Directors had acquired the shares delivered more than six months earlier. These shares have been accounted for as treasury stock.

On September 19, 2001, our Board of Directors approved the buy back of up to \$5.0 million of our common stock in the open market or in privately negotiated transactions. Repurchases will allow us to have treasury stock available to support our stock option and stock purchase programs. During the first nine months of 2004 and 2003 we did not purchase any shares of our common stock under this program. We have acquired 345,883 shares of our common stock for a total of \$1.9 million since the inception of this buy back program. Repurchased shares have been accounted for as treasury stock.

[Table of Contents](#)

NOTE 8 INTANGIBLE ASSETS

The components of our intangible assets are as follows:

(In thousands)	September 25, 2004	December 27, 2003
PhosLo related:		
Trademark/tradename	\$ 1,423	\$ 1,423
Tablet patent	11,381	11,381
Gelcap patent	80,670	80,680
Customer relationships	2,337	2,337
Covenant not to compete	508	508
Manufacturing Right - Cambrex	2,992	323
Other intangible assets	4,389	3,639
Total intangible assets	103,700	100,291
Less accumulated amortization	(11,725)	(5,300)
Total	\$ 91,975	\$ 94,991

On August 4, 2003, we acquired the worldwide rights to PhosLo. See Note 10. Under the terms of the acquisition, we purchased patent rights, trade secrets, the PhosLo trademarks, regulatory approvals and licenses, certain customer and regulatory data and finished product inventory. All assets purchased, except for inventory, have been recorded at their estimated fair value, adjusted by a pro rata portion of the excess of purchase price, and are included in intangible assets.

The estimated remaining useful lives of the PhosLo related intangible assets are as follows:

	<u>Estimated Remaining Useful Life</u>
PhosLo Intangibles:	
Trademark/tradename	16.5 years
Tablet patent	2.5 years
Gelcap patent	16.5 years
Customer relationships	3.8 years
Covenant not to compete	13.8 years

In October 2003, we entered into a contract manufacturing agreement with Cambrex Bio Science to acquire the right to commercial manufacturing capacity for StaphVAX. Vaccine manufactured at Cambrex Bio Science will be used to support our MAA for StaphVAX in the EU that we expect to file by the end of 2004. During the nine months ended September 25, 2004, we capitalized as a manufacturing right \$2.7 million of costs paid to Cambrex to ready its facility to manufacture StaphVAX at commercial scale in future periods.

NOTE 9 RELATED PARTY TRANSACTIONS

In October 2001, we engaged Stonebridge Associates, LLC, or Stonebridge, an investment banking firm, the president of which is a member of our Board of Directors, to provide financial advisory services in connection with our review and implementation of a corporate expansion strategy. The agreement, as amended in October 2002, provided for a monthly retainer of \$30 thousand plus hourly charges. If the engagement resulted in transactions by us involving aggregate consideration paid in excess of a specified

[Table of Contents](#)

level, Stonebridge would receive additional fees based upon the consideration paid. Stonebridge acted as our financial adviser in connection with our acquisition of the worldwide rights to PhosLo in August 2003 and received a fee of approximately \$0.3 million for its services upon consummation of this transaction. See Note 10. We believe that the terms of the engagement of Stonebridge were no less favorable to us than would have been obtained from an unrelated party. Upon successful completion of the PhosLo transaction, we concluded our agreement with Stonebridge.

NOTE 10 PRODUCT ACQUISITIONS

In a transaction dated June 29, 2004, we exercised our right under our distribution agreement to acquire Aloprim from DSM Pharmaceuticals, Inc., or DSM. We paid a total of \$1.0 million for the acquisition of Aloprim including payment of \$0.8 million for the Aloprim product license at the closing of the purchase. We had previously paid \$0.2 million in the fourth quarter of 2003. As a result of acquiring the Aloprim product license, future product royalties will be reduced to 15% of net sales for five years. Previously, we were obligated to share net profits, as defined, equally with DSM from net sales of Aloprim up to \$4.0 million and to pay DSM 40% of net profits from net sales in excess of \$4.0 million. In conjunction with acquiring Aloprim, we entered into a manufacturing agreement with DSM for DSM to continue to supply product to us for a term of up to five years.

On August 4, 2003, we acquired the worldwide rights to PhosLo from Braintree Laboratories, Inc., or Braintree. PhosLo is currently approved in the U.S. for the control of elevated blood phosphate levels, or hyperphosphatemia, in patients with end-stage renal (kidney) failure. Under the terms of the agreement, we acquired the worldwide rights to PhosLo for payment of \$60.3 million in cash, issuance of 1.5 million shares of our common stock at the closing date valued at \$8.4 million and the payment of \$30.0 million in cash over the period ending March 1, 2007. In addition, we paid total professional fees and closing costs of \$0.9 million in connection with the acquisition. The discounted value of the future payment obligation on September 25, 2004 was \$22.9 million and has been reported as Notes Payable, PhosLo acquisition, net. The future payment obligation was discounted at 4.5%, our estimated rate of interest under our credit facility in effect on August 4, 2003, the date of the closing of the agreement. Braintree will continue to manufacture the product for us under a long-term manufacturing agreement with an initial term of 7 years. At our option, we may extend the manufacturing agreement for an additional 8 years. Stonebridge, an investment banking firm, the president of which is a member of our Board of Directors, acted as our financial adviser in connection with the acquisition of PhosLo and received a fee of approximately \$0.3 million for its services upon consummation of this transaction. See Note 9.

The following table reconciles the notes payable related to the acquisition of PhosLo:

<u>In thousands</u>	<u>September 25, 2004</u>	<u>December 27, 2003</u>
Notes payable, PhosLo acquisition, net:		
Notes payable, PhosLo acquisition	\$ 22,911	\$ 27,393
Less: Current maturities	(10,107)	(4,226)
Notes payable, PhosLo acquisition long-term	<u>\$ 12,804</u>	<u>\$ 23,167</u>

NOTE 11 CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND CAPITAL COMMITMENTS

In May 2004, we entered into an agreement with an engineering and design firm to construct a commercial scale vaccine manufacturing facility in available space within our Boca Raton, Florida manufacturing plant. Under the terms of the agreement, we have a remaining commitment of \$6.0 million as of September 25, 2004. As of September 25, 2004, we have incurred a total of \$12.2 million to construct this vaccine manufacturing facility, including \$9.3 million under our construction commitment.

[Table of Contents](#)

In October 2003, we entered into an agreement to have StaphVAX manufactured for us at Cambrex Bio Science for up to ten years. Under the terms of the agreement we have a remaining commitment to pay \$0.4 million at September 25, 2004, including costs to acquire the right to future commercial manufacturing capacity for StaphVAX and activities related to the transfer of the StaphVAX manufacturing process to Cambrex Bio Science. Through September 25, 2004, we had incurred \$9.6 million under this agreement, of which \$3.0 million has been recorded as acquisition of a Manufacturing Right asset. See Note 8.

We are a party to litigation in the ordinary course of business. We do not believe that any such litigation will have a material adverse effect on our business, financial position or results of operations.

NOTE 12 CREDIT FACILITY

On March 26, 2004, we terminated our credit agreement with Wells Fargo Foothill, Inc., part of Wells Fargo & Company. The credit agreement had an original term through June 2006. As a result of terminating the credit agreement we incurred an early termination penalty of \$0.6 million that has been included in interest expense in the accompanying statement of operations for the nine-month period ended September 25, 2004. By terminating the credit agreement we are avoiding unused credit fees and other credit charges that would have been incurred during the remaining term of the agreement through June 2006. In addition, included in interest expense in the accompanying statement of operations for the nine-month period ended September 25, 2004, is the write-off of previously capitalized loan origination fees of approximately \$0.5 million recorded at the time of entering into the credit agreement.

NOTE 13 INCOME TAXES

During the second quarter of 2004, as part of our planned expansion into European markets, we entered into an agreement to license StaphVAX and PhosLo product rights in the EU to our wholly owned subsidiary. The value of the licenses was either developed by us through our research and development activities to date or acquired by us in a product acquisition. In recognition of the value of the EU product rights developed and acquired by us, we realized a gain of approximately \$55 million in the U.S. for income tax purposes in 2004 and expect to generate future license use fees based on net sales following product licensure in the EU. For the quarter and nine-month periods ended September 25, 2004, we have recorded income tax expense of \$2.0 million and \$10.8 million, respectively, as a result of this taxable gain. Although on a generally accepted accounting principle basis we reported a consolidated operating loss during the quarter and nine month periods ended September 25, 2004 and anticipate reporting a loss for the remainder of the year, we nevertheless expect to incur income tax expense due to this taxable gain. We anticipate realizing deferred tax assets related to net operating loss carryforwards incurred in prior periods and the exercise of employee stock options to offset future cash payments for the reported U.S. tax gain in 2004.

[Table of Contents](#)

Deferred tax assets (liabilities) are comprised of the following:

<u>In thousands</u>	<u>September 25, 2004</u>	<u>December 27, 2003</u>
Deferred tax assets:		
Net operating loss carryforwards	\$ 1,481	\$ 8,663
Capitalized research and development	798	724
Research and development tax credit	12,795	10,754
Inventory reserve and capitalization	1,861	2,424
Amortization	2,645	1,751
Bad debt reserve	194	239
Depreciation	1,295	1,296
Alternative minimum tax credit	900	900
Deferred income	17	5
Accrued retirement	802	1,477
Other	123	880
	<hr/>	<hr/>
Deferred tax assets	22,911	29,113
Deferred tax liabilities:		
Depreciation	(16,748)	(17,511)
Other	(4,386)	(3,957)
	<hr/>	<hr/>
Deferred tax liabilities	(21,134)	(21,468)
	<hr/>	<hr/>
Net deferred tax assets	\$ 1,777	\$ 7,645

The reduction of deferred tax assets from net operating loss carryforwards recorded at December 27, 2003 is due to the use of such assets to offset the gain from the license of intangible assets to our subsidiary in June 2004.

At December 25, 2004 we expect to have net operating loss carryforwards of approximately \$8.9 million that expire at various dates through 2023. All of the net operating loss carryforwards are related to the exercise of employee stock options, and we will record a tax benefit of approximately \$3.3 million through capital in excess of par value in future periods if such net operating loss carryforwards are realized.

We have research and development tax credit carryforwards of \$12.8 million that expire in varying amounts through 2023. We have alternative minimum tax credit carryforwards of \$0.9 million that are available to offset future regular tax liabilities, and do not expire.

[Table of Contents](#)

NOTE 14 SUPPLEMENTAL CASH FLOW INFORMATION

(In thousands)	For the Nine Months Ended	
	September 25, 2004	September 27, 2003
Interest paid	\$ 613	\$ 3,569
Income taxes refunded	\$ (1)	\$ (573)
Supplemental non-cash financing and investing activities:		
Stock options exercised in exchange for common stock	\$ 101	\$ 247
Warrants exercised in exchange for common stock	\$ 1,000	—
Intangible and other PhosLo assets acquired, net of cash paid of \$61.3 million	—	\$ 35,260
Consideration issued in PhosLo product acquisition:		
- Notes Payable	—	\$ 26,860
- Common Stock	—	\$ 8,400

NOTE 15 DISTRIBUTION AGREEMENT

On July 15, 2004, we were informed by Cangene Corporation that it will not renew the WinRho SDF license and distribution agreement with us at its expiration in March 2005. We will continue to distribute WinRho SDF exclusively in the U.S. through March 2005.

[Table of Contents](#)

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 our financial condition and results of operations for the three and nine months ended September 25, 2004 and September 27, 2003. The discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto.

RESULTS OF OPERATIONS

Information concerning our sales by operating segments is set forth in the following tables:

	For the Three Months Ended			
	September 25, 2004		September 27, 2003	
Biopharmaceutical products:				
-PhosLo	\$ 9,183	21.0%	\$ 5,027	11.8%
-Nabi-HB	13,728	31.3	8,933	21.1
-WinRho SDF	7,771	17.8	13,521	31.9
-Other biopharmaceuticals	2,141	4.9	3,229	7.6
Biopharmaceutical subtotal	32,823	75.0	30,710	72.4
Antibody products:				
-Non-specific antibodies	6,330	14.4	8,046	18.9
-Specialty antibodies	4,621	10.6	3,679	8.7
Antibody subtotal	10,951	25.0	11,725	27.6
Total	\$43,774	100.0%	\$42,435	100.0%
For the Nine Months Ended				
Biopharmaceutical products:				
-PhosLo	\$ 28,314	20.5%	\$ 5,027	3.9%
-Nabi-HB	34,862	25.2	26,336	20.5
-WinRho SDF	34,374	24.9	37,633	29.3
-Other biopharmaceuticals	5,505	4.0	6,367	4.9
Biopharmaceutical subtotal	103,055	74.6	75,363	58.6
Antibody products:				
-Non-specific antibodies	17,421	12.6	37,075	28.8
-Specialty antibodies	17,639	12.8	16,157	12.6
Antibody subtotal	35,060	25.4	53,232	41.4
Total	\$ 138,115	100.0%	\$ 128,595	100.0%

[Table of Contents](#)

FOR THE THREE MONTHS ENDED SEPTEMBER 25, 2004 AND SEPTEMBER 27, 2003

Sales. Total sales for the third quarter of 2004 were \$43.8 million compared to \$42.4 million for the third quarter of 2003, an increase of 3%.

Biopharmaceutical sales were \$32.8 million in the third quarter of 2004 compared to \$30.7 million for the third quarter of 2003, an increase of 7%.

PhosLo[®] (calcium acetate). For the third quarter of 2004 sales of PhosLo were \$9.2 million compared to \$5.0 million in the third quarter of 2003. We acquired PhosLo in August 2003. Based on our review of third party generated patient prescription data for PhosLo, we believe that prescriptions of PhosLo continue to increase relative to the competing prescription therapy for hyperphosphatemia, or elevated blood phosphate levels, in end-stage renal (kidney) disease, or ESRD, patients. We believe that based on strengthening patient demand, wholesaler customers have sought to maintain inventory levels on hand of approximately six months of sales. Sales of PhosLo in 2004 also benefited from a price increase that went into effect in January 2004 as well as pricing strategies that have resulted in lower rebate deductions from gross selling price thereby increasing net average selling price for PhosLo. At September 25, 2004 we had approximately \$4.0 million in unfilled orders for PhosLo in response to an announced price increase that went into effect in the fourth quarter of 2004. Sales in the third quarter of 2003 included initial stocking of PhosLo by wholesaler customers following our acquisition of the product.

Nabi-HB[®] [Hepatitis B Immune Globulin (Human)]. Sales of Nabi-HB were \$13.7 million for the third quarter of 2004 compared to \$8.9 million in the comparable period of 2003, or an increase of 54%. Sales of Nabi-HB are closely correlated with the number of hepatitis B liver transplants in the U.S. Internally generated data indicates that for the year-to-date period ended September 2004, liver transplants for hepatitis B patients have increased compared to the corresponding period in 2003. Our unit sales of Nabi-HB have benefited from the combination of increased demand arising from liver transplants for hepatitis B patients, increased demand from our wholesaler customers in recognition of increasing hepatitis B liver transplants activity and increased pricing that went into effect at the beginning of the year.

WinRho SDF[®] [Rh₀(D) Immune Globulin Intravenous (Human)]. Sales of WinRho SDF decreased to \$7.8 million from \$13.5 million compared to the third quarter of 2003. Quarterly sales of WinRho SDF reflect the quarter to quarter buying patterns of our wholesaler customers. These buying patterns have been influenced by price increases announced for WinRho SDF in the first quarter of 2004 and changes in the holder of provider contracts amongst wholesaler customers. Sales of WinRho SDF have benefited from a price increase and a new contracting strategy that went into effect in January 2004. Based on internally generated patient use data, we believe year-to-date 2004 patient demand for WinRho SDF has remained essentially even with 2003 levels. Our right to distribute WinRho SDF will end in March 2005.

Other biopharmaceutical products. Other biopharmaceutical products, which include Aloprim[™] [(Allopurinol sodium) for injection], intermediate products manufactured in our plant and Autoplex T[®] (Anti-Inhibitor Coagulant Complex, Heat Treated) were \$2.1 million in the third quarter of 2004 compared to \$3.2 million for the third quarter of 2003. Sales of Aloprim were lower in the third quarter of 2004 than the third quarter of 2003 as the prior period benefited from delivery of backordered product from the manufacturer. Our supply agreement for Autoplex T ended on May 11, 2004 limiting current period sales and future sales will be limited to sales from existing inventories.

Total antibody sales for the third quarter of 2004 were \$11.0 million compared to \$11.7 million for the third quarter of 2003.

Non-specific antibody sales. Sales of non-specific antibodies for the third quarter of 2004 were \$6.3 million compared to \$8.0 million for the third quarter of 2003. The decrease in non-specific antibodies reflects lower production levels of non-specific antibodies.

Specialty antibody sales. Specialty antibody sales were \$4.6 million in the third quarter of 2004 compared to \$3.7 million in the third quarter of 2003, primarily reflecting increased sales of anti-CMV and anti-tetanus antibodies. We have a contractual commitment to supply substantial quantities of Rh₀D antibodies at a low margin through 2004 to the purchaser of the majority of our antibody collection and laboratory testing business in 2001. This commitment limits our ability to sell these antibodies to other customers.

[Table of Contents](#)

Gross margin. Gross margin for the third quarter of 2004 was \$22.9 million, or 52% of sales, compared to \$20.9 million, or 49% of sales, for the third quarter of 2003. Gross margin increases were driven by increased sales of higher margin biopharmaceutical products PhosLo and Nabi-HB in the third quarter of 2004. Gross margin for this third quarter also benefited from increased sale of specialty antibody products. Gross margin for the third quarter of 2003 benefited from a non-performance penalty payment from the manufacturer of Autoplex T of \$1.9 million. We did not receive a penalty in the third quarter of 2004 as a result of our supply contract for Autoplex T ending on May 11, 2004. Gross margin for the third quarter of 2004 also includes excess plant capacity expense of \$1.3 million reflecting lower utilization of our Boca Raton, Florida manufacturing plant in the quarter as a result of plant maintenance undertaken in this third quarter. This compares to \$0.4 million of excess plant capacity expense in the third quarter of 2003.

Royalty expense for the third quarter of 2004 was \$3.3 million, or 10% of biopharmaceutical sales, compared to \$5.4 million, or 18% of biopharmaceutical sales, for the third quarter of 2003. Royalty expense decreased in dollars and as a percent of biopharmaceutical sales as a result of decreased sales of WinRho SDF compared to the third quarter of 2003 and the acquisition of Aloprim effective June 29, 2004. As a result of this acquisition, our royalty obligation for this product has been reduced.

Selling, general and administrative expense. Selling, general and administrative expenses were \$12.0 million for the third quarter of 2004 compared to \$9.4 million for the third quarter of 2003. Increased selling, general and administrative expenses were primarily related to selling and marketing expense for PhosLo that we acquired in August 2003, initial commercialization activities in Europe and costs related to implementation of the requirements of Section 404 of the Sarbanes-Oxley Act.

Research and development expense. Research and development expense was \$17.7 million for the third quarter of 2004 compared to \$6.5 million for the third quarter of 2003. Consistent with the strategic focus of our research and development activities, 92% of research and development expense in the third quarter of 2004 supported activity under our Gram-positive infections program. Clinical trial expense for the confirmatory Phase III clinical trial of StaphVAX[®] (*Staphylococcus aureus* Polysaccharide Conjugate Vaccine) initiated in late September 2003 increased substantially during the third quarter of 2004 as enrollment in the trial was completed. The final patients enrolled in the trial will be followed for a twelve month period. The trial is expected to conclude in the third quarter of 2005. In June 2004, we initiated an immunogenicity trial of StaphVAX in cardiovascular surgery patients as part of our strategy to broaden the potential patient population who would benefit from StaphVAX. The goal of this trial is to provide evidence that StaphVAX can raise high levels of antibodies capable of providing protection in patients at-risk for these infections. Also under the StaphVAX program, we incurred expenses related to establishing commercial scale manufacture of StaphVAX at Cambrex Bio Science Baltimore Inc., or Cambrex Bio Science, manufacturing of StaphVAX consistency lots at Cambrex Bio Science's site and costs related to establishing commercial vaccine manufacturing capability at our Boca Raton, Florida facility. These expenses will continue for the remainder of 2004.

During the third quarter of 2004, we also incurred costs for our ongoing Phase II clinical trial of Altastaph[™] [*Staphylococcus aureus* Immune Globulin (Human)], being conducted under an agreement with Duke University, involving approximately 200 very low birth weight newborns. We expect to report results from this trial in the fourth quarter of 2004.

In addition, we incurred costs from a Phase II clinical trial of NicVAX[™] (Nicotine Conjugate Vaccine) in smokers in the U.S. This trial is now completed and its results were reported in September 2004.

On October 5, 2004 we announced that we will initiate the CARE 2 study that will compare efficacy and arterial calcification in patients treated with PhosLo and Renagel (sevelamer hydrochloride) plus Lipitor. The goal of the CARE 2 study is to demonstrate that when patients with ESRD being treated with either PhosLo or Renagel achieve the same level of lipid control, there will be no significant difference in the development of coronary artery calcification. An additional goal of the trial is to demonstrate that patients treated with PhosLo will achieve superior control of serum phosphorus and calcium phosphorus product over a one-year follow-up period as compared to patients treated with Renagel. This study replaced the PhosLo PRECISE study.

[Table of Contents](#)

In addition, we expect to initiate a study using PhosLo in pre-dialysis chronic kidney disease, or CKD, patients in the fourth quarter of 2004. In line with the recommendations in the Kidney Disease Outcomes Quality Initiative, or K/DOQI, guidelines issued by the National Kidney Foundation, or NKF, this trial will seek to demonstrate that PhosLo can safely and effectively control parathyroid hormone, serum phosphorus and calcium phosphorus levels in CKD patients.

Research and development activities in the third quarter of 2004 included costs to prepare materials for submitting MAAs for StaphVAX and PhosLo to European authorities in 2004. An MAA for Nabi-HB Intravenous was submitted to the Paul Erlich Institute in Germany on June 24, 2004, and has been accepted for review. This submission was filed through the Mutual Recognition Procedure, which targets initial approval in one country. Once approved in Germany, the dossier can then be used to seek approval in additional countries selected by us within the European Union, or EU, on a shortened timeline. In addition, our MAA filings are constructed in the Common Technical Document format, an international format that can be used in submissions to many additional countries worldwide without major modifications.

As a result of the activities described above, research and development expense for fiscal 2004 will increase from fiscal 2003.

Amortization of intangible assets. Amortization expense was \$2.1 million for the third quarter of 2004 compared to \$1.5 million for the third quarter of 2003. The increase in 2004 is due to amortization of the intangible assets recorded as part of the acquisition of PhosLo that was acquired in August 2003.

Interest income. Interest income for the third quarter of 2004 was \$0.4 million compared to \$0.1 million for the comparable period of 2003. Interest income is earned from investing cash and cash equivalents on hand in money market funds and auction rate securities with maturities of three months or less. The increase in interest income reflects additional cash and cash equivalents available for investment.

Interest expense. Interest expense for the third quarter of 2004 was \$0.3 million compared to \$0.5 million of interest expense reported for the third quarter of 2003. Interest expense in the third quarter of 2004 was primarily the result of amortization of the discount on the notes payable entered into in connection with the acquisition of PhosLo in August 2003. Interest expense in the 2003 quarter included amortization of the discount on the PhosLo acquisition notes and interest under our then outstanding line of credit with Wells Fargo Foothill Inc. that was terminated on March 26, 2004.

Other factors. The provision for income taxes was \$2.0 million for the third quarter of 2004, compared to a provision of \$1.0 million for the third quarter of 2003. In agreements dated June 25, 2004, we licensed the right to market StaphVAX and PhosLo in the EU to one of our ex-U.S. subsidiaries. Income tax expense in the third quarter represents recognition of the value of the product rights developed and acquired by us that amounted to a total realized gain for U.S. tax reporting purposes of approximately \$55 million. Although we recognized a consolidated operating loss on a generally accepted accounting principles in the U.S. basis during the quarter and anticipate a loss for the full year, we nevertheless expect to incur income tax expense due to the U.S. taxable gain arising from licenses of these product rights to our non-U.S. subsidiary. We anticipate realizing deferred tax assets related to net operating loss carryforwards incurred in prior periods and the exercise of employee stock options to offset future cash payment for the reported U.S. taxable gain in 2004.

FOR THE NINE MONTHS ENDED SEPTEMBER 25, 2004 AND SEPTEMBER 27, 2003

Sales. Total sales for the first nine months of 2004 were \$138.1 million compared to \$128.6 million for the first nine months of 2003, an increase of 7%.

Biopharmaceutical sales were \$103.1 million for the first nine months of 2004 compared to \$75.4 million for the first nine months of 2003, an increase of 37%.

PhosLo. Sales of PhosLo for the first nine months of 2004 were \$28.3 million as compared to \$5.0 million for the first nine months of 2003. Because we acquired PhosLo in August 2003, only two months of PhosLo sales occurred during the first nine months of 2003. Based on our review of third party generated

[Table of Contents](#)

patient prescription data for PhosLo, we believe that prescriptions of PhosLo continue to increase relative to the competing prescription therapy for hyperphosphatemia in ESRD patients. Sales of PhosLo in 2004 also benefited from a price increase that went into effect in January 2004. Sales of PhosLo in 2004 further benefited from increased capacity for the manufacture of PhosLo gelpcaps that allowed us to meet customer demand for this formulation as well as pricing strategies that have resulted in lower rebate deductions from gross selling price thereby increasing net average selling price for PhosLo.

Nabi-HB. Sales of Nabi-HB were \$34.9 million for the first nine months of 2004 compared to \$26.3 million in the comparable period of 2003, or an increase of 32%. Sales of Nabi-HB in 2004 benefited from an initial buy-in of product from a new contract entered into during the first quarter of 2004 with Novation LLC, or Novation. Under the terms of the agreement, we will supply finished Nabi-HB product to Novation for distribution through their Novaplus[®] Private Label Program. Sales of Nabi-HB are closely correlated with the number of hepatitis B liver transplants in the U.S. Internally generated data indicates that liver transplants for hepatitis B patients in the year to date period ended September 2004 have increased compared to the corresponding period in 2003. Sales of Nabi-HB have increased in line with the combined impact of year-to-date increases in liver transplants for hepatitis B patients, increased demand from our wholesaler customers in recognition of increasing hepatitis B liver transplants activity and the benefit from increased pricing that went into effect at the beginning of the year.

WinRho SDF. Sales of WinRho SDF for the first nine months of 2004 were \$34.4 million compared to \$37.6 million for the comparable period in 2003, or a decrease of 9%. Based on internally generated patient use data, we believe year-to-date patient demand for WinRho SDF for 2004 has remained essentially level with 2003 levels. Decreased sales of WinRho SDF for the first nine months of 2004 reflect the buying patterns of our wholesaler customers offset by the benefit of a price increase and a new contracting strategy that went into effect in January 2004. Our right to distribute WinRho SDF will end in March 2005.

Other biopharmaceutical products. Other biopharmaceutical products, which include Aloprim, Autoplex T, intermediate products manufactured in our plant and contract manufacturing were \$5.5 million in the first nine months of 2004 compared to \$6.4 million for the comparable period of 2003. Sales of Aloprim were essentially level for the first nine months of 2004 compared to 2003. Our review of internally generated patient use data for this product indicates that patient demand has increased in the 2004 period. The 2003 period benefited from the filling of backordered product from the manufacturer. Sales of Autoplex T were consistent in the first nine months of each of 2004 and 2003. Because our contract with the manufacturer of Autoplex ended on May 11, 2004, future sales of Autoplex T will be limited to sales from existing inventories on hand.

Total antibody sales for the first nine months of 2004 were \$35.1 million compared to \$53.2 million for the first nine months of 2003.

Non-specific antibody sales. Sales of non-specific antibodies for the first nine months of 2004 were \$17.4 million compared to \$37.1 million for the first nine months of 2003. Non-specific antibody sales decreased due to the impact of completing our obligations in April 2003 under a single contract retained by us following the sale of the majority of our antibody collection business and testing laboratory in September 2001. The purchaser of the majority of the antibody collection business and testing laboratory supplied us with non-specific antibodies to fulfill this obligation at the selling price under this contract. As a result, we did not record any margin under this contract. We reported sales under this arrangement because we retained the risk of credit loss associated with this customer. There were no such non-specific antibody sales in the first nine months of 2004 and \$18.5 million of sales in the first nine months of 2003. Non-specific antibody sales from our antibody collection centers were \$17.4 million in the first nine months of 2004 compared to \$18.6 million in the first nine months of 2003 reflecting decreased production levels in the first nine months of 2004.

Specialty antibody sales. Specialty antibody sales were \$17.6 million in the first nine months of 2004 compared to \$16.2 million in the first nine months of 2003, primarily reflecting increased sales of anti-Rabies and anti-CMV antibodies. We have a contractual commitment to supply substantial quantities of Rh₀D antibodies at a low margin through 2004 to the purchaser of the majority of our antibody collection and laboratory testing business. This commitment limits our ability to sell these antibodies to other customers.

[Table of Contents](#)

Gross margin. Gross margin for the first nine months of 2004 was \$70.2 million, or 51% of sales, compared to \$52.1 million, or 41% of sales, for the first nine months of 2003. The increase in gross margin for the first nine months of 2004 is principally the result of the increased sales of our higher margin biopharmaceutical products, PhosLo and Nabi-HB. Gross margin for each of the first nine months of 2004 and 2003 further benefited from non-performance penalty payments from the manufacturer of Autoplex T of \$2.0 million and \$5.9 million, respectively. The license and distribution agreement with the manufacturer of Autoplex T concluded May 11, 2004. Gross margin for the first nine months of 2004 also included excess plant capacity expense of \$6.4 million resulting from decreased utilization of our Boca Raton, Florida manufacturing plant in the first nine months of 2004, compared to \$2.2 million excess capacity expense for the first nine months of 2003. The decrease in utilization was expected as the manufacturing plant underwent minor modifications to comply with European Union, or EU, regulations in the first quarter of 2004, limiting manufacturing activities in that period as well as maintenance in the third quarter of 2004.

Royalty expense for the first nine months of 2004 was \$12.9 million, or 13% of biopharmaceutical sales, compared to \$13.7 million, or 18% of biopharmaceutical sales, for the first nine months of 2003. The decrease in royalty expense as a percentage of biopharmaceutical sales reflects the increase in total biopharmaceutical sales, primarily sales of PhosLo for which we pay no royalties, during the first nine months of 2004, the acquisition of Aloprim effective June 29, 2004 that reduces royalty expense to 15% of net sales of Aloprim from that date and decreased sales of WinRho SDF.

Selling, general and administrative expense. Selling, general and administrative expenses were \$38.8 million for the first nine months of 2004 compared to \$32.2 million for the first nine months of 2003. Increased selling, general and administrative expenses were primarily related to selling and marketing expense for PhosLo, initial commercialization activities in Europe and costs related to implementation of the requirements of Section 404 of the Sarbanes-Oxley Act. Selling, general and administrative expenses in the first nine months of 2003 included a \$3.3 million expense related to the retirement of our former chief executive officer.

Research and development expense. Research and development expense was \$46.0 million for the first nine months of 2004 compared to \$18.2 million for the first nine months of 2003. Consistent with the strategic focus of our research and development activities, 82% of research and development expense in the first nine months of 2004 supported activity under our Gram-positive infections program. Clinical trial expense for the confirmatory Phase III clinical trial of StaphVAX initiated in late September 2003 increased substantially during the third quarter of 2004 as enrollment in the trial increased. There were limited Phase III clinical trial costs in the first nine months of 2003. Enrollment in this trial was completed in the third quarter of 2004 and the trial is expected to be completed in the third quarter of 2005 with the final patients enrolled in the trial to be followed from a twelve month period. In June 2004, we initiated an immunogenicity trial of StaphVAX in cardiovascular surgery patients as part of our strategy to broaden the potential patient population who would benefit from StaphVAX. The goal of this trial is to provide evidence that a vaccine against Staph aureus bacterial infections can raise high levels of antibodies capable of providing protection to patients at-risk for these infections. Also under the StaphVAX program, we incurred expenses related to establishing commercial scale manufacture of StaphVAX at Cambrex Bio Science, the manufacture of StaphVAX consistency lots at Cambrex Bio Science's site and costs related to establishing commercial vaccine manufacturing capability at our Boca Raton, Florida facility. These expenses will continue for the remainder of 2004.

During the first nine months of 2004, we also incurred costs from an ongoing Phase II clinical trial of Altastaph being conducted under an agreement with Duke University in approximately 200 very low birth weight newborns. During the first nine months of 2003, we incurred costs for Altastaph clinical trials, although at a lower level. We expect to report results from this trial by the end of 2004.

In addition, we incurred costs from a Phase II clinical trial of NicVAX in smokers in the U.S. We also incurred clinical trial costs for NicVAX during the first nine months of 2003, although at a lower level. This trial is now complete and the results were reported in September 2004. This clinical trial has been substantially funded by our grant from the National Institute of Drug Abuse.

On October 5, 2004 we announced that we will initiate the CARE 2 study that will compare efficacy and arterial calcification in patients treated with PhosLo and Renagel (sevelamer hydrochloride) plus Lipitor.

[Table of Contents](#)

The goal of the CARE 2 study is to prove that when patients with ESRD being treated with either PhosLo or Renagel achieve the same level of lipid control, there will be no significant difference in the development of coronary artery calcification. An additional goal of the trial is to demonstrate that patients treated with PhosLo will achieve superior control of serum phosphorous and calcium phosphorous product over a one-year follow-up period as compared to patients treated with Renagel. This study will replace the PhosLo PRECISE study.

In addition, in line with the recommendations in the K/DOQI guidelines issued by the NKF that CKD patients may benefit from phosphate binder therapy, we expect to initiate a study using PhosLo in CKD patients in the fourth quarter of 2004. This trial will seek to demonstrate that PhosLo can safely and effectively control parathyroid hormone, serum phosphorus and calcium phosphorus levels in CKD patients.

Research and development activities in the first nine months of 2004 further included costs to support our Nabi-HB Intravenous Biologics License Application filed with the FDA and preparation of materials for submitting MAAs for StaphVAX, PhosLo and Nabi-HB to European authorities in 2004. The MAA for Nabi-HB Intravenous was submitted to the Paul Erlich Institute in Germany on June 24, 2004 and has been accepted for review. This submission was filed through the Mutual Recognition Procedure, which targets initial approval in one country. Once approved in Germany, the dossier can then be used to seek approval in additional countries selected by us within the EU on a shortened timeline. In addition, our MAA filings are constructed in the Central Technical Document format, an international format that can be used in submissions to many additional countries worldwide without major modifications.

As a result of the activities described above, research and development expense for fiscal 2004 will increase from fiscal 2003.

Amortization of intangible assets. Amortization expense was \$6.4 million for the first nine months of 2004 compared to \$1.6 million for the first nine months of 2003. The increase in 2004 is due to amortization of the intangible assets recorded as part of the August 2003 acquisition of PhosLo.

Interest income. Interest income for the first nine months of 2004 was \$1.1 million compared to \$0.5 million for the comparable period of 2003. Interest income is earned from investing cash and cash equivalents on hand in money market funds and auction rate securities with maturities of three months or less. The increase in interest income reflects additional cash and cash equivalents available for investment in 2004.

Interest expense. Interest expense for the first nine months of 2004 was \$2.1 million compared to \$0.6 million of interest expense reported for the first nine months of 2003. Effective March 26, 2004, we terminated our credit agreement with Wells Fargo Foothill, Inc. in order to avoid future costs for unused credit fees and other service charges. As a result of terminating the credit agreement, we incurred an early termination fee of \$0.6 million and wrote off previously capitalized loan origination costs of \$0.5 million. In addition, interest expense included \$0.9 million for amortization of the discount on the notes payable entered into in connection with the acquisition of PhosLo.

Other factors. The provision for income taxes was \$10.8 million for the first nine months of 2004, compared to a benefit of \$14 thousand for the first nine months of 2003. As a result of licensing the right to market StaphVAX and PhosLo in the EU to one of our ex-U.S. subsidiaries and in recognition of the value of the product rights developed and acquired by us, we realized a gain for U.S. tax reporting purposes of approximately \$55 million. Although we recognized a consolidated operating loss on a GAAP basis during the first nine months and anticipate a loss for the full year, we nevertheless expect to incur income tax expense due to the U.S. taxable gain arising from licenses of these product rights to our non-U.S. subsidiary. We anticipate realizing deferred tax assets related to net operating loss carryforwards incurred in prior periods and the exercise of employee stock options to offset future cash payment for the reported U.S. taxable gain in 2004.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations for the nine months ended September 25, 2004 was \$10.4 million. Our cash and cash equivalents at September 25, 2004 were \$110.8 million compared to \$115.8 million at December 27, 2003.

[Table of Contents](#)

In conjunction with the acquisition of PhosLo in August 2003, we entered into an obligation to pay the seller \$30.0 million over the period ending March 1, 2007. As of September 25, 2004, our remaining obligation, net of discount, was \$22.9 million. During the first nine months of 2004, we repaid approximately \$5.3 million of this obligation.

In May 2004 we entered into an agreement to construct commercial scale vaccine manufacturing facility and install equipment in available space within our Boca Raton, Florida manufacturing plant. Under the terms of the agreement, as of September 25, 2004 we have a remaining commitment of \$6.0 million that we expect to complete before the end of 2004. To date, we have incurred a total of \$12.2 million to construct this vaccine manufacturing facility, including \$9.3 million under our contractual commitment. We anticipate the total cost for the facility, including equipment, to be approximately \$18 million to \$20 million.

Under terms of an agreement entered into in October 2003 with Cambrex Bio Science, at September 25, 2004 we have a remaining commitment of \$0.4 million including costs to acquire the rights to future commercial manufacturing capacity for StaphVAX at Cambrex Bio Science's facility and to transfer commercial scale manufacture of StaphVAX to this facility. Through September 25, 2004, we have incurred \$9.6 million in costs, of which a total of \$3.0 million has been capitalized as a Manufacturing Right and included in intangible assets.

Capital expenditures were \$15.2 million for the first nine months of 2004. Our capital expenditures are expected to total approximately \$25 million for the full year 2004, including a total of approximately \$18 million to \$20 million to develop a vaccine manufacturing facility at our manufacturing plant in Florida.

In connection with an agreement related to the retirement of our former chief executive officer as of September 25, 2004 we have an obligation of \$2.1 million in cash payments through December 2006. The current portion of this obligation is recorded in accrued expenses and the long-term portion is included in other liabilities at September 25, 2004.

During the first nine months of 2004, we received \$8.4 million from the exercise of employee stock options.

Although we expect to incur income tax expense for the full year 2004 due to the U.S. taxable gain arising from licenses of product rights to one of our non-U.S. subsidiaries, we do not anticipate a significant cash outflow for income taxes. We anticipate realizing deferred tax assets related to net operating loss carryforwards incurred in prior periods to offset cash payment for the reported U.S. taxable gain in 2004.

In the first quarter of 2004, we ended our credit facility with Wells Fargo Foothill, part of Wells Fargo & Company.

On September 19, 2001, our Board of Directors approved the expenditure of up to \$5.0 million to repurchase shares of our common stock in the open market or in privately negotiated transactions. Repurchases will allow us to have treasury stock available to support our stock option and stock purchase programs. We acquired no shares under this program during the first nine months of 2004. We will evaluate market conditions in the future and make decisions to repurchase additional shares of our common stock on a case-by-case basis in accordance with our Board of Directors' approval. We have acquired 345,883 shares of our common stock for a total of \$1.9 million since the inception of this buy back program.

We believe that cash flow from operations and cash and cash equivalents on hand will be sufficient to meet our anticipated cash requirements for operations for at least the next twelve months.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Nabi Biopharmaceuticals and all wholly owned subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

[Table of Contents](#)

Intangible Assets

On August 4, 2003, we acquired the worldwide rights to PhosLo. Under the terms of this agreement, we purchased patent rights, trade secrets, the PhosLo trademarks, regulatory approvals and licenses, certain customer and regulatory data and finished product inventory. All assets purchased, except for inventory, have been recorded at their estimated fair value, adjusted by a pro rata portion of the excess of purchase price, and are included in intangible assets. Management estimates the remaining useful lives of the acquired intangible assets are as follows:

<u>(Dollars in Thousands)</u>	<u>September 25, 2004</u>	<u>Estimated Remaining Useful Life</u>
PhosLo Intangibles		
Trademark/tradename	\$ 1,423	16.5 years
Tablet patent	11,381	2.5 years
Gelcap patent	80,670	16.5 years
Customer relationships	2,337	3.8 years
Covenant not to compete	508	13.8 years
	<hr/>	
PhosLo Related Intangible Assets	96,319	
Less accumulated amortization	(9,627)	
	<hr/>	
Total PhosLo Related Intangible Assets	\$ 86,692	

The trademark/tradename and gelcap patents' useful lives are estimated to be the remaining life of the gelcap patent based on our assessment of the market for phosphate binders to treat hyperphosphatemia in end-stage renal failure patients and competitive therapies, forecasted growth in the number of patients and trends in patient care. The tablet patent's useful life is estimated as the remaining life for the tablet patent based on the direct competitive benefits derived from the patent. The covenant not-to-compete is based on Braintree Laboratories, Inc.'s contractual agreement not to compete directly in the dialysis market for a period of 15 years following the closing of the transaction. We have established a useful life of 5 years following the closing of the transaction for customer relationships based on our review of the time that would be required by us to establish markets and customer relationships within the nephrology and dialysis market place. In future periods, if we assess that circumstances have resulted in changes to the carrying value of the intangible assets or their estimated useful lives, we will record those changes in the period of that assessment.

Manufacturing Right

In October 2003, we established a contract manufacturing relationship with Cambrex Bio Science Baltimore, Inc, or Cambrex Bio Science. Under our agreement with Cambrex Bio Science, we are committed to make future payments to acquire the right to commercial manufacturing capacity for StaphVAX vaccine. As these payments are made, we intend to record a Manufacturing Right on our balance sheet, which we will amortize over the future period of commercial manufacture of StaphVAX at Cambrex Bio Science's facility. If we determine that the manufacture of StaphVAX will not occur at Cambrex Bio Science's facility, we will write off this Manufacturing Right in the period of that determination. As of September 25, 2004, we have recorded \$3.0 million as a Manufacturing Right included in intangible assets, including \$2.7 million during the first nine months of 2004.

Property, Plant and Equipment and Depreciation

We incurred total costs of \$90.3 million to construct our biopharmaceutical manufacturing facility in Boca Raton, Florida. We received approval from the FDA to manufacture our antibody-based biopharmaceutical product, Nabi-HB, at this facility in October 2001. In constructing the facility we incurred approximately \$26.8 million in direct costs of acquiring the building, building systems, manufacturing equipment and

[Table of Contents](#)

computer systems. We also incurred a total of \$63.5 million of costs related to validation of the facility to operate in an FDA approved environment and capitalized interest. Costs related to validation and capitalized interest have been allocated to the building, building systems, manufacturing equipment and computer systems. Buildings and building systems are depreciated on a straight-line basis over 39 years and 20 years, respectively, the estimated useful lives of these assets. The specialized manufacturing equipment and computer systems are depreciated using the units-of-production method of depreciation subject to a minimum level of depreciation based on straight-line depreciation. The units-of-production method of depreciation is based on management's estimate of production levels. Management believes the units-of-production method is appropriate for these specialized assets. Use of the units-of-production method of depreciation may result in significantly different financial results of operation than straight-line depreciation in periods of lower than average or higher than average production levels. However, this differential is limited in periods of lower than average production, as we record a minimum of 60% of the depreciation that would have otherwise been recorded had we used the straight-line method. In the first nine months of 2004, we recorded additional depreciation of \$2.1 million under this policy, including \$0.6 million in the third quarter of 2004. For the comparable periods of 2003, we recorded additional depreciation of \$1.3 million and \$0.4 million, respectively.

Accounts Receivable and Revenue Recognition

In the first nine months of 2004 and 2003, we had biopharmaceutical product sales of \$103.1 million and \$75.4 million, respectively. At September 25, 2004 and December 27, 2003 we had \$34.7 million and \$37.1 million, respectively, of accounts receivable including \$30.5 million and \$29.6 million, respectively, from biopharmaceutical sales. Our primary customers for biopharmaceutical products are pharmaceutical wholesalers. In accordance with our revenue recognition policy, revenue from biopharmaceutical product sales is recognized when title and risk of loss are transferred to the customer. Reported sales are net of estimated customer prompt pay discounts, contractual allowances in accordance with managed care agreements, government payer rebates, customer returns of PhosLo and other wholesaler fees. At September 25, 2004 and December 27, 2003, we had \$8.9 million and \$7.3 million, respectively, recorded in accrued expenses related to these obligations.

Inventory and Reserves for Slow Moving or Obsolete Inventory

At September 25, 2004 and December 27, 2003, we had inventory on hand of \$21.5 million and \$23.5 million respectively. In the nine months ended September 25, 2004, we recorded a provision for an inventory valuation allowance of \$0.6 million. For the comparable period of 2003, we recorded a provision for an inventory valuation allowance of \$1.6 million. We review inventory on hand at each reporting period to assess that inventory is stated at the lower of cost or market and that inventory on hand is saleable. Our assessment of inventory includes review of selling price compared to inventory carrying cost, recent sales trends, our expectations for sales trends in future periods and product shelf life expiration. Based on these assessments, we provide for an inventory valuation allowance in the period in which the requirement is identified.

Income Taxes

We follow Statement of Financial Accounting Standards, or SFAS No. 109, *Accounting for Income Taxes*, which requires, among other things, recognition of future tax benefits and liabilities measured at enacted rates attributable to temporary differences between financial statement and income tax bases of assets and liabilities and to tax net operating loss carryforwards to the extent that realization of these benefits is more likely than not. We periodically evaluate the realizability of our net deferred tax assets. Due to our planned European expansion, we have recognized our tax assets for the future use of net operating loss carryforwards and research and development tax credits that we have determined to be realizable. In future periods, if circumstances change we may have to record valuation allowances against some, or all, of our deferred tax assets. We recorded a tax provision for income taxes of \$10.8 million for the nine months ended September 25, 2004 to reflect the impact of generating a taxable gain in the U.S. related to the transfer of certain rights to market our products StaphVAX and PhosLo in EU markets offset by utilization of net operating loss deferred tax assets generated in previous periods.

FORWARD LOOKING STATEMENTS

The part of this Quarterly Report on Form 10-Q captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contains certain forward-looking statements, which involve risks and uncertainties. These statements are based on current expectations, estimates and projections about the industries in which we operate, management’s beliefs and assumptions made by management. Readers should refer to a discussion under “Risk Factors” contained in our Annual Report on Form 10-K for the year ended December 27, 2003 concerning certain factors that could cause our actual results to differ materially from the results anticipated in such forward-looking statements. Said discussion and Risk Factors are hereby incorporated by reference into this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not engage in trading market risk sensitive instruments or purchasing hedging instruments or “other than trading” instruments that are likely to expose us to significant market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk.

Foreign Currency Exchange Risk. We have two wholly owned Irish subsidiaries and one Luxembourg subsidiary. During the nine months ended September 25, 2004, we did not record any sales by our foreign subsidiaries. One subsidiary incurred expenses during this period, primarily relating to our initial activities to obtain regulatory approval in the EU for our pipeline products and products that we currently market in the U.S. If the U.S. dollar weakens relative to a foreign currency, any losses generated in the foreign currency will, in effect, increase when converted into U.S. dollars and vice versa. We do not speculate in the foreign exchange market and do not manage exposures that arise in the normal course of business related to fluctuations in foreign currency exchange rates by entering into offsetting positions through the use of foreign exchange forward contracts. We also do not engage in derivative activities.

Interest Rate Risk. At September 25, 2004, we had cash equivalents in the amount of \$110.8 million. We also had net notes payable for the acquisition of PhosLo of \$22.9 million. Cash equivalents consist of money market funds and auction rate securities with maturities of three months or less placed with major financial institutions.

Our exposure to interest rate risk relates to our borrowings and to our cash and investments. The notes payable related to the PhosLo acquisition were discounted at our estimated interest rate under our credit facility on August 4, 2003, the date of the closing agreement. We maintain an investment portfolio of money market funds, qualified purchaser funds, and auction rate securities. The securities in our investment portfolio are not leveraged, and are, due to their very short-term nature, subject to minimal interest rate risk. We currently do not hedge interest rate exposure. Because of the short-term maturities of our investments, we do not believe that a change in interest rates would have a significant negative impact on the value of our investment portfolio.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we invest our excess cash in debt instruments of the U.S. Government and its agencies, bank obligations, repurchase agreements and high-quality corporate issuers, and, by policy, restrict our exposure to any single corporate issuer by imposing concentration limits. To minimize the exposure due to adverse shifts in interest rates, we maintain investments at an average maturity of generally less than one month. The table below presents the principal amount and weighted-average interest rate for our investment and debt portfolio:

(In millions, except for percentages)	Estimated Fair Value at September 25, 2004
Assets:	
Cash equivalents	\$ 110.8
Average interest rate	1.2%
Liabilities:	
Notes payable	\$ 22.9
Average interest rate	4.5%

Item 4. Controls and Procedures

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as of September 25, 2004. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 25, 2004. There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended September 25, 2004 that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION**Item 1. Legal Proceedings**

We are a party to litigation in the ordinary course of business. We do not believe that any such litigation will have a material adverse effect on our business, financial position or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about purchases by Nabi Biopharmaceuticals during the quarter ended September 25, 2004, of our equity securities that are registered pursuant to Section 12 of the Exchange Act:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased	Average Price Paid per share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
6/27/04-7/31/04	0	N/A	0	\$ 3.1 million
8/1/04-8/28/04	0	N/A	0	\$ 3.1 million
8/29/04-9/25/04	0	N/A	0	\$ 3.1 million
Total:	0	N/A	0	\$ 3.1 million

- (1) On September 19, 2001, our Board of Directors approved the buy back of up to \$5.0 million of our common stock in the open market or in privately negotiated transactions. We have acquired 345,883 shares of our common stock for a total of \$1.9 million since the inception of the buy back program. Repurchased shares have been accounted for as treasury stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

- 10.1 Change in Control: Executive Compensation Package Agreement dated as of April 1, 2004 between Thomas H. McLain and Nabi Biopharmaceuticals
- 10.2 Employment Agreement dated as of April 1, 2004 between Thomas H. McLain and Nabi Biopharmaceuticals
- 10.3 Change in Control: Executive Compensation Package Agreement dated as of April 1, 2004 between Gary Siskowski and Nabi Biopharmaceuticals
- 10.4 Employment Agreement dated as of April 1, 2004 between Gary Siskowski and Nabi Biopharmaceuticals
- 10.5 Change in Control: Executive Compensation Package Agreement dated as of April 1, 2004 between Henrik Rasmussen Ph.D, MD and Nabi Biopharmaceuticals
- 10.6 Employment Agreement dated as of April 1, 2004 between Henrik Rasmussen Ph.D, MD and Nabi Biopharmaceuticals
- 10.7 Change in Control: Executive Compensation Package Agreement dated as of April 1, 2004 between Mark L. Smith and Nabi Biopharmaceuticals
- 10.8 Employment Agreement dated as of April 1, 2004 between Mark L. Smith and Nabi Biopharmaceuticals
- 31.1 Rule 13a-14(a)/15d-14(a) Certification
- 31.2 Rule 13a-14(a)/15d-14(a) Certification
- 32 Section 1350 Certification

(b) Reports on Form 8-K:

On July 20, 2004, we furnished a current report on Form 8-K, reporting under Item 5. "Other Events and Regulation FD Disclosure" and Item 12. "Results of Operations and Financial Condition."

Nabi Biopharmaceuticals

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.

Date: October 25, 2004

Nabi Biopharmaceuticals

By: /s/ Mark L. Smith

Mark L. Smith
Senior Vice President, Finance,
Chief Financial Officer,
Chief Accounting Officer and Treasurer

[Table of Contents](#)**Nabi Biopharmaceuticals****Exhibit Index**

<u>Exhibit No.</u>	<u>Description</u>
10.1	Change in Control: Executive Compensation Package Agreement dated as of April 1, 2004 between Thomas H. McLain and Nabi Biopharmaceuticals
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10.6	Employment Agreement dated as of April 1, 2004 between Henrik Rasmussen Ph.D, MD and Nabi Biopharmaceuticals
10.7	Change in Control: Executive Compensation Package Agreement dated as of April 1, 2004 between Mark L. Smith and Nabi Biopharmaceuticals
10.8	Employment Agreement dated as of April 1, 2004 between Mark L. Smith and Nabi Biopharmaceuticals
10.9	Change in Control: Executive Compensation Package Agreement dated as of April 1, 2004 between Raafat Fahim Ph.D and Nabi Biopharmaceuticals
10.10	Employment Agreement dated as of April 1, 2004 between Raafat Fahim Ph.D and Nabi Biopharmaceuticals
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32	Section 1350 Certification

Nabi Biopharmaceuticals

5800 Park of Commerce Boulevard, N.W.
Boca Raton, FL 33487**Change of Control Severance Agreement****Effective as of April 1, 2004**Mr. Thomas H. McLain
15975 Laurel Creek Drive
Delray Beach, FL 33446

Dear Tom:

The Board of Directors of Nabi Biopharmaceuticals (the "Corporation") and the Compensation Committee (the "Committee") of the Board have determined that it is in the best interests of the Corporation and its shareholders for the Corporation to agree, as provided herein, to pay you termination compensation in the event you should leave the employ of the Corporation under the circumstances described below.

The Board and the Committee recognize that the continuing possibility of a sale or change of control of the Corporation is unsettling to you and other key employees of the Corporation. Therefore, these arrangements are being made to help assure a continuing dedication by you to your duties to the Corporation by diminishing the inevitable distraction to you from the personal uncertainties and risks created by a pending sale or change of control of the Corporation. In particular, the Board and the Committee believe it important, should the Corporation receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own situation, to assess and advise the Board whether such proposals would be in the best interests of the Corporation and its shareholders and to take such other action regarding such proposals as the Board might determine to be appropriate, including being available to assist in any transition should there be a sale or change of control of the Corporation. The Board and the Committee also wish to demonstrate to executives of the Corporation that the Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly.

1. In view of the foregoing and in further consideration of your continued employment with the Corporation, the Corporation will pay you as termination compensation a lump sum amount, determined as provided below, in the event that (a) within six months after a Change of Control of the Corporation you terminate your employment with the Corporation for Good Reason or you die or you become disabled, or (b) within twelve months after a Change of Control of the Corporation your employment with the Corporation is terminated by the Corporation for any reason, or (c) within the period beginning on the sixth monthly anniversary of a Change of Control of the Corporation and ending on the twelfth monthly anniversary thereof, you terminate your employment with the Corporation for any reason (including, without limitation, death or disability). The lump sum compensation so payable

(hereinafter referred to as the "Lump Sum Amount") shall be an amount equal to three times the sum of (a) the higher of (i) your current annual base salary or (ii) your base salary immediately prior to the Change of Control plus (b) the target Bonus you could have earned for the fiscal year in which the Change of Control occurred. The Lump Sum Amount shall be paid to you within five days after the date of termination of your employment (hereinafter referred to as the "Termination Date").

2. In addition, in the event your employment with the Corporation terminates under circumstances entitling you to receive the Lump Sum Amount:

(a) Any compensation and other amounts previously deferred by you, together with accrued interest thereon, if any, to which you are entitled, and any accrued vacation pay and accrued paid leave bank amounts not yet paid by the Corporation, shall be paid to you within five days of such termination.

(b) All other amounts accrued or earned by you through the date of such termination and amounts otherwise owing under the Corporation's plans and policies shall be paid to you within five days of such termination.

(c) The Corporation shall maintain in full force and effect, for the continued benefit of you and/or your family for thirty-six months after the Termination Date, all employee welfare benefit plans and any other employee benefit programs or arrangements (including, without limitation, medical and dental insurance plans, disability and life insurance plans and car allowance programs) in which you were entitled to participate immediately prior to the Change of Control, provided that your continued participation is possible under the general terms and provisions of such plans and programs. In the event that your participation in any such plan or program is barred, the Corporation shall arrange to provide you with benefits substantially similar to those which you are entitled to receive under such plans and programs. To the extent permissible, all such benefits shall be assignable by you.

(d) All outstanding stock options which you hold shall vest immediately upon a Change of Control and shall be exercisable for (i) the remainder of the option term(s) or (ii) a period of five years from the Termination Date, whichever is shorter.

(e) The Corporation shall provide outplacement services for you by its designated organization at a level consistent with the Corporation's career transition policy.

(f) You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer after the Termination Date, or otherwise. The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which it may have against you or others.

3. Any termination by you for Good Reason shall be communicated by a written notice given within 120 days of your having actual notice of the events giving rise to a right to terminate for Good Reason and which (i) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination for Good Reason and (ii), if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice). Your failure to set forth in the notice of termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of yours hereunder or preclude you from asserting such fact or circumstance in enforcing your rights hereunder.

4. For purposes of this Agreement:

(a) "Bonus" means bonus or incentive compensation payable by the Corporation to you pursuant to plans which the Corporation now or hereafter maintains.

(b) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(c) A "Change of Control" shall be deemed to have taken place if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities; (ii) (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of the Corporation immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities or (B) a liquidation or dissolution of the Corporation; or (iii) as the result of a tender offer, exchange offer, merger, consolidation, sale of assets or contested solicitation of proxies or stockholder consents or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or of any parent of or successor to the Corporation immediately after the Transaction occurs.

(d) "Good Reason" means:

(i) The assignment to you of any duties inconsistent in any material adverse respect with your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the date of the Change of Control, or any other action by the Corporation which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Corporation promptly after receipt of notice from you;

(ii) Any reduction of your base salary or the failure by the Corporation to provide you with an incentive compensation program, welfare benefits, retirement benefits and other benefits which in the aggregate are no less favorable than the benefits to which you were entitled prior to the Change of Control;

(iii) The Corporation's requiring you to be based at any office or location more than 15 miles from that location at which you are employed on the date of the Change of Control, except for travel reasonably required in the performance of your responsibilities;

(iv) Any action taken or suffered by the Corporation as of or following the Change of Control (such as, without limitation, transfer or encumbrance of assets or incurring of indebtedness) which materially impairs the ability of the Corporation to make any payments due or which may become due to you under this Agreement; or

(v) any failure by the Corporation to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 10.

5.(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Corporation to you or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Corporation and you within 15 business days of the date your employment with the Corporation terminates, or such earlier time as is requested by the Corporation. If the Accounting Firm determines that no Excise Tax is payable to you, it shall furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal income tax return. Any determination by the Accounting Firm shall be binding upon the Corporation and you. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have

been made by the Corporation should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to Section 5(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to you or for your benefit.

(c) You shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after you know of such claim and shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the expiration of the thirty-day period following the date on which you give such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

- (i) give the Corporation any information reasonably requested by the Corporation relating to such a claim,
- (ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with regard to such claim by an attorney reasonably selected by the Corporation,
- (iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and
- (iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for an Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 5(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs you to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to you, on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed

with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations related to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), you become entitled to receive any refund with respect to such claim, you shall (subject to the Corporation's complying with the requirements of Section 5(c)) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), a determination is made that you shall not be entitled to any refund with respect to such claim and the Corporation does not notify you in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. Anything in this Agreement to the contrary notwithstanding, if your employment with the Corporation is terminated prior to the date on which a Change of Control occurs, and it is reasonably demonstrated by you that such termination (a) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (b) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement, a Change of Control shall be deemed to have occurred the date immediately prior to the date of such termination.

7. This Agreement shall be binding upon and inure to the benefit of you, your estate and the Corporation and any successor or assign of the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by you. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there be no such designee, to your estate.

8. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, in your case, to the address set forth on the first page of this Agreement and, in the Corporation's case, to the address of its principal office (all notices to the Corporation to be directed to the attention of the President of the Corporation with a copy to the Secretary of the Corporation) or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

9. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by you and such officer as may be specifically designated by the Board of Directors of the Corporation. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida without regard to principles of conflicts of laws.

10. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. Nothing in this Agreement shall prevent or limit your continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Corporation and for which you may qualify, nor shall anything herein limit or otherwise prejudice such rights as you may have under any other agreements with the Corporation. Amounts which are vested benefits or which you are otherwise entitled to receive under any plan or program of the Corporation at or subsequent to any Change of Control shall be payable in accordance with such plan or program. To the extent the terms of any other agreements you may have with the Corporation are inconsistent with this Agreement, the terms of this Agreement shall control.

12. If you assert any claim in any contest (whether initiated by you or by the Corporation) as to the validity, enforceability or interpretation of any provision of this Agreement, the Corporation shall pay your legal expenses (or cause such expenses to be paid), including, without limitation, your reasonable attorneys' fees, on a quarterly basis, upon presentation of proof of such expenses in a form reasonably acceptable to the Corporation, provided that you shall reimburse the Corporation for such amounts, plus simple interest thereon at the 90-day United States Treasury Bill rate as in effect from time to time, compounded annually, if a court of competent jurisdiction shall find that you did not have a good faith and reasonable basis to believe that you would prevail as to at least one material issue presented to such court.

13. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

If you are in agreement with the foregoing, please so indicate by signing and returning to the Corporation the enclosed copy of this letter, whereupon this letter shall constitute a binding agreement under seal between you and the Corporation.

Very truly yours,

Nabi Biopharmaceuticals

By /s/ Mark Smith

Mark Smith
SVP Finance, Treasurer and CFO

Agreed:

/s/ Thomas H. McLain

Mr. Thomas H. McLain
15975 Laurel Creek Drive
Delray Beach, FL 33446

NABI BIOPHARMACEUTICALS
5800 PARK OF COMMERCE BOULEVARD, N.W.
BOCA RATON, FLORIDA 33487

Effective as of April 1, 2004

Thomas H. McLain
15975 Laurel Creek Drive
Delray Beach, FL 33446

Dear Tom:

You have agreed to serve as Chief Executive Officer (CEO) and President for Nabi Biopharmaceuticals ("Nabi") which term for purposes of this Agreement shall include affiliates of Nabi Biopharmaceuticals. The following are the terms of such employment:

1. **TERM:** You will serve as a CEO and President of Nabi for a period beginning as of the date hereof and ending on March 31, 2007, unless your employment is sooner terminated as provided below (the "Employment Period"). In the event that your employment by the Company continues beyond the Employment Period, the terms and conditions of this Agreement shall continue except that your continued employment by the Company may be terminated by either party upon thirty (30) days' prior notice unless you and the Company shall have entered into a written agreement to the contrary.
2. **SALARY:** Your salary will be \$418,000 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.
3. **BONUS:** You will be entitled to participate in Nabi's VIP Management Incentive Program or any comparable bonus plan maintained by Nabi ("Bonus Plan"). Your participation in the Bonus Plan shall be subject to the terms and conditions of the Bonus Plan.

Unless the Employment Period is terminated for "cause" pursuant to Section 7(B) (b) below, if the Employment Period ends during a calendar year, your bonus compensation opportunity shall be pro rated based upon the number of full calendar months you were employed and the amount of bonus compensation which would have been payable with respect to such year pursuant to the Bonus Plan. If the Employment Period is terminated pursuant to Section 7 (B)(b) below, no bonus compensation shall be payable with respect to the calendar year during which the Employment Period is terminated.

Bonus payments, if applicable, shall be payable within 120 days after the end of the relevant calendar year.

4. **AUTO ALLOWANCE:** While an employee under the terms of this Agreement, you shall receive an auto allowance of not less than \$1500.00 per month.

5. **BENEFITS:** During the Employment Period, you will be eligible to participate in such fringe benefits programs as are accorded to other similarly situated Nabi employees. In addition, Nabi shall pay you an Executive Bonus, grossed up for taxes, so that you can make a \$22,000 contribution to your Supplemental Executive Retirement Plan (the "SERP") and provide you at Nabi's cost with term life insurance of \$1,000,000 in excess of the term life insurance coverage Nabi provides to its employees generally. Nabi shall cover the cost of financial planning services up to \$5000.00/year. Nabi shall also pay your reasonable social dues at a single club and your country club dues.

6. **DUTIES AND EXTENT OF SERVICES:**

(A) During the Employment Period, you agree to devote substantially all of your working time, and such energy, knowledge, and efforts as is necessary to the discharge and performance of your duties provided for in this Agreement and such other reasonable duties and responsibilities consistent with your position as are assigned to you from time to time by the person to whom you report. You shall be located primarily in Nabi's Boca Raton, Florida facilities, but shall travel to other locations from time to time as shall be reasonably required in the course of performance of your duties.

(B) During the Employment Period, you shall serve as a CEO and President. You shall have such duties as are delegated to you by the person to whom you report provided that such duties shall be reasonably consistent with those duties assigned to executive officers having similar titles in organizations comparable to Nabi.

7. **TERMINATION:**

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon one hundred eighty (180) days' prior written notice to Nabi. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that, if applicable, any bonus compensation payable pursuant to Section 3 of this Agreement shall be pro rated as provided for in Section 3.

(B) Nabi may terminate the Employment Period (a) in the event Nabi reasonably determines that you are unable to perform the essential functions of your position, with or without reasonable accommodation, for any three (3) consecutive months as the result of mental or physical incapacity or (b) for "cause", which is defined as (i) acts of fraud or embezzlement or other felonious acts by you, (ii) your refusal to comply with reasonable directions in connection with the performance of your duties as provided for in Section 6 of this Agreement after notice of such

failure is delivered to you, (iii) failure to comply with the provisions of Section 9 or 10 of this Agreement or (iv) your gross negligence in connection with the performance of your duties as provided for in this Agreement, provided that, in the event of a proposed termination under clause (ii) or clause (iv) of this clause (B), you shall receive ten (10) days' prior written notice of such proposed termination and within such period you shall be afforded an opportunity to be heard by Nabi's Board of Directors or a duly appointed committee of the Board as to whether grounds for termination under these clauses exists.

(C) Nabi may otherwise terminate the Employment Period upon one hundred eighty (180) days' prior notice to you.

(D) Your confidentiality and non-competition agreements set forth in Sections 9 and 10 below and your agreement to cooperate set forth in Section 11 below shall survive the termination of your employment regardless of the reasons therefor.

8. SEVERANCE

(A) In the event that (a) your employment terminates pursuant to Section 7C or (b) after the expiration of the Employment Period if your employment continues as provided in Section 1, either you give notice of termination of employment to the Company or the Company gives you notice of termination of employment other than for cause (as defined above) or disability, and provided that (i) within thirty (30) days prior to the expiration of the Employment Period Nabi had not offered to renew this Agreement on terms no less favorable to you than the terms then in effect, and (ii) within ninety (90) days following the expiration of the Employment Period Nabi has not tendered to you a new employment agreement executed on behalf of Nabi and containing such no less favorable terms, you shall receive the benefits set forth in Sections 8B, 8C and 8D. In the event your employment terminates pursuant to Section 7B (a), or as a result of your death, you shall receive the benefit set forth in Section 8D. Notwithstanding the foregoing provisions of this Section 8A, in the event your employment terminates under circumstances that entitle you to receive compensation and other benefits pursuant to the April 1, 2004 Change of Control Severance Agreement between you and Nabi (the "Change of Control Severance Agreement"), you shall not receive the benefits set forth in Section 8B, 8C and 8D.

(B) Based on the effective date of such termination, Nabi will pay you your base salary as of the effective date of such termination ("Severance Pay") and maintain in effect such fringe benefits (including auto allowance) as are accorded to other similarly situated employees (to the extent allowed under, and subject to the limitations of, applicable plans) for twenty-four (24) months. Severance Pay shall be made in equal bi-weekly installments.

(C) The Company shall pay for executive outplacement services up to \$30,000 by an organization selected by Nabi in its sole discretion.

(D) All of your non-vested stock options, restricted stock or similar incentive equity instruments ("Options") shall immediately vest. All such "Options" shall be exercisable for twenty-four (24)

months past your termination date, except that no "Options" shall be exercisable beyond the original "Option" expiration date. To the extent the terms of any "Options" are inconsistent with this Agreement, the terms of this Agreement shall control.

(E) All payments or benefits to you under this Section 8 (other than payments or benefits already accrued and otherwise due under Nabi's employee benefit plans or programs, or as a result of your death) will not be given unless you execute (and do not rescind) a written employment termination agreement in a form prescribed by Nabi containing terms consistent with this Agreement as well as a general release of all claims against Nabi and related parties with respect to all matters occurring prior to or on the date of the release, including (but not limited to) employment matters or matters in connection with your termination.

9. **CONFIDENTIALITY:** You acknowledge that your duties with Nabi will give you access to trade secrets and other confidential information of Nabi and/or its affiliates, including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a "trade secret" under applicable law, is collectively called "Confidential Information"). You recognize that Confidential Information is proprietary to each such entity and gives each of them significant competitive advantage.

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer electronic information and files, e.g., diskettes, floppies etc. and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

10. **NON-COMPETITION:**

(A) You acknowledge that your services to be rendered are of a special and unusual character and have a unique value to Nabi the loss of which cannot adequately be compensated by damages in an action at law. In view of the unique value of the services, and because of the Confidential Information to be obtained by or disclosed to you, and as a material inducement to Nabi to enter into this Agreement and to pay to you the compensation referred to above and other consideration provided, you covenant and agree that, during the term of your employment by Nabi and for a period of one (1) year after termination of such employment for any reason whatsoever, you will not, directly or indirectly: (a) engage or become interested, as owner, employee, consultant, partner, through stock ownership (except ownership of less than five percent of any class of equity securities which are publicly traded), investment of capital, lending of money or property, rendering of services, or otherwise, either alone or in association with others, in the operations, management or supervision of any type of business or enterprise engaged in any business which

is competitive with any business of Nabi (a "Competitive Business"), (b) solicit or accept orders from any current or past customer of Nabi for products or services offered or sold by, or competitive with products or services offered or sold by, Nabi, (c) induce or attempt to induce any such customer to reduce such customer's purchase of products or services from Nabi, (d) disclose or use for the benefit of any Competitive Business the name and/or requirements of any such customer or (e) solicit any of Nabi's employees to leave the employ of Nabi or hire or negotiate for the employment of any employee of Nabi. By way of clarification, a "Competitive Business" is not any business or enterprise in the health care industry; it is only a business or enterprise in the health care industry that is competitive with any business of Nabi. Notwithstanding the foregoing, nothing contained in this Section 10A shall be deemed to prohibit you from being employed by or providing services to a Competitive Business following a "Change of Control" (as defined in the Change of Control Agreement) and termination of your employment if the nature of such employment or services do not compete with any business engaged in by Nabi immediately prior to the Change in Control.

(B) You have carefully read and considered the provisions of this Section and Section 9 and having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interest of Nabi, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of Nabi, their officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 9 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

(D) With respect to the provisions of this Section, you agree that damages, by themselves, are an inadequate remedy at law, that a material breach of the provisions of this Section would cause irreparable injury to the aggrieved party, and that provisions of this Section 10 may be specifically enforced by injunction or similar remedy in any court of competent jurisdiction without affecting any claim for damages.

11. **LITIGATION AND REGULATORY COOPERATION:** During and after your employment with Nabi, you shall reasonably cooperate with Nabi in the defense or prosecution of any claims now in existence or which may be brought in the future against or on behalf of Nabi which relate to events or occurrences that transpired while you were employed by Nabi; provided, however, that such cooperation shall not materially and adversely affect you or expose

you to an increased probability of civil or criminal litigation. Your cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of Nabi at mutually convenient times. During and after your employment with Nabi, you also shall cooperate fully with Nabi in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by Nabi. Nabi shall reimburse you for all out-of-pocket costs and expenses incurred in connection with your performance under this Section 11, including, but not limited to, reasonable attorneys' fees and costs.

12. **MISCELLANEOUS:** This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This Agreement, the Change of Control Severance Agreement and the Indemnification Agreement dated May 11, 2000 are a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the party to be charged therewith. All notices required and allowed hereunder shall be in writing, and shall be deemed given upon deposit in the Certified Mail, Return Receipt Requested, first-class postage and registration fees prepaid, and correctly addressed to the party for whom intended at its address set forth under its name below, or to such other address as has been most recently specified by a party by one or more counterparts, each of which shall constitute one and the same agreement. All references to genders or number in this Agreement shall be deemed interchangeably to have a masculine, feminine, neuter, singular or plural meaning, as the sense of the context required.

If the foregoing confirms your understanding of our agreements, please so indicate by signing in the space provided below and returning a signed copy to us.

Nabi Biopharmaceuticals
5800 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487

BY: /s/ Mark Smith
Mark Smith
SVP Finance, Treasurer and CFO

Accepted and agreed:

/s/ Thomas H. McLain
Thomas H. McLain
15975 Laurel Creek Drive
Delray Beach, Fl 33446

CC: Stephen G. Sudovar, Chairman Compensation Committee

Nabi Biopharmaceuticals

5800 Park of Commerce Boulevard, N.W.
Boca Raton, FL 33487**Change of Control Severance Agreement****Effective as of April 1, 2004**Mr. Gary Siskowski
2021 NW 53 Street
Boca Raton, FL 33496

Dear Gary:

The Board of Directors of Nabi Biopharmaceuticals (the "Corporation") and the Compensation Committee (the "Committee") of the Board have determined that it is in the best interests of the Corporation and its shareholders for the Corporation to agree, as provided herein, to pay you termination compensation in the event you should leave the employ of the Corporation under the circumstances described below.

The Board and the Committee recognize that the continuing possibility of a sale or change of control of the Corporation is unsettling to you and other key employees of the Corporation. Therefore, these arrangements are being made to help assure a continuing dedication by you to your duties to the Corporation by diminishing the inevitable distraction to you from the personal uncertainties and risks created by a pending sale or change of control of the Corporation. In particular, the Board and the Committee believe it important, should the Corporation receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own situation, to assess and advise the Board whether such proposals would be in the best interests of the Corporation and its shareholders and to take such other action regarding such proposals as the Board might determine to be appropriate, including being available to assist in any transition should there be a sale or change of control of the Corporation. The Board and the Committee also wish to demonstrate to executives of the Corporation that the Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly.

1. In view of the foregoing and in further consideration of your continued employment with the Corporation, the Corporation will pay you as termination compensation a lump sum amount, determined as provided below, in the event that (a) within six months after a Change of Control of the Corporation you terminate your employment with the Corporation for Good Reason or you die or you become disabled, or (b) within twelve months after a Change of Control of the Corporation your employment with the Corporation is terminated by the Corporation for any reason, or (c) within the period beginning on the sixth monthly anniversary of a Change of Control of the Corporation and ending on the twelfth monthly

anniversary thereof, you terminate your employment with the Corporation for any reason (including, without limitation, death or disability). The lump sum compensation so payable (hereinafter referred to as the "Lump Sum Amount") shall be an amount equal to two times the sum of (a) the higher of (i) your current annual base salary or (ii) your base salary immediately prior to the Change of Control plus (b) the target Bonus you could have earned for the fiscal year in which the Change of Control occurred. The Lump Sum Amount shall be paid to you within five days after the date of termination of your employment (hereinafter referred to as the "Termination Date").

2. In addition, in the event your employment with the Corporation terminates under circumstances entitling you to receive the Lump Sum Amount:

(a) Any compensation and other amounts previously deferred by you, together with accrued interest thereon, if any, to which you are entitled, and any accrued vacation pay and accrued paid leave bank amounts not yet paid by the Corporation, shall be paid to you within five days of such termination.

(b) All other amounts accrued or earned by you through the date of such termination and amounts otherwise owing under the Corporation's plans and policies shall be paid to you within five days of such termination.

(c) The Corporation shall maintain in full force and effect, for the continued benefit of you and/or your family for twenty-four months after the Termination Date, all employee welfare benefit plans and any other employee benefit programs or arrangements (including, without limitation, medical and dental insurance plans, disability and life insurance plans and car allowance programs) in which you were entitled to participate immediately prior to the Change of Control, provided that your continued participation is possible under the general terms and provisions of such plans and programs. In the event that your participation in any such plan or program is barred, the Corporation shall arrange to provide you with benefits substantially similar to those which you are entitled to receive under such plans and programs. To the extent permissible, all such benefits shall be assignable by you.

(d) All outstanding stock options which you hold shall vest immediately upon a Change of Control and shall be exercisable for (i) the remainder of the option term(s) or (ii) a period of five years from the Termination Date, whichever is shorter.

(e) The Corporation shall provide outplacement services for you by its designated organization at a level consistent with the Corporation's career transition policy.

(f) You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer after the Termination Date, or otherwise. The Corporation's obligation to make the payments provided for in

this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which it may have against you or others.

3. Any termination by you for Good Reason shall be communicated by a written notice given within 120 days of your having actual notice of the events giving rise to a right to terminate for Good Reason and which (i) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination for Good Reason and (ii), if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice). Your failure to set forth in the notice of termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of yours hereunder or preclude you from asserting such fact or circumstance in enforcing your rights hereunder.

4. For purposes of this Agreement:

(a) "Bonus" means bonus or incentive compensation payable by the Corporation to you pursuant to plans which the Corporation now or hereafter maintains.

(b) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(c) A "Change of Control" shall be deemed to have taken place if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities; (ii) (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of the Corporation immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities or (B) a liquidation or dissolution of the Corporation; or (iii) as the result of a tender offer, exchange offer, merger, consolidation, sale of assets or contested solicitation of proxies or stockholder consents or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or of any parent of or successor to the Corporation immediately after the Transaction occurs.

(d) "Good Reason" means:

(i) The assignment to you of any duties inconsistent in any material adverse respect with your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the date of the Change of Control, or any other action by the Corporation which results in a diminution in such position, authority, duties or responsibilities, excluding for

this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Corporation promptly after receipt of notice from you;

(ii) Any reduction of your base salary or the failure by the Corporation to provide you with an incentive compensation program, welfare benefits, retirement benefits and other benefits which in the aggregate are no less favorable than the benefits to which you were entitled prior to the Change of Control;

(iii) The Corporation's requiring you to be based at any office or location more than 15 miles from that location at which you are employed on the date of the Change of Control, except for travel reasonably required in the performance of your responsibilities;

(iv) Any action taken or suffered by the Corporation as of or following the Change of Control (such as, without limitation, transfer or encumbrance of assets or incurring of indebtedness) which materially impairs the ability of the Corporation to make any payments due or which may become due to you under this Agreement; or

(v) any failure by the Corporation to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 10.

5.(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Corporation to you or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Corporation and you within 15 business days of the date your employment with the Corporation terminates, or such earlier time as is requested by the Corporation. If the Accounting Firm determines that no Excise Tax is payable to you, it shall furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal income tax return. Any determination by the Accounting Firm shall be binding upon the Corporation and you. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination

by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Corporation should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to Section 5(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to you or for your benefit.

(c) You shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after you know of such claim and shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the expiration of the thirty-day period following the date on which you give such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

- (i) give the Corporation any information reasonably requested by the Corporation relating to such a claim,
- (ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with regard to such claim by an attorney reasonably selected by the Corporation,
- (iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and
- (iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for an Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 5(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs you to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to you, on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis,

from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations related to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), you become entitled to receive any refund with respect to such claim, you shall (subject to the Corporation's complying with the requirements of Section 5(c)) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), a determination is made that you shall not be entitled to any refund with respect to such claim and the Corporation does not notify you in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. Anything in this Agreement to the contrary notwithstanding, if your employment with the Corporation is terminated prior to the date on which a Change of Control occurs, and it is reasonably demonstrated by you that such termination (a) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (b) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement, a Change of Control shall be deemed to have occurred the date immediately prior to the date of such termination.

7. This Agreement shall be binding upon and inure to the benefit of you, your estate and the Corporation and any successor or assign of the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by you. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there be no such designee, to your estate.

8. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, in your case, to the address set forth on the first page of this Agreement and, in the Corporation's case, to the address of its principal office (all notices to the Corporation to be directed to the attention of the President of the Corporation with a copy to the Secretary of the Corporation) or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

9. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by you and such officer as may be specifically designated by the Board of Directors of the Corporation. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida without regard to principles of conflicts of laws.

10. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. Nothing in this Agreement shall prevent or limit your continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Corporation and for which you may qualify, nor shall anything herein limit or otherwise prejudice such rights as you may have under any other agreements with the Corporation. Amounts which are vested benefits or which you are otherwise entitled to receive under any plan or program of the Corporation at or subsequent to any Change of Control shall be payable in accordance with such plan or program. To the extent the terms of any other agreements you may have with the Corporation are inconsistent with this Agreement, the terms of this Agreement shall control.

12. If you assert any claim in any contest (whether initiated by you or by the Corporation) as to the validity, enforceability or interpretation of any provision of this Agreement, the Corporation shall pay your legal expenses (or cause such expenses to be paid), including, without limitation, your reasonable attorneys' fees, on a quarterly basis, upon presentation of proof of such expenses in a form reasonably acceptable to the Corporation, provided that you shall reimburse the Corporation for such amounts, plus simple interest thereon at the 90-day United States Treasury Bill rate as in effect from time to time, compounded annually, if a court of competent jurisdiction shall find that you did not have a good faith and reasonable basis to believe that you would prevail as to at least one material issue presented to such court.

13. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

If you are in agreement with the foregoing, please so indicate by signing and returning to the Corporation the enclosed copy of this letter, whereupon this letter shall constitute a binding agreement under seal between you and the Corporation.

Very truly yours,

Nabi Biopharmaceuticals

By /s/ Thomas H. McLain

Thomas H. McLain
Chairman, CEO and President

Agreed:
/s/ Gary Siskowski

Mr. Gary Siskowski
2021 NW 53 Street
Boca Raton, FL 33496

**NABI BIOPHARMACEUTICALS
5800 PARK OF COMMERCE BOULEVARD, N.W.
BOCA RATON, FLORIDA 33487**

Effective as of April 1, 2004

Gary Siskowski
2021 NW 53 St
Boca Raton, FL 33496

Dear Gary:

You have agreed to serve as Senior Vice-President (SVP) Sales and Marketing for Nabi Biopharmaceuticals ("Nabi") which term for purposes of this Agreement shall include affiliates of Nabi Biopharmaceuticals. The following are the terms of such employment:

1. **TERM:** You will serve as a SVP Sales and Marketing for a period beginning as of the date hereof and ending on March 31, 2007, unless your employment is sooner terminated as provided below (the "Employment Period"). In the event that your employment by the Company continues beyond the Employment Period, the terms and conditions of this Agreement shall continue except that your continued employment by the Company may be terminated by either party upon thirty (30) days' prior notice unless you and the Company shall have entered into a written agreement to the contrary.
2. **SALARY:** Your salary will be \$206,000 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.
3. **BONUS:** You will be entitled to participate in Nabi's VIP Management Incentive Program or any comparable bonus plan maintained by Nabi ("Bonus Plan"). Your participation in the Bonus Plan shall be subject to the terms and conditions of the Bonus Plan.

Unless the Employment Period is terminated for "cause" pursuant to Section 7(B) (b) below, if the Employment Period ends during a calendar year, your bonus compensation opportunity shall be pro rated based upon the number of full calendar months you were employed and the amount of bonus compensation which would have been payable with respect to such year pursuant to the Bonus Plan. If the Employment Period is terminated pursuant to Section 7 (B)(b) below, no bonus compensation shall be payable with respect to the calendar year during which the Employment Period is terminated.

Bonus payments, if applicable, shall be payable within 120 days after the end of the relevant calendar year.

4. **AUTO ALLOWANCE:** While an employee under the terms of this Agreement, you shall receive an auto allowance of not less than \$1200.00 per month.

5. **BENEFITS:** During the Employment Period, you will be eligible to participate in such fringe benefits programs as are accorded to other similarly situated Nabi employees. In addition, Nabi shall pay you an Executive Bonus, grossed up for taxes, so that you can make a \$12,000 contribution to your Supplemental Executive Retirement Plan (the "SERP") and provide you at Nabi's cost with term life insurance of \$500,000 in excess of the term life insurance coverage Nabi provides to its employees generally. Nabi shall cover the cost of financial planning services up to \$3000.00/year. Nabi shall also pay your reasonable social dues at a single club.

6. **DUTIES AND EXTENT OF SERVICES:**

(A) During the Employment Period, you agree to devote substantially all of your working time, and such energy, knowledge, and efforts as is necessary to the discharge and performance of your duties provided for in this Agreement and such other reasonable duties and responsibilities consistent with your position as are assigned to you from time to time by the person to whom you report. You shall be located primarily in Nabi's Boca Raton, Florida facilities, but shall travel to other locations from time to time as shall be reasonably required in the course of performance of your duties.

(B) During the Employment Period, you shall serve as a SVP Sales and Marketing. You shall have such duties as are delegated to you by the person to whom you report provided that such duties shall be reasonably consistent with those duties assigned to executive officers having similar titles in organizations comparable to Nabi.

7. **TERMINATION:**

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon thirty (30) days' prior written notice to Nabi. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that, if applicable, any bonus compensation payable pursuant to Section 3 of this Agreement shall be pro rated as provided for in Section 3.

(B) Nabi may terminate the Employment Period (a) in the event Nabi reasonably determines that you are unable to perform the essential functions of your position, with or without reasonable accommodation, for any three (3) consecutive months as the result of mental or physical incapacity or (b) for "cause", which is defined as (i) acts of fraud or embezzlement or other felonious acts by you, (ii) your refusal to comply with reasonable directions in connection with the performance of your duties as provided for in Section 6 of this Agreement after notice of such failure is delivered to you, (iii) failure to comply with the provisions of Section 9 or 10 of this Agreement or (iv) your gross negligence in connection with the performance of your duties as provided for in this Agreement, provided that, in the event of a proposed termination under

clause (ii) or clause (iv) of this clause (B), you shall receive ten (10) days' prior written notice of such proposed termination and within such period you shall be afforded an opportunity to be heard by Nabi's Board of Directors or a duly appointed committee of the Board as to whether grounds for termination under these clauses exists.

(C) Nabi may otherwise terminate the Employment Period upon thirty (30) days' prior notice to you.

(D) Your confidentiality and non-competition agreements set forth in Sections 9 and 10 below and your agreement to cooperate set forth in Section 11 below shall survive the termination of your employment regardless of the reasons therefor.

8. SEVERANCE

(A) In the event that (a) your employment terminates pursuant to Section 7C or (b) after the expiration of the Employment Period, if your employment continues as provided in Section 1, either you give notice of termination of employment to the Company or the Company gives you notice of termination of employment other than for cause (as defined above) or disability, and provided that (i) within thirty (30) days prior to the expiration of the Employment Period Nabi had not offered to renew this Agreement on terms no less favorable to you than the terms then in effect, and (ii) within ninety (90) days following the expiration of the Employment Period Nabi has not tendered to you a new employment agreement executed on behalf of Nabi and containing such no less favorable terms, you shall receive the benefits set forth in Sections 8B, 8C and 8D. In the event your employment terminates pursuant to Section 7B (a), or as a result of your death, you shall receive the benefit set forth in Section 8D. Notwithstanding the foregoing provisions of this Section 8A, in the event your employment terminates under circumstances that entitle you to receive compensation and other benefits pursuant to the April 1, 2004 Change of Control Severance Agreement between you and Nabi (the "Change of Control Severance Agreement"), you shall not receive the benefits set forth in Section 8B, 8C and 8D.

(B) Based on the effective date of such termination, Nabi will pay you your base salary as of the effective date of such termination ("Severance Pay") and maintain in effect such fringe benefits (including auto allowance) as are accorded to other similarly situated employees (to the extent allowed under, and subject to the limitations of, applicable plans) for eighteen (18) months. Severance Pay shall be made in equal bi-weekly installments.

(C) The Company shall pay for executive outplacement services up to \$18,000 by an organization selected by Nabi in its sole discretion.

(D) All of your non-vested stock options, restricted stock or similar incentive equity instruments ("Options") shall immediately vest. All such "Options" shall be exercisable for twelve (12) months past your termination date, except that no "Options" shall be exercisable beyond the original "Option" expiration date. To the extent the terms of any "Options" are inconsistent with this Agreement, the terms of this Agreement shall control.

(E) All payments or benefits to you under this Section 8 (other than payments or benefits already accrued and otherwise due under Nabi's employee benefit plans or programs, or as a result of your death) will not be given unless you execute (and do not rescind) a written employment termination agreement in a form prescribed by Nabi, containing terms consistent with this Agreement as well as a general release of all claims against Nabi and related parties with respect to all matters occurring prior to or on the date of the release, including (but not limited to) employment matters or matters in connection with your termination.

9. **CONFIDENTIALITY:** You acknowledge that your duties with Nabi will give you access to trade secrets and other confidential information of Nabi and/or its affiliates, including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a "trade secret" under applicable law, is collectively called "Confidential Information"). You recognize that Confidential Information is proprietary to each such entity and gives each of them significant competitive advantage.

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer electronic information and files, e.g., diskettes, floppies etc. and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

10. **NON-COMPETITION:**

(A) You acknowledge that your services to be rendered are of a special and unusual character and have a unique value to Nabi the loss of which cannot adequately be compensated by damages in an action at law. In view of the unique value of the services, and because of the Confidential Information to be obtained by or disclosed to you, and as a material inducement to Nabi to enter into this Agreement and to pay to you the compensation referred to above and other consideration provided, you covenant and agree that, during the term of your employment by Nabi and for a period of one (1) year after termination of such employment for any reason whatsoever, you will not, directly or indirectly, (a) engage or become interested, as owner, employee, consultant, partner, through stock ownership (except ownership of less than five percent of any class of equity securities which are publicly traded), investment of capital, lending of money or property, rendering of services, or otherwise, either alone or in association with others, in the operations, management or supervision of any type of business or enterprise engaged in any business which is competitive with any business of Nabi (a "Competitive Business"), (b) solicit or accept orders from any current or past customer of Nabi for products or services offered or sold by, or competitive with products or services offered or sold by, Nabi, (c) induce or attempt to induce

any such customer to reduce such customer's purchase of products or services from Nabi, (d) disclose or use for the benefit of any Competitive Business the name and/or requirements of any such customer or (e) solicit any of Nabi's employees to leave the employ of Nabi or hire or negotiate for the employment of any employee of Nabi. By way of clarification, a "Competitive Business" is not any business or enterprise in the health care industry; it is only a business or enterprise in the health care industry that is competitive with any business of Nabi. Notwithstanding the foregoing, nothing contained in this Section 10A shall be deemed to prohibit you from being employed by or providing services to a Competitive Business following a "Change of Control" (as defined in the Change of Control Agreement) and termination of your employment if the nature of such employment or services do not compete with any business engaged in by Nabi immediately prior to the Change in Control.

(B) You have carefully read and considered the provisions of this Section and Section 9 and having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interest of Nabi, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of Nabi, their officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 9 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

(D) With respect to the provisions of this Section, you agree that damages, by themselves, are an inadequate remedy at law, that a material breach of the provisions of this Section would cause irreparable injury to the aggrieved party, and that provisions of this Section 10 may be specifically enforced by injunction or similar remedy in any court of competent jurisdiction without affecting any claim for damages.

11. **LITIGATION AND REGULATORY COOPERATION:** During and after your employment with Nabi, you shall reasonably cooperate with Nabi in the defense or prosecution of any claims now in existence or which may be brought in the future against or on behalf of Nabi which relate to events or occurrences that transpired while you were employed by Nabi; provided, however, that such cooperation shall not materially and adversely affect you or expose you to an increased probability of civil or criminal litigation. Your cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of Nabi at mutually

convenient times. During and after your employment with Nabi, you also shall cooperate fully with Nabi in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by Nabi. Nabi shall reimburse you for all out-of-pocket costs and expenses incurred in connection with your performance under this Section 11, including, but not limited to, reasonable attorneys' fees and costs.

12. **MISCELLANEOUS:** This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This Agreement, the Change of Control Severance Agreement and the Indemnification Agreement dated February 23, 2004 are a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the party to be charged therewith. All notices required and allowed hereunder shall be in writing, and shall be deemed given upon deposit in the Certified Mail, Return Receipt Requested, first-class postage and registration fees prepaid, and correctly addressed to the party for whom intended at its address set forth under its name below, or to such other address as has been most recently specified by a party by one or more counterparts, each of which shall constitute one and the same agreement. All references to genders or number in this Agreement shall be deemed interchangeably to have a masculine, feminine, neuter, singular or plural meaning, as the sense of the context required.

If the foregoing confirms your understanding of our agreements, please so indicate by signing in the space provided below and returning a signed copy to us.

Nabi Biopharmaceuticals
5800 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487

BY: /s/ Thomas H. McLain

Thomas H. McLain
CEO and President

Accepted and agreed:

/s/ Gary Siskowski

Gary Siskowski
2021 NW 53 St
Boca Raton, FL 33496

Nabi Biopharmaceuticals

5800 Park of Commerce Boulevard, N.W.
Boca Raton, FL 33487**Change of Control Severance Agreement****Effective as of April 1, 2004**Henrik Rasmussen Ph.D, MD
628 Magothy View Drive
Arnold, MD 21012

Dear Henrik:

The Board of Directors of Nabi Biopharmaceuticals (the "Corporation") and the Compensation Committee (the "Committee") of the Board have determined that it is in the best interests of the Corporation and its shareholders for the Corporation to agree, as provided herein, to pay you termination compensation in the event you should leave the employ of the Corporation under the circumstances described below.

The Board and the Committee recognize that the continuing possibility of a sale or change of control of the Corporation is unsettling to you and other key employees of the Corporation. Therefore, these arrangements are being made to help assure a continuing dedication by you to your duties to the Corporation by diminishing the inevitable distraction to you from the personal uncertainties and risks created by a pending sale or change of control of the Corporation. In particular, the Board and the Committee believe it important, should the Corporation receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own situation, to assess and advise the Board whether such proposals would be in the best interests of the Corporation and its shareholders and to take such other action regarding such proposals as the Board might determine to be appropriate, including being available to assist in any transition should there be a sale or change of control of the Corporation. The Board and the Committee also wish to demonstrate to executives of the Corporation that the Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly.

1. In view of the foregoing and in further consideration of your continued employment with the Corporation, the Corporation will pay you as termination compensation a lump sum amount, determined as provided below, in the event that (a) within six months after a Change of Control of the Corporation you terminate your employment with the Corporation for Good Reason or you die or you become disabled, or (b) within twelve months after a Change of Control of the Corporation your employment with the Corporation is terminated by the Corporation for any reason, or (c) within the period beginning on the sixth monthly anniversary of a Change of Control of the Corporation and ending on the twelfth monthly anniversary thereof, you terminate your employment with the Corporation for any reason

(including, without limitation, death or disability). The lump sum compensation so payable (hereinafter referred to as the "Lump Sum Amount") shall be an amount equal to two times the sum of (a) the higher of (i) your current annual base salary or (ii) your base salary immediately prior to the Change of Control plus (b) the target Bonus you could have earned for the fiscal year in which the Change of Control occurred. The Lump Sum Amount shall be paid to you within five days after the date of termination of your employment (hereinafter referred to as the "Termination Date").

2. In addition, in the event your employment with the Corporation terminates under circumstances entitling you to receive the Lump Sum Amount:

(a) Any compensation and other amounts previously deferred by you, together with accrued interest thereon, if any, to which you are entitled, and any accrued vacation pay and accrued paid leave bank amounts not yet paid by the Corporation, shall be paid to you within five days of such termination.

(b) All other amounts accrued or earned by you through the date of such termination and amounts otherwise owing under the Corporation's plans and policies shall be paid to you within five days of such termination.

(c) The Corporation shall maintain in full force and effect, for the continued benefit of you and/or your family for twenty-four months after the Termination Date, all employee welfare benefit plans and any other employee benefit programs or arrangements (including, without limitation, medical and dental insurance plans, disability and life insurance plans and car allowance programs) in which you were entitled to participate immediately prior to the Change of Control, provided that your continued participation is possible under the general terms and provisions of such plans and programs. In the event that your participation in any such plan or program is barred, the Corporation shall arrange to provide you with benefits substantially similar to those which you are entitled to receive under such plans and programs. To the extent permissible, all such benefits shall be assignable by you.

(d) All outstanding stock options which you hold shall vest immediately upon a Change of Control and shall be exercisable for (i) the remainder of the option term(s) or (ii) a period of five years from the Termination Date, whichever is shorter.

(e) The Corporation shall provide outplacement services for you by its designated organization at a level consistent with the Corporation's career transition policy.

(f) You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer after the Termination Date, or otherwise. The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which it may have against you or others.

3. Any termination by you for Good Reason shall be communicated by a written notice given within 120 days of your having actual notice of the events giving rise to a right to terminate for Good Reason and which (i) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination for Good Reason and (ii), if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice). Your failure to set forth in the notice of termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of yours hereunder or preclude you from asserting such fact or circumstance in enforcing your rights hereunder.

4. For purposes of this Agreement:

(a) "Bonus" means bonus or incentive compensation payable by the Corporation to you pursuant to plans which the Corporation now or hereafter maintains.

(b) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(c) A "Change of Control" shall be deemed to have taken place if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities; (ii) (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of the Corporation immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities or (B) a liquidation or dissolution of the Corporation; or (iii) as the result of a tender offer, exchange offer, merger, consolidation, sale of assets or contested solicitation of proxies or stockholder consents or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or of any parent of or successor to the Corporation immediately after the Transaction occurs.

(d) "Good Reason" means:

(i) The assignment to you of any duties inconsistent in any material adverse respect with your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the date of the Change of Control, or any other action by the Corporation which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Corporation promptly after receipt of notice from you;

(ii) Any reduction of your base salary or the failure by the Corporation to provide you with an incentive compensation program, welfare benefits, retirement benefits and other benefits which in the aggregate are no less favorable than the benefits to which you were entitled prior to the Change of Control;

(iii) The Corporation's requiring you to be based at any office or location more than 15 miles from that location at which you are employed on the date of the Change of Control, except for travel reasonably required in the performance of your responsibilities;

(iv) Any action taken or suffered by the Corporation as of or following the Change of Control (such as, without limitation, transfer or encumbrance of assets or incurring of indebtedness) which materially impairs the ability of the Corporation to make any payments due or which may become due to you under this Agreement; or

(v) any failure by the Corporation to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 10.

5.(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Corporation to you or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Corporation and you within 15 business days of the date your employment with the Corporation terminates, or such earlier time as is requested by the Corporation. If the Accounting Firm determines that no Excise Tax is payable to you, it shall furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal income tax return. Any determination by the Accounting Firm shall be binding upon the Corporation and you. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have

been made by the Corporation should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to Section 5(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to you or for your benefit.

(c) You shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after you know of such claim and shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the expiration of the thirty-day period following the date on which you give such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

- (i) give the Corporation any information reasonably requested by the Corporation relating to such a claim,
- (ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with regard to such claim by an attorney reasonably selected by the Corporation,
- (iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and
- (iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for an Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 5(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs you to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to you, on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed

with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations related to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), you become entitled to receive any refund with respect to such claim, you shall (subject to the Corporation's complying with the requirements of Section 5(c)) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), a determination is made that you shall not be entitled to any refund with respect to such claim and the Corporation does not notify you in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. Anything in this Agreement to the contrary notwithstanding, if your employment with the Corporation is terminated prior to the date on which a Change of Control occurs, and it is reasonably demonstrated by you that such termination (a) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (b) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement, a Change of Control shall be deemed to have occurred the date immediately prior to the date of such termination.

7. This Agreement shall be binding upon and inure to the benefit of you, your estate and the Corporation and any successor or assign of the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by you. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there be no such designee, to your estate.

8. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, in your case, to the address set forth on the first page of this Agreement and, in the Corporation's case, to the address of its principal office (all notices to the Corporation to be directed to the attention of the President of the Corporation with a copy to the Secretary of the Corporation) or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

9. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by you and such officer as may be specifically designated by the Board of Directors of the Corporation. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida without regard to principles of conflicts of laws.

10. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. Nothing in this Agreement shall prevent or limit your continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Corporation and for which you may qualify, nor shall anything herein limit or otherwise prejudice such rights as you may have under any other agreements with the Corporation. Amounts which are vested benefits or which you are otherwise entitled to receive under any plan or program of the Corporation at or subsequent to any Change of Control shall be payable in accordance with such plan or program. To the extent the terms of any other agreements you may have with the Corporation are inconsistent with this Agreement, the terms of this Agreement shall control.

12. If you assert any claim in any contest (whether initiated by you or by the Corporation) as to the validity, enforceability or interpretation of any provision of this Agreement, the Corporation shall pay your legal expenses (or cause such expenses to be paid), including, without limitation, your reasonable attorneys' fees, on a quarterly basis, upon presentation of proof of such expenses in a form reasonably acceptable to the Corporation, provided that you shall reimburse the Corporation for such amounts, plus simple interest thereon at the 90-day United States Treasury Bill rate as in effect from time to time, compounded annually, if a court of competent jurisdiction shall find that you did not have a good faith and reasonable basis to believe that you would prevail as to at least one material issue presented to such court.

13. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

If you are in agreement with the foregoing, please so indicate by signing and returning to the Corporation the enclosed copy of this letter, whereupon this letter shall constitute a binding agreement under seal between you and the Corporation.

Very truly yours,

Nabi Biopharmaceuticals

By /s/ Thomas H. McLain

Thomas H. McLain
Chairman, CEO and President

Agreed:

/s/ Henrik Rasmussen Ph.D, MD

Henrik Rasmussen Ph.D, MD
628 Magothy View Drive
Arnold, MD 21012

NABI BIOPHARMACEUTICALS
5800 PARK OF COMMERCE BOULEVARD, N.W.
BOCA RATON, FLORIDA 33487

Effective as of April 1, 2004

Henrik Rasmussen Ph.D, MD
628 Magothy View Drive
Arnold, MD 21012

Dear Henrik:

You have agreed to serve as Senior Vice-President (SVP) Clinical, Medical and Regulatory Affairs for Nabi Biopharmaceuticals ("Nabi") which term for purposes of this Agreement shall include affiliates of Nabi Biopharmaceuticals. The following are the terms of such employment:

1. **TERM:** You will serve as a SVP Clinical, Medical and Regulatory Affairs for a period beginning as of the date hereof and ending on March 31, 2007, unless your employment is sooner terminated as provided below (the "Employment Period"). In the event that your employment by the Company continues beyond the Employment Period, the terms and conditions of this Agreement shall continue except that your continued employment by the Company may be terminated by either party upon thirty (30) days' prior notice unless you and the Company shall have entered into a written agreement to the contrary.
2. **SALARY:** Your salary will be \$270,000 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.
3. **BONUS:** You will be entitled to participate in Nabi's VIP Management Incentive Program or any comparable bonus plan maintained by Nabi ("Bonus Plan"). Your participation in the Bonus Plan shall be subject to the terms and conditions of the Bonus Plan.

Unless the Employment Period is terminated for "cause" pursuant to Section 7(B) (b) below, if the Employment Period ends during a calendar year, your bonus compensation opportunity shall be pro rated based upon the number of full calendar months you were employed and the amount of bonus compensation which would have been payable with respect to such year pursuant to the Bonus Plan. If the Employment Period is terminated pursuant to Section 7 (B)(b) below, no bonus compensation shall be payable with respect to the calendar year during which the Employment Period is terminated.

Bonus payments, if applicable, shall be payable within 120 days after the end of the relevant calendar year.

4. **AUTO ALLOWANCE:** While an employee under the terms of this Agreement, you shall receive an auto allowance of not less than \$1200.00 per month.

5. **BENEFITS:** During the Employment Period, you will be eligible to participate in such fringe benefits programs as are accorded to other similarly situated Nabi employees. In addition, Nabi shall pay you an Executive Bonus, grossed up for taxes, so that you can make a \$12,000 contribution to your Supplemental Executive Retirement Plan (the "SERP") and provide you at Nabi's cost with term life insurance of \$500,000 in excess of the term life insurance coverage Nabi provides to its employees generally. Nabi shall cover the cost of financial planning services up to \$3000.00/year.

6. **DUTIES AND EXTENT OF SERVICES:**

(A) During the Employment Period, you agree to devote substantially all of your working time, and such energy, knowledge, and efforts as is necessary to the discharge and performance of your duties provided for in this Agreement and such other reasonable duties and responsibilities consistent with your position as are assigned to you from time to time by the person to whom you report. You shall be located primarily in Nabi's Rockville, Maryland facilities, but shall travel to other locations from time to time as shall be reasonably required in the course of performance of your duties.

(B) During the Employment Period, you shall serve as a SVP Clinical, Medical and Regulatory Affairs. You shall have such duties as are delegated to you by the person to whom you report provided that such duties shall be reasonably consistent with those duties assigned to executive officers having similar titles in organizations comparable to Nabi.

7. **TERMINATION:**

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon thirty (30) days' prior written notice to Nabi. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that, if applicable, any bonus compensation payable pursuant to Section 3 of this Agreement shall be pro rated as provided for in Section 3.

(B) Nabi may terminate the Employment Period (a) in the event Nabi reasonably determines that you are unable to perform the essential functions of your position, with or without reasonable accommodation, for any three (3) consecutive months as the result of mental or physical incapacity or (b) for "cause", which is defined as (i) acts of fraud or embezzlement or other felonious acts by you, (ii) your refusal to comply with reasonable directions in connection with the performance of your duties as provided for in Section 6 of this Agreement after notice of such failure is delivered to you, (iii) failure to comply with the provisions of Section 9 or 10 of this Agreement or (iv) your gross negligence in connection with the performance of your duties as provided for in this Agreement, provided that, in the event of a proposed termination under

clause (ii) or clause (iv) of this clause (B), you shall receive ten (10) days' prior written notice of such proposed termination and within such period you shall be afforded an opportunity to be heard by Nabi's Board of Directors or a duly appointed committee of the Board as to whether grounds for termination under these clauses exists.

(C) Nabi may otherwise terminate the Employment Period upon thirty (30) days' prior notice to you.

(D) Your confidentiality and non-competition agreements set forth in Sections 9 and 10 below and your agreement to cooperate set forth in Section 11 below shall survive the termination of your employment regardless of the reasons therefor.

8. SEVERANCE

(A) In the event that (a) your employment terminates pursuant to Section 7C or (b) after the expiration of the Employment Period, if your employment continues as provided in Section 1, either you give notice of termination of employment to the Company or the Company gives you notice of termination of employment other than for cause (as defined above) or disability, and provided that (i) within thirty (30) days prior to the expiration of the Employment Period Nabi had not offered to renew this Agreement on terms no less favorable to you than the terms then in effect, and (ii) within ninety (90) days following the expiration of the Employment Period Nabi has not tendered to you a new employment agreement executed on behalf of Nabi and containing such no less favorable terms, you shall receive the benefits set forth in Sections 8B, 8C and 8D. In the event your employment terminates pursuant to Section 7B (a), or as a result of your death, you shall receive the benefit set forth in Section 8D. Notwithstanding the foregoing provisions of this Section 8A, in the event your employment terminates under circumstances that entitle you to receive compensation and other benefits pursuant to the April 1, 2004 Change of Control Severance Agreement between you and Nabi (the "Change of Control Severance Agreement"), you shall not receive the benefits set forth in Section 8B, 8C and 8D.

(B) Based on the effective date of such termination, Nabi will pay you your base salary as of the effective date of such termination ("Severance Pay") and maintain in effect such fringe benefits (including auto allowance) as are accorded to other similarly situated employees (to the extent allowed under, and subject to the limitations of, applicable plans) for eighteen (18) months. Severance Pay shall be made in equal bi-weekly installments.

(C) The Company shall pay for executive outplacement services up to \$18,000 by an organization selected by Nabi in its sole discretion.

(D) All of your non-vested stock options, restricted stock or similar incentive equity instruments ("Options") shall immediately vest. All such "Options" shall be exercisable for twelve (12) months past your termination date, except that no "Options" shall be exercisable beyond the original "Option" expiration date. To the extent the terms of any "Options" are inconsistent with this Agreement, the terms of this Agreement shall control.

(E) All payments or benefits to you under this Section 8 (other than payments or benefits already accrued and otherwise due under Nabi's employee benefit plans or programs, or as a result of your death) will not be given unless you execute (and do not rescind) a written employment termination agreement in a form prescribed by Nabi, containing terms consistent with this Agreement as well as a general release of all claims against Nabi and related parties with respect to all matters occurring prior to or on the date of the release, including (but not limited to) employment matters or matters in connection with your termination.

9. **CONFIDENTIALITY:** You acknowledge that your duties with Nabi will give you access to trade secrets and other confidential information of Nabi and/or its affiliates, including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a "trade secret" under applicable law, is collectively called "Confidential Information"). You recognize that Confidential Information is proprietary to each such entity and gives each of them significant competitive advantage.

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer electronic information and files, e.g., diskettes, floppies etc. and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

10. **NON-COMPETITION:**

(A) You acknowledge that your services to be rendered are of a special and unusual character and have a unique value to Nabi the loss of which cannot adequately be compensated by damages in an action at law. In view of the unique value of the services, and because of the Confidential Information to be obtained by or disclosed to you, and as a material inducement to Nabi to enter into this Agreement and to pay to you the compensation referred to above and other consideration provided, you covenant and agree that, during the term of your employment by Nabi and for a period of one (1) year after termination of such employment for any reason whatsoever, you will not, directly or indirectly, (a) engage or become interested, as owner, employee, consultant, partner, through stock ownership (except ownership of less than five percent of any class of equity securities which are publicly traded), investment of capital, lending of money or property, rendering of services, or otherwise, either alone or in association with others, in the operations, management or supervision of any type of business or enterprise engaged in any business which is competitive with any business of Nabi (a "Competitive Business"), (b) solicit or accept orders from any current or past customer of Nabi for products or services offered or sold by, or competitive with products or services offered or sold by, Nabi, (c) induce or attempt to induce

any such customer to reduce such customer's purchase of products or services from Nabi, (d) disclose or use for the benefit of any Competitive Business the name and/or requirements of any such customer or (e) solicit any of Nabi's employees to leave the employ of Nabi or hire or negotiate for the employment of any employee of Nabi. By way of clarification, a "Competitive Business" is not any business or enterprise in the health care industry; it is only a business or enterprise in the health care industry that is competitive with any business of Nabi. Notwithstanding the foregoing, nothing contained in this Section 10A shall be deemed to prohibit you from being employed by or providing services to a Competitive Business following a "Change of Control" (as defined in the Change of Control Agreement) and termination of your employment if the nature of such employment or services do not compete with any business engaged in by Nabi immediately prior to the Change in Control.

(B) You have carefully read and considered the provisions of this Section and Section 9 and having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interest of Nabi, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of Nabi, their officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 9 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

(D) With respect to the provisions of this Section, you agree that damages, by themselves, are an inadequate remedy at law, that a material breach of the provisions of this Section would cause irreparable injury to the aggrieved party, and that provisions of this Section 10 may be specifically enforced by injunction or similar remedy in any court of competent jurisdiction without affecting any claim for damages.

11. **LITIGATION AND REGULATORY COOPERATION:** During and after your employment with Nabi, you shall reasonably cooperate with Nabi in the defense or prosecution of any claims now in existence or which may be brought in the future against or on behalf of Nabi which relate to events or occurrences that transpired while you were employed by Nabi; provided, however, that such cooperation shall not materially and adversely affect you or expose you to an increased probability of civil or criminal litigation. Your cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of Nabi at mutually

convenient times. During and after your employment with Nabi, you also shall cooperate fully with Nabi in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by Nabi. Nabi shall reimburse you for all out-of-pocket costs and expenses incurred in connection with your performance under this Section 11, including, but not limited to, reasonable attorneys' fees and costs.

12. **MISCELLANEOUS:** This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This Agreement, the Change of Control Severance Agreement and the Indemnification Agreement dated May 16, 2003 are a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the party to be charged therewith. All notices required and allowed hereunder shall be in writing, and shall be deemed given upon deposit in the Certified Mail, Return Receipt Requested, first-class postage and registration fees prepaid, and correctly addressed to the party for whom intended at its address set forth under its name below, or to such other address as has been most recently specified by a party by one or more counterparts, each of which shall constitute one and the same agreement. All references to genders or number in this Agreement shall be deemed interchangeably to have a masculine, feminine, neuter, singular or plural meaning, as the sense of the context required.

If the foregoing confirms your understanding of our agreements, please so indicate by signing in the space provided below and returning a signed copy to us.

Nabi Biopharmaceuticals
5800 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487

BY: /s/ Thomas H. McLain

Thomas H. McLain
CEO and President

Accepted and agreed:

/s/ Henrik Rasmussen

Henrik Rasmussen
628 Magothy View Drive
Arnold, MD 21012

Nabi Biopharmaceuticals

5800 Park of Commerce Boulevard, N.W.
Boca Raton, FL 33487**Change of Control Severance Agreement****Effective as of April 1, 2004**Mr. Mark L. Smith
21839 Marigot Drive
Boca Raton, Florida 33428

Dear Mark:

The Board of Directors of Nabi Biopharmaceuticals (the "Corporation") and the Compensation Committee (the "Committee") of the Board have determined that it is in the best interests of the Corporation and its shareholders for the Corporation to agree, as provided herein, to pay you termination compensation in the event you should leave the employ of the Corporation under the circumstances described below.

The Board and the Committee recognize that the continuing possibility of a sale or change of control of the Corporation is unsettling to you and other key employees of the Corporation. Therefore, these arrangements are being made to help assure a continuing dedication by you to your duties to the Corporation by diminishing the inevitable distraction to you from the personal uncertainties and risks created by a pending sale or change of control of the Corporation. In particular, the Board and the Committee believe it important, should the Corporation receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own situation, to assess and advise the Board whether such proposals would be in the best interests of the Corporation and its shareholders and to take such other action regarding such proposals as the Board might determine to be appropriate, including being available to assist in any transition should there be a sale or change of control of the Corporation. The Board and the Committee also wish to demonstrate to executives of the Corporation that the Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly.

1. In view of the foregoing and in further consideration of your continued employment with the Corporation, the Corporation will pay you as termination compensation a lump sum amount, determined as provided below, in the event that (a) within six months after a Change of Control of the Corporation you terminate your employment with the Corporation for Good Reason or you die or you become disabled, or (b) within twelve months after a Change of Control of the Corporation your employment with the Corporation is terminated by the Corporation for any reason, or (c) within the period beginning on the sixth monthly anniversary of a Change of Control of the Corporation and ending on the twelfth monthly anniversary thereof, you terminate your employment with the Corporation for any reason

(including, without limitation, death or disability). The lump sum compensation so payable (hereinafter referred to as the "Lump Sum Amount") shall be an amount equal to two times the sum of (a) the higher of (i) your current annual base salary or (ii) your base salary immediately prior to the Change of Control plus (b) the target Bonus you could have earned for the fiscal year in which the Change of Control occurred. The Lump Sum Amount shall be paid to you within five days after the date of termination of your employment (hereinafter referred to as the "Termination Date").

2. In addition, in the event your employment with the Corporation terminates under circumstances entitling you to receive the Lump Sum Amount:

(a) Any compensation and other amounts previously deferred by you, together with accrued interest thereon, if any, to which you are entitled, and any accrued vacation pay and accrued paid leave bank amounts not yet paid by the Corporation, shall be paid to you within five days of such termination.

(b) All other amounts accrued or earned by you through the date of such termination and amounts otherwise owing under the Corporation's plans and policies shall be paid to you within five days of such termination.

(c) The Corporation shall maintain in full force and effect, for the continued benefit of you and/or your family for twenty-four months after the Termination Date, all employee welfare benefit plans and any other employee benefit programs or arrangements (including, without limitation, medical and dental insurance plans, disability and life insurance plans and car allowance programs) in which you were entitled to participate immediately prior to the Change of Control, provided that your continued participation is possible under the general terms and provisions of such plans and programs. In the event that your participation in any such plan or program is barred, the Corporation shall arrange to provide you with benefits substantially similar to those which you are entitled to receive under such plans and programs. To the extent permissible, all such benefits shall be assignable by you.

(d) All outstanding stock options which you hold shall vest immediately upon a Change of Control and shall be exercisable for (i) the remainder of the option term(s) or (ii) a period of five years from the Termination Date, whichever is shorter.

(e) The Corporation shall provide up to \$18,000 for outplacement services for you by its designated organization at a level consistent with the Corporation's career transition policy.

(f) You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer after the Termination Date, or otherwise. The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which it may have against you or others.

3. Any termination by you for Good Reason shall be communicated by a written notice given within 120 days of your having actual notice of the events giving rise to a right to terminate for Good Reason and which (i) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination for Good Reason and (ii), if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice). Your failure to set forth in the notice of termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of yours hereunder or preclude you from asserting such fact or circumstance in enforcing your rights hereunder.

4. For purposes of this Agreement:

(a) "Bonus" means bonus or incentive compensation payable by the Corporation to you pursuant to plans which the Corporation now or hereafter maintains.

(b) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(c) A "Change of Control" shall be deemed to have taken place if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities; (ii) (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of the Corporation immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities or (B) a liquidation or dissolution of the Corporation; or (iii) as the result of a tender offer, exchange offer, merger, consolidation, sale of assets or contested solicitation of proxies or stockholder consents or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or of any parent of or successor to the Corporation immediately after the Transaction occurs.

(d) "Good Reason" means:

(i) The assignment to you of any duties inconsistent in any material adverse respect with your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the date of the Change of Control, or any other action by the Corporation which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Corporation promptly after receipt of notice from you;

(ii) Any reduction of your base salary or the failure by the Corporation to provide you with an incentive compensation program, welfare benefits, retirement benefits and other benefits which in the aggregate are no less favorable than the benefits to which you were entitled prior to the Change of Control;

(iii) The Corporation's requiring you to be based at any office or location more than 15 miles from that location at which you are employed on the date of the Change of Control, except for travel reasonably required in the performance of your responsibilities;

(iv) Any action taken or suffered by the Corporation as of or following the Change of Control (such as, without limitation, transfer or encumbrance of assets or incurring of indebtedness) which materially impairs the ability of the Corporation to make any payments due or which may become due to you under this Agreement; or

(v) any failure by the Corporation to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 10.

5.(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Corporation to you or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Corporation and you within 15 business days of the date your employment with the Corporation terminates, or such earlier time as is requested by the Corporation. If the Accounting Firm determines that no Excise Tax is payable to you, it shall furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal income tax return. Any determination by the Accounting Firm shall be binding upon the Corporation and you. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have

been made by the Corporation should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to Section 5(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to you or for your benefit.

(c) You shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after you know of such claim and shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the expiration of the thirty-day period following the date on which you give such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

- (i) give the Corporation any information reasonably requested by the Corporation relating to such a claim,
- (ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with regard to such claim by an attorney reasonably selected by the Corporation,
- (iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and
- (iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for an Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 5(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs you to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to you, on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed

with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations related to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), you become entitled to receive any refund with respect to such claim, you shall (subject to the Corporation's complying with the requirements of Section 5(c)) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), a determination is made that you shall not be entitled to any refund with respect to such claim and the Corporation does not notify you in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. Anything in this Agreement to the contrary notwithstanding, if your employment with the Corporation is terminated prior to the date on which a Change of Control occurs, and it is reasonably demonstrated by you that such termination (a) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (b) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement, a Change of Control shall be deemed to have occurred the date immediately prior to the date of such termination.

7. This Agreement shall be binding upon and inure to the benefit of you, your estate and the Corporation and any successor or assign of the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by you. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there be no such designee, to your estate.

8. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, in your case, to the address set forth on the first page of this Agreement and, in the Corporation's case, to the address of its principal office (all notices to the Corporation to be directed to the attention of the President of the Corporation with a copy to the Secretary of the Corporation) or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

9. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by you and such officer as may be specifically designated by the Board of Directors of the Corporation. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida without regard to principles of conflicts of laws.

10. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. Nothing in this Agreement shall prevent or limit your continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Corporation and for which you may qualify, nor shall anything herein limit or otherwise prejudice such rights as you may have under any other agreements with the Corporation. Amounts which are vested benefits or which you are otherwise entitled to receive under any plan or program of the Corporation at or subsequent to any Change of Control shall be payable in accordance with such plan or program. To the extent the terms of any other agreements you may have with the Corporation are inconsistent with this Agreement, the terms of this Agreement shall control.

12. If you assert any claim in any contest (whether initiated by you or by the Corporation) as to the validity, enforceability or interpretation of any provision of this Agreement, the Corporation shall pay your legal expenses (or cause such expenses to be paid), including, without limitation, your reasonable attorneys' fees, on a quarterly basis, upon presentation of proof of such expenses in a form reasonably acceptable to the Corporation, provided that you shall reimburse the Corporation for such amounts, plus simple interest thereon at the 90-day United States Treasury Bill rate as in effect from time to time, compounded annually, if a court of competent jurisdiction shall find that you did not have a good faith and reasonable basis to believe that you would prevail as to at least one material issue presented to such court.

13. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

If you are in agreement with the foregoing, please so indicate by signing and returning to the Corporation the enclosed copy of this letter, whereupon this letter shall constitute a binding agreement under seal between you and the Corporation.

Very truly yours,

Nabi Biopharmaceuticals

/s/ Thomas H. McLain

By _____

Thomas H. McLain
CEO and President

Agreed:

/s/ Mark L. Smith

Mark L. Smith
21839 Marigot Drive
Boca Raton, Florida 33428

**NABI BIOPHARMACEUTICALS
5800 PARK OF COMMERCE BOULEVARD, N.W.
BOCA RATON, FLORIDA 33487**

Effective as of April 1, 2004

Mark L. Smith
21839 Marigot Drive
Boca Raton, Florida 33428

Dear Mark:

You have agreed to serve as Senior Vice-President (SVP) Finance, Treasurer and Chief Financial Officer (CFO) for Nabi Biopharmaceuticals ("Nabi") which term for purposes of this Agreement shall include affiliates of Nabi Biopharmaceuticals. The following are the terms of such employment:

1. **TERM:** You will serve as a SVP Finance, Treasurer and CFO for a period beginning as of the date hereof and ending on March 31, 2007, unless your employment is sooner terminated as provided below (the "Employment Period"). In the event that your employment by the Company continues beyond the Employment Period, the terms and conditions of this Agreement shall continue except that your continued employment by the Company may be terminated by either party upon thirty (30) days' prior notice unless you and the Company shall have entered into a written agreement to the contrary.
2. **SALARY:** Your salary will be \$260,000 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.
3. **BONUS:** You will be entitled to participate in Nabi's VIP Management Incentive Program or any comparable bonus plan maintained by Nabi ("Bonus Plan"). Your participation in the Bonus Plan shall be subject to the terms and conditions of the Bonus Plan.

Unless the Employment Period is terminated for "cause" pursuant to Section 7(B) (b) below, if the Employment Period ends during a calendar year, your bonus compensation opportunity shall be pro rated based upon the number of full calendar months you were employed and the amount of bonus compensation which would have been payable with respect to such year pursuant to the Bonus Plan. If the Employment Period is terminated pursuant to Section 7 (B)(b) below, no bonus compensation shall be payable with respect to the calendar year during which the Employment Period is terminated.

Bonus payments, if applicable, shall be payable within 120 days after the end of the relevant calendar year.

4. **AUTO ALLOWANCE:** While an employee under the terms of this Agreement, you shall receive an auto allowance of not less than \$1200.00 per month.

5. **BENEFITS:** During the Employment Period, you will be eligible to participate in such fringe benefits programs as are accorded to other similarly situated Nabi employees. In addition, Nabi shall pay you an Executive Bonus, grossed up for taxes, so that you can make a \$12,000 contribution to your Supplemental Executive Retirement Plan (the "SERP") and provide you at Nabi's cost with term life insurance of \$500,000 in excess of the term life insurance coverage Nabi provides to its employees generally. Nabi shall cover the cost of financial planning services up to \$3000.00/year. Nabi shall also pay your reasonable social dues at a single club.

6. **DUTIES AND EXTENT OF SERVICES:**

(A) During the Employment Period, you agree to devote substantially all of your working time, and such energy, knowledge, and efforts as is necessary to the discharge and performance of your duties provided for in this Agreement and such other reasonable duties and responsibilities consistent with your position as are assigned to you from time to time by the person to whom you report. You shall be located primarily in Nabi's Boca Raton, Florida facilities, but shall travel to other locations from time to time as shall be reasonably required in the course of performance of your duties.

(B) During the Employment Period, you shall serve as a SVP Finance, Treasurer and CFO. You shall have such duties as are delegated to you by the person to whom you report provided that such duties shall be reasonably consistent with those duties assigned to executive officers having similar titles in organizations comparable to Nabi.

7. **TERMINATION:**

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon thirty (30) days' prior written notice to Nabi. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that, if applicable, any bonus compensation payable pursuant to Section 3 of this Agreement shall be pro rated as provided for in Section 3.

(B) Nabi may terminate the Employment Period (a) in the event Nabi reasonably determines that you are unable to perform the essential functions of your position, with or without reasonable accommodation, for any three (3) consecutive months as the result of mental or physical incapacity or (b) for "cause", which is defined as (i) acts of fraud or embezzlement or other felonious acts by you, (ii) your refusal to comply with reasonable directions in connection with the performance of your duties as provided for in Section 6 of this Agreement after notice of such failure is delivered to you, (iii) failure to comply with the provisions of Section 9 or 10 of this

Agreement or (iv) your gross negligence in connection with the performance of your duties as provided for in this Agreement, provided that, in the event of a proposed termination under clause (ii) or clause (iv) of this clause (B), you shall receive ten (10) days' prior written notice of such proposed termination and within such period you shall be afforded an opportunity to be heard by Nabi's Board of Directors or a duly appointed committee of the Board as to whether grounds for termination under these clauses exists.

(C) Nabi may otherwise terminate the Employment Period upon thirty (30) days' prior notice to you.

(D) Your confidentiality and non-competition agreements set forth in Sections 9 and 10 below and your agreement to cooperate set forth in Section 11 below shall survive the termination of your employment regardless of the reasons therefor.

8. SEVERANCE

(A) In the event that (a) your employment terminates pursuant to Section 7C or (b) after the expiration of the Employment Period, if your employment continues as provided in Section 1, either you give notice of termination of employment to the Company or the Company gives you notice of termination of employment other than for cause (as defined above) or disability, and provided that (i) within thirty (30) days prior to the expiration of the Employment Period Nabi had not offered to renew this Agreement on terms no less favorable to you than the terms then in effect, and (ii) within ninety (90) days following the expiration of the Employment Period Nabi has not tendered to you a new employment agreement executed on behalf of Nabi and containing such no less favorable terms, you shall receive the benefits set forth in Sections 8B, 8C and 8D. In the event your employment terminates pursuant to Section 7B (a), or as a result of your death, you shall receive the benefit set forth in Section 8D. Notwithstanding the foregoing provisions of this Section 8A, in the event your employment terminates under circumstances that entitle you to receive compensation and other benefits pursuant to the April 1, 2004 Change of Control Severance Agreement between you and Nabi (the "Change of Control Severance Agreement"), you shall not receive the benefits set forth in Section 8B, 8C and 8D.

(B) Based on the effective date of such termination, Nabi will continue to pay you your base salary as of the effective date of such termination ("Severance Pay") and maintain in effect such fringe benefits (including auto allowance) as are accorded to other similarly situated employees (to the extent allowed under, and subject to the limitations of, applicable plans) for eighteen (18) months. Severance Pay shall be made in equal bi-weekly installments.

(C) The Company shall pay for executive outplacement services up to \$18,000 by an organization selected by Nabi in its sole discretion.

(D) All of your non-vested stock options, restricted stock or similar incentive equity instruments ("Options") shall immediately vest. All such "Options" shall be exercisable for twelve (12) months past your termination date, except that no "Options" shall be exercisable beyond the original "Option" expiration date. To the extent the terms of any "Options" are inconsistent with this Agreement, the terms of this Agreement shall control.

(E) All payments or benefits to you under this Section 8 (other than payments or benefits already accrued and otherwise due under Nabi's employee benefit plans or programs, or as a result of your death) will not be given unless you execute (and do not rescind) a written employment termination agreement in a form prescribed by Nabi, containing terms consistent with this Agreement as well as a general release of all claims against Nabi and related parties with respect to all matters occurring prior to or on the date of the release, including (but not limited to) employment matters or matters in connection with your termination.

9. **CONFIDENTIALITY:** You acknowledge that your duties with Nabi will give you access to trade secrets and other confidential information of Nabi and/or its affiliates, including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a "trade secret" under applicable law, is collectively called "Confidential Information"). You recognize that Confidential Information is proprietary to each such entity and gives each of them significant competitive advantage.

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer electronic information and files, e.g., diskettes, floppies etc. and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

10. **NON-COMPETITION:**

(A) You acknowledge that your services to be rendered are of a special and unusual character and have a unique value to Nabi the loss of which cannot adequately be compensated by damages in an action at law. In view of the unique value of the services, and because of the Confidential Information to be obtained by or disclosed to you, and as a material inducement to Nabi to enter into this Agreement and to pay to you the compensation referred to above and other consideration provided, you covenant and agree that, during the term of your employment by Nabi and for a period of one (1) year after termination of such employment for any reason whatsoever, you will not, directly or indirectly, (a) engage or become interested, as owner, employee, consultant, partner, through stock ownership (except ownership of less than five percent of any class of equity securities which are publicly traded), investment of capital, lending of money or property, rendering of services, or otherwise, either alone or in association with others, in the operations, management or supervision of any type of business or enterprise engaged in any business which is competitive with any business of Nabi (a "Competitive Business"), (b) solicit or accept orders

from any current or past customer of Nabi for products or services offered or sold by, or competitive with products or services offered or sold by, Nabi, (c) induce or attempt to induce any such customer to reduce such customer's purchase of products or services from Nabi, (d) disclose or use for the benefit of any Competitive Business the name and/or requirements of any such customer or (e) solicit any of Nabi's employees to leave the employ of Nabi or hire or negotiate for the employment of any employee of Nabi. By way of clarification, a "Competitive Business" is not any business or enterprise in the health care industry; it is only a business or enterprise in the health care industry that is competitive with any business of Nabi. Notwithstanding the foregoing, nothing contained in this Section 10A shall be deemed to prohibit you from being employed by or providing services to a Competitive Business following a "Change of Control" (as defined in the Change of Control Agreement) and termination of your employment if the nature of such employment or services do not compete with any business engaged in by Nabi immediately prior to the Change in Control.

(B) You have carefully read and considered the provisions of this Section and Section 9 and having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interest of Nabi, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of Nabi, their officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 9 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

(D) With respect to the provisions of this Section, you agree that damages, by themselves, are an inadequate remedy at law, that a material breach of the provisions of this Section would cause irreparable injury to the aggrieved party, and that provisions of this Section 10 may be specifically enforced by injunction or similar remedy in any court of competent jurisdiction without affecting any claim for damages.

11. **LITIGATION AND REGULATORY COOPERATION:** During and after your employment with Nabi, you shall reasonably cooperate with Nabi in the defense or prosecution of any claims now in existence or which may be brought in the future against or on behalf of Nabi which relate to events or occurrences that transpired while you were employed by Nabi; provided, however, that such cooperation shall not materially and adversely affect you or expose you to an increased probability of civil or criminal litigation. Your cooperation in connection

with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of Nabi at mutually convenient times. During and after your employment with Nabi, you also shall cooperate fully with Nabi in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by Nabi. Nabi shall reimburse you for all out-of-pocket costs and expenses incurred in connection with your performance under this Section 11, including, but not limited to, reasonable attorneys' fees and costs.

12. **MISCELLANEOUS:** This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This Agreement, the Change of Control Severance Agreement and the Indemnification Agreement dated September 11, 2000 are a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the party to be charged therewith. All notices required and allowed hereunder shall be in writing, and shall be deemed given upon deposit in the Certified Mail, Return Receipt Requested, first-class postage and registration fees prepaid, and correctly addressed to the party for whom intended at its address set forth under its name below, or to such other address as has been most recently specified by a party by one or more counterparts, each of which shall constitute one and the same agreement. All references to genders or number in this Agreement shall be deemed interchangeably to have a masculine, feminine, neuter, singular or plural meaning, as the sense of the context required.

If the foregoing confirms your understanding of our agreements, please so indicate by signing in the space provided below and returning a signed copy to us.

Nabi Biopharmaceuticals
5800 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487

BY /s/ Thomas H. McLain

Thomas H. McLain
CEO and President

Accepted and agreed:

/s/ Mark L. Smith

Mark L. Smith
21839 Marigot Drive
Boca Raton, Florida 33428

Nabi Biopharmaceuticals

5800 Park of Commerce Boulevard, N.W.
Boca Raton, FL 33487**Change of Control Severance Agreement****Effective as of April 1, 2004**Raafat Fahim Ph.D.
1180 S Ocean Blvd #8F
Boca Raton, FL 33432

Dear Raafat:

The Board of Directors of Nabi Biopharmaceuticals (the "Corporation") and the Compensation Committee (the "Committee") of the Board have determined that it is in the best interests of the Corporation and its shareholders for the Corporation to agree, as provided herein, to pay you termination compensation in the event you should leave the employ of the Corporation under the circumstances described below.

The Board and the Committee recognize that the continuing possibility of a sale or change of control of the Corporation is unsettling to you and other key employees of the Corporation. Therefore, these arrangements are being made to help assure a continuing dedication by you to your duties to the Corporation by diminishing the inevitable distraction to you from the personal uncertainties and risks created by a pending sale or change of control of the Corporation. In particular, the Board and the Committee believe it important, should the Corporation receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own situation, to assess and advise the Board whether such proposals would be in the best interests of the Corporation and its shareholders and to take such other action regarding such proposals as the Board might determine to be appropriate, including being available to assist in any transition should there be a sale or change of control of the Corporation. The Board and the Committee also wish to demonstrate to executives of the Corporation that the Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly.

1. In view of the foregoing and in further consideration of your continued employment with the Corporation, the Corporation will pay you as termination compensation a lump sum amount, determined as provided below, in the event that (a) within six months after a Change of Control of the Corporation you terminate your employment with the Corporation for Good Reason or you die or you become disabled, or (b) within twelve months after a Change of Control of the Corporation your employment with the Corporation is terminated by the Corporation for any reason, or (c) within the period beginning on the sixth monthly anniversary of a Change of Control of the Corporation and ending on the twelfth monthly anniversary thereof, you terminate your employment with the Corporation for any reason

(including, without limitation, death or disability). The lump sum compensation so payable (hereinafter referred to as the "Lump Sum Amount") shall be an amount equal to two times the sum of (a) the higher of (i) your current annual base salary or (ii) your base salary immediately prior to the Change of Control plus (b) the target Bonus you could have earned for the fiscal year in which the Change of Control occurred. The Lump Sum Amount shall be paid to you within five days after the date of termination of your employment (hereinafter referred to as the "Termination Date").

2. In addition, in the event your employment with the Corporation terminates under circumstances entitling you to receive the Lump Sum Amount:

(a) Any compensation and other amounts previously deferred by you, together with accrued interest thereon, if any, to which you are entitled, and any accrued vacation pay and accrued paid leave bank amounts not yet paid by the Corporation, shall be paid to you within five days of such termination.

(b) All other amounts accrued or earned by you through the date of such termination and amounts otherwise owing under the Corporation's plans and policies shall be paid to you within five days of such termination.

(c) The Corporation shall maintain in full force and effect, for the continued benefit of you and/or your family for twenty-four months after the Termination Date, all employee welfare benefit plans and any other employee benefit programs or arrangements (including, without limitation, medical and dental insurance plans, disability and life insurance plans and car allowance programs) in which you were entitled to participate immediately prior to the Change of Control, provided that your continued participation is possible under the general terms and provisions of such plans and programs. In the event that your participation in any such plan or program is barred, the Corporation shall arrange to provide you with benefits substantially similar to those which you are entitled to receive under such plans and programs. To the extent permissible, all such benefits shall be assignable by you.

(d) All outstanding stock options which you hold shall vest immediately upon a Change of Control and shall be exercisable for (i) the remainder of the option term(s) or (ii) a period of five years from the Termination Date, whichever is shorter.

(e) The Corporation shall provide outplacement services for you by its designated organization at a level consistent with the Corporation's career transition policy.

(f) You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer after the Termination Date, or otherwise. The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which it may have against you or others.

3. Any termination by you for Good Reason shall be communicated by a written notice given within 120 days of your having actual notice of the events giving rise to a right to terminate for Good Reason and which (i) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination for Good Reason and (ii), if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice). Your failure to set forth in the notice of termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of yours hereunder or preclude you from asserting such fact or circumstance in enforcing your rights hereunder.

4. For purposes of this Agreement:

(a) "Bonus" means bonus or incentive compensation payable by the Corporation to you pursuant to plans which the Corporation now or hereafter maintains.

(b) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(c) A "Change of Control" shall be deemed to have taken place if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities; (ii) (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of the Corporation immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities or (B) a liquidation or dissolution of the Corporation; or (iii) as the result of a tender offer, exchange offer, merger, consolidation, sale of assets or contested solicitation of proxies or stockholder consents or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of the Corporation immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Corporation or of any parent of or successor to the Corporation immediately after the Transaction occurs.

(d) "Good Reason" means:

(i) The assignment to you of any duties inconsistent in any material adverse respect with your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on the date of the Change of Control, or any other action by the Corporation which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Corporation promptly after receipt of notice from you;

(ii) Any reduction of your base salary or the failure by the Corporation to provide you with an incentive compensation program, welfare benefits, retirement benefits and other benefits which in the aggregate are no less favorable than the benefits to which you were entitled prior to the Change of Control;

(iii) The Corporation's requiring you to be based at any office or location more than 15 miles from that location at which you are employed on the date of the Change of Control, except for travel reasonably required in the performance of your responsibilities;

(iv) Any action taken or suffered by the Corporation as of or following the Change of Control (such as, without limitation, transfer or encumbrance of assets or incurring of indebtedness) which materially impairs the ability of the Corporation to make any payments due or which may become due to you under this Agreement; or

(v) any failure by the Corporation to obtain the assumption and agreement to perform this Agreement by a successor as contemplated by Section 10.

5.(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Corporation to you or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 5(c), all determinations required to be made under this Section 5, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by a nationally recognized accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Corporation and you within 15 business days of the date your employment with the Corporation terminates, or such earlier time as is requested by the Corporation. If the Accounting Firm determines that no Excise Tax is payable to you, it shall furnish you with an opinion that you have substantial authority not to report any Excise Tax on your federal income tax return. Any determination by the Accounting Firm shall be binding upon the Corporation and you. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have

been made by the Corporation should have been made (“Underpayment”), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to Section 5(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to you or for your benefit.

(c) You shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after you know of such claim and shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the expiration of the thirty-day period following the date on which you give such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

- (i) give the Corporation any information reasonably requested by the Corporation relating to such a claim,
- (ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with regard to such claim by an attorney reasonably selected by the Corporation,
- (iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and
- (iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for an Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 5(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs you to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to you, on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed

with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations related to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), you become entitled to receive any refund with respect to such claim, you shall (subject to the Corporation's complying with the requirements of Section 5(c)) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 5(c), a determination is made that you shall not be entitled to any refund with respect to such claim and the Corporation does not notify you in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

6. Anything in this Agreement to the contrary notwithstanding, if your employment with the Corporation is terminated prior to the date on which a Change of Control occurs, and it is reasonably demonstrated by you that such termination (a) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (b) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement, a Change of Control shall be deemed to have occurred the date immediately prior to the date of such termination.

7. This Agreement shall be binding upon and inure to the benefit of you, your estate and the Corporation and any successor or assign of the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by you. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there be no such designee, to your estate.

8. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed, in your case, to the address set forth on the first page of this Agreement and, in the Corporation's case, to the address of its principal office (all notices to the Corporation to be directed to the attention of the President of the Corporation with a copy to the Secretary of the Corporation) or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

9. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by you and such officer as may be specifically designated by the Board of Directors of the Corporation. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida without regard to principles of conflicts of laws.

10. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. Nothing in this Agreement shall prevent or limit your continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Corporation and for which you may qualify, nor shall anything herein limit or otherwise prejudice such rights as you may have under any other agreements with the Corporation. Amounts which are vested benefits or which you are otherwise entitled to receive under any plan or program of the Corporation at or subsequent to any Change of Control shall be payable in accordance with such plan or program. To the extent the terms of any other agreements you may have with the Corporation are inconsistent with this Agreement, the terms of this Agreement shall control.

12. If you assert any claim in any contest (whether initiated by you or by the Corporation) as to the validity, enforceability or interpretation of any provision of this Agreement, the Corporation shall pay your legal expenses (or cause such expenses to be paid), including, without limitation, your reasonable attorneys' fees, on a quarterly basis, upon presentation of proof of such expenses in a form reasonably acceptable to the Corporation, provided that you shall reimburse the Corporation for such amounts, plus simple interest thereon at the 90-day United States Treasury Bill rate as in effect from time to time, compounded annually, if a court of competent jurisdiction shall find that you did not have a good faith and reasonable basis to believe that you would prevail as to at least one material issue presented to such court.

13. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

If you are in agreement with the foregoing, please so indicate by signing and returning to the Corporation the enclosed copy of this letter, whereupon this letter shall constitute a binding agreement under seal between you and the Corporation.

Very truly yours,

Nabi Biopharmaceuticals

/s/ Thomas H. McLain

By _____

Thomas H. McLain
Chairman, CEO and President

Agreed:

/s/ Raafat Fahim Ph.D.

Raafat Fahim Ph.D.
1180 S Ocean Blvd #8F
Boca Raton, FL 33432

NABI BIOPHARMACEUTICALS
5800 PARK OF COMMERCE BOULEVARD, N.W.
BOCA RATON, FLORIDA 33487

Effective as of April 1, 2004

Raafat Fahim Ph.D.
1180 S. Ocean Blvd #8F
Boca Raton, FL 33432

Dear Raafat:

You have agreed to serve as Senior Vice-President (SVP) Research, Technical and Production Operations for Nabi Biopharmaceuticals ("Nabi") which term for purposes of this Agreement shall include affiliates of Nabi Biopharmaceuticals. The following are the terms of such employment:

1. **TERM:** You will serve as a SVP Research, Technical and Production Operations for a period beginning as of the date hereof and ending on March 31, 2007, unless your employment is sooner terminated as provided below (the "Employment Period"). In the event that your employment by the Company continues beyond the Employment Period, the terms and conditions of this Agreement shall continue except that your continued employment by the Company may be terminated by either party upon thirty (30) days' prior notice unless you and the Company shall have entered into a written agreement to the contrary.
2. **SALARY:** Your salary will be \$260,000 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.
3. **BONUS:** You will be entitled to participate in Nabi's VIP Management Incentive Program or any comparable bonus plan maintained by Nabi ("Bonus Plan"). Your participation in the Bonus Plan shall be subject to the terms and conditions of the Bonus Plan.

Unless the Employment Period is terminated for "cause" pursuant to Section 7(B) (b) below, if the Employment Period ends during a calendar year, your bonus compensation opportunity shall be pro rated based upon the number of full calendar months you were employed and the amount of bonus compensation which would have been payable with respect to such year pursuant to the Bonus Plan. If the Employment Period is terminated pursuant to Section 7 (B)(b) below, no bonus compensation shall be payable with respect to the calendar year during which the Employment Period is terminated.

Bonus payments, if applicable, shall be payable within 120 days after the end of the relevant calendar year.

4. **AUTO ALLOWANCE:** While an employee under the terms of this Agreement, you shall receive an auto allowance of not less than \$1200.00 per month.

5. **BENEFITS:** During the Employment Period, you will be eligible to participate in such fringe benefits programs as are accorded to other similarly situated Nabi employees. In addition, Nabi shall pay you an Executive Bonus, grossed up for taxes, so that you can make a \$12,000 contribution to your Supplemental Executive Retirement Plan (the "SERP") and provide you at Nabi's cost with term life insurance of \$500,000 in excess of the term life insurance coverage Nabi provides to its employees generally. Nabi shall cover the cost of financial planning services up to \$3000.00/year. Nabi shall also pay your reasonable social dues at a single club.

6. **DUTIES AND EXTENT OF SERVICES:**

(A) During the Employment Period, you agree to devote substantially all of your working time, and such energy, knowledge, and efforts as is necessary to the discharge and performance of your duties provided for in this Agreement and such other reasonable duties and responsibilities consistent with your position as are assigned to you from time to time by the person to whom you report. You shall be located primarily in Nabi's Boca Raton, Florida facilities, but shall travel to other locations from time to time as shall be reasonably required in the course of performance of your duties.

(B) During the Employment Period, you shall serve as a SVP Research, Technical and Production Operations. You shall have such duties as are delegated to you by the person to whom you report provided that such duties shall be reasonably consistent with those duties assigned to executive officers having similar titles in organizations comparable to Nabi.

7. **TERMINATION:**

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon thirty (30) days' prior written notice to Nabi. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that, if applicable, any bonus compensation payable pursuant to Section 3 of this Agreement shall be pro rated as provided for in Section 3.

(B) Nabi may terminate the Employment Period (a) in the event Nabi reasonably determines that you are unable to perform the essential functions of your position, with or without reasonable accommodation, for any three (3) consecutive months as the result of mental or physical incapacity or (b) for "cause", which is defined as (i) acts of fraud or embezzlement or other felonious acts by you, (ii) your refusal to comply with reasonable directions in connection with the performance of your duties as provided for in Section 6 of this Agreement after notice of such failure is delivered to you, (iii) failure to comply with the provisions of Section 9 or 10 of this

Agreement or (iv) your gross negligence in connection with the performance of your duties as provided for in this Agreement, provided that, in the event of a proposed termination under clause (ii) or clause (iv) of this clause (B), you shall receive ten (10) days' prior written notice of such proposed termination and within such period you shall be afforded an opportunity to be heard by Nabi's Board of Directors or a duly appointed committee of the Board as to whether grounds for termination under these clauses exists.

(C) Nabi may otherwise terminate the Employment Period upon thirty (30) days' prior notice to you.

(D) Your confidentiality and non-competition agreements set forth in Sections 9 and 10 below and your agreement to cooperate set forth in Section 11 below shall survive the termination of your employment regardless of the reasons therefor.

8. **SEVERANCE**

(A) In the event that (a) your employment terminates pursuant to Section 7C or (b) after the expiration of the Employment Period, if your employment continues as provided in Section 1, either you give notice of termination of employment to the Company or the Company gives you notice of termination of employment other than for cause (as defined above) or disability, and provided that (i) within thirty (30) days prior to the expiration of the Employment Period Nabi had not offered to renew this Agreement on terms no less favorable to you than the terms then in effect, and (ii) within ninety (90) days following the expiration of the Employment Period Nabi has not tendered to you a new employment agreement executed on behalf of Nabi and containing such no less favorable terms, you shall receive the benefits set forth in Sections 8B, 8C and 8D. In the event your employment terminates pursuant to Section 7B (a), or as a result of your death, you shall receive the benefit set forth in Section 8D. Notwithstanding the foregoing provisions of this Section 8A, in the event your employment terminates under circumstances that entitle you to receive compensation and other benefits pursuant to the April 1, 2004 Change of Control Severance Agreement between you and Nabi (the "Change of Control Severance Agreement"), you shall not receive the benefits set forth in Section 8B, 8C and 8D.

(B) Based on the effective date of such termination, Nabi will pay you your base salary as of the effective date of such termination ("Severance Pay") and maintain in effect such fringe benefits (including auto allowance) as are accorded to other similarly situated employees (to the extent allowed under, and subject to the limitations of, applicable plans) for eighteen (18) months. Severance Pay shall be made in equal bi-weekly installments.

(C) The Company shall pay for executive outplacement services up to \$18,000 by an organization selected by Nabi in its sole discretion.

(D) All of your non-vested stock options, restricted stock or similar incentive equity instruments ("Options") shall immediately vest. All such "Options" shall be exercisable for twelve (12) months past your termination date, except that no "Options" shall be exercisable beyond the original "Option" expiration date. To the extent the terms of any "Options" are inconsistent with this Agreement, the terms of this Agreement shall control.

(E) All payments or benefits to you under this Section 8 (other than payments or benefits already accrued and otherwise due under Nabi's employee benefit plans or programs, or as a result of your death) will not be given unless you execute (and do not rescind) a written employment termination agreement in a form prescribed by Nabi, containing terms consistent with this Agreement as well as a general release of all claims against Nabi and related parties with respect to all matters occurring prior to or on the date of the release, including (but not limited to) employment matters or matters in connection with your termination.

9. **CONFIDENTIALITY:** You acknowledge that your duties with Nabi will give you access to trade secrets and other confidential information of Nabi and/or its affiliates, including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a "trade secret" under applicable law, is collectively called "Confidential Information"). You recognize that Confidential Information is proprietary to each such entity and gives each of them significant competitive advantage.

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer electronic information and files, e.g., diskettes, floppies etc. and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

10. **NON-COMPETITION:**

(A) You acknowledge that your services to be rendered are of a special and unusual character and have a unique value to Nabi the loss of which cannot adequately be compensated by damages in an action at law. In view of the unique value of the services, and because of the Confidential Information to be obtained by or disclosed to you, and as a material inducement to Nabi to enter into this Agreement and to pay to you the compensation referred to above and other consideration provided, you covenant and agree that, during the term of your employment by Nabi and for a period of one (1) year after termination of such employment for any reason whatsoever, you will not, directly or indirectly, (a) engage or become interested, as owner, employee, consultant, partner, through stock ownership (except ownership of less than five percent of any class of equity securities which are publicly traded), investment of capital, lending of money or property, rendering of services, or otherwise, either alone or in association with others, in the operations, management or supervision of any type of business or enterprise engaged in any business which is competitive with any business of Nabi (a "Competitive Business"), (b) solicit or accept orders

from any current or past customer of Nabi for products or services offered or sold by, or competitive with products or services offered or sold by, Nabi, (c) induce or attempt to induce any such customer to reduce such customer's purchase of products or services from Nabi, (d) disclose or use for the benefit of any Competitive Business the name and/or requirements of any such customer or (e) solicit any of Nabi's employees to leave the employ of Nabi or hire or negotiate for the employment of any employee of Nabi. By way of clarification, a "Competitive Business" is not any business or enterprise in the health care industry; it is only a business or enterprise in the health care industry that is competitive with any business of Nabi. Notwithstanding the foregoing, nothing contained in this Section 10A shall be deemed to prohibit you from being employed by or providing services to a Competitive Business following a "Change of Control" (as defined in the Change of Control Agreement) and termination of your employment if the nature of such employment or services do not compete with any business engaged in by Nabi immediately prior to the Change in Control.

(B) You have carefully read and considered the provisions of this Section and Section 9 and having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interest of Nabi, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of Nabi, their officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 9 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

(D) With respect to the provisions of this Section, you agree that damages, by themselves, are an inadequate remedy at law, that a material breach of the provisions of this Section would cause irreparable injury to the aggrieved party, and that provisions of this Section 10 may be specifically enforced by injunction or similar remedy in any court of competent jurisdiction without affecting any claim for damages.

11. **LITIGATION AND REGULATORY COOPERATION:** During and after your employment with Nabi, you shall reasonably cooperate with Nabi in the defense or prosecution of any claims now in existence or which may be brought in the future against or on behalf of Nabi which relate to events or occurrences that transpired while you were employed by Nabi; provided, however, that such cooperation shall not materially and adversely affect you or expose you to an increased probability of civil or criminal litigation. Your cooperation in connection

with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of Nabi at mutually convenient times. During and after your employment with Nabi, you also shall cooperate fully with Nabi in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by Nabi. Nabi shall reimburse you for all out-of-pocket costs and expenses incurred in connection with your performance under this Section 11, including, but not limited to, reasonable attorneys' fees and costs.

12. **MISCELLANEOUS:** This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This Agreement, the Change of Control Severance Agreement and the Indemnification Agreement dated May 16, 2003 are a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

This Agreement cannot be amended orally, or by any course of conduct or dealing, but only by a written agreement signed by the party to be charged therewith. All notices required and allowed hereunder shall be in writing, and shall be deemed given upon deposit in the Certified Mail, Return Receipt Requested, first-class postage and registration fees prepaid, and correctly addressed to the party for whom intended at its address set forth under its name below, or to such other address as has been most recently specified by a party by one or more counterparts, each of which shall constitute one and the same agreement. All references to genders or number in this Agreement shall be deemed interchangeably to have a masculine, feminine, neuter, singular or plural meaning, as the sense of the context required.

If the foregoing confirms your understanding of our agreements, please so indicate by signing in the space provided below and returning a signed copy to us.

Nabi Biopharmaceuticals
5800 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487

/s/ Thomas H. McLain
BY: _____
Thomas H. McLain
CEO and President

Accepted and agreed:

/s/ Raafat Fahim

Raafat Fahim
1180 S. Ocean Blvd #8F
Boca Raton, FL 33432

CERTIFICATIONS

Rule 13a-14(a)/15d-14(a) CERTIFICATION

I, Thomas H. McLain, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nabi Biopharmaceuticals;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2004

By: /s/ Thomas H. McLain

Thomas H. McLain
Chairman, Chief Executive Officer
and President

Rule 13a-14(a)/15d-14(a) CERTIFICATION

I, Mark L. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nabi Biopharmaceuticals;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 25, 2004

By: /s/ Mark L. Smith

Mark L. Smith
Senior Vice President, Finance,
Chief Financial Officer, Chief
Accounting Officer and Treasurer

SECTION 1350 CERTIFICATION

The undersigned officers of Nabi Biopharmaceuticals (the "Company") hereby certify that, as of the date of this statement, the Company's quarterly report on Form 10-Q for the quarter ended September 25, 2004 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 and that, to the best of their knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of September 25, 2004 and the results of operations of the Company for the three and nine months ended September 25, 2004.

The purpose of this certification is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002. This statement is not "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Act or any other federal or state law or regulation.

Date: October 25, 2004

By: /s/ Thomas H. McLain

Name: Thomas H. McLain
Title: Chief Executive Officer

Date: October 25, 2004

By: /s/ Mark L. Smith

Name: Mark L. Smith
Title: Chief Financial Officer