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 April 1, 2006

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	**59-1212264**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

5800 Park of Commerce Boulevard N.W., Boca Raton, FL 33487
(Address of principal executive offices, 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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. (See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act).

☐ Largeaccelerated filer ☒ Accelerated filer ☐ Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (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 May 2, 2006 was 60,001,018 shares.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except for share and per share amounts)	(UNAUDITED) April 1, 2006	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	$ 51,396	$ 101,762
Marketable securities	30,222	5,172
Restricted cash	816	816
Trade accounts receivable, net	25,891	22,322
Inventories, net	22,197	22,323
Prepaid expenses and other current assets	3,089	2,672
Total current assets	133,611	155,067
Property, plant and equipment, net	92,280	94,084
Other assets:		
Intangible assets, net	76,201	78,332
Other, net	852	914
Total assets	$ 302,944	$ 328,397
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 10,994	$ 17,584
Accrued interest payable	1,534	717
Accrued expenses	25,895	25,189
Notes payable and capital lease obligations, net	10,404	2,612
Total current liabilities	48,827	46,102
2.875% Convertible Senior Notes, net	109,187	109,145
Notes payable and capital lease obligations, net	205	10,945
Other liabilities	334	378
Total liabilities	158,553	166,570
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 shares authorized, 60,392,993 and 60,322,763 shares issued, respectively	6,039	6,032
Capital in excess of par value	319,726	318,910
Treasury stock, 805,769 shares at cost	(5,321)	(5,321)
Accumulated deficit	(176,042)	(157,965)
Other accumulated comprehensive (loss) income	(11)	171
Total stockholders' equity	144,391	161,827
Total liabilities and stockholders' equity	$ 302,944	$ 328,397

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	(UNAUDITED) For the Three Months Ended	
	April 1, 2006	March 26, 2005
Sales	$ 27,548	$ 26,076
Costs and expenses:		
Costs of products sold, excluding amortization of intangible assets	15,254	14,862
Royalty expense	356	2,199
Gross margin, excluding amortization of intangible assets	11,938	9,015
Selling, general and administrative expense	16,809	14,402
Research and development expense	10,926	15,255
Amortization of intangible assets	2,131	2,288
Other operating expense, principally freight	180	34
Operating loss	(18,108)	(22,964)
Interest income	1,063	554
Interest expense	(1,098)	(138)
Other income, net	66	31
Loss before benefit for income taxes	(18,077)	(22,517)
Benefit for income taxes	—	6,695
Net loss	$ (18,077)	$ (15,822)
Basic and diluted loss per share	$ (0.30)	$ (0.27)
Basic and diluted weighted average shares outstanding	60,329	59,530

See accompanying notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	(UNAUDITED) For the Three Months Ended April 1, 2006	March 26, 2005
Cash flow from operating activities:		
Net loss	$ (18,077)	$ (15,822)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,308	4,776
Accretion of discount on Convertible Senior Notes	42	—
Interest expense on non-interest bearing notes	154	236
Provision for doubtful accounts	21	96
Provision for slow moving or obsolete inventory	305	676
Gain on sale of assets	(2)	(54)
Non-cash compensation	498	—
Write-off of obsolete fixed assets	49	—
Deferred income taxes	—	(6,695)
Other, primarily foreign currency translation	(182)	74
Changes in assets and liabilities:		
Trade accounts receivable	(3,590)	11,867
Inventories	(179)	(2,473)
Prepaid expenses and other current assets	(417)	41
Other assets	58	(47)
Accounts payable and accrued liabilities	(5,123)	(14,124)
Total adjustments	(4,058)	(5,627)
Net cash used in operating activities	(22,135)	(21,449)
Cash flow from investing activities:		
Purchases of marketable securities	(50,600)	(46,300)
Proceeds from sales of marketable securities	25,550	33,750
Proceeds from sales of assets	8	54
Capital expenditures	(423)	(2,463)
Expenditures for Manufacturing Rights	—	(166)
Net cash used in investing activities	(25,465)	(15,125)
Cash flow from financing activities:		
Payment on notes payable and capital leases	(3,091)	(9,518)
Proceeds from exercise of employee stock options	325	1,146
Net cash used in financing activities	(2,766)	(8,372)
Net decrease in cash and cash equivalents	(50,366)	(44,946)
Cash and cash equivalents at beginning of period	101,762	94,759
Cash and cash equivalents at end of period	$ 51,396	$ 49,813

See accompanying notes to condensed consolidated financial statements.

NOTE 1 OVERVIEW

We leverage our experience and knowledge in powering the immune system to develop and market products that fight serious medical conditions. We are focused on developing products addressing the large commercial opportunities within our core business areas: Gram-positive bacterial infections, hepatitis and transplant, kidney disease (nephrology), and nicotine addiction. We have three products on the market today: Nabi-HB® [Hepatitis B Immune Globulin (Human)], Aloprim™ [Allopurinol sodium (for injection)], and PhosLo® (calcium acetate), and a number of products in various stages of clinical and pre-clinical development. We have also filed Marketing Authorization Applications, or MAAs, in Europe to market Nabi-HB™ Intravenous [Hepatitis B Immune Globulin (Human) Intravenous] under the trade name HEBIG™, for the prevention of hepatitis B disease in HBV-positive liver transplant patients, and to market PhosLo, for the treatment of hyperphosphatemia in patients with end-stage renal disease.

In addition to our biopharmaceutical business, we also collect specialty and non-specific antibodies for use in our products and we sell our excess production to pharmaceutical and diagnostic customers for the subsequent manufacture of their products. We invest the gross margins we earn from sales of our marketed products toward funding the development of our product pipeline.

We are incorporated in Delaware. Our U.S. operations are headquartered in Florida. We maintain our global manufacturing operations in Florida, and our global research and development operations in Rockville, Maryland.

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 April 1, 2006 and December 31, 2005, the consolidated results of our operations for the three months ended April 1, 2006 and March 26, 2005 and our cash flows for the three months then ended. The interim results of operations are not necessarily indicative of the results that may occur for the full fiscal year. These statements should be read in conjunction with the Consolidated Financial Statements and Notes included in our Annual Report on Form 10-K for the year ended December 31, 2005.

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.

Basis of presentation: The condensed consolidated financial statements include the accounts of Nabi Biopharmaceuticals and its subsidiaries. All significant intercompany accounts and transactions were eliminated during consolidation.

Revenue recognition: 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 known as chargebacks, government payer rebates, customer returns and other wholesaler fees. Our policy regarding sales to customers is that we do not recognize revenue from, or the cost of such sales, where we believe the customer has more than a demonstrably reasonable level of inventory. We make this assessment based on historical demand, historical customer ordering patterns for

purchases, business considerations for customer purchases and estimated inventory levels. If our actual experience proves to be different than our assumptions we would then adjust such allowances accordingly.

We estimate allowances for revenue dilution items using a combination of information received from third parties, including market data, inventory reports from our major U.S. wholesaler customers, historical information and analysis that we perform. The key assumptions used to arrive at our best estimate of revenue dilution reserves are estimated customer inventory levels, contractual prices and related terms**.** Our estimates of inventory at wholesaler customers and in the distribution channels are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates, and reflect other limitations. Provisions for estimated rebates and other allowances, such as discounts, promotional and other credits are estimated based on historical payment experience, historical relationship to revenues, estimated customer inventory levels, contract terms and actual discounts offered. On January 1, 2006, we entered into a number of agreements with Prescription Drug Plans, or PDP, to provide PhosLo to patients under the Medicare Prescription Drug Improvement and Modernization Act of 2003's Part D plan. We were required to make a number of assumptions, including how many patients will be covered by these PDP agreements in order to record our liabilities under these agreements. These assumptions were based on our understanding of the PhosLo patient population and expected utilization rates based on historical data. We believe that such provisions are reasonably estimable due to the limited number of assumptions involved and the consistency of historical experience. Provisions for chargebacks involve more subjective judgments and are more complex in nature. These provisions are discussed in further detail below.

Chargebacks: The provision for chargebacks is a significant and complex estimate used in the recognition of revenue. We market products directly to wholesalers, distributors and homecare companies. We also market products indirectly to group purchasing organizations, managed care organizations, physician practice management groups and hospitals, collectively referred to as "indirect customers." We enter into agreements with indirect customers to establish contract pricing for certain products. The indirect customers then select wholesalers from which to actually purchase the products at these contracted prices. Under this arrangement, we will provide credit to the wholesaler for any difference between the contracted price with the indirect party and the wholesaler's invoice price. Such credit is called a chargeback. The provision for chargebacks is based on our historical chargeback experience and estimated wholesaler inventory levels, as well as expected sell-through levels by our wholesale customers to indirect customers. Our estimates of inventory at wholesale customers and in the distribution channels are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates, and reflect other limitations. We continually monitor our provision for chargebacks and make adjustments when we believe that actual chargebacks may differ from established reserves.

Comprehensive Loss: We follow Statement of Financial Accounting Standards, or SFAS No. 130, *Reporting Comprehensive Income*, which computes comprehensive income as the total of net income and all other non-owner changes in shareholders' equity. For the first quarter ended April 1, 2006, comprehensive loss included our net loss and the effect of foreign currency translation adjustments, net of tax. As of April 1, 2006 and December 31, 2005, $11 thousand and $0.2 million of foreign currency (loss) income, respectively, were included on our balance sheet in addition to accumulated deficit. The foreign currency loss primarily related to intercompany balances we have classified as intercompany debt. It is our intent for the amounts paid on behalf of our subsidiaries to be repaid once we either license or partner our products in the markets the subsidiaries operate in, primarily Europe.

Financial instruments: The carrying amounts of financial instruments including cash equivalents, marketable securities, trade accounts receivable and trade accounts payable approximated fair value as of April 1, 2006 and December 31, 2005, because of the relatively short-term maturity of these instruments. Total convertible senior notes, notes payable debt and capital lease obligations were $119.8 million as of April 1, 2006 and $122.7 million as of December 31, 2005. The carrying value of our convertible senior notes at April 1, 2006 is $109.2 million compared to the fair value of $93.9 million based on current market rates. The carrying amounts of our notes payable and capital lease obligations approximate their fair value and are calculated using an interest rate consistent with our current borrowing rate. Information regarding debt is included in Note 8.

Cash and cash equivalents: Cash equivalents consist of money market funds and qualified purchaser funds with maturities of three months or less placed with major financial institutions.

Marketable securities: Short-term investments in marketable debt securities consist of auction rate securities with final maturities longer than three years, but with interest rate auctions occurring every 28 or 35 days. These short-term marketable securities consist primarily of taxable municipal bonds, corporate bonds, government agency securities and commercial paper. It is our intent to maintain a liquid portfolio to take advantage of investment opportunities; therefore, these securities are deemed short-term, are classified as available for sale securities and are recorded at market value using the specific identification method. Realized gains and losses are included in "Other income" in the accompanying consolidated statements of operations. Unrealized gains and losses, if we have any, are included in "Other comprehensive income" in the accompanying consolidated balance sheet and consolidated statement of changes in stockholders' equity and at April 1, 2006 and December 31, 2005 we did not have any.

New accounting pronouncements

In December 2004, the Financial Accounting Standards Board, or FASB, announced that SFAS 151, *Inventory Costs*, or SFAS No. 151, is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. This Statement clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal", as defined in Accounting Principal Board 43. In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The adoption of SFAS No. 151 in 2006 did not have a material impact on our financial condition or results of operations.

In May 2005, the FASB issued SFAS 154, *Accounting Changes and Error Corrections*, or SFAS No. 154. SFAS No. 154 replaces Accounting Principles Board ("APB") Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB No. 20 previously required that most voluntary changes in accounting principle be recognized by including the cumulative effect of changing to the new accounting principle in net income in the period of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 in 2006 did not have a material impact on our financial condition or results of operations.

In November 2005, the Financial Accounting Standards Board, or FASB, issued FASB Staff Position Nos. FAS 115-1 and FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*, or FSP Nos. 115-1 and 124-1. The guidance in this FSP amends FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and adds a footnote to APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*. FSP Nos. 115-1 and 124-1 address the determination of when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. In addition, FSP Nos. 115-1 and 124-1 also include accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The guidance in FSP Nos. 115-1 and 124-1 is effective for reporting periods beginning after December 15, 2005. The implementation of FSP Nos. 115-1 and 124-1 did not have an impact on our financial position or results of operations.

Effective January 1, 2006, we adopted the fair value recognition provisions of FASB Statement 123R, *Share-Based Payment*, or SFAS No. 123R, using the modified-prospective transition method. In accordance with the provisions of SFAS No. 123R, we began recognizing share-based compensation expense in the Unaudited Condensed Statement of Operations for the three months ended April 1, 2006. For additional information related to the adoption of SFAS No. 123R, see Note 6.

NOTE 3 INVENTORIES

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

(In thousands)	April 1, 2006	December 31, 2005
Finished goods	$ 14,345	$ 13,594
Work in process	6,528	7,531
Raw materials	1,324	1,198
Total	$ 22,197	$ 22,323

Work in process inventory, net, at April 1, 2006 and December 31, 2005 primarily consisted of Nabi-HB for which manufacture was in process or that was awaiting release to the market from the U.S. Food and Drug Administration, or FDA, in accordance with the normal course of our business. We have made and anticipate in future periods that we will scale-up and make commercial quantities of certain of our product candidates prior to the date we anticipate that such products will receive final European Medicines Agency, or EMEA, approval in the EU or FDA approval in the U.S. (i.e., pre-launch inventories). The scale-up and commercial production of pre-launch inventories involves the risk that such products may not be approved for marketing by the governmental agencies on a timely basis, or ever. As of April 1, 2006, and December 31, 2005 we had fully reserved pre-launch inventories of certain products that have not yet received final governmental approval.

We record pre-launch inventory once the product has attained a stage in the development process of having been subject to a Phase III clinical trial or its equivalent, or if a regulatory filing has been made for licensure for marketing the product and the product has a well characterized manufacturing process. In addition, we must have an internal sales forecast that includes an assessment that sales will exceed the manufacturing costs plus the expected cost to distribute the product. Finally, product stability data must exist so that we can assert that capitalized inventory is anticipated to be sold, based on the sales projections noted above, prior to anticipated expiration of a product's shelf life.

NOTE 4 LOSS 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 loss 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 141,170 and 1,677,088 common stock equivalents have been excluded from the calculation of net loss per share in the three months ended April 1, 2006 and March 26, 2005, respectively, because their inclusion would be anti-dilutive.

NOTE 5 OPERATING SEGMENT INFORMATION

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

	For the Three Months Ended	
(In thousands)	April 1, 2006	March 26, 2005
Sales:		
Biopharmaceutical products	$ 15,896	$ 17,493
Antibody products	11,652	8,583
Total	$ 27,548	$ 26,076
Gross margin:		
Biopharmaceutical products	$ 10,128	$ 8,507
Antibody products	1,810	508
Total	$ 11,938	$ 9,015
Operating loss:		
Biopharmaceutical products	$ (16,685)	$ (21,440)
Antibody products	(1,423)	(1,524)
Total	$ (18,108)	$ (22,964)

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.

On March 24, 2005, our agreement to distribute WinRho SDF ended and we ceased distribution of that product. Results for the first quarter of 2005 included $6.2 million of revenues from that product.

	For the Three Months Ended	
(In thousands)	April 1, 2006	March 26, 2005
Operating loss by Region:		
U.S.	$ (17,640)	$ (18,922)
Ex-U.S.	(468)	(4,042)
Total	$ (18,108)	$ (22,964)

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

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

	For the Three Months Ended	
(In thousands)	April 1, 2006	March 26, 2005
Reportable segment operating loss	$ (18,108)	$ (22,964)
Unallocated interest income	1,063	554
Unallocated interest expense	(1,098)	(138)
Unallocated other income, net	66	31
Loss before benefit for income taxes	$ (18,077)	$ (22,517)

NOTE 6 STOCK BASED COMPENSATION

We maintain incentive stock plans that provide for grants of stock options and restricted stock to our directors, officers and key employees. The stock plans are described more fully below.

As of April 1, 2006, there were 2,997,621 shares of common stock reserved for issuance under our stock plans. Stock options granted under these plans typically have been granted at an option price equal to the closing market value of the stock on the date of the grant. Options granted under these plans, prior to January 1, 2006, to employees typically become exercisable over four years in equal annual installments after the date of grant, and to non-employee directors become exercisable in full after six months after the grant date, subject to in each case to continuous service with the company, and typically have a maximum contractual life of 10 years.

The terms of the Employee Stock Purchase Plan, or ESPP, as amended, allow for qualified employees as defined therein to participate in the purchase of up to 1,000,000 shares of our common stock at a price equal to 85% of the lower of the closing price at the beginning or end of each semi-annual stock purchase period.

Adoption of New Accounting Guidance and Transition

Prior to January 1, 2006, we accounted for these plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations, or APB No. 25, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation*, or SFAS No. 123. Under APB No. 25, when the exercise price of our employee stock options equaled or exceeded the market price of the underlying stock on the date of grant, no compensation cost was recognized.

Effective January 1, 2006, we adopted the fair value recognition provisions of FASB Statement No. 123R, *Share-Based Payment*, and related interpretations, or SFAS No. 123R, which is a revision of SFAS No. 123, using the modified-prospective transition method. Under that method, compensation cost recognized in the first quarter of 2006 includes (a) compensation cost for all share-based payments granted prior to, but not yet vested as of, January 1, 2006 based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123 and (b) compensation cost for all share-based payments granted on or subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123R. Compensation cost related to stock awards granted prior to, but not vested as of, January 1, 2006 is being recognized on a straight-line basis over the requisite remaining service period for the entire award in accordance with the provisions of SFAS No. 123R. Results for the prior periods have not been restated.

Prior to the adoption of SFAS No. 123R, we presented the tax benefit of deductions arising from the exercise of stock options as operating cash flows in the Condensed Consolidated Statement of Cash Flows. SFAS No. 123R requires that we classify the cash flows resulting from the tax benefit that arises when the tax deductions exceed the compensation cost recognized for those options (excess tax benefits) as financing cash flows. There were no excess tax benefits for the first quarter of 2006, and had we had excess tax benefits, they would have been classified as an operating cash inflow if we had not adopted SFAS No. 123R.

Pro Forma Information Under SFAS No. 123 for Periods Prior to Fiscal 2006

The fair value of each stock option on the date of grant and the fair value of shares issuable pursuant to the ESPP in the first quarter of fiscal 2005 was estimated using a Black-Scholes-Merton option-pricing formula applying the following assumptions, and amortized over the respective option's vesting period or ESPP plan purchase period (six months) using the straight-line attribution approach:

Stock Options:

	First Quarter 2005
Expected term (in years)	4.0
Risk-free interest rate	3.92%-4.46 %
Expected volatility	57.4%-60.7 %
Expected dividend yield	0%

ESPP:

	First Quarter 2005
Expected term (in years)	0.5
Risk-free interest rate	2.41%
Expected volatility	58.3%
Expected dividend yield	0%

Expected Term: The expected term for stock options represents the period over which the share-based awards are expected to be outstanding and the six-month plan purchase period for ESPP shares.

Risk-Free Interest Rate: We based the risk-free interest rate used in our assumptions on the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equivalent to the stock option award's expected term.

Expected Volatility: The volatility factor used in our assumptions is based on the historical price of our stock over the most recent period commensurate with the expected term of the award for stock options and over the six-month plan purchase period for ESPP shares.

Expected Dividend Yield: We do not intend to pay dividends on our common stock for the foreseeable future. Accordingly, we use a dividend yield of zero in our assumptions.

We estimated the expected term and expected volatility of the instruments based upon historical data. The weighted-average fair value of options granted during the first quarter of 2005 was $5.89. Forfeitures were recognized as they occurred. The weighted-average fair value of shares issuable pursuant to the ESPP during the first quarter of 2005 was $4.50 per share.

The table below illustrates the effect on net loss and loss per share during the first quarter of 2005 if we had applied the fair value recognition provisions of SFAS No. 123. We revised the quarterly pro forma disclosure for 2005 to properly reflect share-based compensation expense related to the ESPP. The estimated fair value is amortized to expense over each option grant's respective vesting period and over the six-month plan purchase period for shares issuable under the ESPP.

(In thousands, except per share data)	First Quarter 2005
Net loss, as reported	$ (15,822)
Total share-based employee compensation cost, net of tax	—
Total share-based employee compensation cost determined under SFAS No. 123 for all awards, net of tax	(1,570)
Pro forma net loss	$ (17,392)
Net loss per share:	
Basic and diluted net loss— as reported	$ (0.27)
Basic and diluted net loss— pro forma	$ (0.29)

Valuation and Expense Information under SFAS No. 123R

As a result of the adoption of SFAS No. 123R, we recorded compensation costs of $0.5 million, or $0.01 per share, for the first quarter of 2006. Of the $0.5 million recorded as compensation costs less than $0.1 million was capitalized into the cost of inventory and the remainder has been included in the associated operating expense line item. As a result of the adoption of SFAS No. 123R, our net loss, loss before benefit for income taxes and operating loss for the first quarter of 2006 increased by $0.5 million, or $0.01 per share, than if we had continued to account for share-based compensation under APB No. 25. As of April 1, 2006, there was $2.6 million of total unrecognized compensation cost related to non-vested stock options, restricted stock, and shares issuable under the ESPP, which will be expensed over a weighted-average period of 2.8 years. We did not recognize a tax benefit for share-based compensation arrangements during either the first quarters of 2006 and 2005.

As required by SFAS No. 123R, we now estimate forfeitures of employee stock options and restricted stock awards and recognize compensation cost only for those awards expected to vest. Forfeiture rates are determined for three groups of non-employee directors, senior management and all other employees-based on historical experience. Estimated forfeitures are now adjusted to actual forfeiture experience as needed.

Stock Options

In connection with the adoption of SFAS No. 123R, we estimate the fair value of each stock option on the date of grant using a Black-Scholes-Merton option-pricing formula, applying the following assumptions, and amortized to expense over the option's vesting period using the straight-line attribution approach:

	First Quarter 2006
Expected term (in years)	2.20-4.35
Risk-free interest rate	4.47%-4.66%
Expected volatility	82.6%-97.9%
Expected dividend yield	0%

Expected Term: The expected term represents the period over which the share-based awards are expected to be outstanding based on the historical exercise behavior of Nabi employees, as adjusted for certain events that management deemed to be non-recurring and non-indicative of future events.

Risk-Free Interest Rate: The Company based the risk-free interest rate used in the assumptions on the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equivalent to the stock option award's expected term.

Expected Volatility: The volatility factor used in the assumptions is based on the historical price of our stock over the most recent period commensurate with the expected term of the stock option award.

Expected Dividend Yield: We do not intend to pay dividends on common stock for the foreseeable future. Accordingly, we used a dividend yield of zero in the assumptions.

During the first quarter of 2006, we granted options to purchase our common stock which become exercisable over various vesting periods as follows: 11,500 options vested immediately, 90,500 options vest ratably over four years and 437,260 options (granted as part of a retention program authorized by the Compensation Committee of the Board of Directors) vest at the end of three years subject to continuous service with the company and to acceleration in certain circumstances. In addition, as part of the retention program, during the first quarter of 2006, we granted 50,000 and 304,610 shares of restricted stock that vest at the end of one and three years, respectively, subject to continuous service with the company and to acceleration in certain circumstances. Annual option incentive awards to employees are expected to be granted during the second quarter of 2006.

A summary of option activity under our stock plans as of April 1, 2006 and the changes during the first quarter of 2006 is presented below:

Options	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value ($000's)
Outstanding at December 31, 2005	8,699,323	$ 9.96		
Granted	539,260	3.85		
Exercised	(70,230)	4.63		
Forfeited	(172,927)	14.32		
Expired	(426,788)	10.73		
Outstanding at April 1, 2006	8,568,638	$ 9.50	6.89	$ 2,774
Vested or expected to vest at April 1, 2006	8,461,884	$ 9.56	6.85	$ 2,602
Exercisable at April 1, 2006	7,946,149	$ 9.93	6.69	$ 1,750

The amount of compensation costs recorded in the first quarter of 2006 related to stock option awards is $0.2 million. As of April 1, 2006, there was $1.5 million of unrecognized compensation cost related to the stock options granted under our stock plans. That cost is expected to be recognized over a weighted-average period of 3.1 years. The weighted-average fair value of stock options granted during the first quarter of 2006 was $2.48. The total intrinsic value of stock options exercised was $0.1 million during the first quarter of 2006 and was $1.0 million in the first quarter of 2005.

Cash received from the exercise of stock options under our stock plans for the first quarter of 2006 was $0.3 million.

Restricted Stock

During the first quarter of 2006, 50,000 and 304,610 shares of restricted stock were granted and vest in full on March 1, 2007 and March 1, 2009, respectively.

A summary of the status of our restricted stock awards as of April 1, 2006 and changes during the first quarter of 2006 is presented below:

	Number of Shares	Weighted-Average Fair Value at Grant Date
Nonvested at December 31, 2005	0	$ 0
Granted	354,610	3.83
Vested	0	0
Forfeited	0	0
Nonvested at April 1, 2006	354,610	$ 3.83

The amount of compensation costs recorded in the first quarter of 2006 related to restricted stock awards is $0.1 million. As of April 1, 2006, there was $1.0 million of total unrecognized compensation cost related to restricted stock awards granted under our stock plans. That cost is expected to be recognized over a weighted-average period of 2.7 years. No restricted stock awards vested during the first quarter of 2006.

Employee Stock Purchase Plan (ESPP)

In connection with the adoption of SFAS No. 123R, we estimate the fair value of each share of stock which may be issued under our ESPP based upon our stock price on December 1, 2005 using a Black-Scholes-Merton option-pricing formula, applying the following assumptions, and amortize that value to expense over the plan purchase period using the straight-line attribution approach:

	First Quarter 2006
Expected term (in years)	0.5
Risk-free interest rate	4.21%
Expected volatility	181.01%
Expected dividend yield	0%
Fair value at grant date	$ 2.21

The amount of compensation costs recorded in the first quarter of 2006 related to participation in the ESPP is $0.2 million based upon the anticipated purchase of 148,890 shares on May 31, 2006. As of April 1, 2006, there was $0.1 million of total unrecognized compensation cost related to shares which may be issued under the ESPP. That cost is expected to be fully recognized during the second quarter of 2006.

NOTE 7 EMPLOYEE RETENTION PROGRAM

Effective February 24, 2006, the Compensation Committee of our Board of Directors adopted a retention program to help retain the services of key employees. Under the retention program, the Compensation Committee awarded to each employee designated as a participant in the retention program an award of restricted stock, an option to purchase shares of our common stock, and an opportunity to receive a cash bonus.

As part of the overall retention program, an aggregate of 354,610 restricted shares and 437,260 stock options were granted to employee participants on February 24, 2006 pursuant to the terms and conditions of the 2000 Equity Incentive Plan. A total of 50,000 of the restricted shares granted will vest in full on March 1, 2007 and the remaining 304,610 restricted shares and the 437,260 stock options will vest in full on March 1, 2009, subject to continuous service with the company and to acceleration in certain circumstances. The exercise price of each stock option is $3.83 per share, and each stock option will expire on February 24, 2016.

The Compensation Committee also approved as part of the retention program the payment of an aggregate of $1.4 million in cash bonuses to participants who are employed by us on March 1, 2007.

NOTE 8 DEBT

Debt consists of the following:

(In thousands)	April 1, 2006	December 31, 2005
Current maturities:		
Notes payable, PhosLo acquisition	$ 10,181	$ 2,389
Capital lease obligations	223	223
Total current maturities	10,404	2,612
Long term debt, net of current maturities:		
Notes payable, PhosLo acquisition long-term	—	10,707
Capital lease obligations	205	238
Long term notes payable and capital lease obligations, net	205	10,945
2.875% Convertible Senior Notes, net	109,187	109,145
Total long-term debt	109,392	120,090
Total debt	$ 119,796	$ 122,702

On April 19, 2005, we issued $100 million of our 2.875% Convertible Senior Notes due 2025, or the Notes, through a private offering to qualified institutional buyers as defined in Rule 144A under the Securities Act. On May 13, 2005, the initial purchasers exercised $12.4 million of their option to purchase additional Notes to cover over allotments.

The Notes were issued pursuant to an indenture between U.S. Bank National Association, as trustee, and us. The Notes are convertible, at the option of the holders, into shares of our common stock at a rate of 69.8348 shares per $1,000 principal amount of notes, which is equivalent to a conversion price of approximately $14.32 per share, subject to adjustment upon the occurrence of certain events. The initial

implied conversion price represents a 30% premium over the closing sale price of our common stock on April 13, 2005, which was $11.015 per share. The Notes, which represent our general, unsecured obligations, will be redeemable by us at 100% of their principal amount, or $112.4 million, plus accrued and unpaid interest, any time on or after April 18, 2010. Holders of Notes may require us to repurchase them for 100% of their principal amount, plus accrued and unpaid interest, on April 15, 2010, April 15, 2012, April 15, 2015 and April 15, 2020, or following the occurrence of a fundamental change as defined in the indenture agreement.

The following table reconciles the net proceeds received:

(In thousands)	
Cash received:	
Proceeds from issuance	$112,400
Professional fees paid:	
Discount granted to initial purchasers	(3,372)
Legal and accounting fees	(256)
Other	(42)
	(3,670)
Net proceeds	$108,730

Interest on the Notes is payable on each April 15 and October 15, beginning October 15, 2005. Accrued and unpaid interest related to the Notes was $1.5 million at April 1, 2006. The $3.4 million discount granted to the initial purchaser of the Notes and the $0.3 million of deferred costs are being amortized to interest expense through April 15, 2020, the maturity date of the Notes.

On August 4, 2003, we acquired the worldwide rights to PhosLo from Braintree Laboratories, Inc., or Braintree. Under the terms of the agreement to acquire PhosLo, we agreed to pay $30.0 million in cash over the period ending March 1, 2007. The discounted value of the future payment obligation on April 1, 2006 was $10.2 million and has been reported as Notes payable, PhosLo acquisition. 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.

NOTE 9 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Under the terms of our agreement with DSM Pharmaceuticals, Inc., pursuant to which we acquired rights to Aloprim, we have a remaining minimum requirement to purchase $2.5 million of Aloprim over the period ending June 29, 2009. Our remaining purchase commitment requires us to purchase $0.7 million in 2006, $0.7 million in 2007, $0.7 million in 2008 and $0.4 million in 2009.

Following the closure of our European office on January 31, 2006, we have a remaining liability of $0.5 million for severance for our former employees through July 2006 and other related office closure costs including a lease for office space through January 2015.

We have agreements with certain members of our senior management that include certain cash payments in the event of termination of employment, and cash payments and stock option modifications in the event of a change in control of the company.

NOTE 10 LEGAL PROCEEDINGS

On September 27, 2005, we filed a lawsuit in the United States District Court for the Southern District of Ohio against Roxane Laboratories, Inc., or “Roxane”, for infringement of our U.S. Patent Number 6,576,665 for PhosLo GelCaps. We filed this lawsuit under the Hatch-Waxman Act in response to a Paragraph IV Certification notice letter submitted by Roxane to us concerning Roxane’s filing of an

Abbreviated New Drug Application, or ANDA, with the FDA to market a generic version of PhosLo GelCaps. The lawsuit was filed on the basis that Roxane Laboratories' submission of its ANDA and its proposed generic product infringe the referenced patent which expires in 2021. Under the Hatch-Waxman Act, FDA approval of Roxane Laboratories' proposed generic product will be stayed until the earlier of 30 months or resolution of the patent infringement lawsuit. As of April 1, 2006, we had capitalized $68.5 million of intangible assets, net of accumulated amortization, on our balance sheet related to the PhosLo gelcap patent. In future periods, if we assess that circumstances have resulted in changes to the carrying value of the intangible assets or their estimated useful life, we will record those changes in the period of that assessment.

NOTE 11 INCOME TAXES

During 2006, we anticipate recording a valuation allowance against all of our deferred tax assets. As a result of this valuation allowance, we expect our full year effective tax rate to be at or about zero. The tax benefit recorded during 2005 was primarily related to operating losses generated during the year in which we had a tax plan that was prudent and feasible and was expected to utilize the majority of our deferred tax assets at that time.

NOTE 12 SUPPLEMENTAL CASH FLOW INFORMATION

	For the Three Months Ended	
(In thousands)	April 1, 2006	March 26, 2005
Interest paid	$ 10	$ 2
Discount paid on non-interest bearing notes	$ 716	$ 1,069
Income taxes (refunded) paid	$ (68)	$ 241

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 months ended April 1, 2006 and March 26, 2005. The discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto.

OVERVIEW

We leverage our experience and knowledge in powering the immune system to develop and market products that fight serious medical conditions. We are focused on developing products addressing the large commercial opportunities within our core business areas: Gram-positive bacterial infections, hepatitis and transplant, kidney disease (nephrology), and nicotine addiction. We have three products on the market today: Nabi-HB® [Hepatitis B Immune Globulin (Human)], Aloprim™ [Allopurinol sodium (for injection)], and PhosLo® (calcium acetate), and a number of products in various stages of clinical and pre-clinical development. We have also filed Marketing Authorization Applications, or MAAs, in Europe to market Nabi-HB™ Intravenous [Hepatitis B Immune Globulin (Human) Intravenous] under the trade name HEBIG™, for the prevention of hepatitis B disease in HBV-positive liver transplant patients, and to market PhosLo, for the treatment of hyperphosphatemia in patients with end-stage renal disease.

In addition to our biopharmaceutical business, we also collect specialty and non-specific antibodies for use in our products and we sell our excess production to pharmaceutical and diagnostic customers for the subsequent manufacture of their products. We invest the gross margins we earn from sales of our marketed products toward funding the development of our product pipeline.

On March 30, 2006, we entered into an agreement with Fresenius Biotech GmbH to develop and market ATG-Fresenius S in North America. ATG-Fresenius S is an immunosuppressive polyclonal antibody product used for the prevention and treatment of organ rejection following transplantation. Under the terms of the agreement, Fresenius granted us exclusive sales and distribution rights to the product in the U.S. and Canada for an initial term of ten years following the first commercial sale of the product in the U.S., which term may be extended at our exclusive option for an additional five-year term.

RESULTS OF OPERATIONS

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

(In thousands, except percentages)	For the Three Months Ended April 1, 2006		March 26, 2005	
Biopharmaceutical products:				
-PhosLo	$ 8,031	29.1%	$ 3,756	14.4%
-Nabi-HB	7,161	26.0	6,684	25.6
-WinRho SDF	—	—	6,172	23.7
-Other biopharmaceuticals	704	2.6	881	3.4
Biopharmaceutical subtotal	15,896	57.7	17,493	67.1
Antibody products:				
-Non-specific antibodies	5,774	21.0	4,845	18.6
-Specialty antibodies	5,878	21.3	3,738	14.3
Antibody subtotal	11,652	42.3	8,583	32.9
Total	$27,548	100.0%	$26,076	100.0%

FOR THE THREE MONTHS ENDED APRIL 1, 2006 AND MARCH 26, 2005

Sales. Total sales for the first quarter of 2006 were $27.5 million compared to $26.1 million for the first quarter of 2005. Sales for the first quarter of 2005 included $6.2 million in sales of WinRho® SDF. Our distribution agreement for WinRho in the U.S. ended on March 24, 2005.

Biopharmaceutical sales totaled $15.9 million in the first quarter of 2006 compared to $17.5 million for the first quarter of 2005.

PhosLo (calcium acetate). Sales of PhosLo totaled $8.0 million for the first quarter of 2006, more than doubling from the $3.8 million reported for the first quarter of 2005. We believe revenues in the first quarter of 2006 approximate patient utilization of PhosLo for that period. The 2006 period also reflects price increases initiated in July 2005. We stopped shipments of the tablet formulation of the product in the first quarter of 2005, to convert patients to the more patient friendly gelcap formulation, resulting in lower sales levels in the period.

We filed for approval of PhosLo under the Mutual Recognition Procedure, or MRP, in October 2004. Under the MRP, the product license application is filed in a reference member state that reviews and takes action on the application. After the product is licensed by the reference member state, the company

may then file for approval in other countries in the EU. The review time for these subsequent filings is shortened. During the fourth quarter of 2005, we filed for approval for PhosLo in an additional five countries under the MRP rather than waiting for approval from the reference member state before expanding its filing to other markets. While that election has delayed the initial approval of PhosLo in the reference member state, it means that when the approval is received it will be in six markets in the EU. The reference member state completed its review of the application in January and recommended its approval to the five other member states we selected. These states are currently conducting their review. Contingent upon a successful inspection of the manufacturing plant in the U.S., we believe we will receive approval in all six EU countries in the second quarter of 2006. We are seeking a commercial partner to sell PhosLo in Europe and do not expect to recognize any revenue until after a partnership agreement is in place.

Nabi-HB [Hepatitis B Immune Globulin (Human)]. Sales of Nabi-HB totaled $7.2 million for the first quarter of 2006 compared to $6.7 million in the comparable quarter of 2005. Sales of Nabi-HB are closely correlated with the number of hepatitis B virus, or HBV, positive patients undergoing liver transplant in the U.S. Internally generated data indicates that for the three-month period ended April 1, 2006, liver transplants for HBV-positive patients increased compared to the corresponding period in 2005.

WinRho SDF [Rh_o (D) Immune Globulin Intravenous (Human)]. Our agreement with the manufacturer to distribute WinRho SDF in the U.S. ended on March 24, 2005. Sales of WinRho for the first quarter of 2005 totaled $6.2 million.

Other biopharmaceutical products. Other biopharmaceutical products primarily include Aloprim™ [(Allopurinol sodium) for injection] and intermediate products manufactured in our fractionation plant. We also perform contract manufacturing of plasma-based products for other companies. Other biopharmaceutical product sales for the first quarter of 2006 were essentially equal to the sales reported in the first quarter of 2005. Sales in the first quarter of 2006 benefited from increased Aloprim sales partially offset by decreased contract manufacturing revenues.

Total antibody sales for the first quarter of 2006 were $11.7 million compared to $8.6 million for the first quarter of 2005.

Specialty antibody sales. Specialty antibody sales totaled $5.9 million in the first quarter of 2006 compared to $3.7 million in the first quarter of 2005, primarily reflecting increased sales of anti-HBs, anti-tetanus and Rh_oD antibodies offset by decreased sales of anti-rabies and anti-CMV antibodies.

Non-specific antibody sales. Sales of non-specific antibodies for the first quarter of 2006 totaled $5.8 million compared to $4.8 million for the first quarter of 2005 reflecting increased production at our plasma collection centers.

Gross margin. Gross margin for the first quarter of 2006 was $11.9 million, or 43% of sales, compared to $9.0 million, or 35% of sales, for the first quarter of 2005. Gross margin measured in dollars increased for the first quarter of 2006 reflecting increased sales of PhosLo and specialty antibodies. In addition, increased utilization of our manufacturing facility resulted in a reduced excess capacity charge in the first quarter of 2006. The excess capacity expense in the first quarter of 2006 totaled $1.6 million, compared to $2.1 million for the first quarter of 2005. The results from the first quarter of 2005 included the gross margin, net of royalties, earned on sales of WinRho SDF. We stopped selling WinRho SDF on March 24, 2005.

Gross margin includes royalty expense, which totaled $0.4 million or 2% of biopharmaceutical sales for the first quarter of 2006, compared to $2.2 million, or 13% of biopharmaceutical sales for the first quarter of 2005. This change reflects the expiration of the WinRho SDF distribution agreement and the associated royalty obligation based on sales of this product as of March 24, 2005.

Selling, general and administrative expense. Selling, general and administrative expenses were $16.8 million for the first quarter of 2006 compared to $14.4 million for the first quarter of 2005. This increase in selling, general and administrative expenses is primarily due to increased compliance efforts related to sales rebates and higher employee benefit costs including the adoption of a new accounting standard for expensing employee stock options.

Research and development expense. Research and development expense was $10.9 million for the first quarter of 2006 compared to $15.3 million for the first quarter of 2005. Research and development expense for the first quarter of 2006 included expenses related to advancing our PhosLo clinical trials, EPICK and CARE2, advancing our NicVAX development program and our assessment of the StaphVAX clinical trial results. In addition, research and development expense during the first quarter of 2006 included an initial upfront payment of $0.5 million for the licensure of ATG-Fresenius North America. For the comparable period of 2005, our focus was on activity to develop products in our Gram-positive infections franchise. Patient enrollment in our confirmatory Phase III clinical trial of StaphVAX was completed in the third quarter of 2004 and the 12-month follow-up period of the trial was ongoing through the third quarter of 2005

Amortization of intangible assets. Amortization expense was $2.1 million for the first quarter of 2006 compared to $2.3 million for the first quarter of 2005. The decrease is due to amortization recorded in the first quarter of 2005 related to a manufacturing right that existed in the first quarter of 2005, but was written-off at the end of 2005. Amortization recorded during the first quarter of 2006 is primarily related to the intangible assets recorded as part of the acquisition of PhosLo.

Interest income. Interest income for the first quarter of 2006 was $1.1 million compared to $0.6 million for the comparable period of 2005. Interest income is earned from investing cash and cash equivalents on hand in money market funds and marketable securities, including auction rate securities with maturities or interest reset periods of three months or less. The increase in interest income is primarily related to increased average cash balances for the period following issuance of $112.4 million of our 2.875% Convertible Senior Notes due 2025 during the second quarter.

Interest expense. Interest expense for the first quarter of 2006 was $1.1 million compared to $0.1 million of interest expense reported for the first quarter of 2005. Included in interest expense for the first quarter of 2006 is $0.8 million of accrued interest associated with our 2.875% Convertible Senior Notes due 2025 issued during the second quarter of 2005. In addition, interest expense included $0.1 million and $0.2 million during the first quarters of 2006 and 2005, respectively, for amortization of the discount on the notes payable entered into in connection with the acquisition of PhosLo.

Stock option expensing. During the first quarter of 2006 we adopted SFAS No. 123R. As a result, during the first quarter of 2006 we recorded compensation expense of $0.5 million related to our equity based compensation plans, and will have additional expense during the remainder 2006. As additional equity based awards are granted, we anticipate that this expense will continue to increase. For additional information related to the adoption of SFAS No. 123R see Note 6.

Income taxes. During 2006, we anticipate recording a valuation allowance against all of our deferred tax assets. As a result of this valuation allowance, we expect our full year effective tax rate to be zero. The tax benefit recorded during 2005 was primarily related to operating losses generated during the year for which we had a tax plan that was prudent and feasible and was expected to utilize the majority of our deferred tax assets.

LIQUIDITY AND CAPITAL RESOURCES

Our cash, cash equivalents and marketable securities at April 1, 2006 totaled $81.6 million compared to $106.9 million at December 31, 2005. Cash used by operations for the three months ended April 1, 2006 was $22.1 million reflecting our investment in research and development supporting our product pipeline candidates and a reduction in accounts payable.

On April 19, 2005, we issued $100 million of 2.875% Convertible Senior Notes due 2025. The Convertible Senior Notes were issued through a private offering to qualified institutional buyers as defined under Rule 144A of the Securities Act. On May 13, 2005, the initial purchasers exercised $12.4 million of their option to purchase additional Convertible Senior Notes to cover over allotments. A $3.4 million discount was granted to the initial purchasers and an additional $0.3 million in deferred charges were recorded for

professional fees related to the issuance. Net cash proceeds from the offering totaled $108.7 million. Interest on the Convertible Senior Notes is payable on each April 15 and October 15, beginning October 15, 2005. We can redeem the Convertible Senior Notes at 100% of their principal amount, or $112.4 million, plus accrued and unpaid interest, any time on or after April 18, 2010. Holders of Convertible Senior Notes may require us to repurchase the Convertible Senior Notes for 100% of their principal amount, plus accrued and unpaid interest, on April 15, 2010, April 15, 2012, April 15, 2015 and April 15, 2020, or following the occurrence of a fundamental change as defined in the indenture agreement.

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 April 1, 2006, our remaining obligation, net of discount, was $10.2 million which will be paid on or about March 1, 2007. During the first three months of 2006, we repaid approximately $3.1 million of this obligation.

Capital expenditures were $0.4 million for the first three months of 2006. Our capital expenditures are expected to total approximately $6 to $8 million for the full year 2006.

In connection with an agreement related to the retirement of our former Chief Executive Officer announced on June 20, 2003, as of April 1, 2006 we had a remaining net obligation of $0.7 million in cash payments extending through December 2006, which is recorded in accrued expenses.

As part of the employee retention program we will make payment of an aggregate of $1.4 million in cash bonuses to participants who are employed by us on March 1, 2007.

During the first three months of 2006, we received $0.3 million from the exercise of employee stock options.

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 three months of 2006 or 2005. 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 also may seek approval of our Board of Directors to repurchase from time to time our Convertible Senior Notes in the open market or in privately negotiated transactions.

We believe that cash flow from operations, cash and cash equivalents and marketable securities on hand at April 1, 2006 will be sufficient to meet our anticipated cash requirements for operations and debt service for at least the next twelve months.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Nabi Biopharmaceuticals and all of its wholly owned subsidiaries. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Accounts Receivable and Revenue Recognition

In the three months ended April 1, 2006, we had biopharmaceutical product sales of $15.9 million. At April 1, 2006, we had $25.9 million of trade accounts receivable including $19.7 million 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 known as chargebacks, government payer rebates, customer returns and other wholesaler fees. At April 1, 2006, we had $12.6 million recorded in other current liabilities related to these contractual obligations as accrued sales deductions. Our policy regarding sales to customers is that we do not recognize revenue from, or the cost of such sales, where we believe the customer has more than a demonstrably reasonable level of inventory. We make this assessment based on historical demand, historical customer ordering patterns for purchases, business considerations for customer purchases and estimated inventory levels. If our actual experience were greater than our assumptions we would then record additional expenses in that period.

We estimate allowances for revenue dilution items using a combination of information received from third parties, including market data, inventory reports from our major U.S. wholesaler customers, historical information and analysis that we perform. The key assumptions used to arrive at our best estimate of revenue dilution reserves are estimated customer inventory levels, contractual prices and related terms**.** Our estimates of inventory at wholesaler customers and in the distribution channels are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates, and reflect other limitations. Provisions for estimated rebates and other allowances, such as discounts, promotional and other credits are estimated based on historical payment experience, historical relationship to revenues, estimated customer inventory levels, contract terms and actual discounts offered. On January 1, 2006, we entered into a number of agreements with Prescription Drug Plans, or PDP, to provide PhosLo to patients under the Medicare Prescription Drug Improvement and Modernization Act of 2003's Part D plan. We were required to make a number of assumptions, including how many patients will be covered by these PDP agreements in order to record our liabilities under these agreements. These assumptions were based on our understanding of the PhosLo patient population and expected utilization rates based on historical data. We believe that such provisions are estimable due to the limited number of assumptions involved and the consistency of historical experience. Provisions for chargebacks involve more subjective judgments and are more complex in nature. This provision is discussed in further detail below.

Chargebacks. The provision for chargebacks is a significant and complex estimate used in the recognition of revenue. We market products directly to wholesalers, distributors and homecare companies. We also market products indirectly to group purchasing organizations, managed care organizations, physician practice management groups and hospitals, collectively referred to as indirect customers. We enter into agreements with indirect customers to establish contract pricing for certain products. The indirect customers then select wholesalers from which to actually purchase the products at these contracted prices. Under this arrangement, we will provide credit to the wholesaler for any difference between the contracted price with the indirect party and the wholesaler's invoice price. Such credit is called a chargeback. The provision for chargebacks is based on our historical chargeback experience and estimated wholesaler inventory levels, as well as expected sell-through levels by our wholesaler customers to indirect customers. Our estimates of inventory at wholesaler customers and in the distribution channels are subject to inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates, and reflect other limitations. We continually monitor our provision for chargebacks and make adjustments when we believe that actual chargebacks may differ from established reserves.

The following table represents the amounts we have accrued for sales deductions:

(In thousands)	Accrued chargebacks	Accrued rebates	Accrued sales discounts	Other accrued sales deductions	Total sales deductions
Balance at December 31, 2005	$ 2,080	$ 7,357	$ 1,350	$ 632	$ 11,419
Provisions	2,426	2,210	1,274	273	6,183
Actual credits utilized during the three months ended April 1, 2006	(1,831)	(1,852)	(1,218)	(149)	(5,050)
Balance at April 1, 2006	$ 2,675	$ 7,715	$ 1,406	$ 756	$ 12,552

Inventory and Reserves for Slow Moving or Obsolete Inventory

At April 1, 2006, we had inventory, net of $22.2 million. During the three months ended April 1, 2006, we recorded a provision for inventory valuation allowance of $0.3 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 and our expectations for sales trends in future periods, ongoing validation that inventory is maintained within established product specifications 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. If our actual experience is greater than our assumptions we will record additional expenses in that period.

We have made and anticipate in future periods that we will scale-up and make commercial quantities of certain of our product candidates prior to the date we anticipate that such products will receive final European Medicines Agency, or EMEA, approval in the EU or FDA approval in the U.S. (i.e., pre-launch inventories). The scale-up and commercial production of pre-launch inventories involves the risk that such products may not be approved for marketing by the governmental agencies on a timely basis, or ever. As of April 1, 2006 and December 31, 2005 we had fully reserved approximately $4.9 million of pre-launch StaphVAX inventory and $0.8 million of Nabi-HB Intravenous, pending final approval.

We record pre-launch inventory once the product has attained a stage in the development process of having been subject to a Phase III clinical trial or its equivalent, or if a regulatory filing has been made for licensure for marketing the product and the product has a well characterized manufacturing process. In addition, we must have an internal sales forecast that includes an assessment that sales will exceed the manufacturing costs plus the expected cost to distribute the product. Finally, product stability data must exist so that we can assert that capitalized inventory is anticipated to be sold, based on the sales projections noted above, prior to anticipated expiration of a product's shelf life.

Intangible Assets – PhosLo Intangibles

On August 4, 2003, we acquired the worldwide rights to PhosLo. Under the terms of the acquisition 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 believes the estimated remaining useful lives of the acquired intangible assets are as follows:

(Dollars in thousands)	April 1, 2006	Estimated Remaining Useful Life
PhosLo Intangibles		
Trademark/tradename	$ 1,423	15.0 years
Tablet patent	11,381	1.0 years
Gelcap patent	80,670	15.0 years
Customer relationships	2,337	2.3 years
Covenant not to compete	508	12.3 years
Total PhosLo related intangible assets	96,319	
Less accumulated amortization	(22,005)	
Total	$ 74,314	

The trademark/tradenames and gelcap patent useful lives are estimated as the remaining patent life of the

gelcap patent based on our assessment of the market for phosphate binders to treat hyperphosphatemia in end stage renal failure patients including our assessment of 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 patent life for the tablet patent in the U.S. based on the direct competitive benefits derived from the patent. The covenant not-to-compete is based on the seller's contractual agreement not to compete directly with PhosLo in dialysis markets for a period of 15 years. We have established a useful life of 5 years for customer relationships based on our review of the time that would be required to establish markets and customer relationships within the nephrology and dialysis marketplace. In future periods, if we assess that circumstances have resulted in changes to the carrying value of the intangible assets or their estimated useful life, we will record those changes in the period of that assessment.

Property, Plant and Equipment and Depreciation

We incurred costs of $90.3 million to construct our biopharmaceutical fractionation manufacturing facility in Florida and received approval from the FDA to manufacture our own antibody-based biopharmaceutical product, Nabi-HB, at this facility in October 2001. In constructing the facility for its intended use, we incurred approximately $26.8 million in direct costs of acquiring the building, building systems, manufacturing equipment and 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 quarter of 2006 and 2005, we recorded additional depreciation under this policy of $0.6 million and $0.8 million, respectively.

NEW ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board, or FASB, announced that SFAS 151, *Inventory Costs*, or SFAS No. 151, is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. This Statement clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This Statement requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal", as defined in Accounting Principal Board 43. In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The adoption of SFAS No. 151 in 2006 did not have a material impact on our financial condition or results of operations.

In May 2005, the FASB issued SFAS 154, *Accounting Changes and Error Corrections*, or SFAS No. 154. SFAS No. 154 replaces Accounting Principles Board ("APB") Opinion No. 20, "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB No. 20 previously required that most voluntary changes in accounting principle be recognized by including the cumulative effect of changing to the new accounting principle in net income in the period of the change. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 in 2006 did not have a material impact on our financial condition or results of operations.

In November 2005, the FASB, issued FASB Staff Position Nos. FAS115-1 and FAS 124-1, *The Meaning*

of Other-Than-Temporary Impairment and Its Application to Certain Investments, or FSP Nos. 115-1 and 124-1. The guidance in this FSP amends FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, and FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, and adds a footnote to APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*. FSP Nos. 115-1 and 124-1 addresses the determination of when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. In addition, FSP Nos. 115-1 and 124-1 also includes accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The guidance in FSP Nos. 115-1 and 124-1 is effective for reporting periods beginning after December 15, 2005. The implementation of FSP Nos. 115-1 and 124-1 did not have an impact on our financial position or results of operations.

Effective January 1, 2006, we adopted the fair value recognition provisions of FASB Statement 123R, *Share-Based Payment*, or SFAS No. 123R, using the modified-prospective transition method. In accordance with the provisions of SFAS No. 123R, we began recognizing share-based compensation expense in the Unaudited Condensed Statement of Operations for the three months ended April 1, 2006. For additional information related to the adoption of SFAS No. 123R, see Note 6.

FORWARD LOOKING STATEMENTS

Statements in this Quarterly Report about the company that are not strictly historical are forward-looking statements and include statements about our products in development, the market for such products, clinical trials and studies, intellectual property position, and alliances and partnerships. These forward-looking statements can be identified because they involve our expectations, beliefs, plans, projections, or other characterizations of future events or circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ materially from those in the forward-looking statements as a result of any number of factors. These factors include, but are not limited to, risks relating to the company's ability to advance the development of products currently in the pipeline or in clinical trials; maintain the human and financial resources to commercialize current products and bring to market products in development; obtain regulatory approval for its products in the U.S., Europe or other markets; successfully develop, manufacture and market its products; successfully partner with other companies; realize future sales growth for its biopharmaceutical products; prevail in patent litigation; raise additional capital on acceptable terms; re-pay its outstanding convertible senior notes when due. Many of these factors are more fully discussed, as are other factors, in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 filed with the Securities and Exchange Commission.

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, one wholly owned United Kingdom subsidiary and one Luxembourg subsidiary. During the three months ended April 1, 2006, 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 April 1, 2006, we had $51.4 million of cash and cash equivalents and $30.2 million of marketable securities. In addition, we had outstanding Convertible Senior Notes that incur interest at 2.875% with a face value of $112.4 million, notes payable for the acquisition of PhosLo of $10.2 million, net of imputed discount, and capital lease obligations of $0.4 million.

Cash equivalents consist of money market funds and qualified purchaser funds with maturities of three months or less placed with major financial institutions. Marketable securities consist of auction rate securities placed with major financial institutions.

Our exposure to market risk relates to our cash and investments and to our borrowings. 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 market rates would have a significant negative impact on the value of our investment portfolio. The notes payable related to the PhosLo acquisition were discounted at our estimated interest rate under our credit facility on August 4, 2003, the closing date of the acquisition.

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 the weighted-average interest rates of our investment and debt portfolio:

(In millions, except for percentages)	Estimated Fair Value at April 1, 2006
Assets:	
Cash, cash equivalents and marketable securities	**$ 81.6**
Average interest rate	**4.4%**
Liabilities:	
2.875% Convertible Senior Notes due 2025	**$ 109.2**
Notes payable and capital lease obligations	**10.6**
Average interest rate	**3.3%**

Item 4. Controls and Procedures

Evaluation and Conclusion as of April 1, 2006

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 April 1, 2006. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of April 1, 2006. There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended April 1, 2006 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

On September 27, 2005, we filed a lawsuit in the United States District Court for the Southern District of Ohio against Roxane Laboratories, Inc., or "Roxane", for infringement of our U.S. Patent Number 6,576,665 for PhosLo GelCaps. We filed this lawsuit under the Hatch-Waxman Act in response to a Paragraph IV Certification notice letter submitted by Roxane to us concerning Roxane's filing of an Abbreviated New Drug Application, or ANDA, with the FDA to market a generic version of PhosLo GelCaps. The lawsuit was filed on the basis that Roxane Laboratories' submission of its ANDA and its proposed generic product infringe the referenced patent which expires in 2021. Under the Hatch-Waxman Act, FDA approval of Roxane Laboratories' proposed generic product will be stayed until the earlier of 30 months or resolution of the patent infringement lawsuit.

We remain committed to protecting our intellectual property and will take all appropriate steps to vigorously protect our patent rights.

Item 1A. Risk Factors

The following risk factor disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2005 has changed materially.

We may not be able to successfully commercialize our Gram-positive infections products in development.

In March 2006, we determined that we would continue development of our Gram-positive program, led by StaphVAX® [*Staphylococcus aureus* Polysaccharide Conjugate Vaccine] and Altastaph® [*Staphylococcus aureus* Immune Globulin Intravenous (Human)]. This decision was based on the conclusions reached by us and an outside advisory panel that reviewed our investigation of the outcome of the StaphVAX confirmatory Phase III clinical study. These conclusions included:

- The quality or functional characteristics of the antibodies generated by the vaccine used in the confirmatory clinical study was inferior to those antibodies generated by vaccine lots used in previous and subsequent clinical studies.
- Medical factors associated with kidney disease in dialysis patients impaired their immune response to the vaccine. When considered in combination with an increase in the virulence of the bacteria, these factors also contributed to the observed lack of protection in this study population.

After working with the advisory panel, we have decided to take the following new approaches to develop our next-generation StaphVAX and Altastaph products:

- We plan to develop a vaccine that will provide the broadest protection to the most vulnerable patients. Initially, we intend to advance a vaccine with antigens to *S. aureus* Types 5, 8 and 336 and *S. epidermidis* PS-1. We are also developing additional antigens to toxins released by the bacteria, which we plan to include in a next generation vaccine. Finally, we plan to advance the vaccine program's clinical development, Nabi Biopharmaceuticals will partner with a company that possesses complementary resources and expertise to help fund this program.
- We plan to develop an antibody to treat for patients with persistent *S. aureus* and *S. epidermidis* infections who don't optimally respond to an antibiotic; and to prevent infection in patients at immediate risk for infection (e.g., ICU patients; emergency surgery patients) and a combination antibody and vaccine regimen designed to prevent recurrence of these infections in hospital patients.

If our assessment of the outcome of the StaphVAX confirmatory Phase III clinical study was inaccurate or

incomplete, or if the conclusions we drew from the assessment were inaccurate, our plans to develop next generation StaphVAX and Altastaph products may not be successful. Even if our assessment and conclusions were sound, we may not be able to successfully commercialize these products. There can be no assurance that we will have the funding necessary to continue our research and development activities at the level required to commercialize these products. We intend to pursue strategic alliances with third parties to develop, commercialize and/or market our next generation Gram-positive vaccine program. We may not be successful in our partnering efforts or, if successful, our collaborative partners may not conduct their activities in a timely and effective manner. Our inability to successfully develop our next generation StaphVAX and Altastaph products, including our inability to fund or successfully partner such development, would adversely affect our future business, financial condition and results of operations.

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

None.

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

10.1	Agreement to Develop, Supply and Market ATG-Fresenius North America, between Fresenius Biotech GmbH and Nabi Biopharmaceuticals, dated March 30, 2006*
10.2	Indemnification Agreement between Adam Logal and Nabi Biopharmaceuticals, dated March 6, 2006, in the form filed as Exhibit 10.24 to our Annual Report on Form 10-K for the year ended December 25, 2004
10.3	The Company has entered into a Retention Plan Restricted Stock Agreement in the form filed herewith, with the following executive officers: Thomas H. McLain, Raafat E.F. Fahim, Ph.D., Henrik S. Rasmussen, M.D., Ph.D., and Joseph Johnson
10.4	The Company has entered into a Letter Agreement for Stock Option Grant and Acceptance in the form filed herewith, with the following executive officers: Thomas H. McLain, Raafat E.F. Fahim, Ph.D., Henrik S. Rasmussen, M.D., Ph.D., and Joseph Johnson
10.5	The Company has entered into a Letter Agreement for Retention Program Cash Bonus and Other Awards in the form filed herewith, with the following executive officers: Thomas H. McLain, Raafat E.F. Fahim, Ph.D., Henrik S. Rasmussen, M.D., Ph.D., and Joseph Johnson
12.1	Ratio of Earnings to Fixed Charges
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32.1	Section 1350 Certification

* The Company has requested confidential treatment of the redacted portions of this exhibit pursuant to Rule 24b-2, under the Securities Exchange Act of 1934, as amended, and has separately filed a complete copy of this exhibit with the Securities and Exchange Commission.

SIGNATURES

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

Nabi Biopharmaceuticals

Date: May 5, 2006

By: /s/ Adam E. Logal
Adam E. Logal
Interim Chief Financial Officer,
Chief Accounting Officer and Treasurer

Exhibit Index

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[*****] A CONFIDENTIAL PORTION OF THE MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

FRESENIUS BIOTECH GmbH

AND

NABI BIOPHARMACEUTICALS

AGREEMENT TO DEVELOP, SUPPLY AND MARKET ATG – FRESENIUS NORTH AMERICA

March 30, 2006

FRESENIUS BIOTECH GmbH

AND

NABI BIOPHARMACEUTICALS

AGREEMENT TO DEVELOP, SUPPLY AND MARKET ATG – FRESENIUS NORTH AMERICA

This **AGREEMENT TO DEVELOP, SUPPLY AND MARKET ATG – FRESENIUS NORTH AMERICA** is made as of the 30th day of March 2006, by and between **FRESENIUS BIOTECH GmbH**, a company organized under the laws of the Federal Republic of Germany having a principal place of business at Else-Kröner-Straße 1, 61352 Bad Homburg, Germany, hereinafter referred to as "**FRESENIUS**" and **NABI BIOPHARMACEUTICALS**, a corporation organized under the laws of Delaware having a principal place of business at 5800 Park of Commerce Blvd. N.W., Boca Raton, Florida 33487 USA, hereinafter referred to as "**NABI**".

RECITALS

WHEREAS, FRESENIUS has developed a product which it refers to as ATG-FRESENIUS NORTH AMERICA, an immunosuppressive polyclonal antibody product which has the initial specifications set forth on Schedule A and is sometimes commonly referred to as EZ 2053 ("**ATG**");

WHEREAS, a product similar to, but which is the global version of, ATG ("**Global ATG**") is approved and marketed in 50 countries for multiple indications, but has not been approved for marketing in the United States or Canada;

WHEREAS, FRESENIUS can supply ATG from its manufacturing site in Germany that has been approved by the relevant German regulatory authority (the "**Facility**") and the human adsorption materials are sourced in compliance with the current requirements of the US Food and Drug Administration;

WHEREAS, FRESENIUS had previously authorized Enzon Pharmaceuticals Inc. ("**Enzon**") to conduct phase II and III studies of ATG, but such relationship has been terminated by mutual agreement of both parties;

WHEREAS, FRESENIUS has the right to authorize a third party to conduct phase II and III studies of ATG under an Investigational New Drug application filed with the US Food and Drug Administration and relevant Canadian authorities for solid organ transplants (**"SOTs"**), including approved protocols for use in conjunction with renal and lung transplants, as well as to provide such third party with all rights to data and other filings with the US Food and Drug Administration and certain rights under agreements with respect thereto with the relevant clinical research organizations, investigators, institutions, ethics board approvals, and the like;

WHEREAS, the parties intend that this Agreement will encompass, and the term Licensed Product (as defined below) will extend to, the use of ATG with respect to supplemental and additional indications (including stem cell transplants (**"SCTs**")) subject to, and upon compliance with, appropriate clinical procedures and studies and regulatory approvals which may be undertaken in accordance with the rights granted to each of the parties in this Agreement with respect thereto;

WHEREAS, FRESENIUS has rights to certain know-how, clinical data and right to reference certain filings with the US Food and Drug Administration regarding ATG;

WHEREAS, FRESENIUS has the ability to supply a third party with ATG to conclude the clinical studies necessary to complete a Biologics License Application to be filed with the US Food and Drug Administration, and any corresponding applications which would need to be filed with the Canadian authorities before ATG can be marketed in Canada; and

WHEREAS, NABI wishes to complete the necessary clinical studies, to submit a Biologics License Application to market the Licensed Product in the US and a New Drug Submission to market the Licensed Product in Canada, in each case after approval;

NOW THEREFORE, in consideration of the mutual covenants set forth below, the parties agree as follows:

AGREEMENT

1. DEFINITIONS/INTERPRETATION

1.1. DEFINITIONS

In addition to definitions set forth throughout this Agreement, the following capitalized terms shall have the meanings ascribed to them below:

A. "**Affiliate(s)**" means, with respect to any specified Person, any other Person that, directly or indirectly, through one or more intermediaries, is in Control of, is Controlled by, or is under common Control with, such specified Person. For purposes of this definition, "**control**" (including with its correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

B. "**BLA**" means a Biologics License Application filed with the US FDA.

C. "**Business Day**" means a day which is a normal day of business in Bad Homburg, Germany or the next business day if such day falls on a Saturday, Sunday, or legal holiday in Bad Homburg, Germany,

D. "**Certificate of Analysis**" means a report as is customary in the industry and fully compliant with regulatory and legal requirements, including those

specifying lot release protocols, certifying as to the following with respect to each batch of Licensed Product Delivered hereunder: that the source of its constituents, the manufacturing process to produce it and the finished package product itself comply with the BLA (including the Specficiations) , the Technical Sections and all current applicable US FDA regulations, including GMP, and other applicable regulatory requirements.

E. "**CMC**" means chemistry, manufacturing and controls information.

F. "**Competitive Product**" means [*****].

G. "**Confidential Information**" means any information of either party or of any of their Affiliates which is not generally known, the continued secrecy of which information provides the possessor of this information with some economic advantage, and which the possessor of this information has taken reasonable steps under the circumstances to keep secret.

H. "**CRO**" means a clinical research organization.

I. "**Delivery**" is defined in Section 7.6.

J. "**Effective Date**" means the date first above written.

K. "**First Commercial Sal**e" means, with respect to Licensed Product, the first sale by NABI for end use or consumption of the Licensed Product in the Territory after all approvals, including marketing and pricing approvals, if any, have been granted by the US FDA and any other applicable regulatory authority.

L. "**FRESENIUS ATG Trademarks**" is defined in Section 8.1.

M. "**FRESENIUS Scheduled Obligation**s" is defined in Section 4.1(B).

N. "**GCP**" means the current good clinical practices regulations of the US FDA.

O. "**GMP**" means current good manufacturing practices as established from time-to-time by the US FDA and as otherwise applicable to products to be marketed in the Territory. If at any time US or Canadian guidelines specifying good manufacturing practices are not applicable to the manufacture of the Licensed Product to be distributed in such country, then the applicable European Pharmacopoeia shall apply.

P. "**Improvements**" means any modification or change, whether or not any such modification or change is patentable, to ATG or to Global ATG that can be used in connection with ATG, including: (i) any composition which includes ATG or such Global ATG; (ii) any substitute for ATG or such Global ATG that is based on or utilizes ATG or such Global ATG; and (iii) any process for making or using ATG or such Global ATG, or any composition which includes, or is a substitute for, ATG or such Global ATG as described above.

Q. "**IND**" means an Investigational New Drug application filed with the US FDA.

R. "**Inflation Factor**" means the increase in inflation for a specified period as determined in accordance with the non-adjusted Index der Erzeugerpreise gewerblicher Produkte from the Deutsches Statistisches Bundesamt.

S. "**Intellectual Property Rights**" means a party's (i) patents and patent applications that claim a composition including, or a method of using, Licensed Product; (ii) Know-How and trade secrets concerning the manufacture, processing, marketing, distribution, or pricing of Licensed Product; (iii) FRESENIUS ATG Trademarks used in conjunction with Licensed Product; (iv) copyrights in works used in conjunction with the manufacturing, processing, marketing, distribution or pricing of Licensed Product; (v) rights to use and rely upon any clinical data concerning Licensed Product; and (vi) the right to reference any filing with a governmental regulatory authority for approval to market Licensed Product.

T. "**Know-How**" means all know-how relating to the Licensed Product including clinical data, manufacturing data, and test and measurement data, but only to the extent that such know-how and any data included therein is used or useful in, or necessary for, marketing of ATG or is necessary for a party to comply with its obligations under this Agreement.

U. "**Licensed Product**" means ATG and all Improvements thereto that are either owned or controlled with the right to sublicense in the Territory by FRESENIUS at any time during the term of this Agreement.

V. "**NABI's Average Quarterly Commercial Price"** means, with respect to each quarter, the amount equal to NABI's Net Retail Sales for such quarter divided by the number of [*****] vials of Licensed Product sold under the invoices evidencing such sales.

W. **"NABI's Cumulative Annual Net Retail Sales"** means the sum of all of NABI's actual Net Retail Sales of Licensed Product from the beginning of a calendar year through the measurement date.

X. "**NABI's Scheduled Obligations**" is defined in Section 4.1(B).

Y. "**NABI Trademarks**" means the registered trademarks of NABI used in connection with the marketing, promotion, distribution and sale of Licensed Products in the Territory.

Z. "**Net Retail Sales**" means the gross invoice amount billed with respect to Licensed Products by NABI to its customers, exclusive of NABI's sublicensees, and by NABI's sublicensees to their customers, in each case less the following items:

taxes; shipping charges; and credits for pricing adjustments, any bona fide returns (net of all returns actually made), charge backs, rebates and discounts; provided, however, that NABI shall not (directly or indirectly) allow the Licensed Product to be sold (or offered for sale) in combination with other products resulting in a disproportionate credit, discount or rebate to be applied to the Licensed Product.

AA. "**Reviewable BLA**" means a BLA that is complete in all formal aspects.

BB. "**Steering Committee**" is defined in Section 4.6.

CC. "**Technical Sections**" shall have the meaning provided by 21 C.F.R. §600 et. seq.

DD. "**Termination Date**" means the last day of the term of this Agreement as set forth in Section 11.1 or such earlier date as either party shall cause this Agreement to be terminated as provided in Section 11.2.

EE. "**Territory**" means the United States (including its territories or possessions) and Canada.

FF. "**Transfer Price**" is defined in Section 7.3.

GG. "**US FDA**" means the US Food and Drug Administration as defined above, or any successor agency.

1.2. INTERPRETATION.

The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption of burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words "include", "includes" and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation". Unless the context otherwise requires, references in this Agreement to Articles, Sections, Exhibits, Schedules, Appendices and Attachments shall be deemed references to Articles and Sections of, and Exhibits, Schedules, Appendices and Attachments to, such Agreement. Unless the context otherwise requires, the words "hereof'", "hereby" and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement.

2. GRANT OF RIGHTS

2.1. By FRESENIUS

For valuable consideration, and subject to the terms and conditions of this Agreement, FRESENIUS grants to NABI and NABI hereby accepts from FRESENIUS, the exclusive right

and license, in the Territory under any and all Intellectual Property Rights that FRESENIUS either owns or controls and has a right to sublicense with respect to the Licensed Product, (i) to perform research with respect to and to develop the Licensed Product and, (ii) to use, apply for approval, market, import for use or sale, offer for sale, and sell for all human uses/indications (but not manufacture or to have manufactured) the Licensed Product, together with, in each case, the right to sublicense.

2.2. By NABI

NABI grants to FRESENIUS a royalty-free, milestone-free, perpetual license to make, use, sell, offer for sale each Improvement that is either owned, or controlled with the right to sublicense, by NABI at any time during the term of this Agreement.

3. SPECIFIC OBLIGATIONS

3.1. Marketing

NABI shall use commercially reasonable efforts to market the Licensed Product in the Territory, after all necessary approvals have been obtained.

3.2. Sole Supply

FRESENIUS shall be NABI's sole supplier of Licensed Product in the Territory, and NABI shall not order or purchase Licensed Product from any other party, or sell any Licensed Product which is procured from any other party, nor shall NABI manufacture (or cause to be manufactured) Licensed Product.

3.3. Export

During the term of this Agreement, NABI shall not export Licensed Product outside the Territory except that NABI shall have the right to fill orders of the US Department of Defense for its purposes outside the Territory.

3.4. Competition

A. Neither NABI nor any of its Affiliates shall, without the prior written consent of FRESENIUS (which may be granted or denied in the sole discretion of FRESENIUS)

(i) market, sell, manufacture for commercial sale or distribute in the Territory any Competitive Product, provided that, (x) the marketing, sale, manufacture for commercial sale and distribution of Competitive Products by NABI pursuant to Sections 3.4(B) or under circumstances to which Sections 14.4(A)(vi) or 14.4(B) apply shall not constitute a default under this Section 3.4 and (y) if NABI or any of its Affiliates has developed a Competitive Product (without violating their respective confidentiality obligations under this Agreement), NABI or its Affiliates may assign their rights (by sale or exclusive license for a

term which shall not be less than the remaining portion of the Initial Term (as defined in Section 11.1) plus five (5) years) in such Competitive Product to a third party (it being understood that neither NABI nor any of its Affiliates shall have any right of ownership or participation in such third party or the income or profit of such third party at any time other than through a royalty in connection with the license) and such action shall not constitute a breach of this Agreement for so long as NABI and its Affiliates do not engage in providing any direct or indirect marketing activity, or provide marketing direction or assistance, information or data in relation to such Competitive Product; or

(ii) acquire (by purchase, license or otherwise) rights in the Territory to market, sell or distribute any Competitive Product other than under the circumstances described in Sections 3.4(B), 14.4(A)(vi) or 14.4(B).

B. If NABI or any of its Affiliates shall determine to acquire, in the Territory, a group of products (whether directly through an acquisition of assets or indirectly through an acquisition of capital stock) and such acquisition includes (as a part of the entirety of the package) the right to sell, market or distribute a Competitive Product in the Territory in circumstances which do not involve a Change of Control (as defined in Section 14.4(B)(iv) below), NABI shall give FRESENIUS as much advance written notice of such intention as is reasonably feasible under the circumstances, as well as written notice of the consummation of such acquisition. If such written notice specifies that the Competitive Product will be acquired, then the notice must specify whether NABI intends to divest its interest in such product following its acquisition thereof. During the ninety (90) days following such notice, the parties will attempt to establish acceptable terms under which they would co-promote the Licensed Product in the Territory for the remaining term of this Agreement. Alternatively, the parties could agree upon another commercial relationship. If the parties are unable to agree upon acceptable terms regarding the ownership and exploitation of the Competitive Product in the circumstances described in this Section 3.4(b), if NABI's rights to such Competitive Product in the Territory are not divested by NABI, or if such Competitive Product is not withdrawn from the market in the Territory, within twelve (12) months of its acquisition, then FRESENIUS will have the option at its discretion to terminate this Agreement pursuant to Section 11.2(A) below and reacquire all the rights to the Licensed Product in the Territory. In the event FRESENIUS decides to reacquire all the marketing rights to the Licensed Product, FRESENIUS will give written notice to NABI to implement the process of determining the Value of the Licensed Product in accordance with Section 14.4(B)(iii). FRESENIUS will have the option at its discretion to purchase the Licensed Product by giving written notice to NABI, within thirty (30) days after the determination of the Value, and paying to NABI an amount of cash equal to [*****] of the Value of the Licensed Product (as defined in and determined in accordance with the provisions of Section 14.4(B)(iii) below) at the time of its reacquisition.

3.5. Transition

A. FRESENIUS will deliver or cause Enzon to deliver to NABI within ninety (90) days of the date hereof, the IND for the Licensed Product and all the clinical data for ATG which is in the possession or control of Enzon. If FRESENIUS shall fail to deliver such IND and clinical data for ATG within ninety (90) days hereafter, FRESENIUS shall promptly reimburse to NABI the milestone payment referred to in Section 7.8(A)(i) and NABI shall have the right to terminate this Agreement.

B. Promptly following the date hereof, NABI shall use commercially reasonable efforts to cooperate with Enzon and FRESENIUS in connection with the transition from Enzon to NABI of responsibility for the current study and program for ATG which had been conducted by FRESENIUS and/or Enzon with respect to the Territory. As between FRESENIUS and NABI, FRESENIUS shall be liable for, and shall pay, (i) all costs and expenses which have accrued in connection with Enzon's prior agreement with FRESENIUS for such ATG study and program as well as the costs directly associated with the transition thereof and (ii) if NABI proposes to conduct all or any portion of such study and program itself or through contract research organizations different from those presently engaged, FRESENIUS shall pay the costs owed to such contract research organizations as termination fees or damages for early termination, if any are owed.

C. Within [*****] of the Effective Date, FRESENIUS will send Enzon a letter requesting that Enzon immediately transfer the IND for the Licensed Product to NABI.

4. DEVELOPMENT

4.1. Development Plan

A. Within [*****] after the Effective Date (and taking into consideration the requirement of completing the task set forth in this Section 4.1(A) in order that the parties may comply with the obligations set forth in Section 4.1(B)), NABI will perform a CMC audit of the Facility and provide FRESENIUS with a detailed list of all items that NABI reasonably believes will need to be addressed and remedied in connection with the Facility before the first day of the second full calendar quarter prior to the planned submission to the US FDA of a Reviewable BLA in order that the Facility will be approved by the US FDA for the production of Licensed Product for marketing and distribution in the USA. The parties will negotiate the reasonableness, content and timing of the items specified by NABI during the thirty (30) days after delivery of the list to FRESENIUS. If the parties come to mutual agreement, then the items and time frames will be incorporated into and become part of the FRESENIUS Scheduled Obligations contemplated by Section 4.1(B) below. Failing such agreement each party will, upon the request of the other party, appoint an independent credentialed examiner or inspector familiar with FDA requirements for manufacturing facilities and request such appointed persons to designate a third

person who will act as the arbiter (the "**Arbiter**"). The Arbiter will be asked to resolve the differences between the parties and establish a definitive list of items to be remedied in the Facility in order that the same may comply with FDA requirements as then in existence for a manufacturing facility which will be examined in connection with a Reviewable BLA. Such determination will be final and binding on the parties and the cost for the services of the Arbiter shall be shared equally between the parties. FRESENIUS shall make such upgrades to the Facility as agreed by the parties or fixed by the Arbiter and as may be subsequently required by the US FDA during the term of this Agreement in order that the Facility will be, and will remain, approved by the US FDA for the production of Licensed Product for marketing and distribution in the USA.

B. Within [*****] after FRESENIUS delivers to NABI all of the clinical data required to be delivered pursuant to section 3.5(A), NABI shall meet with appropriate officials of the US FDA and determine the most efficient means of completing the studies which are necessary to commercialize the Licensed Product. Within sixty (60) days after the meeting with the US FDA, representatives of FRESENIUS and NABI shall meet with the Steering Committee and describe and discuss NABI's strategy for development (clinical and regulatory) and commercialization of the Licensed Product in the Territory. The parties shall discuss in good faith the registration strategy and clinical studies that shall be undertaken to obtain marketing authorization in the Territory (starting with the U.S.) and establish specific milestones for: (i) the actions to be taken by NABI in order to assure efficient and expeditious approval of the Licensed Product for commercial sale in the U.S. and a time table for the realization thereof (collectively, "**NABI's Scheduled Obligations**"); and (ii) based on the time table developed by the parties for the performance of various items necessary to obtain approval of the Licensed Product and depending on the time line for NABI to reasonably comply with NABI's obligations, (x) the actions to be taken by FRESENIUS to upgrade the Facility to comply with the applicable US FDA manufacturing standards and the time table for the completion thereof as provided by Section 4.1(A) above; and (y) the date by which FRESENIUS will deliver to NABI whatever non-clinical (including toxicology and pharmacology (animal data)) package is required by the US FDA, which date may not be later than the first day of the second full calendar quarter prior to the planned submission to the US FDA of a Reviewable BLA (collectively the "**FRESENIUS Scheduled Obligations**"). Upon agreement and approval by the Steering Committee, the actions comprising and the time lines for completing the NABI Scheduled Obligations and the FRESENIUS Scheduled Obligations shall be a part of this Agreement as if set forth herein. The registration strategy shall include continuation of the lung transplant study currently underway and shall, at the option of NABI, specify whether the clinical studies for the SOT indication and the SCT indication shall be undertaken sequentially or contemporaneously in light of the estimated cost thereof and the mutual intention of the parties that the registration strategy shall be focused on minimizing the time to obtain necessary approvals in the Territory for the Licensed Product.

C. FRESENIUS shall use commercially reasonable means to deliver to NABI, within [*****] of the Effective Date, all the clinical data for ATG, and the clinical data for Global ATG that is relevant to NABI's planned conduct of clinical studies and BLA submission to the US FDA and which, in either case, is in the possession or control of FRESENIUS (including the CRF and other pertinent files) together with such documents as may be necessary to reference any filing with the US FDA for approval of the Licensed Product as the same may exist on the Effective Date.

D. In the event of a disagreement between the parties with respect to the strategy or time table in the Territory, the NABI Scheduled Obligations, the FRESENIUS Scheduled Obligations or any supplemental agreement to be entered into regarding safety or quality, the parties shall first meet and confer and endeavor in good faith to resolve the disagreement. If the disagreement persists, the parties will elevate the discussion to the Steering Committee. If the Steering Committee cannot resolve the issue, the parties will elevate the discussion to their respective CEOs for resolution. If the disagreement cannot be resolved by the CEOs, NABI shall have the final deciding vote with respect thereto (except with respect to the Facility upgrade which is governed by Section 4.1(A), the content and date for delivery of the toxicology package which are governed by Section 4.1(B)(y) **,** any supplemental agreement to be entered into regarding quality, and the other FRESENIUS Scheduled Obligations).

E. NABI shall at all times during the development phase as well as during the commercialization process, give prompt written notice to FRESENIUS of any substantive, content-driven notices or communications (other than purely scheduling or administrative items) between NABI and regulatory agencies regarding the Licensed Product. Prior to any substantive, content-driven communications with the US FDA, the FRESENIUS members of the project team shall have reasonable notice of, and the opportunity to discuss, all matters in accordance with Section 4.6. NABI shall allow FRESENIUS the right, at its sole cost, to participate along with NABI in any meetings or conference calls with the US FDA and all other regulatory agencies, provided that NABI will have the final say in all matters to be communicated to the US FDA with respect to the Licensed Product.

F. FRESENIUS shall at all times during the development phase as well as during the commercialization process, give prompt written notice to NABI of any substantive, content-driven notices or communications between FRESENIUS and regulatory agencies regarding the safety and efficacy of Global ATG or the Licensed Product or the US FDA qualification of the Facility.

4.2. Clinical Development

A. NABI shall be responsible for the clinical development of the Licensed Product in the Territory and shall satisfy all costs associated with the conduct of clinical studies in connection with such development (except as set forth in Section 5.1).

B. After obtaining the first market authorization within the Territory for the Licensed Product, the parties will discuss the further conduct of global clinical studies to increase the utilization of the Licensed Product, both within and outside the Territory. Such collaboration may include sharing the design of future clinical studies to maximize global product usage, and sharing in the costs to undertake such studies.

C. Subject to compliance with any bona fide third party restrictions, each party will cooperate to make available and grant the other party the right to use, free of charge, such party's data arising out of its clinical and non-clinical development of ATG or Global ATG, as the case may be, in its respective geographic areas of operation for the purpose of advancing the development and commercialization of the Licensed Product with respect to all indications..

D. The parties shall grant to each other such rights of reference to, and the right to re-submit, any regulatory approvals and dossiers held by them as are reasonably necessary or useful to assist the parties in obtaining regulatory approvals with respect to the Licensed Product in their respective geographic areas of operation.

4.3. Non-clinical, Including Toxicology, Pharmacology (Animal Data), CMC and Process Development

FRESENIUS has worldwide responsibility for the non-clinical development (including toxicology and pharmacology (animal data)), CMC and process development for the Licensed Product. FRESENIUS will provide all non-clinical (including toxicology and pharmacology (animal data)), CMC and process development information under the control of FRESENIUS as necessary for NABI to obtain and maintain regulatory approval of the Licensed Product in the Territory. The time table for the delivery of such information to NABI shall be as set forth in Section 4.1(C) and the FRESENIUS Scheduled Obligations. The parties agree to work together in good faith to attempt to increase the expiration dating for the Licensed Product. In the event that the parties are successful in extending the shelf life of the Licensed Product, the first three months of such extended period shall be for the benefit of NABI and the excess of such extended period (beyond the first three months) shall be split 2/3rds for the benefit of NABI and the balance shall be for the benefit of FRESENIUS.

4.4. Regulatory Approval of Licensed Product and Compliance

A. NABI will have responsibility for obtaining and maintaining regulatory approvals by the authorities in the Territory.

B. NABI shall hold and own any regulatory filings pertaining to Licensed Product in the Territory. NABI is not entitled to transfer any regulatory filings pertaining to Licensed Products in the Territory to third parties except as otherwise provided in this Agreement.

C. NABI shall be responsible for the conduct of regulatory product actions (including field corrections and recalls) and adverse event reporting in the Territory. NABI shall consult with FRESENIUS in advance and keep FRESENIUS

reasonably informed at all times as to any such contemplated or actual product actions. Notwithstanding that NABI shall be responsible to conduct all such regulatory product actions, the parties' respective liability for the cost of all such regulatory product actions shall be determined in accordance with Section 10 of this Agreement.

D. FRESENIUS shall keep NABI reasonably and timely informed regarding any information relating to the Licensed Product in FRESENIUS' possession that relates to product safety, efficacy, quality, or regulatory compliance regarding the Licensed Product.

E. Each party shall inform the other on a timely basis of any material regulatory issues in their respective territory and shall consult with the other party regarding same.

4.5. Development Costs

A. FRESENIUS shall bear the costs arising in connection with non-clinical, toxicology, CMC and process development information.

B. Aside from the costs for Licensed Product for investigational studies related to SOT and SCT (which are addressed in Section 5.1) NABI shall bear the costs for clinical development and regulatory approval of the Licensed Product for SOT, SCT and all other indications in the Territory.

4.6. STEERING COMMITTEE AND WORKING GROUP

A. The parties will establish a steering committee, which will supervise the development and commercialization of the Licensed Product and resolve any issues as they may arise (the "**Steering Committee**"). Furthermore, the parties will establish a project team, which shall be responsible for the project on a working level and report to the Steering Committee. Each party will be equally represented on the Steering Committee, project team and any working group established by the Steering Committee.

B. The Steering Committee shall be comprised of two (2) representatives of each party to be designated in writing within thirty (30) days of the Effective Date. Either party may designate substitute representatives upon advance written notice. The Steering Committee shall meet at least two (2) times per year or more often as is reasonably requested by either party. The meetings may either be by telephone, videoconference or in person; provided that if the meetings are in person the site of the meeting will alternate between the parties.

C. The Steering Committee shall fix the number of representatives of the project team and any additional working group, provided each party shall have an equal number. Each party shall nominate its own Steering Committee, project team and working group representatives. In the event the project teams or working groups have disagreements, they shall be referred to the Steering Committee which shall resolve such disagreements as provided in Section 4.1(D) above.

5. MANUFACTURE AND SUPPLY

5.1. Clinical Development Supplies

In connection with the development of the Licensed Product, and not for commercial sale, FRESENIUS shall provide the clinical supplies of Licensed Product to NABI: (i) for the conduct of clinical trial(s) to support the approval of the first [*****] indication in each area of [*****] and for the conduct of clinical trial(s) for the approval of the first [*****]; and (ii) for all other indications (e.g. [*****]) or for extensions of existing approvals (e.g. different dose regimens) at a price of [*****]. Commencing with January 1, 2007, such amount shall be increased, but not decreased, on each January 1 by the rate of increase of inflation as measured by the change in the Inflation Factor between January 1 of the new year and January 1 of the preceding year. Such Licensed Product shall be manufactured in compliance with GMP and the specifications set forth on Schedule A (as such specifications may be changed by the parties in consultation with the US FDA).

5.2. Commercial Supplies

FRESENIUS will supply to NABI its requirements of Licensed Product for commercial sale in a timely manner which are ordered in accordance with this Agreement. Such Licensed Product shall be manufactured in accordance with, and when Delivered shall comply with, specifications which are mandated by the US FDA and each other applicable governmental agency or legislative changes for commercialization in the Territory (the "**Specifications**"). Such Licensed Product shall be manufactured in compliance with, and when Delivered shall comply with, GMP and any other applicable laws and regulations applicable to Licensed Product to be marketed in the Territory. The price for commercial supplies of the Licensed Product is set forth in Section 7.3 below. When License Product is Delivered, the expiration date of the Licensed Product must be no sooner than the expiration date specified in the BLA minus nine (9) months.

5.3. Manufacture

A. Within one hundred twenty (120) days of the execution of this Agreement, the respective quality control representatives of the parties shall meet and negotiate in good faith a Quality Agreement, to be signed by authorized representatives of each party. The Quality Agreement is intended to address those items as are customary for such agreements in the United States pharmaceutical industry including, but not limited to, changes to the Specifications and other change control issues, certifications of compliance and analysis, review of batch records, and other such quality matters. In the event of a conflict between the Quality Agreement and this Agreement, this Agreement shall control.

B. After the US FDA grants marketing approval for the Licensed Product, FRESENIUS shall maintain inventory of finished Licensed Product for sale by NABI in the Territory as agreed by the parties from time to time but at all times at least equal to the number of [*****] vials of Licensed Product Delivered to NABI during the prior [*****].

5.4. Forecasts

A. Commencing in March 2007, NABI shall provide FRESENIUS on a monthly basis by the tenth (10th) day of each month with a rolling twelve (12) month forecast of its estimated requirements of Licensed Product provided that such estimate shall not constitute a binding order or commitment. At all times NABI shall place firm orders at least twenty-six (26) weeks in advance of the requested date of Delivery.

B. Before BLA approval, FRESENIUS shall not be required, in respect of each rolling 12-month period, to fill firm orders of more than [*****] of the quantity previously forecasted by NABI in its rolling twelve (12) month forecast for such period, nor shall it be required to fill any order placed less than twenty-six (26) weeks preceding the requested Delivery date. FRESENIUS shall use commercially reasonable efforts, but shall not be obligated, to fill firm orders for quantities in excess of [*****].

C. After BLA approval, FRESENIUS shall not be required, in respect of each following 12-month period, to fill firm orders of more than [*****] of the quantity previously forecasted by NABI in its rolling twelve (12) month forecast for such period, nor shall it be required to fill any order placed less than twenty-six (26) weeks preceding the Delivery date. FRESENIUS shall use commercially reasonable efforts, but shall not be obligated, to fill firm orders for quantities in excess of [*****]. Between March 1st and April 1st of each year commencing with 2008, NABI shall provide FRESENIUS with a good faith non-binding forecast for an additional twelve (12) month period.

5.5. Information Required on Purchase Orders

Orders shall be placed by NABI with FRESENIUS and shall specify quantities ordered, delivery dates, and delivery and shipping instructions. The obligations and rights of the parties shall be governed by the terms and conditions of this Agreement. Any terms or provisions contained or referred to in NABI's purchase orders which deal or purport to deal with any rights, obligations or issues other than those specified in this Agreement shall be of no force or effect, unless agreed to in writing by FRESENIUS.

5.6. Product Labeling

NABI and FRESENIUS shall discuss and mutually agree upon any packaging artwork, labeling artwork, packaging specifications and labeling specifications for the Licensed Product. In addition, all Licensed Product shall carry the trade name and markings to indicate that the Licensed Product is manufactured by FRESENIUS, and any additional markings as may be required by applicable law, provided that the parties agree that the marks "ATG North America", "ATG NA" and "EZ 2053" shall not be utilized without NABI's written consent. To the extent permitted by applicable law, NABI's name and brand livery shall be the predominant livery

displayed on the label in a manner that is consistent with customary industry practice. FRESENIUS shall procure the required labeling, and shall label and package the Licensed Product prior to shipment in accordance with such artwork, packaging and labeling specifications.

5.7. Batch Documentation; Certificate of Analysis

A. FRESENIUS shall maintain and provide to NABI an English translation of the master batch record maintained by FRESENIUS from time-to-time. At least ten (10) Business Days prior to each Delivery, FRESENIUS shall deliver to NABI a copy of all the batch documentation for the product being Delivered which shall include batch production records and manufacturing and analytical records and copies of all process deviations associated therewith, if any.

B. At the time of each Delivery of Licensed Products FRESENIUS shall provide NABI with an original signed Certificate of Analysis respecting each batch of Licensed Product from which such Delivered Licensed Product was sourced. Full batch documentation, including batch production records and manufacturing and analytical records and copies of all process deviations associated therewith, shall be available for review by NABI at a site designated by FRESENIUS upon reasonable written notice from NABI.

5.8. FRESENIUS Testing

FRESENIUS shall inspect the Licensed Product for conformity to the Technical Sections, the Specifications, and any other applicable regulatory requirements and marketing authorization requirements, in accordance with appropriate, reasonable and effective GMP compliant quality assurance procedures and the Quality Agreement prior to release of the Licensed Product to NABI. Such quality assurance procedures may be amended from time to time as proposed by FRESENIUS so long as any changes are appropriate, reasonable, effective and compliant with GMP requirements and the BLA and US FDA regulations, FRESENIUS provides prior written notice of the proposed amendment to NABI, and such amendment is approved in writing by NABI, such approval not to be unreasonably withheld.

5.9. NABI Testing

After receipt of each Delivery of the Licensed Product, NABI shall promptly inspect the Delivery for identity and shipping damage.

5.10. Rejection of Product by NABI

NABI may only reject Licensed Product if NABI gives FRESENIUS written notice of such rejection within [*****] after receipt of Delivery in the case of Licensed Product which was damaged in transit or which is patently defective or not supported by batch documentation sufficient to release the product in accordance with applicable laws. In the case of latent defects, NABI shall give prompt written notice after discovery of such latent defects. The written notice of rejection shall be accompanied by a written summary of the reasons for rejection and copies of all test results and supporting data on which the claim of rejection is based. FRESENIUS will, to

the extent necessary, promptly and thoroughly evaluate such rejected Licensed Product (including any confirmatory testing) and provide NABI with copies of any and all test results and/or records relating to testing of the Licensed Product generated by or in possession of FRESENIUS. NABI may withhold payment (or take an offset if already paid) for the amount of any such rejected Licensed Product until such time as any dispute with respect to the rejection is resolved and both parties will use good faith and commercially reasonable efforts to promptly resolve the dispute (including sending the product to a mutually agreed outside laboratory, if appropriate). The expenses incurred by a party for any third party testing as contemplated above will be borne by the party found to be in error. Except as set forth herein, NABI shall not be entitled to reject or return any Licensed Product to FRESENIUS (except upon termination and then only in accordance with Section 12).

6. AUDIT

6.1. Manufacturing and Laboratory

Both parties shall have the right to conduct audits of all relevant pharmaceutical areas and facilities (including third party manufacturers) and the batch documentation and production records relating to the Licensed Product (including compliance with GMP) at reasonable times and on reasonable written notice. Additionally, each party shall give written notice to the other within twenty-four (24) hours of receiving a notice from governmental agencies in the Territory or Germany that the governmental agency shall inspect the party's facilities as relates in whole or in part to the Licensed Product, and the party who did not receive the notice from the governmental agency shall be permitted to observe the inspection by the government to the extent permitted by the governmental agency.

6.2. Clinical

FRESENIUS, or its authorized representative, shall have the right to audit NABI, and each of its subcontractors, at reasonable times on reasonable written notice, to verify that NABI is, at all times, in compliance with GCP.

6.3. Financial

Each Party, at its own cost and expense, no more than once during a calendar year, shall have the right to audit, through an independent certified public accountant, or equivalent licensed accountant, which independent certified public accountant is reasonably acceptable to the party whose records are being inspected, the other party's financial records relevant to the Transfer Price, provided the certified public accountant agrees to not disclose any detail of the audit to the party making the audit other than to state whether: (a) the records confirm any reports provided within the prior twenty-four (24) months; or (b) that there is a discrepancy, in which case, the certified public accountant can state the amount of the discrepancy.

7. FINANCIAL TERMS

7.1. Currency of Payments

All payments made under this Agreement shall be made in US$.

7.2. Invoices

With each Delivery of Licensed Product, FRESENIUS will send an invoice to NABI. The price stated to be payable on each invoice in accordance with this Agreement will be paid within sixty (60) days of issuance.

7.3. Transfer Price for Commercial Supplies

A. Upon each Delivery of Licensed Product, FRESENIUS shall issue to NABI a provisional invoice. In the first and second calendar quarters in which Licensed Products are Delivered by FRESENIUS to NABI for commercial sale, such provisional invoice shall be based on a fixed price of [*****]. Commencing with the third (3rd) calendar quarter in which Licensed Products are Delivered by FRESENIUS to NABI for commercial sale and in each quarter thereafter (each, a "**Delivery Quarter**"), FRESENIUS shall issue to NABI a provisional invoice for each [*****] vial of Licensed Product Delivered during the Delivery Quarter in an amount equal to the higher of (i) [*****] and (ii) the amount per [*****] vial that was determined to be payable in respect of Deliveries made to by NABI during the second calendar quarter preceding the Delivery Quarter (the "**Measurement Quarter**") based on the calculation of the final Transfer Price payable in respect of the Measurement Quarter pursuant to Section 7.3(C).

B. Within fifteen (15) Business Days after the end of each calendar quarter in which there are Net Retail Sales, NABI shall provide a certification (signed by its Chief Financial Officer or other appropriate authorized officer) as to NABI's Net Retail Sales of Licensed Product through the last day of the quarter just ended together with a reconciliation of the provisional invoice prices issued for such quarter and the final Transfer Price calculated in accordance with Section 7.3(C) and (D) below (a "**Transfer Certificate**") and all information necessary to audit such certificate on the basis of the specific orders, batch numbers and other identifying information and quantity. Except as otherwise provided herein, all calculations shall be made on the basis of generally accepted accounting principles as applicable in the United States and the particular accounting policies and principles applied by NABI in the preparation of its audited financial statements. Any deficiency (or surplus) in payment of the Transfer Price, after giving effect to the minimum monthly payments made pursuant to Section 7.4 below, shall be paid by the applicable party within ten (10) days after the date of the Transfer Price Certificate, provided, however, that the Transfer Price for Licensed Product covered by an invoice that is not yet due need not be paid until its applicable due date as provided in Section 7.2 above.

C. Except where a minimum final Transfer Price of [*****] shall be payable pursuant to Section 7.3(D) below, the final transfer price (the "**Transfer Price**") payable in respect of Licensed Product Delivered to NABI in a Delivery Quarter (upon calculation thereof on the basis of data furnished by NABI or as may be determined on the basis of an audit) shall equal the percentage of NABI's Cumulative Annual Retail Sales for such Delivery Quarter in accordance with the table set forth below:

NABI's Cumulative Annual Net Retail Sales in US$	Percentage of Net Retail Sales
up to [*****]	[*****]%
next [*****] above [*****]	[*****]%
next [*****] above [*****]	[*****]%
next [*****] above [*****]	[*****]%
portion above [*****]	[*****]%

D. Notwithstanding anything to the contrary in this Agreement, the final Transfer Price payable for Deliveries during a Delivery Quarter shall not be less than [*****]. In addition if NABI's Average Quarterly Commercial Price for a Delivery Quarter was [*****], or higher, and the Transfer Price payable under Section 7.3(C) would be less than [*****], then notwithstanding Section 7.3(C) above, the final Transfer Price payable for Deliveries during such Delivery Quarter shall be [*****].

E. For the avoidance of doubt, Schedule B hereto sets forth several illustrations of the operation of this Section 7.3.

F. If NABI's Average Quarterly Commercial Price is less than [*****] for more than four (4) consecutive calendar quarters, each of FRESENIUS and NABI shall have the rights set forth in Section 11.2(A)(ii) below.

G. In the event that the parties determine the need for a change in the volume of each vial, for example, to accommodate more or less extensive dosage requirements for certain indications, the price payable for certain clinical supplies of Licensed Product described in Section 5.1, the minimum, both provisional and final, Transfer Prices set forth in Sections 7.3(A) and 7.3(D) and above and the amount of NABI's Average Quarterly Commercial price set forth in Section 7.3(F) above will be re-determined by extrapolation of the price difference between the larger or smaller dosage, and such revised amounts will apply with respect to the larger or smaller dosages.

7.4. Minimum Monthly payment

Commencing as of the first day of the first month after the US FDA grants marketing approval for the Licensed Product, as long as FRESENIUS is not in default of its obligation to supply Licensed Products as provided herein, NABI shall pay to FRESENIUS a minimum monthly payment (payable on the first (1st) day of each month) equal to: (i) in months 1 through 12 after the US FDA grants marketing approval, the sum of [*****]; and (ii) in month 13 and each month thereafter during the Term, the sum of [*****]. This minimum monthly payment will be creditable, dollar for dollar, against each provisional and final invoice for the Transfer Price that FRESENIUS will issue to NABI during each calendar year in accordance with Section

7.3. For the sake of clarity, the parties agree that the portion of the sum of the 12 minimum monthly payments made in a particular calendar year (or a portion thereof) which is unrecouped in respect of invoices issued during such calendar year, or portion thereof, (including those invoices that are not payable until the next calendar year) will not carry over to the invoices issued in future calendar years. As an example, minimum monthly payment installments made during the months of January through December of 2009 will be allowed as a credit against the Transfer Price payable in respect of the invoices issued in such months (including those that are not payable until 2010), but any excess of the minimum monthly installments made in 2009 which is not applied with respect to invoices issued in calendar year 2009 (including those that are payable in 2010) will not be available to be carried over to the invoices issued in year 2010. FRESENIUS' sole remedy for NABI's failure to pay any installment of the minimum monthly payment shall be to terminate this Agreement as provided in Section 11.2(A)(i), provided, however, that (i) if the remedy of termination is not exercised within six (6) months of any failure to pay any monthly installment, the breach for failure to pay such installment will be automatically waived; (ii) if the remedy of termination is exercised within six (6) months of any failure to pay any monthly installment, then FRESENIUS shall remain entitled to receive payment of all unpaid installments which at the date of termination are not more than six (6) months past due, and (iii) as contemplated in Section 11.2(D), termination under this Section 7.4 shall be without prejudice to FRESENIUS' right to seek damages and any and all remedies at law or equity in respect of the breach of any other provision of this Agreement by NABI which has not been cured prior to the date of termination.

7.5. Recalculation due to currency rate changes

A. The minimum Transfer Prices (referred to in Sections 7.3(A) through 7.3(D)), the Transfer Price, the minimum monthly payment due pursuant to Section 7.4, and the price payable for certain clinical supplies of Licensed Product described in Section 5.1 required to be paid under this Agreement shall be subject to adjustment if the average annual exchange rate for changing U.S. Dollars into Euros fluctuates more than fifteen percent (15%) in any calendar year from the U.S. Dollar to Euro rate of US $1.00 = € 0.833.

B. In such case, the parties shall negotiate in good faith an upward or downward adjustment to the minimum Transfer Prices (referred to in Sections 7.3(A) through 7.3(D)), the Transfer Price, the minimum monthly payment due pursuant to Section 7.4, and the price payable for certain clinical supplies of Licensed Product described in Section 5.1 to be paid under this Agreement as called for by paragraph (A) above, effective at the end of such calendar year. If the parties are unable to reach an agreement within one month after beginning any such adjustment negotiations, the issue shall be submitted to the Steering Committee. If the adjustment is referred to the Steering Committee and it is unable to reach a resolution within one month after written notice from one of the parties to the Steering Committee to consider the issue, then the parties will refer the issue to their respective CEOs for resolution within fifteen (15) days after written notice to consider the issue. If the issue cannot be resolved by the CEOs, then either party may refer the issue to binding arbitration according to Section 14.1. Any new price calculated by reason of the foregoing shall be effective on the first day of January following the year in which the US Dollar to Euro rate fluctuated by more than fifteen percent (15%) and appropriate adjustment shall be made on the basis of such rate.

7.6. Shipment of FRESENIUS Product

FRESENIUS shall obtain any export license required by Germany to export the Licensed Product for delivery to the Territory and shall deliver the Licensed Product loaded onto NABI's designated carrier in the United States and/or Canada after clearing customs and obtaining all government and regulatory clearances, certificates and other necessary permits or approvals required by the United States (including its territories and possessions) and Canada in order to deliver the Licensed Products to NABI in the Territory DDP (INCOTERMS 2000) (hereinafter "Delivery" or "Delivered"). Nabi shall take reasonable steps to cooperate with FRESENIUS in complying with any import, export or custom regulations applicable to the Licensed Product distributed hereunder. NABI shall provide FRESENIUS with such documentation as may be necessary to establish its import authorization within thirty (30) days after submission of a Reviewable BLA (or as soon as practically possible thereafter) in order that FRESENIUS may comply with applicable wholesaler requirements in Germany. NABI shall provide commercially reasonable administrative assistance to FRESENIUS regarding such clearances but the responsibility for obtaining such clearances shall remain with FRESENIUS. Title and risk shall pass to NABI upon Delivery (including loading of the Licensed Product with the NABI's designated carrier). Cost of insurance, freight and taxes on such Delivery shall be paid by FRESENIUS. Any loss of or damage to the Licensed Product prior to Delivery shall be at FRESENIUS' risk. Without limiting the foregoing, if requested by NABI, FRESENIUS shall be the Importer of Record and shall assume primary legal responsibility for importation of all such Licensed Product, and therefore responsible for all related regulatory compliance including but not necessarily limited to 19 USC/19 CFR compliance for all such imports entering into the United States or Canada.

7.7. Taxes

Any foreign, federal, state, country or local sales, use, excise, value-added, customs charges, duties or similar charge, or any other tax assessment (other than that assessed against income), license, fee (other than royalties owed to third parties) or other charge lawfully owing with respect to the sale or transportation of the Licensed Product sold pursuant to this Agreement after Delivery to NABI shall be paid by NABI. Any foreign, federal, state, country, or local sales, use, excise, value-added, customer charges, duties or similar charge, or any other tax assessment (other than that assessed against income), license, fee or other charge lawfully owing with respect to the manufacture, import, export, sale of transportation of the Licensed Product sold pursuant to this Agreement before Delivery to NABI shall be paid by FRESENIUS.

7.8. Milestone Payments

A. NABI shall pay FRESENIUS: (i) $500,000 upon execution and delivery of this Agreement; and (ii) $500,000 at such time as the first patient is recruited for the first new clinical study initiated by NABI (exclusive of the ongoing lung transplant study).

B. NABI shall pay FRESENIUS US $1 million at the time the US FDA approves the Facility for the production of Licensed Product for marketing and distribution in the USA.

C. NABI shall pay FRESENIUS US $3 million upon approval of the first BLA by the US FDA for the Licensed Product.

D. None of the foregoing payments will be creditable against any other obligation imposed on NABI and in no event shall NABI be entitled to any refund of any amounts paid under Section 7.8 (A), (B) or (C).

8. TRADEMARK LICENSE

8.1. FRESENIUS' ATG Trademarks

FRESENIUS hereby grants to NABI an exclusive license during the term of this Agreement to use certain trademarks (and as required by the labeling laws applicable in the Territory, the non-exclusive license to use the Trademark "FRESENIUS") which the parties mutually select and identify by name and markings (the "**FRESENIUS ATG Trademarks**") in the Territory to market, promote, distribute and sell the Licensed Product in the Territory, and for no other purpose. Except as otherwise provided in Section 8.4 below, all rights based on NABI's use of the FRESENIUS ATG Trademarks shall inure to the benefit of FRESENIUS. NABI shall immediately cease all use of the FRESENIUS ATG Trademarks upon termination of this Agreement except as expressly provided herein.

8.2. NABI Trademarks

Any use of a NABI Trademark by FRESENIUS shall conform to NABI's guidelines and shall be approved in writing by NABI prior to distribution of the Licensed Product. All rights based upon FRESENIUS' use of the NABI Trademarks shall inure to the benefit of NABI. FRESENIUS shall immediately cease all use of the NABI Trademarks upon termination of this Agreement except as expressly provided herein.

8.3. Trademark Ownership

FRESENIUS is the sole and exclusive owner of all rights, title and interest in and to the FRESENIUS ATG Trademarks. Except for the license granted to NABI pursuant to Section 8.1, nothing contained in this Agreement shall be construed as an assignment to NABI of any rights, title or interest relating to the FRESENIUS ATG Trademarks, which rights are expressly reserved by FRESENIUS. NABI is the sole and exclusive owner of all rights, title and interest in and to the NABI Trademarks. Nothing contained in this Agreement shall be construed as an assignment to FRESENIUS of any rights, title or interests relating to the NABI Trademarks, which rights are expressly reserved by NABI. Nothing in this Agreement shall be construed to grant FRESENIUS the right to sell any Licensed Product labeled with NABI's trademark to any third party except as expressly provided herein.

8.4. Trademark Infringement and Trademark Enforcement

Each Party shall notify the other party of any suspected infringements by third parties of the FRESENIUS ATG Trademarks in the Territory. FRESENIUS shall have the initial right to determine whether any action shall be taken on account of any such infringement, and FRESENIUS shall have the right to employ counsel of its choosing and to direct the handling of the litigation and any settlements thereof, at FRESENIUS' own expense. In the event FRESENIUS does not diligently pursue such potential infringement within the Territory within sixty (60) days of the written notice from one party to the other, NABI shall have the right, but solely with respect to infringement of any of the rights of FRESENIUS as to the "ATG" or "ATG NA" or "ATG North America" markings (and not including "FRESENIUS" as a trademark), to take action on its own behalf, to employ counsel of its choosing and to direct the handling of the litigation and any settlements thereof, at NABI's own expense. The parties agree to cooperate with each other in maintaining, protecting and defending the FRESENIUS ATG Trademarks.

9. CONFIDENTIALITY AND PUBLIC ANNOUNCEMENTS

9.1. Confidentiality

A. The parties acknowledge and agree that during the term of this Agreement, each of them and their Affiliates and sublicensees may exchange Confidential Information, and the disclosure and use of any such Confidential Information shall be governed by the provisions of this Agreement. Each party and its Affiliates and sublicensees shall use the Confidential Information of the other party only during the Term of this Agreement and then only for the purpose of the activities contemplated by this Agreement (and NABI shall not use any of the Confidential Information of FRESENIUS to develop any Competitive Product) and shall not disclose such Confidential Information to a third party except in accordance with the provisions of this Agreement. The parties shall ensure that their Affiliates and sublicensees keep all Confidential Information exchanged hereunder confidential in accordance with the provisions hereof as though the Affiliates and sublicensees were parties hereto. Each party shall be liable for any breach hereof by its Affiliates and sublicensees.

B. The Parties expressly agree that it shall be a material breach of NABI's obligations under this Agreement for NABI to use, or to provide to any third party for use, any Know-How licensed under this Agreement, or any Confidential Information of FRESENIUS, other than as permitted by this Agreement or to develop a Competitive Product.

C. The provisions of this Section 9.1 shall survive the expiration or termination of this Agreement.

9.2. Confidential Treatment

Each party shall seek reasonable confidential treatment for the terms and conditions of this Agreement to the extent permitted by the Securities and Exchange Commission (the "**SEC**")

and any other governmental agency or self-regulatory organization to which such party provides a copy of, or discloses the terms of, this Agreement. Prior to seeking confidential treatment from the SEC or any other governmental agency or self-regulatory organization for any such document, the party required to make such disclosure shall consult with the other party if practicable, and provide them with a reasonable opportunity to request the exclusion of specified provisions and any request by it for confidential treatment.

9.3. Exclusions

Nothing contained in this Agreement shall preclude FRESENIUS or NABI from utilizing Confidential Information as may be necessary in obtaining governmental approvals. In the event that Confidential Information is required by law or government regulations to be disclosed, or is to be incorporated into, or disclosed in prosecuting, a patent application, the party disclosing the Confidential Information shall, to the extent it may legally do so, timely:

(i) inform the original disclosing party hereunder of such requirement;

(ii) use reasonable efforts to limit such disclosure and maintain confidentiality to the extent possible; and

(iii) permit the original disclosing party to attempt to limit such disclosure by appropriate legal means.

9.4. Public Announcements

A. Neither party shall make any public announcement concerning this Agreement, nor make any public statement which includes the name of the other party or any of its Affiliates, or otherwise use the name of the other party or any of its Affiliates in any public statement or document without the written consent of the other party, which consent shall not be withheld or delayed unreasonably except:

(i) as may be required by applicable accounting rules or standards, law, judicial order or the rules of any stock exchange where the stock or securities of the disclosing party are listed to the extent that the disclosing party is required to observe such rules, or

(ii) in a subsequent public statement or document regarding this Agreement which has already been approved by the other party.

B. As promptly as possible after the execution and delivery of this Agreement, the parties shall prepare a mutually acceptable statement for purposes of dissemination to the clinical research centers and others who are currently engaged in the study of ATG.

10. INDEMNIFICATION AND INSURANCE

10.1. INDEMNIFICATION BY FRESENIUS

Subject to the terms and conditions of this Section 10, from and after the date hereof, FRESENIUS shall indemnify NABI and its sublicensees and each of their respective officers, directors, employees, agents, representatives and its Affiliates (the "**NABI Indemnitees**") in respect of, and hold the NABI Indemnitees harmless against, any and all liabilities, obligations, judgments, interest, losses, assessments, damages, fines, fees, penalties, costs and expenses (including without limitation reasonable attorneys' fees and expenses of investigating and defending claims, lawsuits, complaints, actions or other pending or threatened litigation) (collectively, "**Damages**") incurred or suffered by any of the NABI Indemnitees resulting from or attributable to:

A. any breach of any representation or warranty of FRESENIUS contained in this Agreement;

B. any failure by FRESENIUS to perform or observe any covenant or agreement required to be performed or observed by FRESENIUS as provided by this Agreement;

C. any defect, latent or otherwise, in any Licensed Product Delivered to NABI, including without limitation any defect occurring as a result of the manufacturing, handling, processing, storage or transportation of Licensed Product prior to Delivery to NABI; or

D. any claim that the development, manufacture, sale or use of a Licensed Product by NABI pursuant to this Agreement infringes the intellectual property rights of a third party or misappropriates the trade secrets of a third party.

10.2. INDEMNIFICATION BY NABI

Subject to the terms and conditions of this Section 10, from and after the date hereof, NABI shall indemnify FRESENIUS and its officers, directors, employees, agents, representatives and its Affiliates (the "**FRESENIUS Indemnitees**") in respect of, and hold the FRESENIUS Indemnitees harmless against, any and all Damages incurred or suffered by any of the FRESENIUS Indemnitees thereof resulting from or attributable to:

A. any breach of any representation or warranty of NABI contained in this Agreement;

B. any failure by NABI to perform or observe any covenant or agreement required to be performed or observed by NABI as provided by this Agreement; or

C. any defect in any Licensed Product occurring as a result of the handling, processing, storage or transportation of the Licensed Product after Delivery to NABI.

10.3. THIRD PARTY CLAIMS.

A. All claims for indemnification made under this Agreement resulting from, related to or arising out of a third-party claim against an Indemnified Party shall be made in accordance with the following procedures.

(i) A person entitled to indemnification under this Section 10 (an "**Indemnified Party**") shall give prompt written notification to the person from whom indemnification is sought (the "**Indemnifying Party**") of the commencement of any action, suit or proceeding relating to a third-party claim (a "**Third Party Claim**") for which indemnification may be sought or, if earlier, upon the assertion in writing of any such claim by a third party; provided, however, that the failure so to notify the Indemnifying Party promptly or at all shall not relieve the Indemnifying Party of any liability or obligation it may have to the Indemnified Party hereunder except to the extent of actual prejudice caused by such failure. Such written notification shall include a description in reasonable detail (to the extent known by the Indemnified Party) of the facts constituting the basis for such Third Party Claim and the amount of the Damages claimed. Within twenty-five (25) days after delivery of such written notification, the Indemnifying Party may, by written notice thereof to the Indemnified Party, assume control of the defense of such action, suit, proceeding or claim with counsel reasonably satisfactory to the Indemnified Party. Notwithstanding the foregoing, the Indemnifying Party may not assume the defense of any Third Party Claim for equitable or other non-monetary relief that would materially affect the ongoing operations of the business of the Indemnified Party.

(ii) The party not controlling such defense may participate therein at its own expense; provided that if the Indemnifying Party assumes control of such defense and the Indemnified Party reasonably concludes, based on advice from counsel, that the Indemnifying Party and the Indemnified Party have conflicting interests with respect to such action, suit, proceeding or claim, the Indemnified Party may assume or retain control of such action, suit, proceeding or claim and the reasonable fees and expenses of counsel to the Indemnified Party solely in connection therewith shall be considered "Damages" for the purposes of this Agreement; provided, however, that in no event shall the Indemnifying Party be responsible for the fees and expenses of more than one counsel for all Indemnified Parties. The party controlling such defense shall keep the other party advised of the status of such action, suit, proceeding or claim and the defense thereof and shall consider recommendations made by the other party with respect thereto.

(iii) The Indemnified Party shall not agree to any settlement of any Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party shall not agree to any settlement of any Third Party Claim that does not include a complete release of the Indemnified Party from all liability with respect thereto or that imposes any liability or obligation on the Indemnified Party without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

10.4. PROCEDURE FOR OTHER CLAIMS.

An Indemnified Party wishing to assert a non-Third Party claim for indemnification under this Section 10 shall deliver to the Indemnifying Party a written notice (a "**Claim Notice**") which contains (i) a description and the amount (the "**Claimed Amount**") of any Damages incurred by the Indemnified Party, (ii) a statement that the Indemnified Party is entitled to indemnification under this Section 10 and a reasonable explanation of the basis therefor, and (iii) a demand for payment in the amount of such Claimed Amount. Within twenty-five (25) days after delivery of a Claim Notice, the Indemnifying Party shall deliver to the Indemnified Party a written response in which the Indemnifying Party shall: (x) agree that the Indemnified Party is entitled to receive all of the Claimed Amount (in which case such response shall be accompanied by a payment by the Indemnifying Party to the Indemnified Party of the Claimed Amount, by check or by wire transfer), (y) agree that the Indemnified Party is entitled to receive part, but not all, of the Claimed Amount (the "**Agreed Amount**") (in which case such response shall be accompanied by a payment by the Indemnifying Party to the Indemnified Party of the Agreed Amount, by check or by wire transfer), or (z) contest that the Indemnified Party is entitled to receive any of the Claimed Amount. If the Indemnifying Party in such response contests the payment of all or part of the Claimed Amount, the Indemnifying Party and the Indemnified Party shall use good faith efforts to resolve such dispute. If such dispute is not resolved within sixty (60) days following the delivery by the Indemnifying Party of such response, the Indemnifying Party and the Indemnified Party shall each have the right to submit such dispute to arbitration in accordance with the provisions of Section 14.1.

10.5. PRODUCT LIABILITY INSURANCE

Each party shall maintain during the term of this Agreement, and for at least six (6) years thereafter, general liability insurance with an internationally reputable, credit-worthy, unaffiliated insurance company, which insurance shall include product liability coverage and shall be in amounts and of a type customarily maintained by companies similarly situated, provided that such insurance shall provide at least ten million US Dollars ($10,000,000) in coverage per occurrence. On or prior to the Effective Date, each party shall deliver to the other evidence of its insurance.

11. TERM AND TERMINATION

11.1. TERM

The Agreement is effective as of the Effective Date and shall continue in full force and effect for

a term of 10 years following the First Commercial Sale of Licensed Product in the USA (the "**Initial Term**"). No earlier than twelve (12) and no later than six (6) months prior to the end of this term, NABI shall have the exclusive option to extend the term of this Agreement for one additional five (5) year period, by giving written notice of its intention to extend whereupon this Agreement will be extended provided that the minimum Transfer Prices payable as provided in Sections 7.3(A) through 7.3(D), and the minimum monthly payment due pursuant to Section 7.4 shall be increased, but not decreased, by the rate of increase of inflation between the Effective Date and the tenth (10^{th}) anniversary thereafter as measured by the change in the Inflation Index between such dates.

11.2. Termination Rights/Breach

A. A party shall have the right to terminate this Agreement:

(i) In the case of any payment obligation as to which the other party is in default, on the fifth (5^{th}) Business Day after written notice stating the basis of such termination if the breach is not cured within such time period;

(ii) At such time as the condition specified in Section 7.3(F) is satisfied, thirty (30) days after the terminating party gives written notice to the other stating that such condition has been satisfied and that the terminating party exercises its right to terminate this Agreement;

(iii) At any time when a party shall be entitled to terminate this Agreement pursuant to Section 3.4 above, immediately upon consummating the transaction in accordance with Section 3.4(B); and

(iv) In all other cases where a party is entitled to terminate this Agreement as provided in this Agreement, on the thirtieth (30^{th}) day after the terminating party gives written notice to the other, stating the basis of such termination, unless the party receiving such written notice cures the breach set forth in the written notice within such time period.

B. FRESENIUS shall additionally be entitled to terminate this Agreement if NABI fails to:

(i) comply with and perform the material obligations of NABI under this Agreement (including the failure of NABI to timely comply with the NABI Scheduled Obligations that under the circumstances constitutes a material breach of this Agreement); or

(ii) file a Reviewable BLA for the Licensed Product with the US FDA before the date which is nine (9) months after the target date for such filing as set forth in the development plan established pursuant to Section 4.1 of this Agreement, except if such failure is due to FRESENIUS' failure to timely comply with the FRESENIUS Scheduled Obligations.

C. NABI shall additionally be entitled to terminate this Agreement if FRESENIUS fails to comply with and perform the material obligations of FRESENIUS under this Agreement (including the failure of FRESENIUS to timely comply with the FRESENIUS Scheduled Obligations that under the circumstances constitutes a material breach of this Agreement).

D. Except as otherwise herein provided, including without limitation Section 7.4, termination under this Section 11.2 will be without prejudice to the terminating party's right to seek damages and any and all remedies at law or equity.

11.3. Consequence of Termination

If NABI or FRESENIUS terminates this Agreement prior to the expiration of the term of this Agreement, then, to the extent it may do so without violating any law or regulation or breaching any agreement:

A. NABI will, upon the reasonable request of FRESENIUS made within thirty (30) days of Termination Date, without further consideration being paid to NABI, promptly make available to FRESENIUS or its designee all data, studies, analyses, technological, commercial, business-related and other information related to Licensed Product, including but not limited to assignable contracts entered into with respect thereto (as well as amounts payable and statement of accounts with respect to such contracts), any and all submissions and responses received from any governmental authority, complete documentation and information on completed and ongoing studies, preclinical and safety data, the status application of a CAS number, if applicable, all information on orphan drug designation, status investigators' brochures, status of the distribution of clinical vials, study drug, as well as all consents and waivers necessary to have access to the source data documentation (the "**Data**") which is reasonably necessary or desirable for FRESENIUS or one or more parties designated by FRESENIUS to conduct due diligence with respect to the studies, programs and other undertakings of NABI under this Agreement; provided, however, that NABI's sole obligation under this section shall be to provide such Data in the form in which it is maintained by NABI and NABI shall in no circumstances be required to collate, synthesize or re-work any such Data before or after delivery to FRESENIUS.

B. At such time as FRESENIUS may reasonably request within 30 days of the Termination Date, NABI will, as soon as reasonably practicable under the circumstances, without further consideration being paid to NABI, execute and/or deliver (or cause to be executed and/or delivered) to FRESENIUS or its designee:

(i) all certificates, instruments and documents as may be necessary to assign to FRESENIUS or a party designated by FRESENIUS, without representation or warranty, all rights which NABI may have with respect to the licensing, marketing, promotion, manufacture and sale of the Licensed Product;

(ii) all FDA submissions and approvals (and their counterparts in Canada) for the Licensed Product; and

(iii) any IND or marketing approval studies, analyses and/or documents necessary for the IND or marketing approval to be assigned to FRESENIUS.

C. NABI will use its commercially reasonable efforts to allow the assumption by FRESENIUS or its designees of FDA applications and licenses and of any agreements between NABI and third parties relating to Licensed Product, including without limitation agreements with clinical research organizations, trial sites, investigators and monitors relating to the development of Licensed Product.

D. NABI will deliver to FRESENIUS or its designee, all quantities of Licensed Product which are in the possession or control of NABI in accordance with Section 12.

E. NABI will be responsible for all amounts due and owing to third parties with respect to the Licensed Product which have been incurred by NABI through the Termination Date and FRESENIUS will be responsible for all amounts due and owing to third parties with respect to the Licensed Product which are incurred by FRESENIUS or under any contracts transferred to it pursuant to this Section 11 after the Termination Date.

F. Upon written notice given by either party, for a six (6) month period following the Termination Date and irrespective whether FRESENIUS elects to exercise any of the rights set forth in this Section 11.3(F), NABI will continue at its cost and expense to conduct in accordance with and subject to the terms of this Agreement any studies or programs which are in progress, in order to plan for an orderly transition and avoid the injury that may result if the obligations of NABI are abruptly terminated provided that FRESENIUS shall not have the right to require the continuation of the studies or programs by reason of this subsection if NABI has given written notice of termination under Section 11.2 due to the material breach of this Agreement by FRESENIUS. Notwithstanding anything herein to the contrary: (i) NABI's costs and expenses incurred pursuant to this Section 11.3(F) may be included in any claim by NABI to recover Damages pursuant to Section 10.1(A)-(B) to the extent that it is entitled to such Damages in accordance with Section 10; and (ii) FRESENIUS will use commercially reasonably efforts to supply pursuant to this Agreement such quantities of Licensed Product as NABI shall order to conduct such studies and programs during any such six month period .

G. Upon the expiration or termination of this Agreement, each party shall promptly return to the other, or destroy and certify same, all Confidential Information of such other party that was delivered in the course of the performance of this Agreement other than Confidential Information which is necessary to continue the study or program to obtain approval for the marketing of the Licensed Product.

11.4. Late Payments/Adjustments/Material Default

Each party shall pay to the other party a late charge at the rate of one percent (1%) per each month (prorated for any portion thereof) for each payment required to be made under this Agreement which is not made on the date required to be made from the date on which such payment was due and payable to the date on which payment is actually credited to the account of the party to which payment was due.

12. REPURCHASE OF INVENTORY

In the event of a termination of this Agreement as provided for herein, FRESENIUS will repurchase NABI's inventory of Licensed Products promptly after NABI gives written notice to FRESENIUS of its intention to sell such inventory to FRESENIUS provided that such written notice shall be given no later than thirty (30) days before or after the Termination Date (provided that if any studies or programs are continued under Section 11.3(F), the purchase shall take place at the end of the relevant studies or programs). FRESENIUS shall only be obligated to purchase inventory of Licensed Product which is saleable in the ordinary course and not subject to any spoilage, and Licensed Product which has an expiration date no sooner than six (6) months following the intended date of sale by NABI to FRESENIUS except that FRESENIUS shall purchase inventory of Licensed Product irrespective of the expiration date if NABI terminated this Agreement due to breach by FRESENIUS. The sale price shall be the same amount charged for such inventory by FRESENIUS to NABI as identified on a batch by batch basis, and such inventory shall be delivered ex works at its location at the time of repurchase. FRESENIUS may not sell any reacquired inventory which is labeled with the name of NABI provided, however, if this Agreement is terminated due to NABI's breach, NABI shall reimburse FRESENIUS for the reasonable cost of re-labeling such product.

13. REPRESENTATIONS AND WARRANTIES

13.1. Fresenius' Representations and Warranties

A. FRESENIUS represents and warrants that the Licensed Product delivered to NABI hereunder shall be:

(i) manufactured in accordance with the Specifications, GMP requirements, applicable laws and regulations pertaining to product commercially distributed in the Territory, and any marketing authorizations in the marketing Territory; and

(ii) free and clear of any third party security interest, lien or encumbrance.

B. FRESENIUS represents and warrants that it is the owner of the Intellectual Property Rights, has the right to grant the license granted in Section 5.1, and has not received any claims, and has no knowledge of any basis for any claim, that the rights of any third parties would interfere with the use of the Intellectual Property Rights by Nabi as provided by this Agreement.

C. Without limiting paragraph (B) above, FRESENIUS represents and warrants that Enzon has no license, development, marketing or other rights of any kind with respect to the Licensed Product which was granted by or derives from FRESENIUS for a term that continues after March 31, 2006, except for the rights in connection with the transition from Enzon to FRESENIUS.

13.2. NABI's Representations and Warranties

A. NABI represents and warrants that NABI will develop, ship, distribute, sell, promote and market the Licensed Product only in full compliance with all marketing approvals and all applicable laws, rules and regulations.

B. NABI represents and warrants that it is the owner of the NABI Trademarks, has the right to grant the license granted hereunder, and has not received any claims, and has no knowledge of any basis for any claim, that the rights of any third parties would interfere with the use of the NABI Trademarks by FRESENIUS as provided by this Agreement.

13.3. General Representations and Warranties

Each party represents and warrants to the other party as of the Effective Date that:

(i) It is a legal entity duly organized and validly existing under the laws of its state and/or country of incorporation, as applicable;

(ii) It has the power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and

(iii) The execution, delivery and performance by it of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of any other agreement or relationship by a party with any other party.

13.4. No Other Warranties

EXCEPT AS EXPRESSLY STATED HEREIN, EACH PARTY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS.

14. MISCELLANEOUS

14.1. Jurisdiction and Dispute Resolution

A. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to the conflict of law principles thereof (except that § 5-1401 of the New York General Obligations Law shall apply). For the avoidance of doubt, the parties agree that the UN Convention on the International Sale of Goods shall not be applicable to this Agreement.

B. Binding Arbitration

Except as otherwise provided in this Agreement, upon the inability of the Steering Committee to negotiate an amicable resolution to any dispute, controversy or claim arising out of or in connection with this Agreement or the interpretation, validity, performance, breach, enforcement or termination of this Agreement or arising out of the respective rights and duties of the parties under this Agreement, will be settled by binding arbitration in accordance with the arbitration rules of the International Chamber of Commerce.

C. Arbitration Panel

Unless the parties agree in writing on the appointment of a single arbitrator, the matter will be referred to three arbitrators; one to be appointed by each party, and the third, who will act as Chairman, being nominated by the two so selected by the parties; provided, however, that if the matter under dispute involves issues of specialized expertise, only arbitrators with appropriate expertise and knowledge shall be appointed to the arbitration panel. All awards shall be given by a majority decision of the arbitrators (unless only one arbitrator is appointed by the parties). The decision of the arbitrators will be set forth in a written opinion setting forth the factual and legal basis therefor, and such decision will be final and binding on the parties ("**Final Award**"). To the extent possible, the Final Award shall identify the prevailing party and the non-prevailing party. There will be no legal or other appeal from any Final Award other than for fraud or misconduct that substantially prejudiced the due process rights of the appealing party, or on the ground that the arbitrators exceeded their powers.

D. Relief

Relief The arbitrator(s) will be empowered to award relief which is legal and/or equitable in nature, as appropriate. Judgment on the Final Award may be entered in any court of competent jurisdiction, or application may be made to such court for judicial acceptance of the award and/or an order of enforcement as the case may be by either of the parties. Notwithstanding the foregoing, prior to enforcement of any such Final Award, such Final Award shall, if so requested by written notice delivered by the appealing party (an "**Appeal Request**"), be brought immediately to the attention of appropriate senior officers of the parties, who shall meet within a period of two weeks thereafter, if either of them so requests, accompanied by such advisors as they may select, in order to attempt in good faith to settle the dispute either in accordance with the Final Award or on another mutually acceptable basis. In the event that the parties shall not have agreed upon a mutually acceptable solution to the dispute within 30 days after the delivery of the Appeal Request, the Final Award shall be considered final and may be entered in any court having jurisdiction or an application may then be made to such court for a judicial acceptance and enforcement of such award, as the case may be, it being the intention of the parties that such award shall be enforceable to the fullest extent permitted by applicable law.

Provisional court remedies and other judicial proceedings shall be available only to the extent permitted by the internal law of the State of New York with respect to written agreements containing arbitration clauses.

E. Location and Language

The place of arbitration will be in London, England. The language of such arbitration will be English, and all documents and agreements relative to any such dispute will be read, interpreted, and construed from English versions.

F. Discovery

In addition, each party shall have the right to take discovery of the other party by any or all methods provided in the United States Federal Rules of Civil Procedure. The arbitrator(s) may upon request exclude any evidence not made available to the other party pursuant to a proper discovery request from being used in the arbitration.

14.2. Force Majeure:

A. Neither party shall be held in breach of this Agreement for failure to perform any of its obligations hereunder (except the payment of money) and the time required for performance shall be extended for a period equal to the period of such delay provided that such delay has been caused by or is a result of circumstances beyond the reasonable control of the party so affected, including with out limitation any acts of God; acts of the public enemy; civil strife; wars declared or undeclared; embargoes; labor disputes; including strikes, lockouts, job actions or boycotts; fires; explosion; and floods. A governmental or regulatory inspection or order directed at either party shall not be considered to be a force majeure event for the purposed of this Agreement.

B. The party so affected by a force majeure event within the scope of this Agreement shall:

(i) give prompt written notice to the other party of the nature and date of commencement of the force majeure event and its expected duration; and

(ii) use commercially reasonable efforts to relieve the effect of such cause as rapidly as possible.

14.3. Relationship of the Parties

The relationship of the parties under this Agreement is that of independent contractors. Nothing contained in this Agreement shall be construed so as to constitute the parties as joint venturers or agents of the other. Neither party or its Affiliates has any express of implied right or authority under this Agreement to assume or create any obligations or make any representations or warranties on behalf of or in the name of the other party or its Affiliates.

14.4. Assignment And Change of Control:

A. Assignment

(i) By FRESENIUS

(1) FRESENIUS may assign its rights and obligations under this Agreement to:

(ii) any entity which is included with FRESENIUS in a consolidated financial statement prepared in accordance with generally accepted financial standards applicable to the assignor; or

(iii) A Person which acquires all or substantially all of the stock or assets of FRESENIUS.

(1) If FRESENIUS assigns its rights and obligations under this Agreement in compliance with the foregoing, FRESENIUS shall promptly notify NABI of any such assignment. Any permitted assignee shall assume all obligations of its assignor under this Agreement.

(2) No assignment shall relieve FRESENIUS of responsibility for the performance of any obligation which such party may have incurred hereunder prior to the assignment. No assignment by FRESENIUS under Section 14.4(A)(i)(a)(i) shall relieve FRESENIUS of any responsibility for the non-performance by its assignee Affiliate of any obligation assigned.

(iv) By NABI

(1) NABI may assign its rights and obligations under this Agreement to:

(v) any entity which is included with NABI in a consolidated financial statement prepared in accordance with generally accepted financial standards applicable to the assignor; or

(vi) a Person which acquires all or substantially all of the stock or assets of NABI, subject to the following conditions:

(1) If NABI assigns this Agreement to a Person which markets, sells or promotes a Competitive Product, the provisions of Section 14.4(B)(iii) shall be applicable and the Parties shall have the rights and obligations therein provided.

(2) If NABI sells all or substantially all of its assets to an entity which does not market, sell or promote a

Competitive Product, FRESENIUS shall have the right to terminate this Agreement and re-acquire all the rights to the Licensed Product in the Territory if FRESENIUS can demonstrate to arbitrator(s) empanelled pursuant to Section 14.1 that the financial condition and ability of such transferee to perform NABI's obligations under this Agreement is materially worse than NABI's financial condition and ability at such time. In the event of such termination, FRESENIUS will be obligated to pay NABI an amount of cash equal to the Value of the Licensed Product (as defined in and determined in accordance with the provisions of Section 14.4(B)(iv) below) at the time of its reacquisition.

(3) If NABI assigns its rights and obligations under this Agreement in compliance with the foregoing, NABI shall promptly notify FRESENIUS of any such assignment. Any permitted assignee shall assume all obligations of its assignor under this Agreement.

(4) No assignment shall relieve NABI of responsibility for the performance of any obligation which such party may have incurred hereunder prior to the assignment. No assignment by NABI under Section 14.4(A)(ii)(a)(i) above shall relieve NABI of any responsibility for the non-performance by its assignee Affiliate of any obligation assigned.

B. Change of Control

(i) Upon the occurrence of a Change of Control Event (as defined in subparagraph (v) below) with respect to NABI, FRESENIUS shall have the rights set forth in this Section.

(ii) No later than thirty (30) days after the public announcement of a transaction which is reasonably likely to result in the occurrence of a Change of Control Event with respect to NABI, written notice of such occurrence shall be given by NABI to FRESENIUS with as much detail as NABI is able to disclose regarding the circumstances and the potential date on which such Change of Control Event will result in an actual Change of Control of NABI ("**NABI'S Change Notice**"). Within sixty (60) days after receipt of NABI's Change Notice, FRESENIUS may give written notice ("**FRESENIUS Notice**") of its interest (without however making a decision in such regard) in terminating this Agreement and re-acquiring all the rights to the Licensed Product in the Territory subject to determination of the Value (as defined in clause (iii) below). If FRESENIUS fails to give the FRESENIUS Notice, FRESENIUS shall not have further rights under this Section.

(iii) If FRESENIUS gives the FRESENIUS Notice in accordance with subparagraph (ii) above:

(1) NABI and FRESENIUS shall endeavor to appoint a mutually acceptable investment banker (the "**Investment Banker**") with experience in the pharmaceutical industry (and who has not rendered services to NABI or FRESENIUS or their respective Affiliates in the preceding three (3) years before the appointment) to determine the Value of this Agreement (as defined below) to NABI. If the parties are unable to agree on the designation of the Investment Banker within thirty (30) days after the date of the FRESENIUS Notice, either party may request the International Chamber of Commerce to appoint an individual (who satisfies the requirements set forth above) to determine the Value. The fees and expenses of the International Chamber of Commerce in making the appointment shall be paid in equal proportions by the parties.

(2) The Investment Banker will be given access to all information (including Confidential Information) available to the parties regarding the Licensed Product and this Agreement, including the applications made to US and Canadian regulatory agencies and any third party sale and pricing data relating to sales of the Licensed Product in the Territory.

(3) The Investment Banker will be requested to deliver his or her determination of the fair market value of this Agreement within forty- five (45) days after appointment contemporaneously to both parties taking into consideration the approvals necessary to market the Licensed Product in the Territory, the investment of the NABI in the Licensed Product, revenues and potential revenues to be derived by NABI through the Licensed Product and such other factors as the Investment Banker shall deem relevant, provided that the Investment Banker shall not take into account any factors relating to any legal obligation of NABI (or the acquiring party) to terminate this Agreement (the "**Value**").

(4) Within sixty (60) days after receipt of the report of the Investment Banker, FRESENIUS may give written notice of its intention to terminate this Agreement and make payment to NABI in an amount equal to the Value of this Agreement as set forth in the report of the Investment Banker and this Agreement shall be deemed to be terminated within ten (10) days after FRESENIUS makes such payment by wire transfer of the said amount to the account of NABI. Upon such termination, the provisions set forth in Section 11.3 shall be applicable.

(iv) For purposes of this Agreement, the term "**Change of Control**" shall mean: one or a related series of transactions in which (i) one or more persons acting in concert (the "**Acquiring Party**") acquire (through purchase, exchange, spin-off, merger or otherwise) fifty percent (50%) or more of the voting rights in or assets of NABI (other than a transaction in which the owners of voting rights or assets immediately prior to the acquisition own, immediately following the transaction, substantially the same percentage of voting rights); and (ii) the Acquiring Party markets, sells or promotes a Competitive Product.

(v) For purposes of this Agreement, the term "**Change of Control Event**" shall mean the announcement of a transaction which will lead to a Change of Control.

14.5. Binding Effect

This Agreement shall be finding upon and inure to the benefit of each of the parties and its successors and permitted assign.

14.6. Entire Agreement

This Agreement, including the Schedules, which are incorporated herein by reference, and all documents delivered in connection therewith, set forth the entire understanding of the patties concerning the subject matter hereof and supersedes all written or oral prior agreements or understanding with respect thereto.

14.7. Compliance with Laws

In performing this Agreement, each party shall comply with all applicable treaties, laws and regulations and shall not be required to perform or omit to perform any act required or permitted under this Agreement if such performance or omission would violate the provisions of any such treaty, law or regulation. Without limiting the generality of its obligation or comply with applicable laws, NABI will, and will ensure that its employees, directors, officers, and agents comply in all material respects with respect to the Licensed Product with applicable laws and regulations regarding healthcare fraud and abuse, kickbacks and bribes, and integrity in research.

14.8. Notices:

All notices hereunder shall be in writing and shall be: (a) delivered personally; (b) mailed by registered or certified mail, postage prepaid; (c) sent by overnight courier, or (d) sent by facsimile or express mail to the following addresses or the respective parties.

If to NABI:

NABI BIOPHARMACEUTICALS
5800 Park of Commerce Blvd. N.W.
Boca Raton, FL 33487
Attn: President
Facsimile Number: 561-989-5890

With a copy of Nabi's General Counsel
at the same address.

If to FRESENIUS:
FRESENIUS BIOTECH GmbH
President
Else-Kröner-Strasse 1
61352 Bad Homburg v.d.H. Germany
Facsimile Number: 49-6172-608-2251

With copy to: FRESENIUS AG
Legal Department
D-61352 Bad Homburg
Germany
Facsimile Number: 49-6172-608-2251

Notice shall be effective upon receipt.

14.9. Severability

If any provision of this Agreement for any reason shall be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other term or provision hereof, and this Agreement shall be interpreted and construed as if such term or provision, to the extent the same shall have been held to be invalid illegal or unenforceable, had never been contained herein.

14.10. Waiver of Modification of Agreement

No waiver of modification of any of the terms of this Agreement shall be valid unless in writing and signed by authorized representatives of both parties. Failure by either party to enforce any of its rights under this Agreement shall not be construed as a waiver of such rights nor shall a waiver by either party one of more instances be construed as constituting a continuing waiver or as a waiver in other instances.

14.11. Survival

Expiration or early termination of this Agreement shall not relieve either party of its obligations incurred prior to the Termination Date , or its liability for breaches of this Agreement occurring prior to the Termination Date (including the right of FRESENIUS to assert a claim for breach of the covenant of NABI in Section 3.4(A)(i)). Without limiting the foregoing, the following provisions shall survive expiration or early termination of the Agreement: Confidentiality, Indemnification, Jurisdiction and Dispute Resolution (including governing law), Prices and Terms as to any accrued and unpaid payments, Representations and Warranties to Licensed Product already delivered, and Consequences of Termination.

14.12. Headings

The captions in this Agreements are inserted for convenience only and are not a part hereof.

14.13. Counterparts

This Agreement may be executed in two counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed by its duly authorized officer on the date below written.

NABI BIOPHARMACEUTICALS

By: /s/ Thomas H. McLain
Name: Thomas H. McLain
Title: Chairman, Chief Executive Officer, and President

Date: March 30, 2006

FRESENIUS BIOTECH GmbH

By: /s/ Thomas Gottwald, MD
Name: Thomas Gottwald, MD
Title: President and CEO

Date: April 4, 2006

By: /s/ Axel Wiest, MD
Name: Axel Wiest, MD
Title: Chief Operating Officer

Date: April 4, 2006

Exhibit 10.3

February 24, 2006

«Prx» «Employee»
«Street_Address»
«City», «State» «Zip»

Re: Restricted Stock Agreement Between Nabi Biopharmaceuticals and «Employee»

Dear «Prx» «Employee_Last_Name»:

I am pleased to report that for good and valuable consideration, receipt of which is hereby acknowledged, Nabi Biopharmaceuticals, a Delaware corporation (the "Company"), does hereby award to you (the "Awardee") _____ **«Award_Spelled» («Total_Award»)** shares of Common Stock of the Company (the "Shares"), effective February 24, 2006 (the "Date of Award") pursuant to the terms of the Company's 2000 Equity Incentive Plan, as amended (the "Plan"), and the terms and conditions set forth below in this Restricted Stock Agreement. A copy of the Plan is attached hereto and is incorporated herein in it entirety by reference.

The Awardee hereby accepts the Shares subject to all of the provisions of the Plan, and upon the following additional terms and conditions:

1. (a) The Shares shall become fully vested (i.e. nonforfeitable) (i) if the Awardee is employed by the Company on March 1, 2009; (ii) if the Awardee is employed by the Company at the time a Change of Control (as defined below) occurs; (iii) in the event the Awardee's employment by the Company is terminated after March 1, 2008 by the Company without Cause (as defined below) or by the Awardee within thirty (30) days after an event that constitutes Good Reason (as defined below) has occurred; or (iv) upon the Awardee's death (including Awardee's death within 90 days after Awardee's active employment by the Company has ceased due to disability). In the event that Awardee's employment by the Company terminates prior to March 1, 2009 before the Shares have become fully vested (except to the extent provided in the Plan or as provided above in clause (iii) or (iv)), the Shares will be forfeited to the Company automatically and without notice to the Awardee on the date the Awardee's employment is so terminated.

(b) As used herein, "Cause" shall mean (i) illegal or disreputable conduct which impairs the reputation, good will or business of the Company or involves the misappropriation of funds or other property of the Company, (ii) willful misconduct by the Awardee or willful failure to perform his or her responsibilities in the best interests of the Company (including, without limitation, breach by the Awardee of any provision of any employment, advisory, consulting, nondisclosure, non-competition or other agreement between the Awardee and the Company or any subsidiary of the Company, (iii) refusal or failure to carry out any employment duties reasonably assigned to the Awardee other than by reason of death or disability, or (iv) demonstrated negligence or gross inefficiency in the execution of the Awardee's employment duties for the Company. Any resignation in anticipation of discharge for Cause that is accepted by the Company in lieu of a formal discharge for cause shall be deemed a termination of employment for Cause for purposes hereof.

(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 Company representing more than 50% of the combined voting power of the Company's then outstanding securities; (ii) (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of the Company 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 Company; 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 Company immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Company or of any parent of or successor to the Company immediately after the Transaction occurs.

(d) As used herein, "Good Reason" shall mean:

(i) The assignment to the Awardee of any duties inconsistent in any material adverse respect with the Awardee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on March 1, 2008, or any other action by the Company 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 Company promptly after receipt of notice from the Awardee;

(ii) Any reduction of the Awardee's base salary or the failure by the Company to provide the Awardee 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 the Awardee was entitled prior to March 1, 2008; or

(iii) The Company's requiring the Awardee to be based at any office or location more than 15 miles from that location at which he or she is employed on March 1, 2008, except for travel reasonably required in the performance of his or her responsibilities.

2. Until they vest, the Shares are referred to herein as "Restricted Stock." Except as otherwise set forth herein, Restricted Stock shall not be transferred, assigned, pledged or otherwise encumbered during the period beginning on the Award Date and ending on date that the Shares vest pursuant to Section 1 (the "Restricted Period"). Any attempt at any transfer, assignment, pledge, or other disposition during the Restricted Period shall be null and void and without effect and shall cause the immediate forfeiture of all shares of Restricted Stock. Restricted Stock that is forfeited shall be immediately transferred to the Company without any payment by the Company. The Company shall have the full right to cancel certificates evidencing such forfeited shares automatically upon such forfeiture, whether or not such certificates shall have been surrendered to the Company. Following such forfeiture, the Awardee shall have no further rights with respect to such forfeited shares of Restricted Stock.

3. Promptly following the date the Shares vest, the Company shall deliver to the Awardee or the person or persons to whom rights under this Agreement shall have passed by bequest or inheritance, as the case may be, a stock certificate for the Shares free of the restrictions and legend set forth in this Agreement.

4. Any stock certificate representing the Restricted Stock awarded hereunder shall be: (i) affixed with the following legend: "The shares represented by this certificate are subject to forfeiture and restrictions on transfer pursuant to the terms of a Restricted Stock Agreement between the Company and the record holder of this certificate, a copy of which is available for inspection at the offices of the Company or may be made available upon request;" and (ii) deposited with the Company, together with a stock power endorsed by the Awardee in blank (in the form attached as Exhibit A hereto). At the expiration of the Restricted Period, as set forth herein, the Company shall deliver any such certificates to the Awardee. Absent willful misconduct by the Company, it shall be exempted from any responsibility or liability for any delivery or delay in delivery pursuant to this Agreement and for any other act or omission.

5. Subject to the restrictions contained in this Agreement, Awardee shall have the rights of a stockholder with respect to the Shares, including the right to vote the Shares, including Restricted Stock, and to receive all dividends, cash or stock, paid or delivered thereon, from and after the date hereof. Forfeiture of Restricted Stock pursuant to this Agreement shall not create any obligation to repay dividends received as to such Restricted Stock during the Restricted Period, nor shall such forfeiture invalidate any votes given by Awardee with respect to such Shares prior to forfeiture.

6. The parties hereto recognize that the Company may be obligated to withhold federal, state and local income taxes and social security taxes to the extent that the Awardee realizes ordinary income in connection with the vesting of the Restricted Stock or the payment of dividends on the Restricted Stock. The Awardee agrees that the Company or a subsidiary or an affiliate of the Company may withhold amounts needed to cover such taxes from payments otherwise due and owing to the Awardee, and also agrees that upon demand by the Company the Awardee will immediately pay to the Company any additional amounts as may be necessary to satisfy such withholding tax obligation. Such payment shall be made in cash or cash equivalent.

7. Awardee acknowledges and agrees that nothing herein or in the Plan, nor any of the rights granted hereunder or thereunder to Awardee, shall be construed to (a) give Awardee the right to remain employed by the Company or to continue to receive any employee benefits, or (b) in any manner restrict the right of the Company to modify, amend or terminate any of its employee benefit plans.

8. Any and all grants or deliveries of Shares hereunder shall constitute special incentive payments to the Awardee and shall not be taken into account in computing the amount of salary or compensation of the Awardee for the purpose of determining any pension, retirement, death or other benefits under (a) any pension, retirement, profit-sharing, bonus, life insurance, 401(k) or other employee benefit plan of the Company, or any of their affiliates, or (b) any agreement between the Company or any of their affiliates on the one hand, and the Awardee on the other hand, except as such plan or agreement shall otherwise expressly provide or may otherwise provide following a Change of Control.

9. The law of the State of Delaware, except its law with respect to choice of law, shall be controlling in all matters relating to this Agreement.

10. This Agreement embodies the entire agreement of the parties hereto with respect to the Shares awarded hereunder, and all other matters contained herein. This Agreement supersedes and replaces any and all prior oral or written agreements with respect to the subject matter hereof. This Agreement may be amended, and any provision hereof waived, but only in writing signed by the party against whom such amendment or waiver is sought to be enforced. A waiver on one occasion shall not be deemed to be a waiver of the same or any other breach on a future occasion. If there is any inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

WITNESS the execution hereof as of 24th day of February, 2006.

Nabi Biopharmaceuticals

By _____
Thomas H. McLain, Chairman
Chief Executive Officer & President

By signing this Restricted Stock Agreement below, the Awardee hereby acknowledges and agrees that he/she has read, understands and accepts and agrees to all of the terms and conditions set forth herein and set forth in the Nabi 2000 Equity Incentive Plan

_____
Awardee Signature

_____
Print Name

Exhibit A

STOCK TRANSFER POWER

FOR VALUE RECEIVED, I hereby sell, assign and transfer unto Nabi Biopharmaceuticals _____ (_____) shares of Common Stock of Nabi Biopharmaceuticals standing in my name on the books of said corporation and represented by stock certificate no._____ representing all of such shares and hereby irrevocably constitute and appoint _____, attorney for such transfer of said stock on the books of said corporation with full power of substitution in the premises.

Dated _____ _____

Print name: _____

Exhibit 10.4

February 24, 2006

Re: Letter Agreement for Stock Option Grant and Acceptance Between
Nabi Biopharmaceuticals and XXXXXXXXXX

Dear XXXXXXXX:

I am pleased to report that for good and valuable consideration, receipt of which is hereby acknowledged, Nabi Biopharmaceuticals, a Delaware corporation (the "Company"), does hereby grant to you (the "Optionee") an option to purchase XXXXX shares of Common Stock of the Company (the "Option"), pursuant to the terms of the Company's 2000 Equity Incentive Plan, as amended (the "Plan"), and the terms and conditions set forth below. A copy of the Plan is attached hereto and is incorporated herein in its entirety by reference.

The Optionee hereby accepts the Option subject to all of the provisions of the Plan, and upon the following additional terms and conditions:

1. The price at which the shares of Common Stock may be purchased pursuant to the Option is **$3.83** per share, subject to adjustment as provided in the Plan.

2. (a) The Option shall expire at the close of business on the tenth anniversary of the date hereof (the "Expiration Date"). Subject to the following provisions of this Section 2 and to the provisions of the Plan, the Option shall be exercisable, to the extent of the full number of shares covered hereby, before said Expiration Date as follows: (i) if the Optionee is employed by the Company on March 1, 2009; (ii) if the Optionee is employed by the Company upon a Change of Control (as defined below); or (iii) in the event the Optionee's employment by the Company is terminated after March 1, 2008 by the Company without Cause (as defined below) or by the Optionee for Good Reason (as defined below), less at any time the number of shares as to which the Option has been exercised previously. The Option shall not be exercised at all prior to March 1, 2009 (except to the extent provided in the Plan or this Section 2) or after the Expiration Date.

(b) If the Optionee's employment is terminated by the Company for "Cause", the Option shall terminate automatically and without notice to the Optionee on the date the Optionee's employment is terminated. As used herein, "Cause" shall mean (i) illegal or disreputable conduct which impairs the reputation, good will or business of the Company or involves the misappropriation of funds or other property of the Company, (ii) willful misconduct by the Optionee or willful failure to perform his or her responsibilities in the best interests of the Company (including, without limitation, breach by the Optionee of any provision of any employment, advisory, consulting, nondisclosure, non-competition or other agreement between the Optionee and the Company or any subsidiary of the Company, (iii) refusal or failure to carry out any employment duties reasonably assigned to the Optionee other than by reason of death or disability, or (iv) demonstrated negligence or gross inefficiency in the execution of the Optionee's employment duties for the Company. Any resignation in anticipation of discharge for Cause that is accepted by the Company in lieu of a formal discharge for cause shall be deemed a termination of employment for Cause for purposes hereof.

(c) If the Optionee dies while employed by the Company or within ninety (90) days after the Optionee ceases active employment due to disability, each option held by the Optionee immediately prior to death may be exercised, to the extent it was exercisable immediately prior to death, by the Optionee's executor or administrator or by the person or persons to whom the option is transferredby will or the applicable laws of descent and distribution, at any time within a one-year period beginning with the date of the Optionee's death, but in no event beyond the Expiration Date.

(d) Notwithstanding the provisions of Section 8(D) of Optionee's Employment Agreement effective as of XXXXXXXXXX, but subject to the provisions of Section 2(d) of Optionee's Change of Control Severance Agreement effective as of XXXXXXXXXXX, if the Optionee's employment with the Company terminates for any reason other than Cause, Good Reason or death, all options held by the Optionee that are not then exercisable, shall terminate. Options that are exercisable as of the date employment terminates shall be exercisable by the Optionee during the ninety (90) days following such termination, but only as to the number of shares, if any as to which the Option was exercisable immediately prior to such termination and in no event after the Expiration Date.

(e) In the event exercise of the Option shall require the Company to issue a fractional share of Common Stock of the Company, such fraction shall be disregarded and the purchase price payable in connection with such exercise shall be appropriately reduced. Any such fractional share shall be carried forward and added to any shares covered by future exercise(s) of the Option.

(f) 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 Company representing more than 50% of the combined voting power of the Company's then outstanding securities; (ii) (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of the Company 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 Company; 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 Company immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Company or of any parent of or successor to the Company immediately after the Transaction occurs.

(g) As used herein, "Good Reason" shall mean:

(i) The assignment to the Optionee of any duties inconsistent in any material adverse respect with the Optionee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as in effect on March 1, 2008, or any other action by the Company 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 Company promptly after receipt of notice from the Optionee;

(ii) Any reduction of the Optionee's base salary or the failure by the Company to provide the Optionee 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 the Optionee was entitled prior to March 1, 2008; or

(iii) The Company's requiring the Optionee to be based at any office or location more than 15 miles from that location at which he or she is employed on March 1, 2008, except for travel reasonably required in the performance of his or her responsibilities.

3. The Option shall not be transferable other than by will or by the laws of descent and distribution and shall be exercisable during the Optionee's lifetime only by the Optionee.

4. Option may be exercised only in writing and in the manner described in the Nabi Biopharmaceuticals Stock Options Information Brochure and the Salomon Smith Barney Automated Stock Access Program brochure, copies of which are attached hereto.

5. This Option shall not be treated as an incentive stock option.

6. Any brokerage fees or commissions, and all taxes are the responsibility of the Optionee.

WITNESS the execution hereof as of this 24th day of February, 2006.

Nabi Biopharmaceuticals

By _____
Thomas H. McLain, Chairman
Chief Executive Officer & President

By signing this Letter Agreement below, the Optionee hereby acknowledges and agrees that he/she has read, understands and accepts and agrees to all of the terms and conditions set forth herein and set forth in the Nabi 2000 Equity Incentive Plan and, without limitation, expressly agrees to the provisions of paragraph 2(d) set forth above.

_____
Optionee Signature –

_____
Print Name

Exhibit 10.5

February 24, 2006

Re: Letter Agreement for Retention Program Cash Bonus and Other Awards Between
Nabi Biopharmaceuticals and _____

Dear _____:

I am pleased to report that you have been selected to participate in the retention program approved on February 24, 2006 by the Compensation Committee of the Board of Directors of Nabi Biopharmaceuticals, a Delaware corporation (the "Company"). For the purpose of encouraging you to continue to be a key employee of the Company and to participate in the long-term growth of the Company, you (the "Awardee") have been awarded by the Company:

(i) A cash bonus in the amount of **$**_____ (the "Bonus"), provided that you continue to be employed by the Company on March 1, 2007 and subject to your acceptance of and agreement to the terms of this Letter Agreement;

(ii) An option to purchase _____ shares of the Common Stock of the Company under the terms contained in the accompanying Letter Agreement for Stock Option Grant and Acceptance, subject to your acceptance of and agreement to such Letter Agreement; and

(iii) An award of _____ shares of restricted Common Stock of the Company under the terms contained in the accompanying Restricted Stock Agreement, subject to your acceptance of and agreement to such Restricted Stock Agreement.

The Awardee hereby accepts the award of the Bonus, subject to the following additional terms and conditions:

1. The Bonus will be paid earlier than March 1, 2007 if the Awardee is employed by the Company upon a "Change of Control" which 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 Company representing more than 50% of the combined voting power of the Company's then outstanding securities; (ii) (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of the Company 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 Company; 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 Company immediately before the Transaction shall cease to constitute a majority of the Board of Directors of the Company or of any parent of or successor to the Company immediately after the Transaction occurs.

2. The Awardee acknowledges and agrees that nothing herein shall be construed to (i) give the Awardee the right to remain employed by the Company or (ii) in any manner restrict the right of the Company to modify, amend or terminate any of its employee benefit plans.

3. The Awardee further acknowledges that payment of the Bonus will be subject to withholding by the Company of federal, state and local income taxes and social security and other payroll taxes.

WITNESS the execution hereof as of this 24th day of February, 2006.

Nabi Biopharmaceuticals

By _____
Thomas H. McLain, Chairman
Chief Executive Officer & President

By signing this Letter Agreement below, the Awardee hereby acknowledges and agrees that he/she has read, understands and accepts and agrees to all of the terms and conditions set forth herein.

_____
Awardee Signature –

_____
Print Name

Nabi Biopharmaceuticals

RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)

	For the Quarter Ended	For the Year Ended				
	April 1, 2006	December 31, 2005	December 25, 2004	December 27, 2003	December 28, 2002	December 29, 2001
Fixed charges						
Interest expense	1,098	3,098	2,199	1,350	2,130	2,128
Interest capitalized	—	106	326	83	—	5,202
Capitalized expenses related to indebtedness	—	—	—	—	—	—
Estimate of interest within rental expense	36	183	156	149	218	422
Preference security dividend	—	—	—	—	—	—
Total fixed charges	1,134	3,387	2,681	1,582	2,348	7,752
(Loss) earnings						
Pretax (loss) income from continuing operations	(18,108)	(129,872)	(39,992)	(12,215)	1,738	115,769
Fixed charges	1,134	3,387	2,681	1,582	2,348	7,752
Amortization of capitalized interest	320	1,277	1,266	1,273	1,274	148
Interest capitalized	—	(106)	(326)	(83)	—	(5,202)
Total (loss) earnings	(16,654)	(125,314)	(36,371)	(9,443)	5,360	118,467
Ratio						
Adjusted (loss) earnings	(16,654)	(125,314)	(36,371)	(9,443)	5,360	118,467
Total fixed charges	1,134	3,387	2,681	1,582	2,348	7,752
Ratio of earnings to fixed charges	N/A	N/A	N/A	N/A	2.3	15.3

For the years ended December 27, 2003, December 25, 2004 and December 31, 2005 and the quarter ended April 1, 2006, Nabi Biopharmaceuticals did not generate sufficient earning to cover its fixed charges by the following amounts:

	For the Quarter Ended	For the Year Ended				
Dollar amounts in thousands	April 1, 2006	December 31, 2005	December 25, 2004	December 27, 2003	December 28, 2002	December 29, 2001
Coverage deficiency	$17,788	$ 128,701	$ 39,052	$ 11,025	N/A	N/A

Nabi Biopharmaceuticals

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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 could 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: May 5, 2006

By: /s/ Thomas H. McLain
Thomas H. McLain
Chief Executive Officer and President

Exhibit 31.2

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

I, Adam E. Logal, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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 could 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: May 5, 2006

By: /s/ Adam E. Logal

Adam E. Logal
Interim Chief Financial Officer,
Chief Accounting Officer and Treasurer

EXHIBIT 32.1

Nabi Biopharmaceuticals

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 April 1, 2006 (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 April 1, 2006 and the results of operations of the Company for the three and nine months ended April 1, 2006.

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: May 5, 2006

By: /s/ Thomas H. McLain
Name: Thomas H. McLain
Title: Chief Executive Officer

Date: May 5, 2006

By: /s/ Adam E. Logal
Name: Adam E. Logal
Title: Interim Chief Financial Officer