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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 July 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.

☐ Large accelerated 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 July 27, 2006 was 60,376,349 shares.

Nabi Biopharmaceuticals

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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) July 1, 2006	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	$ 31,121	$ 101,762
Marketable securities	39,097	5,172
Restricted cash	819	816
Trade accounts receivable, net	25,570	22,322
Inventories, net	23,144	22,323
Prepaid expenses and other current assets	3,622	3,611
Total current assets	123,373	156,006
Property, plant and equipment, net	90,564	94,084
Other assets:		
Intangible assets, net	74,070	78,332
Other, net	826	914
Total assets	$ 288,833	$ 329,336
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 10,876	$ 17,584
Accrued interest payable	696	717
Accrued expenses	25,767	26,128
Notes payable and capital lease obligations, net	10,549	2,612
Total current liabilities	47,888	47,041
2.875% Senior Convertible Notes, net	109,229	109,145
Notes payable and capital lease obligations, net	166	10,945
Other liabilities	232	378
Total liabilities	157,515	167,509
Commitments and contingencies		
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 authorized; 61,194,931 and 60,322,763 shares issued, respectively	6,119	6,032
Capital in excess of par value	321,749	318,910
Treasury stock, 805,769 shares at cost	(5,321)	(5,321)
Accumulated deficit	(190,866)	(157,965)
Other accumulated comprehensive (loss) income	(363)	171
Total stockholders' equity	131,318	161,827
Total liabilities and stockholders' equity	$ 288,833	$ 329,336

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	(UNAUDITED) For the Three Months Ended July 1, 2006	For the Three Months Ended June 25, 2005	For the Six Months Ended July 1, 2006	For the Six Months Ended June 25, 2005
Sales	$ 29,935	$ 25,879	$ 57,483	$ 51,956
Costs and expenses:				
Costs of products sold, excluding amortization of intangible assets	15,188	15,368	30,441	30,231
Royalty expense	343	480	700	2,679
Gross margin, excluding amortization of intangible assets	14,404	10,031	26,342	19,046
Selling, general and administrative expense	16,544	17,231	33,353	31,633
Research and development expense	10,686	18,577	21,613	33,832
Amortization of intangible assets	2,131	2,222	4,262	4,511
Other operating expense, principally freight	79	122	258	155
Operating loss	(15,036)	(28,121)	(33,144)	(51,085)
Interest income	945	924	2,008	1,478
Interest expense	(1,050)	(891)	(2,148)	(1,029)
Other income (expense), net	317	(215)	383	(184)
Loss before benefit for income taxes	(14,824)	(28,303)	(32,901)	(50,820)
Benefit for income taxes	—	7,373	—	14,068
Net loss	$(14,824)	$(20,930)	$(32,901)	$(36,752)
Basic and diluted loss per share	$ (0.24)	$ (0.35)	$ (0.54)	$ (0.62)
Basic and diluted weighted average shares outstanding	60,977	59,695	60,653	59,612

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	(UNAUDITED) For the Six Months Ended July 1, 2006	June 25, 2005
Cash flow from operating activities:		
Net loss	$ (32,901)	$ (36,752)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,606	9,467
Amortization of debt issuance costs	84	36
Interest expense on non-interest bearing notes	309	475
Provision for doubtful accounts	23	104
Provision for slow moving or obsolete inventory	453	2,569
Gain on sale of assets	(2)	(54)
Non-cash compensation	1,789	599
Write-off of obsolete fixed assets	237	—
Deferred income taxes	—	(14,248)
Other, primarily foreign currency translation	(534)	252
Changes in assets and liabilities:		
Trade accounts receivable	(3,271)	2,991
Inventories	(1,273)	(5,967)
Prepaid expenses and other current assets	(953)	(128)
Other assets	80	32
Deferred revenue	1,206	5,184
Trade accounts payable and accrued expenses	(7,524)	(7,639)
Total adjustments	(770)	(6,327)
Net cash used in operating activities	(33,671)	(43,079)
Cash flow from investing activities:		
Purchases of marketable securities	(63,475)	(116,825)
Proceeds from sales of marketable securities	29,550	62,650
Proceeds from sales of assets	8	54
Capital expenditures	(1,059)	(4,506)
Expenditures for manufacturing rights	—	(216)
Net cash used in investing activities	(34,976)	(58,843)
Cash flow from financing activities:		
Payment of notes payable, PhosLo acquisition	(3,131)	(9,518)
Proceeds from issuance of convertible debt, net	—	108,730
Proceeds from exercise of employee stock options	1,137	2,297
Net cash (used in) provided by financing activities	(1,994)	101,509
Net decrease in cash and cash equivalents	(70,641)	(413)
Cash and cash equivalents at beginning of period	101,762	94,759
Cash and cash equivalents at end of period	$ 31,121	$ 94,346

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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: hepatitis and transplant, kidney disease (nephrology), Gram-positive bacterial infections and nicotine addiction. We have three products on the market in the U.S. 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 a Marketing Authorization Application, or MAA, in Europe to market PhosLo for the treatment of hyperphosphatemia in patients with end-stage renal disease, or ESRD.

In addition to our biopharmaceutical business, we collect specialty and non-specific antibodies for use in our products and 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 and excess antibody production toward funding the development of our product pipeline.

We are incorporated in Delaware. We are headquartered in Florida. We maintain our manufacturing operations in Florida and our 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 July 1, 2006 and December 31, 2005, the consolidated results of our operations for the three and six months ended July 1, 2006 and June 25, 2005 and our cash flows for the six 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 and reclassifications: The condensed consolidated financial statements include the accounts of Nabi Biopharmaceuticals and its subsidiaries. All significant intercompany accounts and transactions were eliminated during consolidation. In order to conform to the current year's presentation, $0.9 million of workers compensation premium refunds included as a reduction to Prepaid Expenses and Other Current Assets in the 2005 condensed consolidated financials statements, has been reclassified to Accrued Expenses.

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, government payer rebates, customer returns, other customer allowances, other wholesaler fees and chargebacks. Our policy regarding sales to customers is that we do not recognize revenue from, or the

cost of such sales, when 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 allowances are estimated customer inventory levels, contract 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 and certain third-party information may itself rely on estimates. 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 in order to record our liabilities under the agreements, including how many patients will be covered by these PDP agreements. These assumptions were based on our understanding of the PhosLo patient population and expected utilization rates based on historical data. We believe that allowances for revenue dilution items 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: 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 a significant and complex estimate used in the recognition of revenue. 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 allowances. During the second quarter of 2006, we refined our methodology for determining our chargeback liability using more specific information. This resulted in a $0.8 million, or $0.01 per share, increase in sales and reduction to our chargeback liability.

Comprehensive (Loss) Income: 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 six months of 2006, comprehensive loss included our net loss and the effect of foreign currency translation adjustments, net of tax. As of July 1, 2006 and December 31, 2005, $(0.4) million and $0.2 million of cumulative foreign currency (loss) income, respectively, were included on our balance sheet in addition to accumulated deficit. The foreign currency (loss) income is 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.

	For the three months ended		For the six months ended	
(In thousands)	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
Net loss	$ (14,824)	$ (20,930)	$ (32,901)	$ (36,752)
Foreign currency translation adjustments	(352)	178	(534)	253
Comprehensive loss	$ (15,176)	$ (20,752)	$ (33,435)	$ (36,499)

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 July 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 leases obligations were $119.9

million as of July 1, 2006 and $122.7 million as of December 31, 2005. The carrying value of our convertible senior notes at July 1, 2006 is $109.2 million compared to the approximate fair value of $95.3 million based on then 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 marketable securities consist primarily of taxable municipal bonds, corporate bonds, government agency securities and commercial paper including auction rate securities. 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 unaudited condensed consolidated statements of operations. Unrealized gains and losses are included in "Other accumulated comprehensive (loss) income" in the accompanying unaudited condensed consolidated balance sheets. There were no unrealized gains or losses recorded at July 1, 2006 and December 31, 2005.

New accounting pronouncements

In December 2004, the Financial Accounting Standards Board, or FASB, announced that SFAS No. 151, *Inventory Costs*, or SFAS No. 151, is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. SFAS No. 151 clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal", as defined in Accounting Principles Board, or APB, No. 43. In addition, SFAS No. 151 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 No. 154, *Accounting Changes and Error Corrections*, or SFAS No. 154. SFAS No. 154 replaces APB Opinion No. 20, "Accounting Changes," or APB No. 20, 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. 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 FSP Nos. 115-1 and 124-1 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 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 in 2006 did not have a material impact on our financial position or results of operations.

Effective January 1, 2006, we adopted the fair value recognition provisions of FASB Statement No. 123R,

Share-Based Payment, or SFAS No. 123R, using the modified-prospective transition method. In accordance with the provisions of SFAS No. 123R, we are recognizing share-based compensation expense in the Unaudited Condensed Statements of Operations for the three and six months ended July 1, 2006. For additional information related to the adoption of SFAS No. 123R, see Note 6.

In July 2006, the FASB issued Interpretation Number, or FIN, No. 48, *Accounting for Uncertainty in Income Taxes*, or FIN No. 48. FIN No. 48 applies to all tax positions within the scope of FASB Statement No. 109, applies a "more likely than not" threshold for tax benefit recognition, identifies a defined methodology for measuring benefits and increases the disclosure requirements for companies. FIN No. 48 is mandatory for years beginning after December 15, 2006; accordingly, we will adopt FIN No. 48 in our 2007 fiscal year. We are currently in the process of evaluating the effects of this new accounting standard.

NOTE 3 INVENTORIES

The components of inventories, 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)	July 1, 2006	December 31, 2005
Finished goods	$15,688	$ 13,594
Work in process	6,369	7,531
Raw materials	1,087	1,198
Total	$23,144	$ 22,323

Work in process inventory, net, at July 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. Finished goods included $1.2 million of inventory related to a contract manufacturing agreement that was terminated. We have billed our customer for this inventory which is being disputed.

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 European Union, or 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 July 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 387,864 and 1,574,420 common stock equivalents have been excluded from the calculation of net loss per share in the three months ended July 1, 2006 and June 25, 2005, respectively, because their inclusion would be anti-dilutive. In addition, a total of 264,517 and 1,625,754 common stock equivalents have been excluded from the calculation of net loss per share in the six months ended July 1, 2006 and June 25, 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:

(In thousands)	For the Three Months Ended		For the Six Months Ended	
	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
Sales:				
Biopharmaceutical products	$ 17,721	$ 14,500	$ 33,617	$ 31,994
Antibody products	12,214	11,379	23,866	19,962
Total	$ 29,935	$ 25,879	$ 57,483	$ 51,956
Gross margin:				
Biopharmaceutical products	$ 11,705	$ 8,166	$ 21,834	$ 16,673
Antibody products	2,699	1,865	4,508	2,373
Total	$ 14,404	$ 10,031	$ 26,342	$ 19,046
Operating loss:				
Biopharmaceutical products	$(14,641)	$(27,340)	$(31,302)	$(48,780)
Antibody products	(395)	(781)	(1,842)	(2,305)
Total	$(15,036)	$(28,121)	$(33,144)	$(51,085)

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.

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

(In thousands)	For the Three Months Ended July 1, 2006	For the Three Months Ended June 25, 2005	For the Six Months Ended July 1, 2006	For the Six Months Ended June 25, 2005
Operating (loss) income by Region:				
U.S.	$(15,162)	$(23,373)	$(32,802)	$(42,295)
Ex-U.S.	126	(4,748)	(342)	(8,790)
Total	$(15,036)	$(28,121)	$(33,144)	$(51,085)

Our ex-U.S. operating income during the second quarter of 2006 resulted from the sublease of our European office space while the operating loss during the second quarter 2005 and the six months ended July 1, 2006 and June 25, 2005 resulted from initial 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:

(In thousands)	For the Three Months Ended July 1, 2006	For the Three Months Ended June 25, 2005	For the Six Months Ended July 1, 2006	For the Six Months Ended June 25, 2005
Reportable segment operating loss	$(15,036)	$(28,121)	$(33,144)	$(51,085)
Unallocated interest income	945	924	2,008	1,478
Unallocated interest expense	(1,050)	(891)	(2,148)	(1,029)
Unallocated other income (expense), net	317	(215)	383	(184)
Loss before benefit for income taxes	$(14,824)	$(28,303)	$(32,901)	$(50,820)

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.

Adoption of New Accounting Guidance and Transition

Prior to January 1, 2006, we accounted for these plans under the recognition and measurement provisions of APB 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 three and six months ended July 1, 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 three and six months ended July 1, 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 Company's Employee Stock Purchase Plan, or ESPP, in the three and six months ended June 25, 2005 were estimated using a Black-Scholes option-pricing formula applying the following assumptions, and amortized over the respective option's vesting period or ESPP plan purchase period, or six months, using the straight-line attribution approach, as shown in the following table:

Stock Options:

	Three Months Ended June 25, 2005	Six Months Ended June 25, 2005
Expected term (in years)	4.0	4.0
Risk-free interest rate	4.09%-4.60 %	3.92%-4.60 %
Expected volatility	56.8%-57.4 %	56.8%-60.7 %
Expected dividend yield	0%	0%

ESPP:

	Three Months Ended June 25, 2005	Six Months Ended June 25, 2005
Expected term (in years)	0.5	0.5
Risk-free interest rate	2.41%-3.26 %	2.41%-3.26 %
Expected volatility	41.6%-58.3 %	41.6%-58.3 %
Expected dividend yield	0 %	0%

Expected Term: The expected term represents the period over which the share-based awards are expected to be outstanding.

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 three and six-month periods ended June 25, 2005 was $5.50 and $5.56, respectively. Forfeitures were recognized as they occurred. The weighted-average fair value of shares issuable pursuant to the ESPP during the three and six-month periods ended June 25, 2005 was $4.75 and $5.01, respectively, per share.

The table below illustrates the effect on net loss and loss per share during the three and six-month periods ended June 25, 2005 if we had applied the fair value recognition provisions of SFAS No. 123. 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)	Three Months Ended June 25, 2005	Six Months Ended June 25, 2005
Net loss, as reported	$ (20,930)	$ (36,752)
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	(1,643)	(3,179)
Pro forma net loss	$ (22,573)	$ (39,931)
Net loss per share:		
Basic and diluted net loss— as reported	$ (0.35)	$ (0.62)
Basic and diluted net loss— pro forma	$ (0.38)	$ (0.67)

Valuation and Expense Information under SFAS No. 123R

As a result of the adoption of SFAS No. 123R, we recorded compensation costs of $0.8 million, or $0.01 per share, for the three months ended July 1, 2006 and $1.3 million, or $0.02 per share, for the six months ended July 1, 2006. Of the $0.8 million and $1.3 million recorded as compensation costs less than $0.1 million and $0.1 million were capitalized into the cost of inventory for the three and six-month periods ended July 1, 2006, respectively, 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 and loss before benefit for income taxes for the three and six-month periods ended July 1, 2006 increased by $0.8 million and $1.3 million, respectively, than if we had continued to account for share-based compensation under APB No. 25. As of July 1, 2006, there was $6.7 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 3.0 years. We did not recognize a tax benefit for share-based compensation arrangements during the three and six-month periods ended July 1, 2006.

As required by SFAS No. 123R, we now estimate forfeitures of 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 forfeiture rates are adjusted from time to time based on actual forfeiture experience.

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 option-pricing formula, applying the following assumptions, and amortized to expense over the option's vesting period using the straight-line attribution approach:

	Three Months Ended July 1, 2006	Six Months Ended July 1, 2006
Expected term (in years)	2.15-8.12	2.15-8.12
Risk-free interest rate	5.23%-5.70 %	4.47%-5.70 %
Expected volatility	82.0%-98.3 %	82.0%-98.3 %
Expected dividend yield	0%	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 and forfeiture experience of our employees, as adjusted for certain events that management deemed to be non-recurring and/or 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.

We maintain incentive stock plans that provide for the grants of stock options and restricted stock awards to our directors, officers and employees. As of July 1, 2006, there were 1,900,203 shares of common stock reserved for issuance under our stock plans. Stock options granted under these plans 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. During the three months ended July 1, 2006, we granted options to purchase our common stock which become exercisable over various vesting periods as follows: 4,500 options vested immediately, 1,362,138 options vest ratably over four years and 102,000 options granted to outside directors and the corporate secretary vest at the end of six months subject to continuous service with the Company and to acceleration in certain circumstances. During the six months ended July 1, 2006, we granted options to purchase our common stock which become exercisable over various vesting periods as follows: 16,000 options vested immediately, 1,452,638 options vest ratably over four years, 102,000 options granted to outside directors and the corporate secretary vest at the end of six months and 437,260 options (granted as part of a retention program authorized by the Compensation Committee of our Board of Directors) vest at the end of three years subject to continuous service with the Company and to acceleration in certain circumstances. During the three months ended July 1, 2006, we granted 60,000 shares of restricted stock that vest at the end of three years, and 80,000 and 20,000 shares of restricted stock that vest ratably over three and four years, respectively, subject to continuous service with the Company and to acceleration in certain circumstances. In addition, as part of the retention program, during the six months ended July 1, 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.

A summary of option activity under our stock plans as of July 1, 2006 and the changes during the first six months 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
Granted	1,468,638	5.78		
Exercised	(158,758)	6.64		
Forfeited	(230,978)	6.79		
Expired	(591,658)	11.52		
Outstanding at July 1, 2006	9,055,882	$ 8.91	6.74	$ 2,847
Vested or expected to vest at July 1, 2006	8,566,409	$ 9.12	6.69	$ 2,548
Exercisable at July 1, 2006	7,165,878	$ 9.88	6.46	$ 1,757

The amount of compensation costs recorded in the three and six months ended July 1, 2006 related to stock options awards is $0.5 million and $0.7 million, respectively. As of July 1, 2006, there was $5.0 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 3.2 years. The weighted-average fair value of stock options granted during the three and six months ended July 1, 2006 was $3.79 and $3.43, respectively. The total intrinsic value of stock options exercised was $0.2 million and $0.3 million during the three and six months ended July 1, 2006, respectively, and was $1.3 million and $2.3 million in the three and six months ended June 25, 2005, respectively.

Cash received from the exercise of stock options under our stock plans for the three and six months ended July 1, 2006 was $0.8 million and $1.1 million, respectively.

Restricted Stock

During the first quarter of 2006, 50,000 and 304,610 shares of restricted stock were granted that vest in full on March 1, 2007 and March 1, 2009, respectively. During the second quarter of 2006, 80,000, 60,000 and 20,000 shares of restricted stock were granted with various vesting schedules that will be fully vested on May 12, 2009, June 12, 2009 and May 12, 2010, respectively.

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

	Number of Shares	Weighted-Average Fair Value at Grant Date
Nonvested at December 31, 2005	—	
Granted	354,610	$ 3.83
Vested	—	
Forfeited	—	
Nonvested at April 1, 2006	354,610	3.83
Granted	160,000	5.85
Vested	—	
Forfeited	(44,032)	3.83
Nonvested at July 1, 2006	470,578	$ 4.52

The amount of compensation costs recorded in the three and six months ended July 1, 2006 related to restricted stock awards is $0.1 million and $0.2 million, respectively. As of July 1, 2006, there was $1.5 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 2.6 years. No restricted stock awards vested during the first six months of 2006.

Employee Stock Purchase Plan (ESPP)

The terms of the 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.

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 prices on December 1, 2004 and June 1, 2005 using a Black-Scholes option-pricing formula, applying the following assumptions, and amortize that value to expense over the plan purchase period using the straight-line attribution approach:

	Three Months Ended July 1, 2006	Six Months Ended July 1, 2006
Expected term (in years)	0.5	0.5
Risk-free interest rate	4.21%-4.86 %	4.21%-4.86 %
Expected volatility	52.6%-181.0 %	52.6%-181.0 %
Expected dividend yield	0%	0%
Fair value at grant date	$2.21-$2.23	$2.21-$2.23

The amount of compensation costs recorded in the three and six months ended July 1, 2006 related to participation in the ESPP is $0.2 million and $0.4 million, respectively, based upon the anticipated purchase of 148,890 shares and 80,023 shares on May 31, 2006 and November 30, 2006, respectively. As of July 1, 2006, there was $0.2 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 third and fourth quarters of 2006.

NOTE 7 TREASURY STOCK

On May 27, 2005, a member of our Board of Directors exercised stock options to purchase 7,500 shares of our common stock. This purchase was paid for by delivery of 1,958 shares of common stock valued at approximately $24 thousand. The shares delivered had been acquired more than six months previously and these shares have been accounted for as treasury stock.

NOTE 8 DEBT

Debt consists of the following:

In thousands	July 1, 2006	December 31, 2005
Current maturities:		
Notes payable, PhosLo acquisition	$ 10,326	$ 2,389
Capital lease obligations	223	223
Total current maturities	10,549	2,612
Long term debt, net of current maturities:		
Notes payable, PhosLo acquisition long-term	—	10,707
Capital lease obligations	166	238
Long term notes payable and capital lease obligations, net	166	10,945
2.875% Senior Convertible Notes, net	109,229	109,145
Total long-term debt	109,395	120,090
Total debt	$ 119,944	$ 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, could 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 the 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 $0.7 million at July 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 July 1, 2006 was $10.3 million and has been reported as notes payable and capital lease obligations, net. The future payment obligation was discounted at 4.5%, our estimated rate of interest under our credit facility in effect on August 4, 2003, the date of the closing of the agreement.

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.

During 2005, we announced several charges related to the closure of our European office including employee severance costs and future rent payments for our European office. Following the closure of our European office on January 31, 2006, we have a remaining liability $0.1 million for severance for our former employees through July 2006. During July 2006, we entered into an agreement with a third party to sub-lease our European office for the duration of this agreement. The terms and provisions of the sub-lease include quarterly rent payments in excess of our obligations related to the original lease. The table below outlines the changes in our liability related to these charges during the first six months of 2006.

(In thousands)	Balance at December 31, 2005	Charge Incurred	Cash Payments	Adjustments	Balance at July 1, 2006
Severance costs	$ 582	$ —	$ (485)	$ —	$ 97
Lease obligations	—	126	—	(126)	—
Total	$ 582	$ 126	$ (485)	$ (126)	$ 97

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 July 1, 2006, we had capitalized $67.4 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.

On May 25, 2006, we filed an amended complaint in the lawsuit also alleging infringement of U.S. Patent No. 6,875,445. On June 9, 2006, Roxane filed an answer and counterclaims to the amended complaint, in which it denied infringement and asserted several affirmative defenses. Among those defenses, Roxanne has asserted that it does not infringe either patent, that the patents are invalid, and that the patents are unenforceable due to inequitable conduct. In addition, Roxane has asserted a counterclaim for attempted monopolization under the Sherman Act. Roxane seeks unspecified damages incurred and requests that such damages be trebled under the antitrust statute.

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 the three and six-month periods ended June 25, 2005 was primarily related to operating losses generated during the year in which we had a tax planning strategy that was prudent and feasible and was expected to utilized the majority of our deferred tax assets at that time.

NOTE 12 SUPPLEMENTAL CASH FLOW INFORMATION

	For the Six Months Ended	
(In thousands)	**July 1, 2006**	**June 25, 2005**
Interest paid	$1,628	$ 3
Discount paid on non-interest bearing notes	$ 750	$1,054
Income taxes (refunded) paid	$ (67)	$ 24
Supplemental non-cash financing and investing activities:		
Stock options exercised in exchange for common stock	$ —	$ 93

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

The following is a discussion and analysis of the major factors contributing to our financial condition and results of operations for the three and six months ended July 1, 2006 and June 25, 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: hepatitis and transplant, kidney disease (nephrology), Gram-positive bacterial infections and nicotine addiction. We have three products on the market in the U.S. 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 a Marketing Authorization Application, or MAA, in Europe to market PhosLo, for the treatment of hyperphosphatemia in patients with end-stage renal disease, or ESRD.

We filed for our MAA for 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 our 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 2006 and recommended its approval to the five other member states we selected. These states are currently conducting their reviews. Contingent upon a successful inspection of the manufacturing plant in the U.S., we believe we will receive approval in all six EU countries by the end of 2006. We are seeking a commercial partner to sell PhosLo in Europe and do not expect to recognize any revenue from the sales of the product in Europe until after a partnership agreement is in place.

In addition to our biopharmaceutical business, we also collect specialty and non-specific antibodies for use in our products and 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 and excess antibody production toward funding the development of our product pipeline.

On July 13, 2006, we announced that the Blood Products Advisory Committee of the U.S. Food and Drug Administration, or FDA, rendered a positive opinion of our Biologic License Application, or BLA, for Nabi-HB™ Intravenous [Hepatitis B Immune Globulin (Human) Intravenous]. The Committee voted to recommend approval of the use of Nabi-HB Intravenous for the prevention of recurrence of hepatitis B after liver transplant. The FDA generally follows the recommendations of its Advisory Committees, although it is not obligated to do so. We submitted our BLA for Nabi-HB Intravenous in November 2002. Nabi-HB Intravenous has received Orphan Drug status in the United States. Until final approval of Nabi-HB Intravenous is granted by the FDA, no shipments of the product will occur and no revenue will be recognized.

On June 26, 2006, we entered into an agreement with Kedrion S.p.A., or Kedrion, to co-develop and commercialize Civacir® [Hepatitis C Immune Globulin (Human)], our investigational human polyclonal antibody product candidate for preventing re-infection in hepatitis C-positive liver transplant recipients. Under the terms of the agreement, we will pursue a common strategy with Kedrion to develop and commercialize Civacir in both the U.S. and European markets. Kedrion is our exclusive licensee to market Civacir in Europe, Turkey and the countries forming part of the former Soviet Union for a term of 15 years following the first commercial sale of Civacir by Kedrion or its affiliates under the agreement. In addition to milestone and royalty payments to be paid to us, Kedrion will assume development costs for Civacir in both Europe and the U.S. through at least Phase II clinical trials.

On May 30, 2006 we announced that as a result of discussions about our MAA for HEBIG with regulators of the Reference Member State, we have voluntarily withdrawn our MAA in Europe while we compile 12 months of stability data for a reformulation of the product. We expect to resubmit our MAA with this data

during the first half of 2007. We believe all other pieces of the MAA have already been reviewed and accepted by the Reference Member State and that the Reference Member State has committed to an accelerated turn-around upon re-submission of the MAA. We believe that this new formulation will yield several benefits for the intravenous product in Europe and the U.S.

On March 30, 2006, we entered into an agreement with Fresenius Biotech GmbH, or Fresenius, 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 ATG-Fresenius S 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. We are required to make payments to Fresenius upon completion of certain milestones during development and upon approval by the FDA. In addition, we will pay a royalty to Fresenius in exchange for the manufacture and supply of ATG-Fresenius S.

RESULTS OF OPERATIONS

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

	For the Three Months Ended			
(In thousands, except percentages)	July 1, 2006		June 25, 2005	
Biopharmaceutical products:				
-PhosLo	$ 9,562	31.9%	$ 3,195	12.3%
-Nabi-HB	7,184	24.0	10,930	42.2
-Other biopharmaceuticals	975	3.3	375	1.5
Biopharmaceutical subtotal	17,721	59.2	14,500	56.0
Antibody products:				
-Non-specific antibodies	4,423	14.8	5,139	19.9
-Specialty antibodies	7,791	26.0	6,240	24.1
Antibody subtotal	12,214	40.8	11,379	44.0
Total	$29,935	100.0%	$25,879	100.0%

(In thousands, except percentages)	For the Six Months Ended July 1, 2006		For the Six Months Ended June 25, 2005	
Biopharmaceutical products:				
-PhosLo	$17,592	30.6%	$ 6,951	13.4%
-Nabi-HB	14,345	25.0	17,616	33.9
-WinRho SDF	—	—	6,172	11.9
-Other biopharmaceuticals	1,680	2.9	1,255	2.4
Biopharmaceutical subtotal	33,617	58.5	31,994	61.6
Antibody products:				
-Non-specific antibodies	10,197	17.7	9,984	19.2
-Specialty antibodies	13,669	23.8	9,978	19.2
Antibody subtotal	23,866	41.5	19,962	38.4
Total	$57,483	100.0%	$51,956	100.0%

FOR THE THREE MONTHS ENDED JULY 1, 2006 AND JUNE 25, 2005

Sales. Total sales for the second quarter of 2006 increased 16% to $29.9 million compared to $25.9 million for the second quarter of 2005.

Biopharmaceutical sales increased 22% to $17.7 million in the second quarter of 2006 compared to $14.5 million for the second quarter of 2005.

PhosLo® (calcium acetate). Sales of PhosLo were $9.6 million for the second quarter of 2006 compared to $3.2 million for the second quarter of 2005. We believe revenues in the second quarter of 2006 approximate patient utilization of PhosLo for the period. The 2006 period also reflects the impact of price increases initiated in July 2005. During the second quarter of 2005 we elected to defer $5.2 million of PhosLo revenue based on increased inventory levels at our wholesaler customers that was ultimately recognized during the third quarter of 2005.

Nabi-HB® [Hepatitis B Immune Globulin (Human)]. Sales of Nabi-HB were $7.2 million for the second quarter of 2006 compared to $10.9 million for the second quarter of 2005. The level of liver transplants for hepatitis B virus, or HBV, positive patients affects sales of Nabi-HB. During the second quarter of 2006, patient demand for Nabi-HB remained above prior year levels. However, Nabi-HB revenue decreased from prior year levels because of the negotiation of a supply agreement with one of our significant customers. As a result, we shipped a minimal amount of Nabi-HB to that customer and estimated inventory levels at wholesalers decreased by approximately two months during the second quarter.

Other biopharmaceutical products. Other biopharmaceutical products primarily include Aloprim™ [(Allopurinol sodium) for injection] and intermediate products manufactured in our plant. We also perform contract manufacturing for others. Other biopharmaceutical products sales for the second quarter of 2006 increased in comparison to sales of these products due primarily to higher sales of intermediate products manufactured in our plant and Aloprim.

Total antibody sales for the second quarter of 2006 were $12.2 million compared to $11.4 million for the second quarter of 2005.

Specialty antibody sales. Specialty antibody sales totaled $7.8 million in the second quarter of 2006 compared to $6.2 million in the second quarter of 2005, primarily reflecting increased sales of anti-rabies and Rh_oD antibodies.

Non-specific antibody sales. Sales of non-specific antibodies for the second quarter of 2006 totaled $4.4 million compared to $5.1 million for the second quarter of 2005. Sales of non-specific antibodies decreased as a result of a shift in production to our higher margin specialty antibodies.

Gross margin. Gross margin for the second quarter of 2006 was $14.4 million, or 48% of sales compared to $10.0 million, or 39% of sales, for the second quarter of 2005. The increase in gross margin as measured in dollars for the second quarter of 2006 is primarily due to increased sales of PhosLo and specialty antibodies. Partially offsetting these positive margin factors, gross margin for the second quarter of 2006 included excess plant capacity expense of $2.2 million versus no charge for excess plant capacity for the second quarter of 2005. Gross margin in the second quarter of 2005 reflected the impact of deferring $5.2 million in PhosLo sales and increased chargeback accruals related to an announced price increase for PhosLo effective July 1, 2005. Also during the second quarter of 2005 we reserved Nabi-HB material totaling $1.8 million comprising inventory that was damaged at a contract filling site and pre-launch Nabi-HB Intravenous inventory with expired product dating.

Royalty expense for the second quarter of 2006 was $0.3 million, or 2% of biopharmaceutical sales, compared to $0.5 million, or 3% of biopharmaceutical sales, for the second quarter of 2005. The decrease in royalty expense is mainly due to lower sales of Nabi-HB.

Selling, general and administrative expense. Selling, general and administrative expense was $16.5 million for the second quarter of 2006 compared to $17.2 million for the second quarter of 2005. This decrease in selling, general and administrative expense is primarily due to sales and marketing activities related to the planned commercialization of StaphVAX incurred during 2005 and was partially offset by the costs of retention and equity based compensation programs, the costs for ongoing compliance efforts related to sales rebates, and expenses related to increased investor relations activities.

Research and development expense. Research and development expense decreased 42% to $10.7 million for the second quarter of 2006 compared to $18.6 million for the second quarter of 2005. During the second quarter of 2005, a significant portion of our expenses were related to the development of StaphVAX. Research and development expense for the second quarter of 2006 primarily reflects activities related to the initiation of our NicVAX Phase II proof-of-concept clinical trial, ongoing expenses related to clinical development of ATG-Fresenius S and clinical trials to support PhosLo. The NicVAX clinical trial costs were partially offset by funding from the National Institute on Drug Abuse, a part of the National Institutes of Health.

Amortization of intangible assets. Amortization expense of $2.1 million for the second quarter of 2006 was flat compared to the second quarter of 2005. This amortization is primarily related to the intangible assets recorded as part of the acquisition of PhosLo.

Interest income. Interest income of $0.9 million for the second quarter of 2006 was flat compared to the second quarter 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. Although the average cash balance for the second quarter of 2006 was less than the second quarter of 2005, we achieved increased return on investments due to higher interest rates in the 2006 period.

Interest expense. Interest expense for the second quarter of 2006 was $1.1 million compared to $0.9 million of interest expense reported for the first quarter of 2005. Included in interest expense for the second quarter of 2006 and 2005 is $0.8 million and $0.6 million, respectively, 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, respectively, during the second quarters of 2006 and 2005, for amortization of the discount on the notes payable entered into in connection with the acquisition of PhosLo.

Equity Based Compensation. During the first quarter of 2006 we adopted SFAS No. 123R. As a result, during the second quarter of 2006 we recorded compensation expense of $0.8 million related to our equity based compensation plans, and will have additional expense during the remainder 2006 and during succeeding years. As additional equity based awards are granted, we anticipate that this expense will continue to increase. Refer to 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 at or about 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 at that time.

FOR THE SIX MONTHS ENDED JULY 1, 2006 AND JUNE 25, 2005

Sales. Total sales for the first six months of 2006 were $57.5 million compared to $52.0 million for the first six months of 2005.

Biopharmaceutical sales were $33.6 million for the first six months of 2006 compared to $32.0 million for the first six months of 2005. Sales for the first six months of 2005 included WinRho SDF sales of $6.2 million. Our distribution agreement for WinRho SDF expired on March 24, 2005.

PhosLo. Sales of PhosLo for the first six months of 2006 were $17.6 million compared to $7.0 million for the first six months of 2005. We believe revenues in the first six months 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 January 2005, to convert patients to the more patient friendly gelcap formulation, resulting in lower sales levels in the period. During the second quarter of 2005 we deferred $5.2 million of PhosLo sales based on increased inventory levels at our wholesaler customers that was ultimately recognized during the third quarter of 2005.

Nabi-HB. Sales of Nabi-HB were $14.3 million for the first six months of 2006 compared to $17.6 million for the first six months of 2005. The level of liver transplants for HBV positive patients affects sales of Nabi-HB. Patient demand for Nabi-HB remained above prior year levels. However, Nabi-HB revenue decreased from prior year levels because of the negotiation of a supply agreement with one of our significant customers. As a result, we shipped a minimal amount of Nabi-HB to that customer and estimated inventory levels at wholesalers decreased by approximately two months during the second quarter.

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 six months of 2005 totaled $6.2 million.

Other biopharmaceutical products. Other biopharmaceutical products primarily include Aloprim and intermediate products manufactured in our plant. We also perform contract manufacturing for others. Other biopharmaceutical products sales increased during the first six months of 2006 in comparison to sales of these products during the first six months of 2005 primarily due to higher sales of Aloprim and intermediate products manufactured in our plant, partially offset by decreased contract manufacturing.

Total antibody sales for the first six months of 2006 were $23.9 million compared to $20.0 million for the first six months of 2005.

Specialty antibody sales. Specialty antibody sales were $13.7 million in the first six months of 2006 compared to $10.0 million in the first six months of 2005, primarily reflecting increased production of specialty antibodies.

Non-specific antibody sales. Sales of non-specific antibodies for the first six months of 2006 were $10.2 million compared to $10.0 million for the first six months of 2005 reflecting increased production of non-specific antibodies, partially offset by decreased pricing as a result of reduced testing protocols for one of our major customers.

Gross margin. Gross margin for the first six months of 2006 was $26.3 million compared to $19.0 million for the first six months of 2005. The increase in gross margin primarily reflects increased sales of PhosLo and specialty antibodies. These increases were partially offset by decreased Nabi-HB sales and the conclusion of a distribution agreement in the first quarter of 2005. In addition, offsetting these positive margin factors, gross margin for the first six months of 2006 included excess plant capacity expense of $3.8 million compared to $2.1 million for the first six months of 2005.

Royalty expense for the first six months of 2006 was $0.7 million, or 2% of biopharmaceutical sales, compared to $2.7 million, or 8% of biopharmaceutical sales, for the first six months of 2005, reflecting the expiration of a distribution agreement which included a royalty obligation based on product sales.

Selling, general and administrative expense. Selling, general and administrative expense was $33.4 million for the first six months of 2006 compared to $31.6 million for the first six months of 2005. Selling, general and administrative expense in the first six months of 2006 included ongoing compliance costs for our government pricing and reporting obligations, costs of retention and equity based compensation programs, and expenses related to increased investor relations activities. The 2005 period included spending on commercialization activities for StaphVAX in Europe.

Research and development expense. Research and development expense decreased 36% to $21.6 million for the first six months of 2006 compared to $33.8 million for the first six months of 2005. During 2005, the main focus of our research and development programs related to StaphVAX. The first six months of 2006 reflected expenses related to our ongoing clinical trials in support of PhosLo, initial enrollment and development activities to support our Phase II proof of concept clinical trial for NicVAX, initial development activities and Phase III clinical trial expenses for Fresenius ATG-S and the conclusion of the StaphVAX clinical trial assessment.

Amortization of intangible assets. Amortization expense was $4.3 million for the first six months of 2006 compared to $4.5 million for the first six months of 2005. This amortization is primarily related to the intangible assets recorded as part of the acquisition of PhosLo.

Interest income. Interest income for the first six months of 2006 was $2.0 million compared to $1.5 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. The increase in interest income reflects an increase in the average interest rate earned on those investments.

Interest expense. Interest expense for the first six months of 2006 was $2.1 million compared to $1.0 million of interest expense reported for the first six months of 2005. Included in interest expense for the first six months of 2006 and 2005 is $1.6 million and $0.6 million, respectively, of interest associated with our 2.875% Senior Convertible Notes. In addition, interest expense included $0.3 million and $0.5 million for the first six months of 2006 and 2005, respectively, for amortization of the discount on the notes payable entered into in connection with the acquisition of PhosLo. During the first six months of 2005, we capitalized interest of $0.1 million related to the construction of our vaccine manufacturing facility in Boca Raton, Florida and did not capitalize any interest amounts in the comparable period in 2006.

Equity Based Compensation. During the first quarter of 2006 we adopted SFAS No. 123R. As a result, during the first six months of 2006 we recorded compensation expense of $1.3 million related to our equity-based compensation plans, and will have additional expense during the remainder 2006 and during succeeding years. As additional equity-based awards are granted, we anticipate that this expense will continue to increase. Refer to 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 at or about 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 at that time.

LIQUIDITY AND CAPITAL RESOURCES

Our cash, cash equivalents and marketable securities at July 1, 2006 totaled $70.2 million compared to $106.9 million at December 31, 2005. Cash used by operations for the six months ended July 1, 2006 was $33.7 million reflecting the net loss and a reduction in accounts payable and accrued expenses as well as an increase in our accounts receivable due to increased product revenue.

On April 19, 2005, we issued $100 million of 2.875% Convertible Senior Notes due 2025, or the Notes. The 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 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 Notes is payable on each April 15 and October 15, beginning October 15, 2005. We can redeem the 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 the Notes may require us to repurchase the 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 July 1, 2006, our remaining obligation, net of discount, was $10.3 million which will be paid on or about March 1, 2007. During the first six months of 2006, we repaid approximately $3.1 million of this obligation.

Capital expenditures were $1.1 million for the first six months of 2006. Our capital expenditures are expected to total approximately $5 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 July 1, 2006 we had a remaining net obligation of $0.5 million in cash payments extending through December 2006, which is recorded in accrued expenses.

As part of the employee retention program we will make cash payments of an aggregate of $1.3 million to participants who are employed by us on March 1, 2007.

During the first six months of 2006, we received $1.1 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 six 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. 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 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 July 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 six months ended July 1, 2006, we had biopharmaceutical product sales of $33.6 million. At July 1, 2006, we had $25.6 million of trade accounts receivable including $18.7 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, government payer rebates, customer returns, other customer allowances, other wholesaler fees and chargebacks. At July 1, 2006, we had $11.2 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 is greater than our assumptions we will 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 allowances 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 PDPs, 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. 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 a significant and complex estimate used in the recognition of revenue. 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 allowances. During the second quarter of 2006, we refined our methodology for determining our chargeback liability using more specific information. This resulted in a $0.8 million, or $0.01 per share, increase in sales and reduction to our chargeback liability.

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	3,095	4,481	2,412	547	10,535
Actual credits utilized during the six months ended July 1, 2006	(3,535)	(3,891)	(2,873)	(482)	(10,781)
Balance at July 1, 2006	$ 1,640	$ 7,947	$ 889	$ 697	$ 11,173

Inventory and Reserves for Slow Moving or Obsolete Inventory

At July 1, 2006, we had inventory, net, of $23.1 million. During the six months ended July 1, 2006, we recorded a provision for inventory valuation allowance of $0.5 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 remaining 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 July 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)	July 1, 2006	Estimated Remaining Useful Life
PhosLo Intangibles		
Trademark/tradename	$ 1,423	14.8 years
Tablet patent	11,381	0.8 years
Gelcap patent	80,670	14.8 years
Customer relationships	2,337	2.1 years
Covenant not to compete	508	12.1 years
Total PhosLo related intangible assets	96,319	
Less accumulated amortization	(24,068)	
Total	$ 72,251	

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 six months of 2006, we recorded additional depreciation under this policy of $1.2 million, including $0.6 million in the second quarter of 2006. For the comparable periods of 2005, we recorded additional depreciation of $1.0 million and $0.2 million, respectively.

NEW ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board, or FASB, announced that SFAS No. 151, *Inventory Costs*, or SFAS No. 151, is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. SFAS No. 151 clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). SFAS No. 151 requires that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal", as defined in Accounting Principles Board, or APB, No. 43. In addition, SFAS No. 151 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 No. 154, *Accounting Changes and Error Corrections*, or SFAS No. 154. SFAS No. 154 replaces APB Opinion No. 20, "Accounting Changes," or APB No. 20, 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. 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 FSP Nos. 115-1 and 124-1 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 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 in 2006 did not have a material impact on our financial position or results of operations.

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

In July 2006, the FASB issued Interpretation Number, or FIN, No. 48, Accounting for Uncertainty in Income Taxes, or FIN No. 48. FIN No. 48 applies to all tax positions within the scope of FASB Statement No. 109, applies a "more likely than not" threshold for tax benefit recognition, identifies a defined methodology for measuring benefits and increases the disclosure requirements for companies. FIN No. 48 is mandatory for years beginning after December 15, 2006; accordingly, we will adopt FIN 48 in our 2007 fiscal year. We are currently in the process of evaluating the effects of this new accounting standard.

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, intentions, 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; maintain sufficient intellectual property protections or positions; 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 six months ended July 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 July 1, 2006, we had $31.1 million of cash and cash equivalents and $39.1 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 $10.3 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. Short-term marketable securities consist primarily of taxable municipal bonds, corporate bonds, government agency securities and commercial paper.

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 short-term marketable 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 with an average maturity of generally less than three months. 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 July 1, 2006
Assets:	
Cash, cash equivalents and marketable securities	**$ 70.2**
Average interest rate	**4.6%**
Liabilities:	
2.875% Convertible Senior Notes due 2025	**$ 109.2**
Notes payable and capital lease obligations	**10.7**
Average interest rate	**3.2%**

Item 4. Controls and Procedures

Evaluation and Conclusion as of July 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 July 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 July 1, 2006. There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended July 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.

On May 25, 2006, we filed an amended complaint in the lawsuit also alleging infringement of U.S. Patent No. 6,875,445. On June 9, 2006, Roxane filed an answer and counterclaims to the amended complaint, in which it denied infringement and asserted several affirmative defenses. Among those defenses, Roxanne has asserted that it does not infringe either patent, that the patents are invalid, and that the patents are unenforceable due to inequitable conduct. In addition, Roxane has asserted a counterclaim for attempted monopolization under the Sherman Act. Roxane seeks unspecified damages incurred and requests that such damages be trebled under the antitrust statute.

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, by partnering 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 be able to successfully partner and fund our continued 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 and to fund our Altastaph program. We may not be successful in our partnering and funding 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

The following matters were approved at our annual stockholders meeting, which was held on May 12, 2006.

A. For the election of nominees for the Board of Directors:

Name of Director	For	Authority Withheld
David L. Castaldi	38,306,429	5,585,062
Geoffrey F. Cox, Ph.D.	38,320,183	5,571,308
Peter B. Davis	38,530,913	5,360,578
Richard A. Harvey, Jr.	38,527,880	5,363,611
Leslie Hudson, Ph.D.	38,536,558	5,354,933
Linda Jenckes	38,523,490	5,368,001
Thomas H. McLain	38,503,072	5,388,419
Stephen G. Sudovar	38,315,528	5,575,963

B. For the ratification of the appointment of Ernst & Young LLP as the Company's independent registered accounting firm for the 2006 fiscal year.

For	Against	Abstain
39,072,098	186,473	4,632,920

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Item 5. Other Information

None.

Item 6. Exhibits

10.1	Separation Agreement between Joseph Johnson and Nabi Biopharmaceuticals, effective June 13, 2006
10.2	Employment Agreement between Jordan Siegel and Nabi Biopharmaceuticals, dated April 29, 2006
10.3	Change of Control Severance Agreement between Jordan Siegel and Nabi Biopharmaceuticals, dated April 29, 2006
10.4	Relocation, Sign-On Bonus Repayment Agreement between Jordan Siegel and Nabi Biopharmaceuticals, dated April 29, 2006
10.5	Indemnification Agreement between Jordan Siegel and Nabi Biopharmaceuticals, dated June 12, 2006, in the form filed as Exhibit 10.24 to our Annual Report on Form 10-K for the year ended December 25, 2004
10.6	Base Salary Levels of Executive Officers
10.7	Definitive Co-Development and Commercialization Agreement between Kedrion S.p.A. and Nabi Biopharmaceuticals, dated June 26, 2006*
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.

Nabi Biopharmaceuticals

SIGNATURES

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

Nabi Biopharmaceuticals

Date: August 2, 2006

By: /s/ Jordan I. Siegel
Jordan I. Siegel
Senior Vice President, Finance,
Chief Financial Officer,
Chief Accounting Officer and Treasurer

EXHIBIT INDEX

Exhibit No.	Description
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Exhibit 10.1

NABI BIOPHARMACEUTICALS
5800 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487

June 13, 2006

Joseph Johnson
160 South Street
Hingham, Ma 02043

Re: Separation of Employment

Dear Joe:

This letter agreement (the "Agreement") will confirm our agreement concerning the details of your separation from Nabi Biopharmaceuticals ("Nabi").

1. **Communication**. You shall not communicate in any manner regarding this Agreement or other matters related to Nabi with any employee, consultant, shareholder, vendor or customer of Nabi or any person having a relationship with Nabi unless specifically requested in writing by a Nabi Executive Leadership Team member or unless directed to Anna E. Mack, General Counsel, or William E. Vandervalk, Vice President, Human Resources.

2. **Separation from Employment**. Nabi accepts your resignation, effective June 13, 2006, as an employee and officer of Nabi, and as an officer or director of any of Nabi's subsidiaries in which you may serve in that capacity. This Agreement shall become effective on the date that you execute this Agreement and Nabi receives a copy thereof executed by you. Nabi reserves the right to revoke this Agreement at any time prior to its effectiveness and this Agreement will be revoked automatically if it does not become effective by 12:00 (noon) EDT on Friday, June 16, 2006. This deadline is necessary to allow us time to fulfill our disclosure obligations with respect to your separation from Nabi under the federal securities laws. Nabi reserves all of its rights under your Employment Agreement with Nabi dated effective September 1, 2005 (the "Employment Agreement"), including without limitation the right to treat your separation from Nabi as termination your employment for cause if this Agreement does not become effective.

3. **Severance Benefits**. If you do not revoke any portion of your release in Section 4 of this Agreement and you comply with the other terms and provisions of this Agreement and with Sections 9, 10 and 11 of the Employment Agreement, you shall receive severance pay equaling seven months of your current base salary to be paid out over time in accordance with the normal payroll practices of Nabi, but with the final payment no later than January 31, 2007. Nabi will continue to pay your current auto allowance during the period that you are receiving severance pay. If, however, you execute this Agreement but revoke a portion of your release in Section 4 of this Agreement in accordance with Section 12 within the time period described therein and you comply with the other terms and provisions of this Agreement and with Sections 9, 10 and 11 of the Employment Agreement, you shall receive

severance pay equaling four months of your current base salary to be paid out over time in accordance with the normal payroll practices of Nabi, but with the final payment no later than October 31, 2006.

You hereby agree that any and all awards issued to you under the Nabi Biopharmaceuticals 2000 Equity Incentive Plan are hereby cancelled and forfeited, including, without limitation, all options to purchase Nabi common stock and all shares of Nabi restricted stock, and that you are not entitled to receive any additional Nabi equity awards.

You should be aware of the potential characterization of severance pay under the terms of this Agreement as non-qualified deferred compensation under the American Jobs Creation Act. You should consult with your tax advisor to consider how the American Jobs Creation Act and the related regulations and other applicable tax laws affect your severance benefits.

For as long as you are receiving severance pay, your health benefits will continue in the same manner as existed on the effective date of this Agreement, subject to appropriate deductions from your severance payment to cover premiums and the terms and conditions of the health plans. You will be sent information to coordinate the appropriate COBRA requirements with this health benefits continuation.

4. **Release**. For the consideration set forth herein, which you acknowledge is adequate and satisfactory to you, and intending to be legally bound, you hereby release Nabi and its subsidiaries and related companies and their respective shareholders, directors, officers, employees, representatives, and agents, past or present, and its and their respective successors and assigns, heirs, executors, insurers, attorneys, and administrators (hereinafter “Nabi Releasees”) from any and all agreements, promises, liabilities, claims, demands, rights and entitlements of any kind whatsoever, in law or equity, whether known or unknown, asserted or unasserted, fixed or contingent, apparent or concealed, which you, your heirs, executors, administrators, successors or assigns ever had, now have or hereafter can, shall or may have for, upon, or by reason of any matter, cause or thing whatsoever existing, arising or occurring at any time on or prior to the effective date of this Agreement, including, without limitation, any and all claims arising out of or relating to your employment with Nabi and your separation therefrom, and/or any and all claims you may have against any Nabi Releasees relating to any acts and/or omissions by any Nabi Releasees or any claims under any of Nabi’s equity incentive plans, and any and all contract claims, tort claims, negligence, fraud claims, including fraud in the inducement, defamation, disparagement, or other personal injury claims, claims of discrimination or claims pursuant to law, statute, regulation or common law, and claims for costs, expenses and attorneys’ fees with respect thereto.

THIS RELEASE AND WAIVER INCLUDES, WITHOUT LIMITATION, ANY AND ALL RIGHTS UNDER THE AMERICANS WITH DISABILITIES ACT, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED, THE AGE DISCRIMINATION IN EMPLOYMENT ACT, AS AMENDED,

MASSACHUSETTS AND FLORIDA COMMON LAW, AND ALL OTHER FEDERAL, STATE OR LOCAL STATUTES, ORDINANCES, REGULATIONS OR CONSTITUTIONAL PROVISIONS, INCLUDING THE FLORIDA CIVIL RIGHTS ACT, CHAPTER 760, FLORIDA STATUTES AND FLORIDA WHISTLEBLOWER ACT.

If any part of this full and general release is deemed to be invalid, you agree to immediately sign a new full and general release in favor of the Nabi Releasees that is not invalid. The parties intend for this full and general release to release all claims against the Nabi Releasees to the maximum extent of the law.

You further acknowledge that Nabi has provided you with all leave time requested and/or required including under the Family and Medical Leave Act ("FMLA"), has explained the FMLA and policies and/or leave documentation provided to you, and has taken no adverse action whatsoever based on you taking or requesting leave, including under the FMLA.

For the purposes of implementing a full and complete release of claims, you expressly acknowledge that this Agreement is intended to include, without limitation, all claims described in this Section 4 herein, whether known or unknown, and that this Agreement contemplates the extinction of all such claims. You expressly waive any right to assert after signing this Agreement that any such claim has, through ignorance or oversight, been omitted from the scope of the Agreement.

5. **Non-Disparagement**. You agree that you will not make any communication, oral or written, that disparages, criticizes or otherwise reflects adversely upon Nabi or any of its shareholders, employees, consultants, representatives and agents, past or present, except if testifying truthfully under oath pursuant to subpoena or other legal process.

6. **Governing Law**. This Agreement shall be subject to and governed by and in accordance with the laws of the State of Florida, without regard to conflict of laws principles.

7. **Interpretation**. Nothing in this Agreement shall be construed as an admission by Nabi or any of its shareholders, agents, employees, or representatives, past or present, that it or they violated any law or regulation or any other legal or equitable obligation it or they have or ever had to you.

8. **No Obligation to Re-employ**. You agree that your employment relationship with Nabi has ended forever and that you will not apply for or otherwise seek employment, consulting, or contractual status with Nabi at any time, or return to the workplace for any reason.

9. **Return of Property**. You agree to return to Nabi on or before June 23, 2006, all property of Nabi used or obtained by you in connection with your employment that is in your possession or control, including, without limitation, the laptop and "Blackberry" devices issued to you.

10. **Intention to be Legally Bound**. You affirm that the terms stated above are the only consideration for entering into this Agreement, that no other promise or agreement of any kind has been made with or to you by any person or entity to cause you to enter into this Agreement, and that you affirm that you fully understand the meaning and intent of this Agreement, including, but not limited to its final and binding effect.

11. **Consultation with Attorney**. You affirm that you have been advised to consult with an attorney before signing this Agreement and have had the opportunity to do so. You acknowledge that you fully understand this Agreement, that you have had a reasonable time to consider this Agreement, and that you are knowingly and voluntarily entering into this Agreement.

12. **ADEA Claims**. As to any and all claims, demands, actions, causes of action, suits, damages, losses and expenses, *known or unknown*, that you may have pursuant to the Age Discrimination in Employment Act, 29 U.S.C. § 621 *et seq.* ("ADEA"), you acknowledge that you have twenty-one (21) days from the time you receive this Agreement to consider whether to sign it. You affirm that if you choose to sign the Agreement before the end of those twenty-one (21) days, it is because you freely chose to do so after carefully considering the terms of this Agreement as to any ADEA claims and contacting anyone whom you chose to consult, including but not limited to, an attorney. You further understand and acknowledge that once you sign this Agreement, you will then have seven (7) calendar days, if you so choose, to revoke the release in Section 4 of this Agreement *solely* as to any claims arising under the ADEA. To so revoke a portion of such release as to any ADEA claims, you must do so by giving written notice of such revocation by hand-delivery or fax to William E. Vandervalk, Vice President, Human Resources, Nabi Biopharmaceuticals, 5800 Park of Commerce Blvd., N.W., Boca Raton, FL 33487 (Fax No. 561.989.5874). You realize that once signed, this Agreement is immediately effective and enforceable as to any and all claims, except that this Agreement will not be effective or enforceable as to any claim under the ADEA until the seven (7) calendar day revocation period expires. You agree that changes to this Agreement, whether material or immaterial, will not restart the twenty-one (21) days you have to consider this Agreement.

13. **Amendment.** This Agreement cannot be amended orally or by any course of conduct or dealing and may only be amended or any of its provisions waived by a written agreement signed by you and Nabi.

14. **Entire Agreement**. When accepted by you, this Agreement and Sections 9, 10, 11 and 12 of the Employment Agreement set forth the entire agreement between you and Nabi and fully supersede any and all prior agreements or understandings between you and Nabi pertaining to the subject matter hereof and thereof.

If this Agreement is acceptable to you, please indicate your agreement by signing and dating the enclosed copy of this Agreement and returning it to me.

Sincerely,

/s/ Thomas H. McLain
Thomas H. McLain
Chairman of the Board, CEO and President

cc: Payroll/Human Resources

I expressly agree to accept the Severance Agreement set forth above and verify that I am entering this Agreement knowingly and voluntarily, without any coercion or duress. I acknowledge that I was given adequate time to review this letter and that I was advised to obtain legal advice from an attorney regarding its terms. I understand the contents of this Agreement, and agree to all its terms and conditions including the release of all claims contained in Sections 4 and 12.

Date: June 15, 2006 Signed: /s/ Joseph Johnson

Exhibit 10.2

April 29, 2006

Mr. Jordan Siegel
3900 Galt Ocean Drive, #2117
Ft. Lauderdale, FL 33308

Dear Jordan:

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

1. **TERM**: You will serve as a Senior Vice President for a period beginning on a date of your choosing on or before June 12, 2006 and ending on June 12, 2009, unless your employment is sooner terminated as provided below (the "Employment Period"). In the event that your employment by the Company continues beyond the Employment Period, the terms and conditions of this Agreement shall continue except that your continued employment by the Company may be terminated by either party upon thirty (30) days' prior notice unless you and the Company shall have entered into a written agreement to the contrary.

2. **SALARY:** Your salary will be $300,000.00 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.

3. **BONUS:**

You will be entitled to participate in Nabi's VIP Management Incentive Program or any comparable bonus plan maintained by Nabi ("Bonus Plan"). Your participation in the Bonus Plan shall be subject to the terms and conditions of the Bonus Plan. Unless the Employment Period is terminated for "cause" pursuant to Section 7(B) (b) below, if the Employment Period ends during a calendar year, your bonus compensation opportunity shall be pro-rated based upon the number of full calendar months you were employed and the amount of bonus compensation which would have been payable with respect to such year pursuant to the Bonus Plan. If the Employment Period is terminated pursuant to Section 7 (B) (b) below, no bonus compensation shall be payable with respect to the calendar year during which the Employment Period is terminated.

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

4. **AUTO ALLOWANCE:**

While an employee under the terms of this Agreement, you shall receive an auto allowance of not less than $1,200.00 per month.

5. **BENEFITS:**

During the Employment Period, you will be eligible to participate in such fringe benefits programs as are accorded to other similarly situated Nabi employees. In addition, Nabi shall pay you an Executive Bonus, grossed up for taxes, so that you can make a $12,000.00 contribution to your Supplemental Executive Retirement Plan (the "SERP") and provide you at Nabi's cost with term life insurance of $500,000.00 in excess of the term life insurance coverage Nabi provides to its employees generally. Nabi shall cover the cost of financial planning services up to $3,000.00/year. Nabi shall also pay your reasonable social dues at a single club.

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

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

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

7. **TERMINATION:**

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

(B) Nabi may terminate the Employment Period (a) in the event Nabi reasonably determines that you are unable to perform the essential functions of your position, with or without reasonable accommodation, for any three (3) consecutive months as the result of mental or physical incapacity or (b) for "cause", which is defined as (i) acts of fraud or embezzlement or other felonious acts by you,

(ii) your refusal to comply with reasonable directions in connection with the performance of your duties as provided for in Section 6 of this Agreement after notice of such failure is delivered to you, (iii) failure to comply with the provisions of Section 9 or 10 of this Agreement or (iv) your gross negligence in connection with the performance of your duties as provided for in this Agreement, provided that, in the event of a proposed termination under clause (ii) or clause (iv) of this clause (B), you shall receive ten (10) days' prior written notice of such proposed termination and within such period you shall be afforded an opportunity to be heard by Nabi's Board of Directors or a duly appointed committee of the Board as to whether grounds for termination under these clauses exists.

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

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

8. **SEVERANCE**

(A) In the event that (a) your employment terminates prior to the expiration of the Employment Period or (b) after the expiration of the Employment Period, if your employment continues as provided in Section 1, either you give notice of termination of employment to the Company or the Company gives you notice of termination of employment other than for cause (as defined above) or disability, and provided that (i) within thirty (30) days prior to the expiration of the Employment Period Nabi had not offered to renew this Agreement on terms no less favorable to you than the terms then in effect, and (ii) within ninety (90) days following the expiration of the Employment Period Nabi has not tendered to you a new employment agreement executed on behalf of Nabi and containing such no less favorable terms, you shall receive the benefits set forth in Sections 8B, 8C and 8D. In the event your employment terminates pursuant to Section 7B (a), or as a result of your death, you shall receive the benefit set forth in Section 8D. Notwithstanding the foregoing provisions of this Section 8A, in the event your employment terminates under circumstances that entitle you to receive compensation and other benefits pursuant to the September 1, 2005 Change of Control Severance Agreement between you and Nabi (the "Change of Control Severance Agreement"), you shall not receive the benefits set forth in Sections 8B, 8C and 8D.

(B) Based on the effective date of such termination and subject to the following provisions of this Section 8(B), Nabi will pay you severance pay as defined in (i) and (ii) below ("Severance Pay") and maintain in effect such fringe benefits (including but not limited to medical and dental insurance, auto allowance, SERP contribution, disability and life insurance, financial planning services and reasonable social dues at a single club) are accorded to other similarly situated employees (to the extent allowed under, and subject to the limitations of, applicable plans) for the following periods: (i) if at the date of termination you shall have been employed by Nabi for less than twelve months, you shall receive Severance Pay equal to your monthly base salary as in effect at the time of such termination and benefit continuation for nine (9) months and (ii) if at the date of termination you shall have been employed by Nabi for twelve months or more, you shall receive Severance Pay will be equal to your monthly base salary as in effect at the time of such termination and benefit continuation for eighteen (18) months. Severance Pay shall be made in equal bi-weekly installments.

(C) The Company shall pay for executive outplacement services up to $18,000.00 by an organization selected by Nabi.

(D) Provided that at the date your employment terminates you shall have been employed by Nabi for a period of at least twelve months, all of your non-vested stock options, restricted stock or similar incentive equity instruments ("Options") shall immediately vest. All such "Options" shall be exercisable for twelve (12) months past your termination date, except that no "Options" shall be exercisable beyond the original "Option" expiration date. To the extent the terms of any "Options" are inconsistent with this Agreement, the terms of this Agreement shall control.

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

(F) It is the intent of you and Nabi that the provisions of this Section 8 and all amounts payable to you hereunder meet the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, to the extent applicable to this Agreement and such payments. Recognizing such intent and the lack of guidance currently available under Section 409A, you and Nabi agree to cooperate in good faith in preparing and executing, at such time as sufficient guidance is available under Section 409A and from time to time thereafter, such amendments to this Section 8 as may reasonably be necessary solely for the purpose of assuring that this Section 8 and all amounts payable to you hereunder meet the requirements of Section 409A.

9. **CONFIDENTIALITY:**

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

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer electronic information and files, e.g., diskettes, floppies etc. and other tangible embodiments

of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this

Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

10. **NON-COMPETITION:**

(A) You acknowledge that your services to be rendered are of a special and unusual character and have a unique value to Nabi the loss of which cannot adequately be compensated by damages in an action at law. In view of the unique value of the services, and because of the Confidential Information to be obtained by or disclosed to you, and as a material inducement to Nabi to enter into this Agreement and to pay to you the compensation referred to above and other consideration provided, you covenant and agree that, during the term of your employment by Nabi and for a period of one (1) year after termination of such employment for any reason whatsoever, you will not, directly or indirectly, (a) engage or become interested, as owner, employee, consultant, partner, through stock ownership (except ownership of less than five percent of any class of equity securities which are publicly traded), investment of capital, lending of money or property, rendering of services, or otherwise, either alone or in association with others, in the operations, management or supervision of any type of business or enterprise engaged in any business which is competitive with any business of Nabi (a “Competitive Business”), (b) solicit or accept orders from any current or past customer of Nabi for products or services offered or sold by, or competitive with products or services offered or sold by, Nabi, (c) induce or attempt to induce any such customer to reduce such customer’s purchase of products or services from Nabi, (d) disclose or use for the benefit of any Competitive Business the name and/or requirements of any such customer or (e) solicit any of Nabi’s employees to leave the employ of Nabi or hire or negotiate for the employment of any employee of Nabi. By way of clarification, a “Competitive Business” is not any business or enterprise in the health care industry; it is only a business or enterprise in the health care industry that is competitive with any business of Nabi. Notwithstanding the foregoing, nothing contained in this Section 10A shall be deemed to prohibit you from being employed by or providing services to a Competitive Business following a “Change of Control” (as defined in the Change of Control Severance Agreement) and termination of your employment if the nature of such employment or services do not compete with any business engaged in by Nabi immediately prior to the Change in Control.

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

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 9 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section relating to time period and/or areas of restriction

shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

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

11. **LITIGATION AND REGULATORY COOPERATION:**

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

12. **MISCELLANEOUS:**

This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This

Agreement**,** the Change of Control Severance Agreement and the Indemnification Agreement dated September 11, 2000 are a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

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

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

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

BY:

/s/ Thomas H. McLain
Thomas H. McLain
Chairman of the Board, Chief Executive Officer and President

Accepted and agreed:

/s/ Jordan Siegel
Mr. Jordan Siegel
3900 Galt Ocean Drive, #2117
Ft. Lauderdale, FL 33308

Date: 4/29/06

Exhibit 10.3

Change of Control Severance Agreement

April 29, 2006

Jordan Siegel
3900 Galt Ocean Drive, #2117
Ft. Lauderdale, FL 33308

Dear Jordan:

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

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

1. In view of the foregoing and in further consideration of your continued employment with the Corporation, the Corporation will pay you as termination compensation a lump sum amount, determined as provided below, in the event that (a) within six months after a Change of Control of the Corporation you terminate your employment with the Corporation for Good Reason or you die or you become disabled, or (b) within twelve months after a Change of Control of the Corporation your employment with the Corporation is terminated by the Corporation for any reason, or (c) within the period beginning on the sixth monthly anniversary of a Change of Control of the Corporation and ending on the twelfth monthly anniversary thereof, you terminate your employment with the Corporation for any reason (including, without limitation, death or disability). The lump sum compensation so payable (hereinafter referred to as the "Lump Sum Amount") shall be an amount equal to two times the sum of (a) the higher of (i) your current annual base salary or (ii) your base salary immediately prior to the Change of Control plus (b) the target Bonus you could have earned for the fiscal year in which the Change of Control occurred. The Lump Sum Amount shall be paid to you within five days after the date of termination of your employment (hereinafter referred to as the "Termination Date").

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

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

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

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

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

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

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

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

4. For purposes of this Agreement:

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

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

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

(d) “Good Reason” means:

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

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

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

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

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

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

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

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

(i) give the Corporation any information reasonably requested by the Corporation relating to such a claim,

(ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with regard to such claim by an attorney reasonably selected by the Corporation,

(iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and

(iv) permit the Corporation to participate in any proceedings relating to such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for an Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Section 5(c), the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, however, that if the Corporation directs you to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to you, on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations related to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

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

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

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

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

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

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

11. Nothing in this Agreement shall prevent or limit your continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Corporation and for which you may qualify, nor shall anything herein limit or otherwise prejudice such rights as you may have under any other agreements with the Corporation. Amounts which are vested benefits or which you are

otherwise entitled to receive under any plan or program of the Corporation at or subsequent to any Change of Control shall be payable in accordance with such plan or program. To the extent the terms of any other agreements you may have with the Corporation are inconsistent with this Agreement, the terms of this Agreement shall control.

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

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

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

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

Very truly yours,

Nabi Biopharmaceuticals

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

Agreed:

/s/ Jordan Siegel
Jordan Siegel
3900 Galt Ocean Drive, #2117
Ft. Lauderdale, FL 33308

Date: 4/29/06

Exhibit 10.4

RELOCATION/SIGN-ON BONUS REPAYMENT AGREEMENT

I, Jordan Siegel, agree that I will reimburse Nabi Biopharmaceuticals for relocation expenses and/or a sign-on bonus paid on my behalf, if I voluntarily terminate my employment with Nabi Biopharmaceuticals or I am terminated for cause within twelve (12) months after my start date. The following pro-rated repayment schedule will apply:

1st Month	92%	7th Month	44%
2nd Month	84%	8th Month	36%
3rd Month	76%	9th Month	28%
4th Month	68%	10th Month	20%
5th Month	60%	11th Month	12%
6th Month	52%	12th Month	4%

/s/ Jordan Siegel	4/29/06
Employee Signature	Date
/s/ Thomas H. McLain	April 29, 2006
HR Representative Signature	Date

EXHIBIT 10.6

NABI BIOPHARMACEUTICALS
BASE SALARY LEVELS OF EXECUTIVE OFFICERS

On May 10, 2006, the Compensation Committee of the Board of Directors approved the following base salary levels for the following executive officers of Nabi Biopharmaceuticals pursuant to the terms of their employment agreements:

Name	Base Salary as of May 2006
Thomas H. McLain	$ 475,000
Henrik S.Rasmussen, M.D., Ph.D.	$ 306,000
Raafat E.F. Fahim, Ph.D.	$ 306,000
Joseph Johnson	$ 260,000

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

DEFINITIVE CO-DEVELOPMENT & COMMERCIALIZATION AGREEMENT
BETWEEN
NABI BIOPHARMACEUTICALS
AND
KEDRION S.P.A.

This Agreement (including the Schedules hereto, the **"Agreement"**) is made this 19th day of June 2006 (the **"Effective Date"**) by and between Nabi Biopharmaceuticals (together with its Affiliates, **"Nabi"**), a Delaware corporation, with its principal office at 5800 Park of Commerce Blvd. N.W. Boca Raton, FL 33487 USA, and Kedrion S.p.A. (together with its Affiliates, **"Kedrion"**), a corporation organized under the laws of Italy, with its principal office at 55020 Castelvecchio Pascoli (Lucca) Italy, each on behalf of itself and its Affiliates (as defined below).

RECITALS

WHEREAS, Nabi is the owner of Know-how relating to the production of the Licensed Product (as such terms are defined below);

WHEREAS, Nabi and Kedrion have executed a letter of intent dated March 17, 2006 concerning the transactions contemplated herein;

WHEREAS, the Parties wish to enter into this Agreement to set out their rights and obligations with respect to the licensing, development and commercialization of the Licensed Product in the Field in the Territory (as such terms are defined below).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Kedrion and Nabi agree as follows:

ARTICLE 1
Definitions

1.1. "Advisory Panel" has the meaning set forth in Section 3.3.

1.2. "Affiliate" of a Party means any corporation or other business entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a Party. As used herein, the term **"control"** will mean the direct or indirect ownership of fifty percent (50%) or more of the profits interest or stock or other equity interest having the right to vote for the directors thereof (or their equivalent) or the ability to otherwise control the management thereof.

1.3. "Agreement" means this Agreement, including any exhibits, schedules or other attachments hereto, all of which are incorporated herein, as any of the foregoing may be validly amended from time to time. In the event of any inconsistency between the terms of this Agreement and the terms of any exhibits, schedules or other attachments incorporated herein, the terms of this Agreement shall govern unless the Parties otherwise expressly agree in writing.

1.4. "Allocable Manufacturing Overhead" shall mean the documented costs incurred by Nabi that are attributable to supervisory services, occupancy costs, payroll, information systems and purchasing functions which are allocated to the Licensed Product based on space occupied, headcount, full-time equivalents or another activity-based method in accordance with U.S. Generally Accepted Accounting principals as applied consistently by Nabi but shall but shall not include the costs attributable to general corporate activities including, by way of example only, executive or personnel management, investor relations, business development, and legal and government affairs.

1.5. "Allocable Development Overhead" shall mean the documented costs incurred by Nabi that are attributable to supervisory services, occupancy costs, payroll, information systems and purchasing functions which are allocated to the Special USA Studies based on space occupied, headcount, full-time equivalents or another activity-based method in accordance with U.S. Generally Accepted Accounting principals as applied consistently by Nabi but shall but shall not include the costs attributable to general corporate activities including, by way of example only, executive or personnel management, investor relations, business development, and legal and government affairs.

1.6. "BLA" means, as the context shall require, a biologics license application or a marketing authorization application or other non-U.S. equivalent, filed (i) by Kedrion with a Foreign Regulatory Authority to market the Licensed Product in the Field in the Territory or (ii) by Nabi with the FDA to market the Licensed Product in the Field in the USA.

1.7. "CMC" means chemistry, manufacturing and controls sections of a PMA to be prepared by Nabi in accordance with Regulatory Authority requirements and industry quality assurance standards applicable to PMAs filed, as the context requires, pursuant the European Centralized Procedures or with the FDA.

1.8. "Commercial Introduction" means, on a country-by-country basis in the Territory, the date of first commercial sale (other than for purposes of obtaining a Regulatory Approval) of the Licensed Product by Kedrion or its Affiliates or their sublicensees in an arms'-length transaction to an independent third party distributor, agent or end user in such country after obtaining all necessary Regulatory Approvals as may be necessary for such sale in such country.

1.9. "Confidentiality Agreement" has the meaning set forth in Section 8.3.

1.10. "Confidential Information" has the meaning set forth in Section 8.1.

1.11. "Control" means, with respect to any intellectual property right, including, without limitation, Know-how, possession of the ability to grant access to or a license or sublicense as provided for herein without violating the terms of any agreement or other rights of or arrangement with any third party.

1.12. "Control Laws" has the meaning set forth in Section 3.14.

1.13. "Defaulting Party" has the meaning set forth in Section 9.2.

1.14. "Discussion Period" has the meaning set forth in Section 2.1(d).

1.15. "Dollar" or **"dollar"** means United States dollars.

1.16. "Effective Date" has the meaning set forth in the introductory paragraph.

1.17. "European Centralized Procedure" means the drug approval process for the European Union as adopted by the European Agency for the Evaluation of Medicinal Products as in effect during the Term.

1.18. "FDA" means the United States Food and Drug Administration and any successor agency or authority thereto.

1.19. "Field" means the use of the Licensed Product for [*****].

1.20. "Final Study Report" has the meaning set forth in Section 3.4.

1.21. "Foreign Regulatory Authority" means any applicable regulatory agency, department, bureau or other governmental entity or authority of any country or regulatory jurisdiction in the Territory that has responsibility in such country or regulatory jurisdiction for any Regulatory Approvals of any kind necessary for the development, pre-clinical and/or human clinical testing, manufacture, supply, packaging, labeling, marketing, storage and/or sale of the Licensed Product in the Field in such country or regulatory jurisdiction.

1.22. "Fully Burdened Development Cost" means Licensor's documented cost to complete the Special USA Studies which shall be comprised of the sum of (i) the out-of-pocket costs to recruit and treat patients in the Special USA Studies including the cost of clinical supplies of Licensed Product determined in accordance with Section 4.2, plus (ii) Allocable Development Overhead.

1.23. "Fully Burdened Manufacturing Cost" means Nabi's documented cost to manufacture the Licensed Product which shall be comprised of the sum of (i) the manufacturing cost of the Licensed Product produced as determined in accordance with U.S. Generally Accepted Manufacturing Accounting Principles as applied consistently by Licensor, including, but not limited to, direct labor and materials and product testing costs incurred in connection with the manufacture and quality control testing of such product, as well as Allocable Manufacturing Overhead, and (ii) other costs borne by Nabi for packaging, transport, and storage of product (if necessary) (i.e freight, customs, duty, insurance and warehousing) determined in accordance with U.S. Generally Accepted Manufacturing Accounting Principles.

1.24. "GAAP" means Generally Accepted Accounting Principles in Italy, consistently applied.

1.25. "GCP" has the meaning set forth in Section 3.4.

1.26. "Indemnified Party" has the meaning set forth in Section 10.3.

1.27. "Indemnifying Party" has the meaning set forth in Section 10.3.

1.28. "IP Matters" has the meaning set forth in Section 2.1(d).

1.29. "Joint Patents" has the meaning set forth in Section 7.1.

1.30. "JPT" has the meaning set forth in Section 3.2.

1.31. "Kedrion Know-how" means all Know-how owned or Controlled by Kedrion on the Effective Date or thereafter during the Term.

1.32. "Kedrion Patent Rights" means any and all patents and patent applications related to the Licensed Product that are owned or Controlled by Kedrion or its Affiliates and based upon inventions conceived or reduced to practice by Kedrion's or its Affiliates' employees (i) prior to the Effective Date or (ii) after the Effective Date in the course of performing Kedrion's obligations hereunder, exclusive, however, of Joint Patents.

1.33. "Know-how" means any and all materials, data, results, formulae, formulations, designs, specifications, methods, processes, techniques, ideas, discoveries, technical information, process information, pre-clinical or clinical data and information and any other information, whether or not any of the foregoing is patentable, to the extent the same relates to or is necessary or used or useful for the research, development, manufacture, use, import, export or sale of the Licensed Product in the Field.

1.34. "Licensed Product" means Civacir (Hepatitis C Immune Globulin (Human)), a human hyperimmune polyclonal antibody product that contains antibodies to Hepatitis C virus.

1.35. "Losses" has the meaning set forth in Section 10.1.

1.36. "Materials" has the meaning set forth in Section 3.13.

1.37. "Nabi Know-how" means Know-how that is owned or Controlled by Nabi as of the Effective Date or thereafter during the Term.

1.38. "Nabi Patent Rights" means any and all patents and patent applications related to the Licensed Product that are owned or Controlled by Nabi or its Affiliates and based upon inventions conceived or reduced to practice by Nabi's or its Affiliates' employees (i) prior to the Effective Date; or (ii) after the Effective Date, exclusive, however, of Joint Patents.

1.39. "Nabi Trademarks" means the trade name CIVACIR® and such other trademarks, trade names and service marks relating to the Licensed Product owned or Controlled by Nabi or its Affiliates as of the Effective Date and thereafter during the Term.

1.40. "Net Price Discount Items" has the meaning provided in Section 1.41.

1.41. "Net Sales" means, as to each calendar quarter, the gross invoiced sales prices charged for the Licensed Product sold by or for Kedrion or its Affiliates or its or their sublicensees to independent, unaffiliated third parties (in each case, who are not sublicensees), after deduction (if not already deducted in the amount invoiced) of the following items recorded by Kedrion or such Affiliates or sublicensees during such calendar quarter with respect to sales of the Licensed Product regardless of the calendar quarter in which such sales were made, provided and to the extent that such items are incurred or allowed and do not exceed reasonable and customary amounts in the market in which such sales occurred:

(a) customary rebates to the extent actually allowed and taken;

(b) transportation charges to the extent separately stated on the invoice and included in the computation of gross sales, including air freight and insurance;

(c) sales, use, excise or ad valorem taxes (to the extent borne by Kedrion and separately stated on the invoice and included in the computation of gross sales);

(d) customary promotional, cash, trade or volume discounts to the extent actually allowed and taken; and

(e) actual credits for pricing adjustments.

All of the foregoing allowable deductions (the **"Net Price Discount Items"**) shall be computed in accordance with Kedrion's standard accounting policies for the computation and reporting of sales, which must be in accordance with GAAP subject to the adjustments, if any provided in the Supply Agreement. No deductions shall be allowed for costs and expenses that would otherwise qualify as Net Price Discount Items unless such costs and expenses are utilized in the proper computation of sales in Kedrion's audited financial statements under GAAP.

In the event that Kedrion or its Affiliates or its or their sublicensees make any adjustments to such deductions after the associated Net Sales have been reported pursuant to this Agreement, the adjustments shall be reported with the next report and payment of any royalties due.

1.42. "Non-Defaulting Party" has the meaning set forth in Section 9.2.

1.43. "Other Nabi Technologies" means all patent, trademark, know-how and other intellectual property rights not specifically licensed to Kedrion hereunder or any applications, substitutions, extensions, reissues, reexaminations, renewals, divisions, foreign counterparts, continuations and continuations-in-part of the same.

1.44. "Parties" means Nabi and Kedrion and, as applicable under the circumstances, their respective Affiliates and successors and assigns.

1.45. "**Pivotal Registration Study**" has the meaning set forth in Section 3.8.

1.46. "Phase II Study" has the meaning set forth in Section 3.4.

1.47. "Primary Countries" means Italy, France, Germany, Spain and the United Kingdom.

1.48. "Primary Prosecuting Party" has the meaning set forth in Section 7.5.

1.49. "Product Development Plan" has the meaning set forth in Section 3.2.

1.50. "Product Marketing Application" or **"PMA"** means an application for the Regulatory Approvals required for the commercial sale and use of the Licensed Product in the Field including without limitation a BLA.

1.51. "Regulatory Approval" means any and all approvals (including pricing and reimbursement approvals), licenses, registrations or authorizations of any kind of a Regulatory Authority that are necessary for the manufacture, supply, importation, marketing, promotion and sale of the Licensed Product in the Field in the jurisdiction of such Regulatory Authority. **"Regulatory Approval"** shall include, without limitation, each approval granted with respect to a BLA.

1.52. "Regulatory Authority" means a Foreign Regulatory Authority and/or the FDA.

1.53. "Special USA Studies" has the meaning set forth in Section 3.8.

1.54. "Specifications" has the meaning set forth on Schedule 1.54 hereto as such specifications may be changed by Nabi in consultation with Kedrion and each relevant Foreign Regulatory Authority to include, among other things, qualitative and quantative parameters for the standardization of the product and appropriate parameters to allow product activity to be expressed in units. It is the intention of the Parties that upon Commercial Introduction, the Licensed Product will be sold in activity units.

1.55. "Steering Committee" has the meaning set forth in Section 3.1.

1.56. "Supply Agreement" has the meaning set forth in Section 4.3.

1.57. "Technical Information" has the meaning set forth in Section 3.14.

1.58. "Term" has the meaning set forth in Section 9.1.

1.59. "Territory" means those countries set forth in Schedule 1.59 hereto.

1.60. "Third Party Claim" shall have the meaning set forth in Section 10.3.

ARTICLE 2
Representations and Warranties

2.1. Representations and Warranties of Nabi. Nabi hereby represents and warrants that:

(a) the execution and delivery of this Agreement and the performance of the transactions contemplated hereby have been duly authorized by all appropriate Nabi corporate action;

(b) this Agreement is a legal and valid obligation binding upon Nabi, enforceable against Nabi in accordance with its terms;

(c) the execution, delivery and performance of this Agreement by Nabi does not conflict with any agreement, instrument or understanding, oral or written, to which Nabi is a party or by which it is bound, nor violate in any material respect any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it;

(d) Except as disclosed on Schedule 2.1(d) and subject to the provisions of Sections 2.4 and 2.5 (i) Nabi has not received any written claims that the intellectual property rights of any third parties would interfere with the use of the Nabi Know-how necessary to manufacture the Licensed Product in the USA or the sale of the Licensed Product by Kedrion in the Territory as provided by this Agreement and (ii) Nabi owns or Controls the Nabi Know-how necessary to manufacture the Licensed Product in the USA and the Primary Countries, has the right to grant the licenses under the Nabi Know-how granted herein, and to the knowledge of its management but without independent investigation, as of the Effective Date there is no valid claim that the intellectual property rights of any third parties would interfere with the use of the Nabi Know-how necessary to manufacture the Licensed Product in the USA or the Primary Countries, or the sale of the Licensed Product by Kedrion in the Territory as provided by this Agreement; and

(e) Nabi owns or Controls the trademark CIVACIR® in the USA, has filed a trademark application for CIVACIR under the Madrid Protocol with respect to the countries of the European Union, and has not received any written claims, and to the knowledge

of its management but without independent investigation, as of the Effective Date there are no trademarks of any third parties, that would interfere with the use of the Nabi Trademark CIVACIR in the Primary Countries.

2.2. Representations and Warranties of Kedrion. Kedrion represents and warrants that:

(a) the execution and delivery of this Agreement and the performance of the transactions contemplated hereby have been duly authorized by all appropriate Kedrion corporate action;

(b) this Agreement is a legal and valid obligation binding upon Kedrion, enforceable against Kedrion in accordance with its terms; and

(c) the execution, delivery and performance of the Agreement by Kedrion does not conflict with any agreement, instrument or understanding, oral or written, to which Kedrion is a party or by which it is bound, nor violate in any material respect any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it.

2.3. Survival. The representations, warranties, covenants and agreements made herein shall survive any investigation made by a Party, and the Parties shall be entitled to rely fully thereon.

2.4. Notification of Certain Intellectual Property Matters. During the 180 day period after the Effective Date, Nabi shall conduct an investigation to determine whether (i) the matters disclosed in Schedule 2.1(d) would materially interfere with (A) the ability of Nabi to perform its obligations hereunder, or (B) Kedrion to enjoy the benefits provided to it hereunder; or (ii) there exist any other patents, claims, facts, conditions, matters or events not disclosed on Schedule 2.1(d) that would materially interfere with the rights or obligations of the parties hereunder, or absent such disclosure, would cause the representations and warranties of Nabi contained in Section 2.1(d) of this Agreement to be untrue or inaccurate in any material respect. Nabi shall keep Kedrion informed of the progress and results of such investigation and provide copies of pertinent documentation to Kedrion upon request. If any such material interference, patents, claims, facts, conditions, matters or events are found to exist ("IP Matters"), then Nabi shall provide Kedrion with an amended Schedule 2.1(d)(ii) and discuss with Kedrion through the Steering Committee for not more than [*****] after delivery of the amended Schedule 2.1(d)(ii) (the "Discussion Period") how the IP Matters should be addressed, if at all, [*****]. If the Parties agree that none of the IP Matters need to be addressed, then this Agreement shall continue in effect. If the Parties agree that certain IP Matters must be addressed, then such IP Matters as they agree do not need to be addressed shall be noted on an amended Schedule 2.1(d)(ii). In such event or if the Parties do not agree on which IP Matters need to be addressed, the Parties will have the following options.

(a) Nabi shall have the right to terminate this Agreement by written notice to Kedrion within [*****] of the end of the Discussion Period.

(b) [*****]

(c) [*****]

(d) If Nabi shall provide Kedrion with an amended Schedule 2.1(d)(ii) pursuant to subparagraphs (b) or (c) above that discloses any unresolved IP Matters (other than those the Parties agreed during the Discussion Period did not need to be resolved), then Kedrion shall have the right to terminate this Agreement by written notice to Kedrion within [*****] of receipt of such amended Schedule 2.1(d)(ii) from Nabi. If Kedrion does not so terminate this Agreement, then this Agreement shall continue in effect.

2.5. Limitation of Damages. Kedrion shall have no claim for a breach of Section 2.1(d), under Section 10.2 hereof or otherwise, except in the event that (i) the procedures described in Section 2.4 are completed, (ii) this Agreement is not terminated as provided in Section 2.4 and (iii) the representations and warranties contained in Section 2.1(d) as modified by the disclosures in Schedule 2.1(d) (as such Schedule shall have been finally amended pursuant to Section 2.4(c), if applicable) shall thereafter prove to be untrue or inaccurate in any material respect.

2.6. Limitation of Development Responsibilities. Anything in Article 3 hereof to the contrary notwithstanding, Kedrion shall not be obligated to make any payment or incur any obligation until the latest of (i) expiration of the Discussion Period; (ii) review of any changes to Schedule 2.1(d)(ii) made within the [*****] of the expiration of the Discussion Period; and (iii), [*****].

ARTICLE 3
Development

3.1. Steering Committee (Civacir Review Board). The Parties will jointly oversee the development and registration of the Licensed Product in the Field in the Territory. All development activity will be overseen by a steering committee to be constituted as provided in Schedule 3.1 (the **"Steering Committee"**). The Steering Committee will have the functions and will meet in accordance with the provisions set forth in Schedule 3.1 hereto.

3.2. Joint Project Team. The Parties will appoint a Joint Project Team (**"JPT"**) to be constituted as provided in Schedule 3.2(A). The JPT will be responsible for the creation and execution of a product development plan (the **"Product Development Plan"**) consistent with the timeframes set forth in Schedule 3.2(B) hereto. The JPT will report to the Steering Committee. Terms of reference and proposed membership for the JPT are outlined in Schedule 3.2(A) hereto.

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

3.3. Advisory Panel. Within [*****], the Parties will agree to a plan of action to convene a Hepatitis C advisory panel to be constituted and to have the functions as provided in Schedule 3.3 (the **"Advisory Panel"**). The role of the Advisory Panel will be to guide the Parties in the development of the protocol for the Phase II Study, and the subsequent protocols, preclinical activities and other relevant matters for registration and commercialization of the Licensed Product inside and outside of the Territory. The Advisory Panel will convene at least twice per year, and more often if necessary, and the first meeting of the Advisory Panel will occur within [*****] unless otherwise agreed by the Steering Committee. The composition of the Advisory Panel will include representation of experts from both the Territory and the USA.

3.4. Phase II Study. The first step in the Product Development Plan to be developed by the JPT will be the design and implementation of a Phase II clinical trial of the Licensed Product in Hepatitis C virus-positive liver transplant patients in study sites located in the Territory and in the U.S.A. (the **"Phase II Study"**). The Phase II Study shall be conducted in accordance with good clinical practices applicable during the Term in both the European Union and the USA (**"GCP"**) to a standard appropriate for inclusion in a BLA filing in both jurisdictions. Kedrion will be responsible for the implementation and conduct according to GCP of the Phase II Study and for preparation of the final study report with respect thereto (the **"Final Study Report"**) provided that the JPT shall have such involvement therein as it shall elect. The first patient/first visit in the Phase II Study shall commence by the later of [*****] following completion of the procedures set out in paragraphs (a)-(d) of Section 2.4, if applicable. The Final Study Report shall be produced no later than [*****] after the date of the last patient/last visit in the Phase II Study.

3.5. Preclinical Program. As soon as reasonably possible, but in no event more than [*****], the Steering Committee will discuss the Parties' respective ongoing Hepatitis C research programs and the possibilities for collaborative activities between their respective scientific programs. If any such collaborative activity is deemed mutually desirable, then the extent and specifics of the collaborative activity will be agreed upon at the JPT and the Steering Committee levels, and any arising contractual relationship shall be negotiated separately.

3.6. Patient Recruitment. Nabi and Kedrion will both recruit patients into the Phase II Study. Kedrion will recruit patients from the Territory into the study. Nabi will recruit patients from the USA into the study. Each Party shall notify the other in writing on a weekly basis as to the number of patients recruited and retained in the Phase II Study and recruitment shall cease when the number of patients specified in the protocol for the Phase II Study have been enrolled. Kedrion will reimburse Nabi on a quarterly basis within thirty days of presentation of a report providing the details for each patient in the USA for such quarter for Nabi's costs incurred to recruit and treat patients in the Phase II Study up to a maximum aggregate amount per patient not to exceed [*****] inclusive of the cost of clinical supplies of the Licensed Product used to treat such patients valued in accordance with Section 4.2. Upon conclusion of the Phase II Study, Kedrion shall have the right to audit the books and records of Nabi for purposes of verifying the patient costs claimed by Nabi pursuant to this Section 3.6.

3.7. Ownership of Data, PMAs, Regulatory Approvals, Etc.

(a) Nabi and Kedrion will jointly own the data generated by the Phase II Study, provided, however, that anything in Section 8 to the contrary notwithstanding, the data generated in the Phase II Study shall at all times, including after the expiration or termination of this Agreement, be deemed Confidential Information of Nabi. During the Term of this Agreement all data generated by the Phase II Study shall be entered into and held in Oracle's central clinical trial database accessible by both Parties.

(b) Kedrion will file, own and maintain in its name all regulatory filings in the Territory, including BLAs, orphan drug designations, PMAs and Regulatory Approvals, except to the extent in conflict with the requirements of any Foreign Regulatory Authority. Promptly following the submission of each such regulatory filing, Kedrion shall notify Nabi that such regulatory filing has been made. Upon Nabi's written request, Kedrion agrees to promptly provide Nabi with a copy of the executive summary of each PMA and each Regulatory Approval letter.

(c) Each Party shall at all times during the term of this Agreement, give prompt written notice to the other Party of any substantive, content-driven notices or communications (other than purely scheduling or administrative items) between such Party and the Regulatory Authorities in its territory regarding the Licensed Product. Prior to any substantive, content-driven communications with the Regulatory Authorities regarding the Licensed Product, each Party shall give the other Party reasonable notice of, and the opportunity to discuss, all matters which are to be the subject of such communications. Kedrion shall allow Nabi the right, at its sole cost, to participate along with Kedrion in any meetings or conference calls with the Foreign Regulatory Authorities in the Territory, provided that Kedrion will have the final say in all matters to be communicated to such Foreign Regulatory Authorities with respect to the Licensed Product.

3.8. Pivotal Registration Studies; Development Plan Diligence.

(a) Promptly following issuance of the Final Study Report, provided this Agreement has not been terminated by Kedrion pursuant to Section 9.1(b)(i), the JPT will develop a pivotal clinical program that will be implemented and financed by Kedrion in the Territory sufficient for Kedrion to obtain Regulatory Approvals to market the Licensed Product in the Field (a "**Pivotal Registration Study**") in the Territory in compliance with the requirements of the Foreign Regulatory Authorities and for Nabi to obtain Regulatory Approvals to market the Licensed Product in the Field in the USA in compliance with the requirements of the FDA. If the members of the JPT cannot agree upon a Pivotal Registration Study adequate to obtain Regulatory Approvals to market the Licensed Product in the Field in the Territory and the USA within 180 days of Kedrion's issuance of The Final Study Report, or if Kedrion is unwilling to implement and finance such a Pivotal Registration Study, then Kedrion will promptly elect one of the following three options by written notice to Nabi given within 180 days of the Final Study Report: (i) to terminate this Agreement; (ii) to reimburse Nabi for Nabi's Fully

Burdened Development Costs to conduct the additional clinical trials and other development activities the FDA shall require in order for the FDA to issue to Nabi a Regulatory Approval for the Licensed Product in the Field in the USA (the **"Special USA Studies"**); or (iii) to continue this Agreement implementing a Pivotal Registration Study sufficient for Kedrion to obtain Regulatory Approvals to market the Licensed Product in the Field in the Territory without reimbursing Nabi for Nabi's Fully Burdened Development Costs to obtain Regulatory Approvals to market the Licensed Product in the Field in the USA. If Kedrion shall make the election provided in clause (iii) above, the milestones payable under Section 6.1(a)(ii) and (iii) shall each be increased by [*****] and the royalty rate payable under Section 6.2 shall be increased to [*****] of Net Sales until such time as the incremental amount paid to Nabi through such additional milestones and royalties in excess of [*****].

(b) Subject to Kedrion's right to terminate this Agreement pursuant to Sections 3.8(a)(i) above and 9.1(b)(i) below, Kedrion will use its reasonable best efforts to obtain Regulatory Approvals for the Licensed Product in the Field in the Primary Countries.

3.9. Costs. Kedrion will be responsible for all costs and expenses incurred after the Effective Date associated with the preclinical and clinical development of the Licensed Product in the Field in the Territory and the clinical development of the Licensed Product in the Field in the USA (subject, however, to Section 3.8), including without limitation the Phase II Study, generation of the Phase II Study Report, the Special USA Studies (subject, however, to Section 3.8) and the filing of all PMAs in the Territory, provided, however that:

(a) Nabi will be responsible to prepare at its sole cost the CMC sections of all PMAs filed both inside and outside of the Territory;

(b) If Nabi undertakes any clinical or preclinical development activities outside of the Territory beyond those for which Kedrion will be responsible or obligated to reimburse Nabi as provided in Sections 3.3, 3.4 and 3.6 above and the data from these activities cannot be used in the Territory, then Nabi will be responsible at its sole cost for these studies; but if the data from such activities are necessary or used for, or are used in, the Territory, then the Parties will share equally the costs of these studies;

(c) At Kedrion's request Nabi will provide Kedrion with such additional, ancillary assistance to deliver and communicate the Nabi Know-how as is reasonable to support Kedrion in its clinical development of the Licensed Product;

(d) Without limiting the foregoing, if Kedrion requests Nabi to attend meetings with any Foreign Regulatory Authorities in the Territory, then Nabi shall attend such meetings, provided not less than [*****] notice of each such meeting has been provided by Kedrion, failing which Nabi will use it's reasonable best efforts to attend; and

(e) Except as otherwise provided in paragraphs (a), (b) and (c) above, to the extent that Nabi performs tasks at the request of Kedrion, then in addition to the

reimbursement of Nabi's out-of-pocket expenses, Kedrion will reimburse Nabi on a quarterly basis for the costs of performing such tasks on a time and materials basis. The rates charged by Nabi relating to its personnel performing such tasks shall be negotiated by Nabi and Kedrion, as necessary, during the Term of this Agreement.

3.10. Product Importation. Kedrion will be responsible for all negotiations with regulatory authorities within the Territory regarding the importation of the Licensed Product into the Territory, including obtaining and maintaining any licenses etc., provided that at Kedrion's request, Nabi shall use its reasonable best efforts to support Kedrion's efforts to obtain such licenses.

3.11. Compliance with Law. Each Party agrees to conduct all development activities performed by it pursuant to this Agreement in compliance in all material respects with the requirements of applicable laws, rules and regulations, and other requirements of applicable good laboratory, clinical and, if applicable, manufacturing practices.

3.12. Recordkeeping. Each Party shall maintain records, in sufficient detail and good scientific manner, which shall be complete and accurate and shall fully and properly reflect work done and results achieved in the performance of its development obligations under this Agreement (including data in the form required under applicable laws and regulations).

3.13. Limitation on Use. Each Party shall use any Know-how and plasma, drugs, supplies and devices provided to it by the other Party hereunder, and any derivatives or conjugates thereof (collectively, **"Materials"**), only for the purposes described in, and consistent with the licenses provided by, this Agreement.

3.14. U.S Export Compliance. Each Party acknowledges and agrees to fully comply with all applicable U.S. export and import laws (the "**Control Laws**"). Without limiting the foregoing, each Party acknowledges and agrees not to engage in any "exports" or "imports" of any Materials and/or technical data or information ("**Technical Information**") under the Control Laws, including, but not limited to, transmitting or sending any Materials or Technical Information outside of the U.S., allowing any third party designated by the U.S. as a "denied party" to receive Materials or any precluded foreign national employees to receive any Technical Information, without: (A) first verifying whether the Technical Information to be disclosed or received constitutes an "export" or an "import" under any Control Laws; (B) complying with all licensing requirements or exclusions or exemptions thereto under the Control Laws; and (C) upon the request of the other Party, sharing all Control Law advisory opinions, classification requests, commodity jurisdiction requests, and governmental agency correspondence such other Party.

3.15. DISCLAIMER. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND THE SUPPLY AGREEMENT, EACH PARTY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, REGARDING THE KNOW-HOW, MATERIALS AND LICENSED PRODUCT SUPPLIED BY SUCH PARTY HEREUNDER.

3.16. Sole Responsibility. Except as otherwise provided in this Agreement, each Party shall be solely responsible and liable for all activities undertaken by it using any Know-how, Materials and Licensed Product provided to it by the other Party hereunder, except to the extent resulting from such providing Party's negligence or willful misconduct or such Party's breach of any of its representations, warranties or covenants with respect thereto.

3.17. Commercialization Efforts. Kedrion shall use its reasonable best efforts to commercialize the Licensed Product in each Primary Country in which a Regulatory Approval is received. Subject to a sufficient supply the Licensed Product being made available by Nabi, Kedrion agrees to use its reasonable best efforts to launch the Licensed Product in each Primary Country for which a Regulatory Approval is obtained within [*****] of obtaining Regulatory Approval for such Licensed Product for such country.

3.18. Commercialization Costs. Except as otherwise herein provided, Kedrion shall have the sole responsibility for, and right to make all decisions regarding, all commercialization activities, including without limitation sales, marketing and product launch activities and tactical execution of marketing and sales promotional programs with respect to the Licensed Product in the Territory, and all such marketing and promotional materials related to the Licensed Product shall be prepared by Kedrion. Kedrion shall bear all costs related to the commercialization of the Licensed Product in the Territory and shall not be responsible for any commercialization costs outside of the Territory.

ARTICLE 4
Manufacture of Licensed Product

4.1. Nabi Responsibility. Nabi will be responsible for all activities associated with the manufacturing of the Licensed Product, including management of a donor program, donor selection and screening, plasma collection, product process development and final product Specifications. Prior to the commencement of the Phase II Study Nabi shall, at its sole expense, undertake a specific program of product characterization experiments customary for a product of this nature.

4.2. Clinical Supplies. Nabi will manufacture and provide to Kedrion, ex works at Nabi's facility in Boca Raton, Florida, Kedrion's requirements of the Licensed Product for clinical and pre-clinical testing at the lesser of (i) [*****] and (ii) [*****] per [*****] vial.

4.3. Commercial Supplies. Nabi's facility(ies) in the USA will also be the primary manufacturing site(s) for the manufacture of the Licensed Product for commercial applications. In furtherance of this arrangement, the Parties will enter into a definitive supply agreement on terms mutually acceptable (the **"Supply Agreement**") once the Licensed Product nears commercialization but in no event less than [*****] after Kedrion receives its first

Regulatory Approval in the Territory, in which Supply Agreement the logistics of product forecasting, distribution, delivery, packaging, etc., are specified, provided, however, that (i) the Supply Agreement will not guarantee Kedrion a supply of Licensed Product beyond that required to meet the demand in the Primary Countries and (ii) the transfer price of commercial supplies to be specified in the Supply Agreement shall be set at [*****] plus a margin as agreed between the Parties not to exceed [*****], provided, however, that if included within any order for commercial supplies of Licensed Product placed by Kedrion, Nabi will supply Kedrion with samples of the Licensed Product at a transfer price equal to [*****] of [*****] so long as the number of samples specified by Kedrion in any order does not exceed [*****] of the number of units of Licensed Product ordered for commercial sale.

4.4. Process Improvement. Kedrion and Nabi will jointly be responsible for proposing process improvements to the Licensed Product manufacturing process, and where the Parties agree to implement such improvements, directing the activities required to implement such process improvements, including the application where appropriate of third party technologies. Such activities will be negotiated and documented separately.

4.5. Kedrion Manufacturing. In the event that Kedrion demonstrates an interest and an ability to undertake some or all aspects of the activities associated with Licensed Product manufacture, and Nabi believes that it would be in the best interest of product development that Kedrion undertake these activities, then the Parties will enter into good faith negotiations for the transfer of some or all of the manufacturing responsibilities from Nabi to Kedrion.

ARTICLE 5
Licenses; Grants of Rights

5.1. License.

(a) Nabi hereby grants to Kedrion an exclusive license (even as to Nabi, except as set forth in Section 5.2) under the Nabi Know-how and the Nabi Patent Rights, as presently existing or hereafter arising, and Nabi's Trademarks to be used in connection with the Licensed Product pursuant to Section 7.8 hereof, to perform research and clinical development activities with respect to, and to use, market, sell, offer for sale and import, but not to make or have made, the Licensed Product within the Field in the Territory.

(b) Kedrion hereby grants to Nabi a non-exclusive, paid-up, royalty free, perpetual, license, with the right to sublicense, under the Kedrion Patent Rights granted outside the Territory and the Kedrion Know-how (including the Know-how communicated to Nabi pursuant to Section 4.4 above) to perform research and clinical development activity with respect to and to manufacture, use, market, sell, offer for sale and import the Licensed Product within Field outside the Territory.

(c) Without limiting any other provision of this Agreement, the Parties agree that each Party and its Affiliates is hereby licensed to use and refer to any of the other Party's and its Affiliates' technical, pre-clinical and clinical trial data relating to the use of the Licensed Product in the Field that are in such other Party's and its Affiliates' possession or Control on the Effective Date or thereafter during the Term.

(d) Kedrion agrees that it will not use any part of the Nabi Know-how except to develop and, if permitted by Section 4.5 above, to manufacture the Licensed Product for sale in the Territory. Without limiting the foregoing, Kedrion further agrees that it will not use any part of the Nabi Know-how to develop or manufacture any Hepatitis C Immune Globulin (Human) polycolonal antibody product that contains antibodies to Hepatitis C virus other than the Licensed Product as contemplated hereby.

5.2. Retained Rights.

(a) This Agreement does not convey to Kedrion any rights in any Other Nabi Technologies by implication, estoppel or otherwise. Title to the Nabi Know-how, Nabi Patent Rights (if any) and Other Nabi Technologies shall at all times remain vested in Nabi. Without limiting the foregoing, Nabi does hereby retain the right to use the Nabi Know-how and Nabi Patent Rights (if any) to perform work in the Territory as requested by Kedrion hereunder and to otherwise support the development and commercialization of the Licensed Product outside the Territory and in the Territory as provided in this Agreement. For the avoidance of doubt, Nabi also retains the right to utilize the Nabi Know-how and Nabi Patent Rights (if any) to exploit the Other Nabi Technologies in any way it sees fit (including without limitation directly or through sublicensees and other third parties), so long as such exploitation is not directly competitive with the license granted to Kedrion in Section 5.1 above.

(b) This Agreement does not convey to Nabi any rights in any intellectual property of Kedrion by implication, estoppel or otherwise, except for the rights expressly granted in Sections 4.4, 5.1(b), 7.1 and 9.4 (c).

5.3. Sublicenses. With the prior written consent of Nabi, which consent shall not be unreasonably withheld, Kedrion shall have the right to grant sublicenses of its rights under this Agreement to perform research and clinical development activities with respect to, and to use, market, sell, offer for sale and import, but not to make or have made, the Licensed Product within the Field in the Territory, provided, however, that: (a) Kedrion guarantees the making of all payments due to Nabi by reason of sales of the Licensed Product by any such sublicensee and its compliance with all terms of this Agreement applicable to Kedrion (including, without limitation, all terms of this Agreement identified as applicable to a sublicensee of Kedrion); and (b) any such sublicensee agrees with Nabi in writing (i) to keep books and records and permit Nabi to review the information concerning such books and records in accordance with the terms of this Agreement and (ii) to comply with all other terms of this Agreement applicable to Kedrion (including, without limitation, all terms of this Agreement identified as applicable to a sublicensee of Kedrion).

ARTICLE 6
Milestones; Royalties

6.1. Milestone Payments.

(a) Milestones. Kedrion shall pay to Nabi the following milestone payments:

Milestone		Payment
(i)	On or before the [*****] after receipt of the Final Study Report	[*****]
(ii)	Upon the [*****]	[*****]
(iii)	Upon [*****]	[*****]

(b) Milestone Payment Dates. The milestone payment specified in subparagraph (i) shall be payable on such [*****] unless Kedrion shall have terminated this Agreement before such date pursuant to Section 9.1(b). The milestone payment specified in subparagraph (ii) shall be made to Nabi within [*****] of the date such payment becomes due. The milestone payment specified in subparagraph (iii) shall be made to Nabi within [*****] of Kedrion's receipt of written notification from [*****]. In the event the PMA is filed in the name of Nabi, and Nabi is corresponding with the applicable Foreign Regulatory Authority as of the date the PMA is approved, Kedrion shall make the payment within [*****] of Kedrion's receipt of written notification from Nabi [*****]. Except as provided in the first sentence of this Section 6.1(b), if Kedrion terminates this Agreement in accordance with its terms before a particular milestone payment is due, Kedrion will not be required to make such milestone payment or any subsequent milestone payment.

6.2. Royalties. As further consideration to Nabi for the licenses and other rights granted to Kedrion under this Agreement, commencing on the date of Commercial Introduction of the Licensed Product in any country in the Territory and continuing until the end of the Term, Kedrion shall make royalty payments to Nabi with respect to sales of the Licensed Product in the Territory by Kedrion and its Affiliates and its or their sublicensees, equal [*****] of the Net Sales of the Licensed Product, determined quarterly pursuant to the provisions of this Agreement and the Supply Agreement.

6.3. Other Payment Provisions.

(a) Currency. All milestone and royalty payments hereunder shall be made to Nabi in U.S. Dollars by bank wire transfer in immediately available funds to the account designated by Nabi in writing to Kedrion from time to time. The amount due in respect of royalties shall be calculated in local currency and converted to U.S. Dollars at the average spot rate in New York, New York for purchasing U.S. Dollars with such local currency over the thirty (30) days following the end of each calendar quarter.

(b) Withholding. All payments hereunder shall be made free and clear of any taxes, duties, levies, fees or charges, except for withholding taxes (to the extent applicable). Kedrion shall make any applicable withholding payments due on behalf of Nabi and shall promptly provide Nabi with written documentation of any such payment sufficient to satisfy the requirements of the U.S. tax authorities related to an application by Nabi for a foreign tax credit for such payment.

(c) Royalty Payment Timing and Support. After the first Commercial Introduction of the Licensed Product in the Territory, all royalty payments shall be made within [*****] after the end of each calendar quarter in which sales of Licensed Products were deemed to occur. Such royalty payments shall be accompanied by a detailed statement for each country in the Territory in which sales of Licensed Products occurred in the calendar quarter covered by such statement, specifying, on a country-by country basis: the number of units of Licensed Product sold, the Net Sales, the royalties payable in U.S. Dollars and details on the Net Price Discount Items deducted and foreign exchange conversions used in computing royalties due.

6.4. Financial Record Keeping and Review.

(a) Kedrion Records. After the first Commercial Introduction of a Licensed Product in the Territory, Kedrion shall keep for at least three (3) years following the end of the calendar year to which they pertain, records of all development activities and sales of the Licensed Product in sufficient detail to permit Nabi to confirm the accuracy of Kedrion's milestone and royalty calculations.

(b) Review. Subject to the other terms of this Section 6.6(b), at the request of Nabi, upon at least thirty (30) business days' prior written notice from Nabi to Kedrion, and at the expense of Nabi (except as otherwise provided below), Kedrion shall permit an independent certified public accountant selected by Nabi and reasonably acceptable to Kedrion to inspect (during regular business hours) the records required to be maintained by Kedrion under this Section 6.6 as provided herein. At Nabi's request hereunder (which shall not be made more frequently than once per year during the Term of this Agreement and for three (3) years following expiration or termination of this Agreement), the accountant shall be entitled to review, the then-preceding three (3) years of Kedrion's records for purposes of verifying Kedrion's milestone and royalty calculations. Results of any such review shall be made available to both Parties. If any review reveals a deficiency in the calculation of payments

resulting in any underpayment by Kedrion, Kedrion shall promptly pay Nabi the amount remaining to be paid (plus interest thereon at a rate equal to [*****] over the prime (or equivalent) rate of interest as reported by Citibank NA from time to time during the period from when such payments should have been made until the date paid), and if such underpayment is by [*****] or more, Kedrion shall pay all costs and expenses of the review.

ARTICLE 7
Patent Rights; Trademarks

7.1. Ownership of Intellectual Property. Nabi or its designated Affiliate shall own all Nabi Know-how, Nabi Trademarks and Nabi Patent Rights and all other inventions not patentable made during the course of and pursuant to activities carried out in respect of the Licensed Product solely by employees of or agents of Nabi or its Affiliates or others obligated to assign inventions to Nabi or its Affiliates. Kedrion or its designated Affiliate shall own all Kedrion Patent Rights and all Kedrion Know-how and inventions that are not patentable made during the course of and pursuant to activities carried out under this Agreement (i) solely by employees of Kedrion or its Affiliates or agents of or others obligated to assign inventions to Kedrion or its Affiliates and (ii) not utilizing any of the Nabi Know-how. Inventions made during the course of and pursuant to activities carried out under this Agreement (x) jointly by employees of Kedrion and Nabi or their respective Affiliates or agents of or others obligated to assign inventions to Nabi and Kedrion or their Affiliates or (ii) solely by employees of Kedrion or its Affiliates or agents of or others obligated to assign inventions to Kedrion or its Affiliates utilizing any of the Nabi Know-how in accordance with this Agreement (**"Joint Patents"**) shall be jointly owned by Nabi and Kedrion, provided, however, that neither Party shall sell, assign, encumber, license or otherwise transfer any Joint Patent or interest therein to any third party without the prior written consent of the other Party, whose consent may be granted or withheld in its sole discretion. If a dispute arises between the Parties as to inventorship of a particular invention or the ownership of Know-how or patent rights, patent counsel mutually acceptable to the Parties shall determine all such disputes in accordance with U.S. patent law or if such law shall not be applicable thereto, the law specified in Section 11.9. (If the Parties are unable to agree upon such patent counsel, then one shall be appointed in accordance with the procedures specified in Section 11.2(b)(i), mutalis mutandis.) In the event such counsel adopts the position of one of the Parties regarding inventorship and/or such ownership and rejects the position of the other Party, the Party whose position was rejected shall pay the legal fees and incidental expenses charged by counsel responsible for the inventorship determination. Otherwise, the Parties shall equally share such fees and expenses.

7.2. Disclosure of Inventions. Each Party shall notify the other Party of any invention, whether patentable or not, made during the course of the performance of this Agreement and related to the development and commercialization of the Licensed Product within thirty (30) days after the inventing Party receives such disclosure from its employees, agents or others obligated to assign inventions to it; provided, however, that such disclosure shall be made in a manner that does not jeopardize the patentability of any such invention.

7.3. Prosecution of Nabi Intellectual Property Rights. Nabi shall have the right, using in-house or outside legal counsel selected at Nabi's sole discretion, to prepare, file, prosecute, maintain and obtain extensions of Nabi Trademarks, Nabi Patent Rights and Joint Patents in countries of Nabi's choice throughout the world at Nabi's discretion and expense; provided, however, Nabi shall be obligated to prepare, file, prosecute, maintain and obtain extensions of Nabi Trademarks, Nabi Patent Rights and Joint Patents in the Primary Countries.

7.4. Prosecution of Kedrion Patent Rights. Kedrion shall have the right, using in-house or outside legal counsel selected at Kedrion's sole discretion, to prepare, file, prosecute, maintain and obtain extensions of Kedrion Patent Rights in countries of Kedrion's choice throughout the world at Kedrion's discretion and expense; provided, however, that Kedrion shall be obligated to prepare, file, prosecute, maintain and obtain extensions of Kedrion Patent Rights in the USA.

7.5. Failure to Prosecute. If either Party elects not to file, prosecute or maintain such patents or trademarks required to be filed or previously filed at its direction, or certain claims encompassed thereby, in jurisdictions in which the filing of such patents or trademarks is required by or in the discretion of such Party pursuant to Sections 7.3 and 7.4 above, such Party (the **"Primary Prosecuting Party"**) shall give the other Party notice thereof within a reasonable period prior to allowing such trademarks or patents or such claims to lapse or become abandoned or unenforceable, and, subject to and without limiting the respective rights of the Parties as herein provided, such other Party shall thereafter have the sole right to prepare, file, prosecute and maintain such trademarks or patents or such claims in such countries at the expense of the Primary Prosecuting Party if the preparing, filing, prosecution and maintenance thereof by the Primary Prosecuting Party were required, or at the sole expense of the Party electing to prepare, file, prosecute and maintain such trademarks or patents or such claims if such actions were at the discretion of the Primary Prosecuting Party as herein provided. Notwithstanding a Party's election not to prepare, file, prosecute or maintain a Joint Patent, each Party shall retain all rights that it has in such patent, including the right to grant sublicenses in connection therewith to the extent of its interest therein but subject to first obtaining the prior written consent of the other Party as required by Section 7.1 above.

7.6. Infringement.

(a) Notice. If either Party learns that a third party is infringing or allegedly infringing any Nabi Trademarks, Nabi Know-how, Kedrion Know-how, Nabi Patent Rights, Kedrion Patent Rights or Joint Patents, it shall promptly notify the other Party thereof including available evidence of infringement. The Parties shall cooperate and use their reasonable best efforts to stop such alleged infringement without litigation. The Parties shall also discuss in good faith whether and at what point the initiation of litigation is appropriate.

(b) Enforcement Actions.

(1) Nabi shall have the obligation in the Primary Countries, and the sole, discretionary right in all other countries in the Territory to make reasonable best efforts to remove material infringement of Nabi Patent Rights, Joint Patents, Nabi Trademarks and Nabi Know-how (to the extent constituting Confidential Information), including, without limitation, by initiation, prosecution and control, at its own expense, of any action, suit, or other proceeding by counsel of its own choice. Nabi agrees to make reasonable best efforts to investigate all cases of such infringement in the Territory alleged by Kedrion to be material in any notice delivered to Nabi pursuant to paragraph (a) above. Kedrion shall have the right, at its own expense, to be represented by counsel of its own choice in any legal enforcement action brought by Nabi with respect to Nabi Patent Rights, Nabi Know-how and Nabi Trademarks in the Territory and Joint Patents within or outside the Territory. If Nabi notifies Kedrion that Nabi elects not to bring a suit, action or proceeding to remove material infringement of Nabi Patent Rights, Nabi Know-how or Nabi Trademarks in the Territory or Joint Patents within or outside the Territory, then Kedrion shall have the right (but not the obligation) to bring any such suit, action or proceeding by counsel of its own choice. The costs and expenses incurred by Kedrion in bringing any such suit, action or proceeding shall be Kedrion's sole obligation; provided, however, that Kedrion's attorneys' fees and other out-of-pocket costs and expenses of bringing any such suit, action or proceeding that are not satisfied out of the judgment thereunder or amount paid in settlement thereof pursuant to paragraph (b)(3) below shall be reimbursed by Nabi to Kedrion if the infringement occurred in a country where Nabi was obligated to remove material infringements of its intellectual property rights as herein provided, and the final, non-appealable judgment or settlement of such suit, action or proceeding secured by Kedrion against the defendant provides for the cessation by the defendant of the activities that Kedrion alleged constituted such material infringement at the time Kedrion brought such action suit or proceeding. Nabi shall have the right, at its own expense, to be represented by counsel of its own choice in any such action brought by Kedrion. Neither Party shall settle a dispute regarding the Nabi Patent Rights, Nabi Know-how or Nabi Trademarks in the Territory or Joint Patents within or outside the Territory without the consent of the other Party, which consent shall not be unreasonably withheld.

(2) Kedrion shall have the obligation in the Primary Countries and the sole, discretionary right outside the Primary Countries to make reasonable best efforts to remove material infringement of Kedrion Patent Rights and Kedrion Know-how (to the extent constituting Confidential Information), including, without limitation, by initiation, prosecution and control, at its own expense, of any suit, proceeding or other legal action by counsel of its own choice. Kedrion agrees to make reasonable best efforts to investigate all cases of such infringement within and outside the Territory alleged by Nabi to be material in any notice delivered to Kedrion pursuant to paragraph (a) above. Nabi shall have the right, at its own expense, to be represented by counsel of its own choice in any legal enforcement action brought by Kedrion with respect to Kedrion Patent Rights or Kedrion Know-how within or outside the Territory. If Kedrion notifies Nabi that Kedrion elects not to bring a suit, action or proceeding to enforce any Kedrion Patent Rights or Kedrion Know-how within or outside the Territory, then Nabi shall have the right (but not the obligation) to bring any such suit, action or proceeding by

counsel of its own choice, at the expense of Nabi. The costs and expenses incurred by Nabi in bringing any such suit, action or proceeding shall be Nabi's sole obligation; provided, however, that Nabi's attorneys' fees and other out-of-pocket costs and expenses of bringing any such suit, action or proceeding that are not satisfied out of the judgment thereunder or amount paid in settlement thereof pursuant to paragraph (b)(3) below shall be reimbursed by Kedrion to Nabi if the infringement occurred in a Primary Country and the final, non-appealable judgment or settlement of such suit, action or proceeding secured by Nabi against the defendant provides for the cessation by the defendant of the activities that Nabi alleged constituted such material infringement at the time Nabi brought such action suit or proceeding. Kedrion shall have the right, at its own expense, to be represented by counsel of its own choice in any such action brought by Nabi. Neither Party shall settle a dispute regarding the Kedrion Patent Rights or Kedrion Know-how without the consent of the other Party, which consent shall not be unreasonably withheld.

(3) If one Party brings any suit, action or proceeding under this Section 7.6, relating to Kedrion Patent Rights, Kedrion Know-how, Nabi Patent Rights, Nabi Know-how, Nabi Trademarks or Joint Patents, the other Party agrees to be joined as party plaintiff if necessary to prosecute the suit, action or proceeding and to give the first Party reasonable assistance and authority to file and prosecute the suit, action or proceeding; provided, however, that neither Party shall be required to transfer any right, title or interest in or to any property to the other Party or any other party to confer standing on a Party hereunder. Any damages or other monetary awards recovered pursuant to judgment or settlement of any suit, action or proceeding taken under this Section 7.6(b) shall be allocated first to the costs and expenses of the Party bringing the suit, action or proceeding and second to the costs and expenses (if any) of the other Party. The balance of any recovery shall be allocated between Nabi and Kedrion as follows: (i) one hundred percent (100%) shall be paid to Nabi in respect of Nabi Patent Rights, Nabi Know-how or Nabi Trademarks, or to Kedrion in respect of Kedrion Patent Rights or Kedrion Know-how, as applicable, to the extent recovered in respect of infringement occurring prior to the Effective Date of this Agreement and (ii) to the extent recovered in respect of infringement occurring after the Effective Date, to Nabi and Kedrion with respect to Nabi Patent Rights, Nabi Know-how, Nabi Trademarks, Kedrion Patent Rights, Kedrion Know-how and Joint Patents to put them into the same position as they would have been in but for such infringement, as nearly as may be achieved; with the balance remaining, if any, allocated one hundred percent (100%) to the Party bringing suit.

7.7. Third Party Suits. If any notice of infringement is received by, or a suit is initiated against, either Party or its Affiliates, sub-licensees or distributors with respect to the Licensed Product in the Territory, the Parties shall consult in good faith regarding the best response and shall share equally any costs or damages incurred in respect thereof (except in the event a final non-appealable judgment is entered against a Party in which event all costs and damages shall be the responsibility of the Party that purportedly owned the infringing intellectual property or whose conduct was responsible for the infringement), provided that if Kedrion is required to pay any third party whether by settlement or by judgment in order to obtain a license

under patents owned by such third party to avoid infringement of such third party's patent-protected technology with respect to the Licensed Product, such payments shall be shared by Kedrion offsetting against the royalties otherwise due and payable by Kedrion to Nabi under this Agreement (i) in the case of any payments in respect of the patent rights listed in Schedule 2.1(d)(i)(A), one hundred percent (100%) of such payments, and (ii) in any other case fifty percent (50%) of such payments. Notwithstanding the foregoing, in the event the infringement claim is settled by Nabi without the consent of Kedrion, the reimbursement obligations of Kedrion provided for in this Section 7.7 shall not be applicable.

7.8. Trademarks. All Licensed Products shall be sold in the Territory under trademarks selected and owned by Nabi as part of the global brand livery for the Licensed Product including CIVACIR. In the Territory this global brand livery shall also carry the Kedrion name and branding.

ARTICLE 8
Confidentiality

8.1. Confidential Information. In the course of performance of this Agreement, one Party may disclose to the other or receive written information from the other relating to the subject matter of this Agreement which information, if identified in writing as confidential or if such status is reasonably clear under the circumstances, shall be considered to be the disclosing Party's **"Confidential Information."** Each Party agrees that it will take the same steps to protect the confidentiality of the other Party's Confidential Information as it takes to protect its own proprietary and confidential information. Each Party shall protect and keep confidential and shall not use, publish or otherwise disclose to any third party, except as contemplated by this Agreement or with the other Party's prior written consent, the other Party's Confidential Information for a period of [*****] from the later of the end of the Term and the date of disclosure to it pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include such information that, as shown by written evidence:

(a) was known to the receiving Party at the time of disclosure of it to the receiving Party by the disclosing Party hereunder; or

(b) was generally available to the public or was otherwise part of the public domain at the time of disclosure or became generally available to the public or otherwise part of the public domain after disclosure other than through any act or omission of the receiving Party in breach of this Agreement; or

(c) became known to the receiving Party after disclosure from a source that had a lawful right to disclose such information to others; or

(d) was independently developed by the receiving Party where such independent development can be established by written documentation.

8.2. Permitted Disclosure. Each Party shall be entitled to disclose Confidential Information of the other Party to consultants and other third parties for any purpose provided for in this Agreement, as well as to its Affiliates, provided that such third parties and Affiliates have first agreed in writing to confidentiality restrictions and obligations at least as protective as this Section 8. Notwithstanding the foregoing, Confidential Information of either Party may be disclosed by the other Party during any official proceeding before a court or governmental agency if related and necessary to that proceeding or as otherwise required by applicable law, provided that in all events the disclosing Party shall take such steps as are reasonable to limit such disclosure and/or to obtain a protective order or similar measures to protect the confidentiality of such information to the extent possible. Neither Party shall use the Confidential Information of the other Party for purposes of filing any patent applications, unless specifically authorized to do so by the other Party.

8.3. Integration. This Article 8 supersedes any confidential disclosure agreement between the Parties as to the subject matter hereof, including without limitation the Confidentiality Agreement between the Parties dated May 20, 2005 (the **"Confidentiality Agreement"**). Any confidential information under any such agreement shall be treated as Confidential Information hereunder.

8.4. Survival. This Article 8 shall survive termination or expiration of this Agreement.

ARTICLE 9
Term; Expiration; Termination

9.1. Term. The term of this Agreement (the **"Term"**) shall commence as of the Effective Date and, unless sooner terminated as provided hereunder, shall remain in effect until the fifteenth (15^{th}) anniversary of the first Commercial Introduction of the Licensed Product in the Territory provided that:

(a) Nabi Termination Rights. Nabi shall have the right to terminate this Agreement (i) pursuant to Section 2.4 or (ii) at any time, by written notice to Kedrion, if Nabi is unable or is prohibited by any U.S. regulatory agency from exporting or re-exporting the Licensed Product or intermediaries of the Licensed Product and Materials after reasonable best efforts to cause such prohibitions to be lifted by Nabi, at its sole cost and expense and in consultation with Kedrion, have been unsuccessful and at such time Kedrion is not manufacturing the Licensed Product pursuant to Section 4.5.

(b) Kedrion Termination Rights. Kedrion shall have the right to terminate this Agreement (i) for any reason by written notice to Nabi delivered within ninety (90) days of the date of the Final Study Report, (ii) in accordance with Sections 2.4 or 3.8(a)(i), (iii) at any time with respect to any country in the Territory by written notice to Nabi if Kedrion shall be prohibited by the applicable Foreign Regulatory Authorities from importing the Licensed Product into such country after reasonable best efforts to cause such prohibitions to be

lifted have been unsuccessful, or (iv) by written notice to Nabi if Nabi is unable or prohibited by any U.S. regulatory agency for more than one hundred eighty (180) consecutive days at any time commencing two (2) months prior to the scheduled commencement of the Phase II Study from exporting or re-exporting the Licensed Product and at such time Kedrion is not manufacturing the Licensed Product pursuant to Section 4.5

9.2. Breach. Failure by either Party to comply with any of the material obligations contained in this Agreement or the Supply Agreement shall entitle the other Party (the **"Non-Defaulting Party"**) to give to the Party in default (the **"Defaulting Party"**) written notice specifying the nature of the default and requiring it to cure such default. If such default is not cured (i) in the case of a failure to make any payment due pursuant to this Agreement or the Supply Agreement, within seven (7) days after receipt of such notice or (ii) in the case of any other default, within ninety (90) days after the receipt of such notice (or, if such breach is not capable of being cured within such ninety (90) day period, within such amount of time as may be reasonably necessary to cure such breach, so long as the Defaulting Party is making diligent efforts to do so), the Non-Defaulting Party shall be entitled, without prejudice to any other rights conferred on it by this Agreement or the Supply Agreement, and in addition to any other remedies available to it by law or in equity, immediately to terminate this Agreement and the Supply Agreement by giving written notice to the Defaulting Party. The right of a Party to terminate this Agreement and the Supply Agreement, as herein provided, shall not be affected in any way by its waiver or failure to take action with respect to any previous default.

9.3. Insolvency or Bankruptcy. Either Party may, in addition to any other remedies available to it by law or in equity, terminate this Agreement and the Supply Agreement effective on written notice to the other Party in the event the other Party shall have become insolvent or bankrupt, or shall have made an assignment for the benefit of its creditors, or there shall have been appointed a trustee or receiver of such other Party or for all or a substantial part of its property, or any case or proceeding shall have been commenced or other action taken by or against such other Party in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition or readjustment of its debts or any other relief under any bankruptcy, insolvency, reorganization or other similar act or law of any jurisdiction now or hereafter in effect, or there shall have been issued a warrant of attachment, execution, distraint or similar process against any substantial part of the property of such other Party, and any such event shall have continued for ninety (90) days undismissed, unbonded and undischarged. Furthermore, all rights and licenses granted under this Agreement are, and shall be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(56) of the United States Bankruptcy Code. The Parties agree that in the event of the commencement of a bankruptcy proceeding by or against a Party under the United States Bankruptcy Code or the laws of the Republic of Italy, the other Party shall be entitled to complete access to any intellectual property, and all embodiments of such intellectual property, pertaining to the rights granted to the bankrupt Party in the licenses hereunder.

9.4. Effect of Expiration or Termination.

(a) Accrued Rights. Termination or expiration of this Agreement for any reason shall be without prejudice to any rights which shall have accrued to the benefit of either Party prior to such termination or expiration. In addition, but not without limiting Section 10 hereof, (a) Nabi shall be liable for all liabilities and obligations of Kedrion under the contracts transferred to Nabi pursuant to Section 9.4(c)(ii) below which (i) relate to periods after the date of termination; (ii) are to be paid, performed, discharged or satisfied after the date of termination; and (iii) do not arise from any breach or failure to perform on or before the date of termination and (b) Kedrion shall be and remain for all other liabilities and obligations under such contracts.

(b) Surviving Provisions. Termination or expiration of this Agreement for any reason shall not relieve either Party from its obligations under Sections 3.7 (subject to Section 9.4(c) below), 3.13-3.15, 5.1(b)-(d), 5.2, 6.1, 6.2 (in respect of sales made prior to termination), 6.3, 6.4, 7.1, and 7.6 (only as it applies to Joint Patents or claims for infringement occurring prior to the date of termination), this Section 9.4 and Articles 10 and 11 as well as those Sections and Articles which are expressly indicated to survive expiration or termination of this Agreement.

(c) Reversion of Rights to Nabi. On the expiration of this Agreement or any termination of this Agreement by Kedrion under Sections 9.1(b), by Nabi under Section 9.1(a) or by either Party under Section 9.2 or 9.3, as the case may be,

(i) all rights granted to Kedrion by Nabi shall terminate and revert to Nabi ;

(ii) Kedrion shall take all actions reasonably necessary to transfer to Nabi, at Kedrion's cost in the event of a termination by Nabi under Section 9.2 and at Nabi's cost in all other events, (A) all regulatory filings made and all Regulatory Approvals granted in the Territory with respect to the Licensed Product, including BLAs, orphan drug designations, and PMAs (B) a non-exclusive, paid-up, royalty free, perpetual, license, with the right to sublicense, under the Kedrion Patent Rights granted within the Territory and the Kedrion Know-how (including the Know-how communicated to Nabi pursuant to Section 4.4 above) to perform research and clinical development activity with respect to and to manufacture, use, market, sell, offer for sale and import the Licensed Product within Field within the Territory, (C) all contracts entered into by Kedrion with respect to the Licensed Product (as well as amounts payable and statement of accounts with respect to such contracts), (D) all data from the Phase II Study, the Pivotal Registration Study and any other preclinical or clinical studies or investigations conducted with respect to the Licensed Product to the extent not already in Nabi's

possession as contemplated by Section 3.7(a), and (E) all other studies, analyses, technological, commercial, business-related and other information related to the Licensed Product, including but not limited to, 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 supplies, as well as all consents and waivers necessary to have access to the source data documentation related to the Licensed Product, PMAs, Regulatory Approvals and other regulatory filings in respect of the Licensed Product that Kedrion holds at the time of termination, if any.

(iii) all Kedrion Know-how shall be considered Confidential Information of both Nabi and Kedrion or their designated Affiliates.

(d) Transfer of Rights to Kedrion. On the termination of this Agreement by Nabi under Section 9.1(a) or if Kedrion shall have the right to terminate this Agreement under Sections 9.1(b)(iv), 9.2 or 9.3 as the case may be, Kedrion shall have the right exercised by written notice to Nabi to cause this Agreement to be continued instead of terminated subject to the following amendments and additional provisions:

(i) The license granted to Kedrion pursuant to Section 5.1(a) shall be expanded to a license to make or have made the Licensed Product in the Territory.

(ii) Nabi shall take all actions reasonable necessary to transfer to Kedrion, at Nabi's cost, complete documentation, information and data in its possession necessary for Kedrion to manufacture the Licensed Product in the Territory.

(iii) The royalty rate provided in Section 6.2 shall be reduced to [*****] effective as of the date of Kedrion's notice pursuant to this Section 9.4(d) and Kedrion shall be entitled to offset such royalty obligations against its documented out of pocket costs incurred to be able to commence commercial manufacture of the Licensed Product in the Territory until the full amount thereof shall have been recovered.

(e) Confidential Information. Upon the expiration or termination of this Agreement, each Party shall promptly return to the other, or destroy and certify same, all Confidential Information (other than Kedrion Know-how) of such other Party that was delivered in the course of the performance of this Agreement.

ARTICLE 10
Indemnification

10.1. Indemnification by Kedrion. Subject to the provisions of Section 10.3, Kedrion hereby agrees to save, defend and hold Nabi and its subsidiaries, parent corporations, Affiliates, officers, directors, partners, members, shareholders, agents and employees, harmless from and against any and all suits, claims, actions, demands, liabilities, expenses and/or loss, including reasonable attorneys' fees and expenses and claims for death or personal injury **("Losses"**) imposed upon them by any third party to the extent resulting from Kedrion's or any of its Affiliates' or sublicensees' testing, labeling, marketing, use or sale or other disposition of Licensed Products in the Territory and, if applicable, manufacturing of the Licensed Product pursuant to Section 4.5 hereof; except, in each case, to the extent such Losses result from the negligence or willful misconduct of Nabi or its Affiliates. In addition, Kedrion hereby agrees to save, defend and hold harmless Nabi and its subsidiaries, parent corporations, Affiliates, officers, directors, partners, members, shareholders, agents and employees harmless from and against any and all Losses resulting from a breach by Kedrion of any of its representations, warranties or covenants contained in this Agreement.

10.2. Indemnification by Nabi. Subject to the provisions of Section 10.3, Nabi hereby agrees to save, defend and hold Kedrion and its subsidiaries, parent corporations, Affiliates, officers, directors, partners, members, shareholders, agents and employees harmless from and against any and all Losses imposed upon them by any third party to the extent resulting from Nabi's or any of its Affiliates' or sublicensees' manufacturing of Licensed Products, or the testing, labeling, marketing, use or sale or other disposition of Licensed Products outside the Territory except to the extent such Losses result from the negligence or willful misconduct of Kedrion or its Affiliates. In addition, Nabi hereby agrees to save, defend and hold harmless Kedrion and its subsidiaries, parent corporations, Affiliates, officers, directors, partners, members, shareholders, agents and employees harmless from and against any and all Losses resulting from a breach by Nabi of any of its representations, warranties or covenants contained in this Agreement.

10.3. Notice. In the event that any person or entity shall seek indemnification under this Section 10 (the **"Indemnified Party"**), it (i) shall inform the Party alleged to be liable therefor (the **"Indemnifying Party"**) of a claim as soon as reasonably practicable after the Indemnified Party becomes aware it has a claim or receives a claim brought by a third party (a **"Third Party Claim"**), (ii) permit the Indemnifying Party to assume direction and control of the defense of any such Third Party Claim (including the right to settle the claim solely for monetary consideration), and (iii) cooperate as requested (at the expense of the Indemnifying Party) in the defense of the Third Party Claim. Except with the prior written consent of both Parties, such consent not to be unreasonably withheld, no Party or other Indemnified Party shall consent to entry of any judgment or enter into any settlement that provides for injunctive or other non-

monetary relief affecting the other Party or that does not include as an unconditional term thereof the giving by each claimant or plaintiff to such other Party of a release from all liability with respect to such claim or litigation. In the event that the Indemnified Party shall in good faith determine that it may have available to it one or more defenses or counterclaims with respect to a claim that is subject to indemnification hereunder that are inconsistent with one or more of those that may be available to the Indemnifying Party in respect of any Third Party Claim or any litigation relating thereto or that the representation of the Indemnified Party and the Indemnifying Party by a single counsel in respect of such claim otherwise presents a conflict of interest in respect of such claim, the Indemnified Party shall have the right to take over and assume control over the defense, settlement, negotiations or litigation relating to any such claim at the cost of the Indemnifying Party, provided, however, that if the Indemnified Party does so take over and assume control, the Indemnified Party shall not settle such claim or litigation without the written consent of the Indemnifying Party, such consent not to be unreasonably withheld. If the Indemnifying Party elects to compromise or defend a claim that is the subject of this Article 10, it shall notify the Indemnified Party of its decision within thirty (30) days after delivery of the notice described above (or sooner if the nature of the third party claim requires).

10.4. Insurance. During the Term and so long as Licensed Products are being sold hereunder and for [*****] thereafter, Nabi and Kedrion will maintain comprehensive general liability, property damage, and product liability insurance, through commercial insurance carriers with a USA A.M. Best Rating of A-VII or better (or the Italian equivalent thereof). Such commercial insurance coverage will be maintained at levels sufficient to cover the obligations and scope of activities contemplated herein but in no event shall be in an amount less than [*****] per occurrence.

10.5. Survival. This Article 10 shall survive termination or expiration of this Agreement.

10.6. LIMITATION OF LIABILITY. EXCEPT FOR BREACH OF CONFIDENTIALITY OBLIGATIONS UNDER SECTION 8 AND EXCEPT AS OTHERWISE PROVIDED IN SECTION 7.6(b)(3) AND SECTIONS 10.1-10.2 WITH RESPECT TO THIRD PARTY CLAIMS, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR LOST PROFITS OR SAVINGS OR FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, HOWEVER CAUSED, UNDER ANY THEORY OF LIABILITY.

ARTICLE 11
Miscellaneous Provisions

11.1. No Partnership. Nothing in this Agreement is intended or shall be deemed to constitute a partnership, agency, distributorship, fiduciary, employer-employee or joint venture relationship between the Parties. No Party shall incur any debts or make any commitments for the other, except to the extent, if at all, specifically provided herein.

11.2. Assignments. Either Party shall be entitled to assign or delegate any or all of its rights and obligations hereunder to one or more of its Affiliates; provided, however, the assigning Party shall first deliver to the other Party the assigning Party's absolute, unconditional, continuing and irrevocable guarantee of the payment and performances in full by its Affiliate of the obligations assigned to it, which guarantee will specifically provide that upon a breach by the Affiliate of the obligations assigned to it, the other Party will be entitled to enforce its rights directly against the assigning Party without first being required to attempt to enforce payment or performance by, or to exhaust its remedies against, the assigning Party's Affiliate. Neither Party shall otherwise be entitled to assign any of its rights or obligations hereunder, except as follows: (a) as incident to the merger, consolidation, reorganization or acquisition of substantially all the stock or assets of the assigning Party; or (b) with the prior written consent of the other Party (which consent shall not be unreasonably withheld). This Agreement shall be binding upon the successors and permitted assigns of the Parties, and the name of a Party appearing herein shall be deemed to include the names of such Party's Affiliates, licensees, sublicensees, successors and permitted assigns to the extent necessary to carry out the intent of this Agreement. Any assignment not in accordance with this Section 11.2 shall be void.

11.3. Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

11.4. Use of Names. Except as otherwise provided herein, no right, express or implied, is granted by this Agreement to use in any manner the names **"Nabi"** or **"Kedrion"** or any other trade name or trademark of Nabi or Kedrion in connection with the performance of this Agreement.

11.5. Public Announcements. Neither Party shall make any public announcement concerning this Agreement or the subject matter hereof without the prior consent of the other Party, unless the information in question has been previously approved for disclosure by the Parties pursuant to this Section 11.5. Each Party agrees to review and consider the other Party's proposed disclosure in good faith and to provide its response promptly. The foregoing review and approval procedures shall be applicable to disclosures that either Party is required to make pursuant to laws or regulations (e.g., stock exchange regulations) that are applicable to this Agreement or the activities of a Party hereunder; provided, however, that if the Parties cannot reach agreement on these disclosures, the provisions of this Section 11.5 shall not preclude such Party from disclosing information that it believes in good faith is required by law or regulation to disclose.

11.6. Entire Agreement; Amendments. This Agreement constitutes and contains the entire understanding and agreement of the Parties and cancels and supersedes any and all prior negotiations, correspondence, understandings and agreements, whether verbal or written, between the Parties respecting the subject matter hereof, including, without limitation, the Confidentiality Agreement. No waiver, modification or amendment of any provision of this Agreement shall be valid or effective unless made in writing and signed by a duly authorized representative of each of the Parties.

11.7. Severability. In the event any one or more of the provisions of this Agreement should for any reason be held by any court or authority having jurisdiction over this Agreement or either of the Parties to be invalid, illegal or unenforceable, such provision or provisions shall be validly reformed to as nearly as possible approximate the intent of the Parties and, if unreformable, shall be divisible and deleted in such jurisdiction; elsewhere, this Agreement shall not be affected so long as the Parties are still able to realize the principal benefits bargained for in this Agreement.

11.8. Captions. The captions to this Agreement are for convenience only, and are to be of no force or effect in construing or interpreting any of the provisions of this Agreement.

11.9. Applicable Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York applicable to contracts entered into and to be performed entirely within the State of New York. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the transactions contemplated by this Agreement.

11.10. Notices and Deliveries. Any notice, requests, delivery, approval or consent required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given if delivered in person, transmitted by facsimile with a confirming copy or sent by overnight courier or registered mail to the Party to whom it is directed at its address shown below or such other address as such Party shall have last given by notice to the other Party. Any such notice, requests, delivery, approval or consent shall be deemed received on the date of facsimile or hand delivery, two business days after deposit with an overnight courier, or five business days after deposit of the registered mail with the U.S. or Italian postal service.

If to Nabi,
addressed to:

Nabi Biopharmaceuticals
5800 Park of Commerce Blvd.
N.W. Boca Raton, FL 3347 USA
Attention: President

With a copy to the General Counsel at the same address and to:

Bingham McCutchen LLP
399 Park Avenue
New York, New York 10022

Telephone: 212-705-7204
Fax: 212-702-3601
Attention: Brian D. Beglin

If to Kedrion,
addressed to:

Kedrion S.p.A.
55020 Castelvecchio Pascoli
(Lucca) Italy
Italy
Attention: Stefano Guazzini

With a copy to:

Wormser, Kiely, Galef & Jacobs LLP
825 Third Avenue
New York, New York 10022
Attention: Michael W. Mackay

11.11. Force Majeure. Neither Party shall lose any rights hereunder or be liable to the other Party for damages or losses on account of failure of performance by the defaulting Party if the failure is occasioned by government action, war, earthquake, fire, explosion, flood, strike, lockout, embargo, act of God, or any other similar cause beyond the control of the defaulting Party, provided that the Party claiming force majeure has exerted all reasonable best efforts to avoid or remedy such force majeure; and provided further, however, that in no event shall a Party be required to settle any labor dispute or disturbance.

11.12. Dispute Resolution.

(a) Internal Resolution. The Parties shall attempt to settle any dispute, controversy or claim arising out of or relating to the validity, enforceability or performance of this Agreement, including: (i) disputes relating to inventorship or other patent issues and (ii) the alleged breach or termination of this Agreement (hereinafter, the **"Dispute"**). The Parties have entered into the Agreement in good faith and in the belief that it is mutually advantageous to them. It is with that same spirit of cooperation that they agree to attempt to resolve any Dispute amicably. Accordingly, the Parties agree that if any Dispute should arise, it shall be referred to a member of senior management of each of the Parties. In the event the senior management of the Parties are unable to resolve the Dispute, it shall be submitted to arbitration pursuant to Section 11.12(b) below; provided, however, that the following types of Disputes shall not be subject to this requirement:

(i) Any and all Disputes concerning the ownership of Know-how, patent rights or any other intellectual property shall be resolved in accordance with the procedures specified in Section 7.1 hereof.

(ii) Any and all Disputes involving a breach of the confidentiality and non-use obligations set forth in Article 8 hereof may be resolved via either arbitration pursuant to Section 11.12(b), or a court proceeding, at the option of the Party who is alleging a breach of said provisions.

(b) Arbitration. Should the senior management be unable to resolve the Dispute, then except as otherwise provided by Section 7.1, all Disputes shall be settled by final and binding arbitration pursuant to the Arbitration Rules of the American Arbitration Association except as hereinafter provided:

(i) The arbitration tribunal shall consist of one arbitrator mutually acceptable to the Parties or, if the Parties cannot agree on a single arbitrator, three arbitrators selected as follows: each Party shall nominate in its request for arbitration and the answer thereto one arbitrator and the two arbitrators so named will then jointly appoint the third arbitrator as chairman of the arbitration tribunal; provided, however, that if one Party fails to nominate its arbitrator or, if the Parties' arbitrators cannot agree on the person to be named as chairman within sixty (60) days, the President of the American Arbitration Association shall make the necessary appointments for arbitrator or chairman.

(ii) The place of arbitration shall be in New York, NY.

(iii) Each Party shall have the right to take discovery of the other 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.

(iv) The decision of the arbitration tribunal must be in writing and must specify the basis on which the decision was made, and the award of the arbitration tribunal shall be final and judgment upon such an award may be entered in any competent court, including without limitation, the state and federal courts located in New York, New York to whose jurisdiction each Party hereby consents for such purpose, and application may be made to any such competent court for juridical acceptance of such an award and order of enforcement or for an order to compel a Party to submit to arbitration as herein provided in connection with any Dispute subject to this Section 11.12(b).

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

[Signature page follows.]

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

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized representatives as of Effective Date.

KEDRION S.P.A

By: /s/ Paolo Marcucci
Name
Title: President

NABI BIOPHARMACEUTICALS

By: /s/ Thomas H. McLain
Name Thomas H. McLain
Title:

Exhibit 12.1

Nabi Biopharmaceuticals

RATIO OF EARNINGS TO FIXED CHARGES
(UNAUDITED)

	For the three months ended July 1, 2006	For the six months ended July 1, 2006	For the Year Ended December 31, 2005	December 25, 2004	December 27, 2003	December 28, 2002	December 29, 2001
Fixed charges							
Interest expense	1,050	2,148	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	38	74	183	156	149	218	422
Preference security dividend	—	—	—	—	—	—	—
Total fixed charges	1,088	2,222	3,387	2,681	1,582	2,348	7,752
(Loss) earnings							
Pretax (loss) income from continuing operations	(14,824)	(32,901)	(129,357)	(39,992)	(12,215)	1,738	115,769
Fixed charges	1,088	2,222	3,387	2,681	1,582	2,348	7,752
Amortization of capitalized interest	319	639	1,277	1,266	1,273	1,274	148
Interest capitalized	—	—	(106)	(326)	(83)	—	(5,202)
Total (loss) earnings	(13,417)	(30,040)	(124,799)	(36,371)	(9,443)	5,360	118,467
Ratio							
Adjusted **(loss)** earnings	(13,417)	(30,040)	(124,799)	(36,371)	(9,443)	5,360	118,467
Total fixed charges	1,088	2,222	3,387	2,681	1,582	2,348	7,752
Ratio of earnings to fixed charges	N/A	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 three and six months ended July 1, 2006, Nabi Biopharmaceuticals did not generate sufficient earning to cover its fixed charges by the following amounts:

Dollar amounts in thousands	For the three months ended July 1, 2006	For the six months ended July 1, 2006	For the Year Ended December 31, 2005	December 25, 2004	December 27, 2003	December 28, 2002	December 29, 2001
Coverage deficiency	$ 14,505	$ 32,262	$ 128,186	$ 39,052	$ 11,025	N/A	N/A

Exhibit 31.1

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: August 2, 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, Jordan I. Siegel, 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: August 2, 2006

By: /s/ Jordan I. Siegel

Jordan I. Siegel
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 July 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 July 1, 2006 and the results of operations of the Company for the three and six months ended July 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: August 2, 2006

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

Date: August 2, 2006

By: /s/ Jordan I. Siegel
Name: Jordan I. Siegel
Title: Chief Financial Officer