SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(MARK ONE)

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

For the fiscal year ended December 31, 1997

OR

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

From the transition period from _____ to _____

Commission file number 0-4829-03

NABI

(Name of Registrant)

Delaware	59-1212264
(State or Jurisdiction of Incorporation or Organization)	I.R.S. Employer Identification Number

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

Securities Registered Pursuant to Section 12(g) of the Act:

COMMON STOCK, PAR VALUE $.10 PER SHARE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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. [X] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of March 25, 1998, 34,893,934 shares of common stock were outstanding, of which 33,324,917 shares were held of record by non-affiliates. The aggregate market value of shares held by non affiliates was approximately $108,305,980 based on the closing price per share of such common stock on such date as reported by the Nasdaq National Market.

Documents Incorporated by Reference

Portions of Nabi's definitive Proxy Statement for its annual meeting of shareholders which Nabi intends to file within 120 days after the end of Nabi's fiscal year ended December 31, 1997 are incorporated by reference into Part III hereof as provided therein.

PART I

ITEM 1. BUSINESS

OVERVIEW

Nabi is a research and development driven biopharmaceutical company making and marketing unique products for people with life threatening conditions. Nabi possesses a broad portfolio of therapeutic products and vaccines to treat and prevent infectious diseases and immune disorders. Nabi's product portfolio includes three products approved by the United States Food and Drug Administration (the "FDA") and nine main products across four classes in development, including four products in clinical trials. Nabi has completed construction and is in the process of validating a new biopharmaceutical manufacturing facility designed to process plasma into therapeutic products. In addition, Nabi is one of the world's largest suppliers of source plasma and specialty plasmas which are sold to pharmaceutical and diagnostic companies. Some of the plasma that Nabi collects also is used to manufacture Nabi's proprietary products. Nabi collects plasma from an extensive donor base through 71 collection centers in the United States and four collection centers in Germany. During 1996 and 1997 Nabi collected and processed approximately 2,322,000 and 2,274,000 liters of plasma, respectively. In addition, Nabi manufactures and markets human-blood and plasma-based diagnostic products and provides testing services on plasma and blood samples for third parties.

Nabi intends to achieve its objective of becoming a leader in the development and marketing of proprietary therapeutic products and vaccines by expanding its therapeutics franchise to include new antiviral and antibacterial products, developing unique vaccines targeted to significant niche markets, developing its own manufacturing capabilities, and continuing to optimize its plasma business through sales of higher-margin specialty products. Nabi has combined its expertise in the plasma business and the revenues and critical raw materials generated by that business with a research and development team of more than 100 people capable of developing multiple product opportunities simultaneously and bringing products through the clinical development and FDA approval processes.

Nabi has a diverse portfolio of plasma-based therapeutic products, such as H-BIG(R), H-BIG(R) IV, WinRho SDF(TM), Autoplex(R)T, Nabi-Altastaph(TM) (formerly StaphGAM), Nabi-Altastaph(TM)+ and, Nabi-Civacir(TM) (formerly H-CIG) for immediate short-term protection against autoimmune and infectious diseases and their associated complications. Nabi is also developing vaccines, such as Nabi-StaphVAX(TM) and Nabi-StaphVAX(TM)+, to be used both as stand-alone vaccines and as immunizing agents in plasma donors to produce purified human antibodies for its antibody-based therapeutic products. The therapeutics franchise has further diversified with the addition of small molecule nucleoside analogs, such as Nabi-Cytera(TM).

MARKETED PRODUCTS

THERAPEUTIC PRODUCTS

Revenue generated by Nabi's therapeutic products has almost doubled since 1995. Sales of these products grew 31% from $26.4 million in 1996 to $34.5 million in 1997. Nabi is currently marketing three therapeutic products approved by the FDA: H-BIG(R), WinRho SDF(TM) and Autoplex(R)T. These products are described below:

H-BIG(R)

Despite the availability of hepatitis B vaccines, hepatitis B infection has spread rapidly and now affects an estimated 300 million people worldwide. The Centers for Disease Control and Prevention (the "CDC")

recommends that newborn infants of mothers who are hepatitis B-positive be inoculated with both hepatitis B immune globulin and a hepatitis B vaccine. H-BIG(R) is an intramuscular, human polyconal antibody product used following exposure by blood transfusion, accidental ingestion, transmission from a hepatitis B antigen-positive mother or sexual exposure. H-BIG(R), which has been marketed since 1977, was the first hepatitis B plasma-based therapeutic product to be licensed by the FDA. Nabi has marketed H-BIG(R) since September 1992 when it acquired the product from Abbott Laboratories ("Abbott"). See "-Strategic Alliances, Licenses and Royalty Obligations".

WinRho SDF(TM)

WinRho SDF(TM) is a human polyconal antibody product approved for the treatment of Idiopathic Thrombocytopenia Purpura ("ITP") and for the suppression of Rh isoimmunization. ITP is an autoimmune blood disorder characterized by abnormally low platelet levels due to platelet destruction by the patient's own immune system. Because platelets are required for blood clotting, the disorder can result in uncontrolled bleeding, either spontaneously or in response to trauma. In certain cases, such as severe trauma or spontaneous intracranial hemorrhage, the bleeding can be life-threatening. ITP can occur as either a primary disease, with no other associated condition, or secondary to another underlying disease, such as HIV infection or lupus. Unless associated with HIV infection, ITP in children is generally an acute condition which does not generally become chronic. In adults, whether primary or secondary to HIV infection, the disease is usually chronic in nature.

Nabi began exclusive marketing of WinRho SDF(TM) in the United States in mid-1995 under a license and distribution agreement with Cangene Corporation. WinRho SDF(TM) for the treatment of ITP has been designated an Orphan Drug. In 1997, Nabi initiated two Phase IV clinical trials for WinRho SDF(TM) and will add another Phase IV trial in 1998 for the following indications: acute pediatric ITP, splenectomy sparing in chronic ITP of adults and refractory platelet alloimmunization. See "-Strategic Alliances, Licenses and Royalty Obligations" and "-Government and Industry Regulation-Orphan Drug Act".

AutoPlex(R)T

AutoPlex(R)T is a complex of blood coagulation factors derived from plasma and used to treat hemophilia A patients who have developed antibodies (inhibitors) to Factor VIII, the standard therapy for people suffering from hemophilia A. In May 1997, Nabi acquired certain assets associated with the product sales of AutoPlex(R)T and obtained exclusive marketing rights for this product in the United States, Canada and Mexico from Baxter Healthcare Corporation ("Baxter").

PLASMA PRODUCTS

Source Plasma

Nabi is one of the world's largest suppliers of human blood plasma to the pharmaceutical and diagnostic industries. During 1996 and 1997, Nabi derived revenues of $121.0 million and $135.3 million, respectively, from the sale of source plasma, representing 58.2% and 71.3%, respectively, of Nabi's total revenues from the sale of plasma.

Plasma is the liquid portion of blood which contains various proteins, as distinguished from formed elements of the blood such as red blood cells, white blood cells and platelets. Plasma is composed of several primary proteins including: albumin, anti-hemophilic factor ("AHF") VIII and IX, and immune globulin. After collection from donors, plasma is fractionated into these purified proteins. The therapeutic market for these proteins drives overall demand for plasma. The primary uses of these proteins are as follows:

- Albumin is the protein used to restore plasma volume subsequent to shock, trauma, surgery and burns.

- AHF VIII and IX are the clotting factors in plasma used to treat hemophilia A and B as well as other clotting disorders.

- Immune globulin is the component of plasma, also known as antibodies, which helps the body to fight or prevent disease. Therapeutic uses of standard immune globulin from source plasma include the treatment of pediatric HIV, bone marrow transplantation, B cell chronic lymphocytic leukemia, hypogammaglobulinemia, Kawasaki syndrome and other chronic immune deficiencies.

Specialty Plasma

During 1996 and 1997, Nabi derived revenues of $86.8 million and $54.3 million, respectively, from the sale of specialty plasma, representing 41.8% and 28.7%, respectively, of Nabi's total revenues from the sale of plasma.

Plasma which contains high concentrations of specific antibodies is known as specialty plasma and is distinguished from source plasma, which has normal concentrations of antibodies. Specialty plasma is used primarily to manufacture hyperimmune globulins which are used to bolster the immunity of patients to help fight a particular infection or to treat certain immune system disorders. Following advances in intravenous immune globulin therapy in the mid-1980s, use of specialty plasmas to generate therapeutic immune globulin products significantly increased. Among the current uses for specialty plasmas are the production of hyperimmune globulins to prevent or treat exposure to hepatitis A and B, cytomegalovirus ("CMV"), tetanus and rabies and production of products to treat ITP and Rh incompatibility in newborns. Specialty plasmas and hyperimmune globulins derived from them are also used for diagnostic and tissue culture purposes. Like source plasma, specialty plasma is fractionated into its component proteins and the resulting hyperimmune globulin fraction is used to manufacture therapeutic products.

Nabi identifies potential specialty plasma donors through internal screening and testing procedures. Nabi also has developed FDA-licensed programs to vaccinate potential donors to stimulate their production of specific antibodies. Through Nabi's nationwide operations and access to its large and diverse donor base of approximately 300,000 individuals, Nabi believes it has a strategic advantage in its ability to collect specialty plasmas.

Nabi's principal specialty plasmas include:

- ANTI-D PLASMA. Specialty plasma containing anti-D antibodies has long been used when there is a mismatch between a mother's Rh factor and that of her fetus. Plasma collected from donors who have natural levels of anti-D or who have been vaccinated to raise their anti-D levels is used to make products to protect the infant. Nabi has proprietary donor stimulation and management programs which enhance its ability to increase collection of anti-D plasma. WinRho SDF(TM), a therapeutic product that Nabi markets in the U.S. for the treatment of ITP, is also produced from anti-D plasma.

- ANTI-HEPATITIS B PLASMA. Nabi provides specialty plasma containing high levels of antibodies to hepatitis B virus to manufacturers of hepatitis B immune globulin therapeutic products which provide passive immunity against hepatitis B virus. This specialty plasma collected by Nabi is also used to produce H-BIG(R), Nabi's propriety hepatitis B therapeutic product. Nabi believes that its proprietary donor stimulation and donor management programs generally allow Nabi to produce anti-hepatitis B plasma having a higher concentration and broader specificity than competing products.

- CMV PLASMA. Many individuals have been exposed to CMV. By screening its large donor population, Nabi can identify individuals with high concentrations of CMV antibodies in their plasma, and can supply the plasma to product manufacturers to enhance intravenous products and to produce CMV-specific immune globulin therapeutic products.

- RABIES PLASMA. Nabi is a major supplier of specialty plasma enriched in antibodies to rabies virus. Rabies plasma is used by manufacturers to make therapeutic products which provide a short-term protective antibody immunity to patients exposed to the rabies virus.

- RESPIRATORY SYNCYTIAL VIRUS ("RSV") PLASMA. Many individuals have been exposed to RSV during childhood. By screening its large donor population, Nabi can identify individuals with high concentrations of RSV-specific antibodies in their plasma. This plasma is supplied to the major manufacturers of RSV immune globulin therapeutic product. RSV is the leading cause of lower respiratory tract infections in infants and young children.

- TETANUS PLASMA. Nabi is a major supplier of specialty plasma enriched with antibodies to tetanus toxin. Manufacturers use tetanus plasma to produce therapeutic products which provide short-term protective immunity to patients exposed to tetanus.

DIAGNOSTIC PRODUCTS AND SERVICES

Nabi is a supplier of infectious disease quality assurance and specialty plasma-based products to in-vitro diagnostic ("IVD") manufacturers, regulatory agencies and testing laboratories. Nabi's seroconverter panels and reactive/disease-state plasmas are utilized by IVD manufacturers in the development and production of blood screening assays. Nabi also offers a clinical trial service to assist IVD manufacturers with regulatory submissions.

Regulatory agencies in the U.S. and Europe also use Nabi's diagnostic products to evaluate test kits for licensure. Once test kits reach the end-user testing laboratory, Nabi's ViroSure external run controls and proficiency panels are used to assure accurate testing for blood screening and infectious disease diagnostics.

THERAPEUTIC PRODUCTS UNDER DEVELOPMENT

Nabi is developing products for the prevention and treatment of infectious diseases and their associated complications through activation and targeting of the human immune system. Nabi is focusing a portion of its efforts on hyperimmune globulin products which are produced from specialty plasma and which contain a rich mixture of specific antibodies produced by healthy donors naturally or in response to exposure to immunization. These highly purified, human polyconal antibodies are administered to provide passive immunity against infection in immune-compromised patients who cannot respond to a vaccine or patients who are immediately at risk and therefore do not have time to mount their own antibody response to vaccination. The use of plasma-derived antibody products increased in the mid-1980's as a result of the development of intravenous formulations which made administration of larger therapeutic doses practical for a broad range of specific diseases. As a result, immune globulin therapy has become a growing part of medical practice.

Nabi also is developing vaccines to be used both as immunizing agents in plasma donors to produce antibodies for therapeutic products and as stand-alone vaccines for long-term protection against infection in at risk populations. Nabi is initially concentrating its vaccine development efforts on vaccines for bacterial infections, particularly those that are hospital acquired or associated with chronic disease. Nabi believes there may also be areas outside of infectious diseases, for example, in the prevention and treatment of nicotine addiction, for which conjugate vaccine technology may be applied.

Nabi has the research and development expertise and intellectual property to develop bacterial vaccines based on carbohydrates, proteins and carbohydrate/protein conjugates. Nabi's specific capabilities in the development of bacterial vaccines include, among others: broad expertise in the immunology, pathology and epidemiology associated with bacterial infections; the identification, purification and characterization

of bacterial antigens; the development of animal models of infection and the development of assays and manufacturing processes.

Nabi is developing a broad product line that includes nine main products across four product classes, including four products in clinical trials. These products are described below:

PRODUCTS	POTENTIAL APPLICATIONS (PRODUCT TYPE)	STATUS
H-BIG(R) IV	Prevention of hepatitis B reinfection in liver transplant patients (inmune globulin).	Pivotal clinical trial scheduled for 1998.
WINRHO SDF(TM)	Prevention of alloimmune conditions, expansion of use in ITP (immunoglobulin).	Phase IV clinical trial in progress.
NABI-ALTASTAPH(TM)	Prevention of Staphylococcus aureus infections (immune globulin).	Donor stimulation in progress; Phase I/II clinical trials underway.
NABI-STAPHVAX(TM)	Prevention of S. AUREUS infections (vaccine).	Phase II clinical trial completed; follow-on dosing studies in hemodialysis patients completed, Phase III study in hemodialysis patients scheduled to begin first Quarter of 1998.
NABI-CIVACIR(TM)	Prevention of hepatitis C virus- reinfection in liver transplant patients, post-exposure prophylaxis & treatment of chronic hepatitis C virus infection (immune globulin).	Preclinical primate studies underway.
NABI-ALTASTAPH(TM)+	Prevention of S. AUREUS, S. EPIDERMIDIS infections and enterococcal infections (immune globulin).	Preclinical
NABI-STAPHVAX(TM)+	Prevention of S. AUREUS AND S. EPIDERMIDIS and enterococcal infections (vaccine).	Preclinical
NABI-NIC VAX(TM)	Prevention and treatment of nicotine addiction associated with tobacco use (vaccine).	Preclinical
NABI-CYTERA(TM)	Treatment of viral infections & cancer (ring expanded nucleoside analogs).	Preclinical
OTHER VACCINES & OTHER ANTI-MICROBIALS	Various	Preclinical

H-BIG(R) IV

Chronic hepatitis B infections can cause a deterioration of the liver, resulting in the need for liver transplantation. Of the 126 liver transplant centers in the U.S., only 65 currently transplant hepatitis B ("HBV") infected patients, because historically these patients were susceptible to HBV reinfection. However, with the use of H-BIG(R), reinfection can be significantly delayed or prevented thus allowing more patients with HBV-induced liver failure to be transplanted. Nabi considers this patient population a significant opportunity.

There are no products similar to H-BIG(R) IV available in the United States. In Europe, however, certain manufacturers are currently producing substantially similar products. If H-BIG(R) IV proves successful and receives FDA approval, and subsequent approval in the United States medical community results in the relaxation of prohibitions against conducting liver transplants in hepatitis B patients, management believes that the number of hepatitis B patients receiving liver transplants could increase.

Nabi believes treatment with H-BIG(R) IV will greatly reduce the risk of hepatitis B re-infection in liver transplant patients by providing the patient with additional resistance to the disease and therefore will increase the number of liver transplants given to hepatitis B patients. Prevention of hepatitis B reinfection is likely to require a series of intravenous treatments with large amounts of H-BIG(R) IV during and immediately following transplantation and maintenance doses for extended periods of undetermined length, compared to current indications for H-BIG(R) which require only a single intramuscular injection of a small amount of antibody. Such large doses of H-BIG(R) IV are anticipated because liver transplant patients receive large quantities of drugs that suppress the immune system to prevent rejection of their transplanted organs. As a result, hepatitis B patients require large amounts of antibody in order to neutralize the infectious virus produced BY VIRONS that persist in non-hepatic replication sites.

Nabi is continuing human clinical trials during 1998 to study the safety and pharmacokinetic tests in liver transplant patients. H-BIG(R) IV has been granted Orphan Drug status as a prophylaxis against hepatitis B reinfection in liver transplant recipients. See "-Government and Industry Regulation - Orphan Drug Act".

WINRHO SDF(TM)

WinRho SDF(TM) is a human polyconal antibody product designed for the treatment of ITP and the suppression of Rh isoimmunization. ITP is a blood disorder characterized by abnormally low platelet levels due to platelet destruction by the patient's own immune system. Because platelets are required for blood clotting, the disorder can result in uncontrolled bleeding, either spontaneously or in response to minor trauma. In certain cases, such as severe trauma or spontaneous intracranial hemorrhage, the bleeding can be life-threatening. ITP can occur as either a primary disease, with no other associated condition, or secondary to another underlying disease, such as HIV infection or lupus. In 1997, Nabi initiated two Phase IV clinical trials for WinRho SDF(TM) and will add another Phase IV trial in 1998 for the following indications: acute pediatric ITP, splenectomy sparing in chronic ITP of adults and refractory platelet alloimmunization. See "-Strategic Alliances, Licenses and Royalty Obligations" and "-Government and Industry Regulation-Orphan Drug Act".

NABI-STAPHVAX(TM) AND NABI-ALTASTAPH(TM)

Staphylococci, especially Staphylococcus aureus ("S. AUREUS") and Staphylococcus epidermidis ("S. EPIDERMIDIS"), are an increasingly important cause of serious bacterial infections in hospitalized patients and patients with chronic disease. In addition, staphylococci continue to acquire antibiotic resistance at an alarming rate in all clinical settings.

It is currently estimated that 40% of the S. AUREUS infections and 60% of the S. EPIDERMIDIS infections occurring in large, urban U.S. hospitals are resistant to every antibiotic except vancomycin. As well, during the past 6 months, cases of S. AUREUS with notably reduced sensitivity to vancomycin were

reported in Japan and the United States. The Nabi-StaphVAX(TM) and Nabi-Altastaph(TM) products rely on a different mechanism of action than those of systemic antibiotics, therefore it is believed that prophylactic use of these products will not be prone to the selection of resistant mutants.

Nabi is developing two products for the prevention and treatment of S. AUREUS infections. Nabi-StaphVAX(TM) is a capsular polysaccharide-based glycoconjugate vaccine which targets the two S. AUREUS serotypes (Type 5 and Type 8) responsible for over 85% of S. AUREUS infections. This bivalent vaccine is a carbohydrate/protein conjugate based on patented vaccine technology in-licensed by Nabi from the National Institute of Health ("NIH"). See "-Strategies Alliances, Licenses and Royalty Obligations". Nabi-Altastaph(TM) is a specific polyclonal antibody product that contains high levels of antibodies against S. AUREUS Type 5 and Type 8. It is produced by immunizing healthy plasma donors with Nabi-StaphVAX(TM) then purifying immunoglobulin from pooled donor plasma.

Nabi-StaphVAX(TM) is directed at patients who are at high risk of infection over an extended period of time and who are immunocompetent and thus able to respond to a vaccine. The initial clinical target is kidney hemodialysis patients who are at high risk of S. AUREUS infections due to their vascular access grafts. Other potential clinical targets for Nabi-StaphVAX(TM) include: (a) at risk patients who are expected to have long stays in medical facilities; (b) patients undergoing planned cardiac surgery who can be vaccinated in advance and in whom staphylococcal infections can have serious consequences; (c) prosthetic surgery and vascular graft patients whose implants are at long-term risk of staphylococcal infections; and (d) patients undergoing any other planned surgery. Nabi began Phase III clinical studies of Nabi-StaphVAX(TM) in hemodialysis patients early in 1998. This trial uses Nabi-StaphVAX(TM) formulated to provide higher levels of protective antibodies in immunocompromised patients, such as those undergoing renal dialysis.

Recently, Nabi identified a serotype of S. AUREUS (type 336) that accounts for over 90% of non-type 5 and non-type 8 S. AUREUS clinical infections. The company has identified, purified and characterized a polysaccharide from type 336 S. AUREUS and has prepared a glycoconjugate vaccine that is capable of protecting animals from challenge with clinical isolates of this serotype. A trivalent Nabi-StaphVAX(TM) containing antigens to type 5, type 8 and type 336 antigens is currently in evaluation in cattle for the prevention of S. AUREUS induced mastitis. This study is being conducted under a Cooperative Research and Development Agreement with the U.S. Department of Agriculture. Based on the reactivity of antibodies to this trivalent vaccine with human clinical isolates of S. AUREUS, this vaccine is expected to account for nearly all clinical isolates of S. AUREUS. Nabi has applied for patents for type 336 antigen, antibodies to type 336 and the use of type 336 antigen in vaccines. The company plans to include type 336 antigen in the next generation of its Nabi-StaphVAX(TM) product.

In contrast to Nabi-StaphVAX(TM), which is expected to provide long-term immunological protection, Nabi-Altastaph(TM) is designed to provide immediate, on demand protection for patients who are at high, short-term risk of infection or who are immunocompromised and cannot respond effectively to a vaccine. This type of prophylactic treatment is likely to be cost effective because intravaneously administered polyclonal antibodies persist in the bloodstream for several weeks, and a single dose may be sufficient to provide protection for the entire risk period. High risk populations include low birth weight neonates, trauma patients and surgical patients. Nabi began a Phase I/II trial in neonates in early 1998.

Previous studies using either rats or mice in several different bacterial challenge modes have demonstrated the efficacy of active immunization with Nabi-StaphVAX(TM) and passive protection with Nabi-Altastaph(TM). In all prophylactic settings studied, antibodies to Nabi-StaphVAX(TM), whether actively or passively acquired, conferred statistically significant protection against the relevant S. AUREUS challenge strains.

NABI-CIVACIR(TM)

Nabi-Civacir(TM) is a human polyclonal antibody product derived from the plasma of screened donors. It is designed to prevent hepatitis C virus reinfection in liver transplant patients who test positive for hepatitis C antibody at the time of transplant, as a potential adjunctive therapy in chronic hepatitis C infection, and as a prophylaxis after needlestick injury. Approximately 40% - 50% of liver transplants are caused by liver complications resulting from hepatitis C infections. Hepatitis C is not as imminently pathogenic as hepatitis B; however, it does have significant economic impact because it causes chronic infections in a significant percentage of those infected and contributes to frequent hospitalizations when it occurs in liver transplant patients.

In 1998, Nabi initiated a series of chimpanzee studies of Nabi-Civacir(TM) in collaboration with the U.S. Centers for Disease Control under a Cooperative Research and Development Agreement. The studies will evaluate Nabi-Civacir(TM) in this relevant animal model of hepatitis C virus infection. Preliminary data from these studies to date show that Nabi-Civacir(TM) is able to delay the onset of acute hepatitis in a challenged chimp. Additional studies are underway to evaluate the ability of repeated doses of the drug to delay hepatitis indefinitely. Pending results from the chimpanzee studies, Nabi plans to enter a Phase I safety study with Nabi-Civacir(TM) iN late 1998. Nabi has applied for Orphan Drug status for Nabi-Civacir(TM).

NABI-STAPHVAX(TM)+, NABI-ALTASTAPH(TM)+

Staphylococcus epidermidis and Enterococcus spp. are the next most clinically common Gram positive bacterial infections after S. AUREUS. Because of this, Nabi is developing a combination vaccine product, Nabi-StaphVAX(TM)+, that expands coverage of Gram positive bacterial to include these pathogens. The S. EPIDERMIDIS and enterococcal components of a combined staphylococcal and enterococcal vaccine are undergoing preclinical testing and process development. It recently has been shown that antibodies to these antigens are protective in animal models and facilitate the killing of bacteria by white blood cells. In addition, the S. EPIDERMIDIS antigens contained in this next generation vaccine induce the formation of antibodies that recognize the S. EPIDERMIDIS strains responsible for over 90% of S. EPIDERMIDIS infections. The company has filed patent application in the S. EPIDERMIDIS and enterococcal antigens.

In connection with Nabi-StaphVAX(TM)+, Nabi plans to develop a second-generation polyconal product, Nabi-Altastaph(TM)+, containing antibodies to both S. AUREUS and S. EPIDERMIDIS. Development of this product will involve stimulating donors with immunizing agents against both infections.

NABI-NIC VAX(TM)

The use of tobacco products has been associated with increased risk of heart and lung disease and cancer world-wide. Addiction to nicotine as a result of tobacco use has been identified as one of the major factors that prevent cigarette smokers and other tobacco users from giving up this life-threatening activity. Nabi has begun development of a vaccine against nicotine that is intended to be used to prevent and treat nicotine addiction. Prototypic versions of the vaccine induce high titers of nicotine-specific antibodies in vaccinated animals. Studies evaluating the ability of the vaccine to prevent intake of nicotine into the brain and to modify animal behavior in response to nicotine are underway. Nabi believes that a nicotine vaccine that raises antibodies that bind nicotine with high affinity can prevent nicotine addiction by blocking nicotine from reaching drug receptors in the brain. The company also believes that Nabi-Nic VAX(TM) can be an effective product for those attempting to give up tobacco use.

NABI-CYTERA(TM)

Nabi-Cytera(TM) is a new class of anti-viral therapeutics being developed from a novel, proprietary technology developed at the University of Maryland and licensed by Nabi. The technology permits the synthesis of so-called ring expanded nucleoside (RENs) and nucleotide ("RENt) analogs with the potential for antiviral and anti-tumor cell activity. Using this technology, a number of active compounds have been

prepared by Nabi through its collaboration with the University. A lead compound has been selected for further development. This drug, called Nabi-Cytera(TM)-B has been initially shown to have an acceptable cytotoxicity profile and to have good activity and specificity against hepatitis B virus IN VITOR. Further preclinical development of Nabi-Cytera(TM)-B is scheduled for 1998 in preparation for studies in the highly relevant woodchuck hepatitis model planned for later in the year". See "-Strategic Alliances, Licenses and Royalty Obligations".

STRATEGIC ALLIANCES, LICENSES AND ROYALTY OBLIGATIONS

In its research and development and marketing programs, Nabi established collaborations with several leading infectious disease specialists, university laboratories, contract research companies and government laboratories. Nabi believes that these collaborations will allow it to make efficient use of its research resources and leverage the fundamental discoveries emerging from basic research institutions throughout the United States.

Nabi's key strategic alliances are discussed below.

CANGENE CORPORATION

During 1997, Nabi entered into a co-promotion and supply agreement with Cangene Corporation ("Cangene") under which Cangene will manufacture H-BIG(R) IV for approximately three years. In addition, Cangene was granted exclusive marketing rights for, and will share profits from sales of H-BIG(R) IV in Canada for three years, provided Cangene achieves specified minimum annual sales levels.

Under a license and distribution agreement with Cangene, Nabi has exclusive marketing rights for, and shares in the profits from sales of, WinRho SDF(TM) in the United States. Cangene, which holds the FDA licenses for thE product, is required to supply the necessary quantities of WinRho SDF(TM) to support such sales. The Cangene agreement terminates in 2005, and requires Nabi to meet specified sales goals and make specified payments to Cangene.

CHIRON DIAGNOSTICS CORPORATION

In November 1995, Nabi entered into an agreement with Chiron (the "Chiron Agreement") pursuant to which Chiron has agreed to supply exclusively to Nabi Chiron's CMV vaccine for use as an immunizing agent in humans to produce immunotherapeutic products. The Chiron Agreement also grants Nabi options or rights of first negotiation for exclusive rights to 14 other Chiron vaccines for use in humans to produce immunotherapeutic products. In addition, the Chiron Agreement grants Nabi access to Chiron's adjuvant, MF 59, for donor immunization. Nabi will be responsible for all development, manufacturing and worldwide distribution of these products. Nabi may terminate the Chiron Agreement on a product-by-product basis in which event Nabi shall transfer to Chiron all of Nabi's rights with respect to the product as to which the Chiron Agreement has been terminated. Similarly, Chiron may terminate its obligations to supply immunizing agents to Nabi on a product-by-product basis, in which event Chiron shall grant to Nabi a license of the technology necessary for Nabi to manufacture the applicable immunizing agent and the financial arrangements in the Chiron Agreement with respect to such agent shall continue.

OTHER LICENSES AND ROYALTY OBLIGATIONS

As part of the purchase price for the H-BIG(R) product acquisition, Nabi is obligated to pay Abbott a royalty based on net sales of H-BIG(R) through September 2002. Nabi will also be obligated to pay a royalty to the New York Blood Center, Inc. based upon net sales of its product manufactured with the viral inactivation step, solvent detergent treatment.

Under a license agreement with the NIH, Nabi has exclusive rights to the NIH's patent relating to a carbohydrate/protein conjugate vaccine against Staphylococcus, and is obligated to pay the NIH a royalty

based on net sales. The licensed patent rights cover Nabi-StaphVAX(TM) and Nabi-Altastaph(TM) products. The license terminates with respect to each country on the date that the NIH's patent rights expire in such country.

Under a license agreement with the University of Maryland, Nabi has exclusive rights to patents relating to ring expanded nucleoside and nucleotide analogs, and is obligated to pay the University a royalty based on net sales. The licensed patent rights cover Nabi-Cytera(TM)'s products. The license terminates with respect to each country on the date that the patent rights expire in such country.

CUSTOMER RELATIONSHIPS

Nabi sells therapeutic products to wholesalers, distributors, home healthcare companies and pharmacies. Nabi sells plasma to pharmaceutical and diagnostic product manufacturers, most of which have been customers of Nabi for many years. These customers constitute most of the worldwide purchasers of human blood plasma.

Customers to which sales exceeded 10% of Nabi's annual consolidated sales in the last three fiscal years ending December 31, 1997 were: Baxter, Bayer Corporation ("Bayer") and Immuno Trading AG ("Immuno") in 1995; Baxter; Bayer and Biotest Pharma GmbH ("Biotest") in 1996; and Baxter and Bayer in 1997. Aggregate sales of source and specialty plasma to these customers were approximately $92 million, $107 million and $93 million, or 47%, 45% and 41% of total sales for the years ended December 31, 1995, 1996 and 1997, respectively.

Nabi generally sells its plasma under contracts ranging from one to five years which allow for annual pricing renegotiations. Pricing for product deliveries is generally mutually agreed to prior to the beginning of the contract year and fixed for that year, subject to price changes to reflect changes in customer specifications or price adjustments to compensate Nabi for increased costs associated with new governmental testing regulations. Consequently, Nabi may be adversely or beneficially affected if changes in donor fees or other costs of producing and selling plasma rise or fall during the year.

SUPPLY AND MANUFACTURING

THERAPEUTICS

Nabi collects and supplies the specialty plasma necessary for the manufacture of H-BIG(R). In 1997, Nabi entered into an agreement with Cangene pursuant to which Cangene, subject to receiving FDA approval, will formulate, process and package H-BIG(R). Nabi anticipates receiving product from Cangene by late 1998 or early 1999, although there can be no assurance that product will be available at that time. Nabi's previous manufacturer of H-BIG(R) has supplied Nabi with a sufficient inventory of H-BIG(R) to maintain Nabi's historical sales levels of the product into the fourth quarter of 1998. See "-Factors to be Considered - Dependence upon Third Parties to Manufacture Product" and "-Factors to be Considered - Government Regulation; Uncertainty of Regulatory Approvals". Nabi's agreement with Cangene has a three year term commencing upon the date Cangene receives FDA approval, although either party may terminate the agreement upon 12 months notice. Nabi has completed construction and is in the process of validating a biopharmaceutical manufacturing facility which is designed to allow Nabi to manufacture, formulate, and package H-BIG(R). Currently Nabi anticipates that the facility will not be able to produce H-BIG(R) for commercial sale prior to late 1999.

Nabi is required to purchase its requirements of WinRho SDF(TM) from Cangene, which has granted to Nabi exclusive marketing rights to the product in the United States. WinRho SDF(TM) is manufactured by Cangene using a process that includes solvent-detergent treatment and nanofiltration, two validated virus removal and inactivation steps to ensure product safety.

In 1997, Nabi acquired certain assets associated with the product sales of Autoplex(R)T and obtained exclusive marketing rights for this product in the United States, Canada and Mexico from Baxter. In connection with the acquisition, Baxter agreed to manufacture Autoplex(R)T until the earlier of May 2000 or such later date as may be approved by the Federal Trade Commission ("FTC"), or four months after Nabi obtains FDA approval to manufacture the product. If Nabi does not obtain FDA approval within the required timetable, the FTC could terminate the divestiture agreement associated with Nabi's acquisition of AutoPlex(R)T from Baxter. In the event, all the assets and marketing rights associated with the acquisition would revert to Baxter. Nabi and Baxter would equally share in the proceeds from the ultimate sale of these assets under certain specified conditions. See "-Factors to be Considered - Dependence upon Third Parties to Manufacture Product" and "-Factors to be Considered - Government Regulation; Uncertainty of Regulatory Approvals".

Nabi manufactures its clinical supplies of products under development at its facilities in Miami and Boca Raton, Florida and Rockville, Maryland.

PLASMA COLLECTION PROCESS

Nabi currently collects and processes plasma from 75 plasma collection centers located in 28 states and Germany, including five independently-owned centers which under contract supply their entire plasma collection output to Nabi. Each Nabi-owned United States center is licensed and regulated by the FDA. Most of Nabi's centers are located in urban areas and many are near universities and military bases. Prospective plasma donors are required to complete an extensive medical questionnaire and are subject to laboratory testing and a physical examination under the direction or supervision of a physician. Following this screening, plasma is collected from suitable donors by means of a process known as plasmapheresis.

PATENTS AND PROPRIETARY RIGHTS

Nabi's success will depend, in part, on its abilities to obtain or in-license patents, and to protect trade secrets and other intellectual property rights. Nabi has acquired title or licenses to a number of patents or patent applications of others and has filed two patent applications of its own. See "-Factors to Be Considered-Uncertainty of Legal Protection Afforded by Patents and Proprietary Rights".

GOVERNMENT AND INDUSTRY REGULATION

The collection, processing and sale of Nabi's products as well as its research, preclinical development and clinical trials are subject to regulation for safety and efficacy by numerous governmental authorities in the United States and other countries. Domestically, the federal Food, Drug and Cosmetic Act, the Public Health Service Act, and other federal and state statutes and regulations govern the collection, testing, manufacture, safety, efficacy, labeling, storage, record keeping, approval, advertising and promotion of Nabi's products.

THERAPEUTICS

Immune globulin products currently are classified as "biological products" under FDA regulations. The steps required before a biological product may be marketed in the United States generally include preclinical studies, the filing of an Investigation for New Drug ("IND") application with the FDA, which must become effective pursuant to FDA regulations before human clinical studies may commence, and FDA approval of a Product License Application ("PLA"). In addition to obtaining FDA approval for each product, an Establishment License Application ("ELA") must be filed and the FDA must approve the manufacturing facilities for the product. Biological products, once approved, have no provision allowing competitors to market generic versions.

Each biological product, even if it basically has the same composition and is for the same indication, must undergo the entire development process in order to be approved.

Preclinical studies are conducted on laboratory animals to evaluate the potential efficacy and safety of a product. The results of preclinical studies are submitted as part of the IND application, which must become effective pursuant to FDA regulations before human clinical trials may begin. The initial human clinical evaluation, Phase I trials, generally involve administration of a product to a small number of healthy persons. The product is tested for safety, dosage, tolerance, metabolism and pharmacokinetic properties. Phase II trials generally involve administration of a product to a limited number of patients with a particular disease to determine dosage, efficacy and safety. Phase III trials generally examine the clinical efficacy and safety of a product in an expanded patient population at geographically dispersed clinical sites. The FDA reviews the clinical plans and the results of trials and can discontinue the trials at any time if there are significant safety issues. The results of the preclinical and clinical trials are submitted after completion of the Phase III trials in the form of a PLA for approval to commence commercial sales. The approval process is affected by several factors, including the severity of the disease, the availability of alternative treatments, and the risks and benefits demonstrated in clinical trials. The FDA also may require post-marketing surveillance to monitor potential adverse effects of the product. The regulatory process can be modified by Congress or the FDA in specific situations.

Among the requirements for product license approval is the requirement that the prospective manufacturer's methods conform to the FDA's Good Manufacturing Practice ("cGMP") regulations, which must be followed at all times. In complying with standards set forth in these regulations, manufacturers must continue to expend time, money and effort in the area of production and quality control to ensure full technical compliance.

PLASMA

The collection, storage and testing of plasma is regulated by the FDA. Any person operating a plasma collection facility in the United States must have an Establishment License and individual Product Licenses issued by the FDA and each plasma center must be inspected and approved by the FDA. Nabi holds Establishment Licenses and Product Licenses issued by the FDA covering all Nabi-owned collection centers located in the United States. In addition, plasma collection centers require FDA approval to collect each specialty plasma.

Nabi continually pursues its commitment to quality and compliance with applicable FDA regulations through its own internal quality assurance programs. As part of its commitment to quality, Nabi has embraced the Quality Plasma Program ("QPP") which was initiated by the American Blood Resources Association, an industry group which establishes standards for plasmapheresis centers. QPP imposes standards for plasmapheresis centers in addition to those presently required by the FDA. QPP certification is proving increasingly significant, because many customers will only purchase plasma which has been collected in QPP certified centers. All of Nabi's domestic-owned centers are QPP certified centers.

Concern over blood safety has led to self-sufficiency movements in a number of European countries to restrict the importation of plasma and plasma components collected outside the country's borders or, in the case of certain European countries, outside of Europe. In 1997, Germany increased its regulatory requirements for plasma collected outside Germany. To date, however, these efforts have not led to any meaningful restriction on the importation of plasma and plasma components and have not adversely affected Nabi. There can be no assurance, however, that such restrictions will not be imposed in the future and that Nabi will not be adversely affected. As a partial response to this risk, Nabi acquired or established four licensed plasma collection centers and a testing laboratory in Germany. Despite its German centers, there can be no assurance that an increase in restrictions on plasma collected outside Germany or Europe will not have a material adverse effect on Nabi's business financial condition or results of operations.

ORPHAN DRUG ACT

Under the Orphan Drug Act, the FDA may designate a product or products as having Orphan Drug status to treat a "rare disease or condition," which currently is defined as a disease or condition that affects populations of less than 200,000 individuals in the United States, or, if victims of a disease number more than 200,000, for which the sponsor establishes that it does not realistically anticipate its product sales in the United States will be sufficient to recover its costs. If a product is designated an Orphan Drug, then the sponsor is entitled to receive certain incentives to undertake the development and marketing of the product. In addition, the sponsor that obtains the first marketing approval for a designated Orphan Drug for a given indication effectively has marketing exclusivity for a period of seven years. There may be multiple designations of Orphan Drug status for a given drug and for different indications. However, only the sponsor of the first PLA for a given drug for its use in treating a given rare disease may receive marketing exclusivity. WinRho SDF(TM) has received Orphan Drug protection for the treatment of ITP and Nabi has obtained Orphan Drug status for certain other indications and certain other of Nabi's products under development have obtained Orphan Drug status. See "-Factors to Be Considered - Uncertainty of Orphan Drug Designation".

OTHER

Nabi's Miami-based FDA-approved testing laboratory is licensed by the State of Florida Department of Health and Rehabilitative Services, and the states of Maryland, New York, Pennsylvania and West Virginia. The laboratory is licensed pursuant to Medicare regulations and regulations of the U.S. Health Care Finance Administration's Clinical Laboratory Improvement Act of 1988.

Nabi also is subject to government regulations enforced under the Occupational Safety and Health Act, the Environmental Protection Act, the Clean Air Act, the Clean Water Act, the National Environmental Policy Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, the Medical Waste Tracking Act and other national, state or local restrictions.

COMPETITION

Nabi believes that H-BIG(R) has a significant share of the domestic market and that Nabi's access to the vaccines and specialty plasma necessary for the manufacture of H-BIG(R) will allow it to maintain its market share provided it has a sufficient supply of this product. See "Supply and Marketing - Therapeutics". Nabi's main competitor in marketing H-BIG(R) has been Bayer AG ("Bayer"), a major multinational pharmaceutical company. Bayer has purchased some of the specialty plasma used in the manufacture of its hepatitis B immune globulin product from Nabi. Bayer also is a significant customer of source and other specialty plasma. A significant percentage of Bayer's total plasma requirements are provided by Nabi.

Nabi believes that WinRho SDF(TM) has a significant and growing share of the domestic market for ITP treatment. Competing therapeutic modalities include the use of steroids; intravenous immune globulins ("IVIG"); and splenectomy (a surgical procedure to remove the spleen). Each of these therapies has significant drawbacks associated with its use, and Nabi believes that WinRho SDF(TM) can be used for long-term treatment of chronic ITP, is relatively less expensive and less time consuming in its administration, presents no surgical risks and has demonstrated consistency in its ability to elicit a platelet response when compared to the alternative ITP therapies. WinRho SDF(TM) is also designed to suppress Rh isoimmunization. There are currently three competitive therapeutic products licensed for Rh isoimmunization indications in the United States, however only two of these products are actively marketed. These products are typically less expensive than WinRho SDF(TM) and, as a result, Nabi does not anticipate significant sales of WinRho SDF(TM) for Rh isoimmunization.

Autoplex(R)T competes in the anti-inhibitor segment of the hemophilia A marketplace. Autoplex(R)T and other competitive agents are used to treat patients that have developed inhibitors (an immunity) to Factor VIII, the standard therapy for people suffering from hemophilia A. The primary competitors to Autoplex(R)T include: FEIBA (Baxter) and Hyate C (Speywood Pharmaceuticals, Inc.). The estimated U.S. market for anti-inhibitor products is $88 million.

Nabi and other independent plasma suppliers sell plasma principally to pharmaceutical companies that process plasma into finished products. Although these pharmaceutical companies generally own plasmapheresis centers, in the aggregate they purchase a substantial portion of their plasma requirements from independent suppliers. There is intense competition among independent plasma collectors. Nabi attempts to compete for sales by providing customers with substantial quantities of products, by stressing its ability to meet delivery schedules and by providing high-quality products. Management believes Nabi has the ability to continue to compete successfully in these areas.

Nabi competes for donors with pharmaceutical companies which obtain plasma for their own use through their own plasma collection centers, other commercial plasma collection companies and non-profit organizations such as the American Red Cross and community blood banks which solicit the donations of blood. Nabi competes for donors by providing competitive financial incentives which compensate donors for their time, by providing outstanding customer service to its donors, by implementing programs designed to attract donors through education as to the uses for collected plasma, by encouraging groups to have their members become plasma donors for fund raising purposes, and by improving the attractiveness of Nabi's plasma collection facilities.

Most of the plasma which Nabi collects, processes, and sells to its customers is used in the manufacture of therapeutic products to treat certain diseases. Several companies are marketing and continue to develop products to treat some of these diseases based upon technology which would lessen or eliminate the need for human blood plasma. Such products could adversely affect the demand for plasma. Products utilizing technology developed to date have not proven as cost-effective and marketable to healthcare providers as products based on human blood plasma. However, Nabi is unable to predict the impact on its business of future technological advances.

EMPLOYEES

Nabi employed approximately 2,122 persons at December 31, 1997. Nabi believes that the relations between Nabi's management and its employees are generally good.

FACTORS TO BE CONSIDERED

The parts of this Annual Report on Form 10-K titled "Item 1 - Business," "Item 3 - - Legal Proceedings" and "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" contain certain forward-looking statements which involve risks and uncertainties. In addition, officers of Nabi may from time to time make certain forward-looking statements which also involve risks and uncertainties. Set forth below is a discussion of certain factors that could cause Nabi's actual results to differ materially from the results projected in such forward-looking statements.

UNCERTAINTY ASSOCIATED WITH RAPID EXPANSION OF THERAPEUTIC EFFORTS

Although Nabi's objective has been to become a fully integrated developer, manufacturer and marketer of therapeutic products, Nabi's historic business primarily has been the collection and sale of plasma products. Prior to its November 1995 merger (the "Merger") with Univax Biologics, Inc. ("Univax"), Nabi had four therapeutic products (two of which are under development and one of which is no longer being developed). Two of these products were acquired from Abbott. The Merger accelerated this shift to

therapeutic products by adding 10 products (one of which is being marketed, seven of which are under development and two of which are no longer being developed) to Nabi's product portfolio as well as a large research and development group and an expanded sales and marketing team. Independently, Nabi has completed construction and is in the process of validating a new biopharmaceutical manufacturing facility which is intended to enable Nabi to manufacture for the first time on a commercial scale certain of its therapeutic products. Although therapeutic products offer higher margins than the collection and sale of plasma, these products require significant product development activities and expenditures, may not be successfully developed (or if successfully developed, may not be successfully commercialized), require rigorous manufacturing specifications and practices, and are exposed to significant competition and the uncertainty of technological change. The effect of these risks on Nabi may be magnified by Nabi's rapid expansion into the therapeutics business and its lack of in-depth prior experience in the therapeutics business, particularly with respect to successfully bringing a product through clinical trials and FDA licensure. There can be no assurance that Nabi's therapeutic product activities will be successful, and to the extent they are not, Nabi's business, financial condition and results of operations will be materially adversely affected.

COSTS OF RESEARCH AND DEVELOPMENT

Nabi expects to incur significant expenses associated with its therapeutic product development activities, including the cost of clinical trials relating to product development and marketing expenses relating to product introduction. Any revenues generated from products under development will not be realized for several years. Other material and unpredictable factors which could adversely affect operating results include: the uncertainty of clinical trial results; the uncertainty, timing and costs associated with product approvals and commercialization; the issuance and use of patents and proprietary technology by Nabi or its competitors; the effect of technology and other business acquisitions or transactions; the increasing emphasis on controlling healthcare costs and potential legislation or regulation of healthcare prices; and actions by collaborators, customers and competitors. There can be no assurance that Nabi has the financial resources to continue to fund research and development as necessary for the development and commercialization of higher margin therapeutic products. Nabi's ability to fund its research and development efforts are dependent in large part on the success of its plasma operations. The operating results of Nabi's plasma operations in 1997 did not meet expectations. A significant reduction in such research, development and other expenses could have a material adverse effect on the development and commercialization of therapeutic products currently under development and could have a material adverse effect on the ability of Nabi to realize its objective of becoming a fully integrated developer, manufacturer and marketer of therapeutic products.

UNCERTAINTY OF NEW PRODUCT DEVELOPMENT

Nabi's future success will depend on its ability to achieve scientific and technological advances and to translate such advances into commercially competitive products on a timely basis. Nabi's therapeutic products under development are at various stages of research and development, and substantial further development, preclinical testing and clinical trials will be required to determine their technical feasibility and commercial viability. The proposed development schedules for these products may be affected by a variety of factors, including technological difficulties, proprietary technology of others, reliance on third parties and changes in government regulation, many of which factors are not within the control of Nabi. Positive results for a product in a clinical trial do not necessarily assure that positive results will be obtained in future clinical trials or that government approval to commercialize the product will be obtained. In addition, any delay in the development, introduction or marketing of Nabi's products under development could result either in such products being marketed at a time when their cost and performance characteristics would not be competitive in the marketplace or in a shortening of their commercial lives. There can be no assurance that Nabi's therapeutic products under development will prove to be technologically feasible, commercially viable and able to obtain necessary regulatory approvals and licenses on a timely basis, if at all. The failure of Nabi to successfully and timely develop and

commercialize several of its therapeutic products and obtain necessary regulatory approvals could have a material adverse effect on Nabi's business, financial condition and results of operations.

COMPETITIVE MARKET FOR THERAPEUTIC PRODUCTS

Nabi currently markets and sells three therapeutic products: H-BIG(R), WinRho SDF(TM) and Autoplex(R)T. No assurance can be given that the market for these products can be addressed effectively by Nabi's current sales force and distribution network. Nabi will lose its exclusive rights to market WinRho SDF(TM) in the United States if it does not meet specific sales goals or pay specified amounts to Cangene. Nabi may also lose its rights to Autoplex(R)T if it abandons its efforts to obtain FDA approval to manufacture the product or does not obtain such approval by mid 2000. If Nabi successfully develops additional therapeutic products, additional expenditures, management resources and time may be required to develop a larger sales force, unless Nabi elects to have a third party market any or all of such products. If Nabi so elects, there can be no assurance that Nabi will be able to find a partner on acceptable terms or at all, or that any such partner will be successful in its efforts. If Nabi succeeds in bringing one or more products to market, it will compete with many other companies that may have extensive and well-funded marketing and sales operations. The failure of Nabi to successfully market existing and new therapeutic products or the loss of exclusive rights to market WinRho SDF(TM) in the United States or to market Autoplex(R)T, could have a material adverse effect on Nabi's business, financial condition and results of operations.

UNCERTAINTY OF MARKET ACCEPTANCE

There can be no assurance that any of Nabi's products in development will achieve market acceptance. The degree of market acceptance will depend upon a number of factors, including the receipt of regulatory approvals, the establishment and demonstration in the medical community of the clinical efficacy and safety of Nabi's products and their potential advantages over existing treatment methods, the prices of such products, and reimbursement policies of government and third-party payors. The failure of any therapeutic product under development to gain market acceptance could have a material adverse effect on Nabi's business, financial condition and results of operations.

FLUCTUATIONS IN PLASMA SUPPLY AND DEMAND

The basic raw material essential to Nabi's business is human blood plasma. Nabi has historically derived substantially all of its revenues from the collection and sale of plasma components and will continue to depend on plasma revenues until such time, if ever, that the revenues generated by the manufacture and sale of therapeutic products increase significantly. The worldwide supply of plasma has historically fluctuated. Currently the worldwide supply exceeds the demand for plasma as a result of the FDA's regulatory initiatives within the plasma industry which have adversely affected the fractionation capacity of several of Nabi's major customers. Demand for fractionated plasma products, however, remains strong and continues to increase due to an increase in both the number and use of products which require plasma components for their manufacture.

Concern over the safety of blood products, including plasma, has resulted in the adoption of more rigorous screening procedures by regulatory authorities and manufacturers of plasma-based products. These procedures, which include a more extensive investigation into a donor's background and new tests, have disqualified numerous potential donors and discouraged other donors who may be reluctant to undergo the screening procedures. Future changes in government regulation relating to the collection and use of plasma, its fractionation or any negative public perception about the plasma collection process could further adversely affect the overall supply of or demand for plasma. Fluctuations in the demand for or supply of plasma could have a material adverse effect on Nabi's business, financial condition and results of operations.

GOVERNMENT REGULATION; UNCERTAINTY OF REGULATORY APPROVALS

Nabi's research, preclinical development, clinical trials, manufacturing and marketing of its products are subject to extensive regulation by numerous government authorities in the United States. The process of obtaining FDA and other required regulatory approvals is lengthy and expensive, and the time required for such approvals is uncertain. The approval process is affected by several factors, including the severity of the disease, the availability of alternative treatments, and the risks and benefits demonstrated in clinical trials. The FDA also may require post-marketing surveillance to monitor potential adverse effects of the product. The regulatory process can be modified by Congress or the FDA in specific situations. Most of Nabi's clinical trials are at a relatively early stage and, except for H-BIG(R), WinRho SDF(TM) and Autoplex(R)T, no approval from the FDA or any other government agency for the manufacturing or marketing of any of its products under development has been granted. Currently, Autoplex(R)T is manufactured by Baxter. If Nabi does not obtain FDA approval to manufacture Autoplex(R)T on a timely basis, the assets and marketing rights associated with Autoplex(R)T could revert to Baxter. There can be no assurance that Nabi will be able to obtain the necessary approvals for manufacturing or marketing of any of its products. Failure to obtain additional FDA approvals of products currently marketed or FDA approval for products under development could have a material adverse effect on Nabi's business, financial condition and results of operations. If a product is approved, its failure to comply with applicable regulatory requirements could, among other things, result in fines, suspension or revocation of regulatory approvals, product recalls or seizures, operating restrictions, injunctions and criminal prosecutions.

Distribution of Nabi's products outside the United States is subject to extensive government regulation. These regulations, including the requirements for approvals or clearance to market, the time required for regulatory review and the sanctions imposed for violations, vary from country to country. There can be no assurance that Nabi will obtain regulatory approvals in such countries or that it will not be required to incur significant costs in obtaining or maintaining its foreign regulatory approvals. In addition, the export by Nabi of certain of its products which have not yet been cleared for domestic commercial distribution may be subject to FDA export restrictions. Failure to obtain necessary regulatory approvals, the restriction, suspension or revocation of existing approvals or any other failure to comply with regulatory requirements would have a material adverse effect on Nabi's business, financial condition and results of operations.

Nabi's United States plasma collection, storage, labeling and distribution activities also are subject to strict regulation and licensing by the FDA. Nabi's plasma collection centers in the United States are subject to periodic inspection by the FDA, and from time to time Nabi receives notices of deficiencies from the FDA as a result of such inspections. The failure of Nabi or its plasma collection centers to continue to meet regulatory standards or to remedy any such deficiencies could result in corrective action by the FDA, including closure of one or more collection centers and fines or penalties. In addition, before new plasma collection centers are opened, the collection centers and their procedures and personnel must meet certain regulatory standards to obtain necessary licenses. New regulations may be enacted and existing regulations or their interpretation or enforcement are subject to change. Therefore, there can be no assurance that Nabi will be able to continue to comply with any regulations or that the costs of such compliance will not have a material adverse effect on Nabi's business, financial condition and results of operations.

Nabi has received permission from the FDA to conduct donor stimulation programs using the S. AUREUS and hepatitis immunizing agents. No assurance can be given, however, that the FDA will permit Nabi to begin donor stimulation using other immunizing agents before obtaining regulatory approval of the immunizing agents as vaccine products. If the FDA were to require Nabi to secure such regulatory approvals for the immunizing agents to be used in donor stimulation before commencing clinical trials on the therapeutic products to be produced using such immunizing agents, the overall regulatory approval process for Nabi's therapeutic products would be significantly delayed, which could have a material adverse effect on Nabi's business, financial condition and results of operations.

DEPENDENCE UPON THIRD PARTIES TO MANUFACTURE PRODUCTS

Nabi collects and supplies the specialty plasma necessary for the manufacture of H-BIG(R). In 1997, Nabi entered into an agreement with Cangene pursuant to which Cangene, subject to receiving FDA approval, will formulate, process and package H-BIG(R). Nabi anticipates receiving product from Cangene by late 1998, although there can be no assurance that product will be available at that time. Abbott, Nabi's previous manufacturer of H-BIG(R), has supplied Nabi with a sufficient inventory of H-BIG(R) to maintain Nabi's historical sales levels of the product into the fourth quarter of 1998, assuming no rejection of, or delay in, release of lots of H-BIG(R) by the FDA. Nabi's agreement with Cangene has a three year term commencing upon the date Cangene receives FDA approval, although either party may terminate the agreement upon 12 months' notice. Nabi also is required to purchase its requirements of WinRho SDF(TM) from Cangene, which has granted to Nabi exclusive marketing rights to the product in the United States. Nabi does not have manufacturing rights for WinRho SDF(TM) and Autoplex(R)T. Baxter has agreed to manufacture Autoplex(R)T for Nabi until the earlier of May 2000, or such later date as may be approved by the FTC, or four months after Nabi obtains FDA approval to manufacture the product. The failure by Nabi's manufacturers to meet Nabi's needs for these products or delays in the receipt of deliveries could have a material adverse effect on Nabi's business, financial condition and results of operations. Nabi has constructed a biopharmaceutical manufacturing facility which is designed to allow Nabi to manufacture, formulate and package therapeutic products. Nabi is in the process of validating this facility and related processes which will require licensure by the FDA. Nabi does not anticipate that the facility will be able to produce H-BIG(R) for commercial sale until late 1999 and Autoplex(R)T until mid 2000, respectively, at the earliest. Moreover, manufacturing products at a single site may present risks if a disaster (such as a fire or hurricane) causes interruption of manufacturing capability. In such an event, Nabi will have to resort to alternative sources of manufacturing which could increase its costs as well as result in significant delays while required regulatory approvals are obtained. Any such delays or increased costs could have a material adverse effect on Nabi's business, financial condition and results of operations.

LIMITED MANUFACTURING CAPABILITY AND EXPERIENCE

Nabi has completed construction and is undergoing validation of a new biopharmaceutical manufacturing facility and related processes in Boca Raton, Florida. Nabi anticipates that it will receive FDA licensure for this facility in late 1999 or early 2000. No assurance can be given that Nabi will be able to obtain such licensure by such times or at all. Failure to obtain such licensure on a timely basis or at all would have a material adverse effect on Nabi's business, financial condition and results of operations. The new facility is designed to process specialty plasma into Nabi's therapeutic products. However, Nabi has not previously owned or operated such a facility and has no direct experience in commercial, large-scale manufacturing of therapeutic products. The failure of Nabi to successfully operate its new manufacturing facility would have a material adverse effect on Nabi's business, financial condition and results of operations.

POTENTIAL ADVERSE EFFECT OF LITIGATION

Nabi is currently one of several defendants in numerous suits generally based upon claims that the plaintiffs became infected with HIV as a result of using HIV-contaminated products made by various defendants other than Nabi or as a result of family relations with those so infected. These suits allege, among other things, that Nabi or its predecessors supplied HIV-contaminated plasma to the defendants who produced the products in question. One of the suits purports to be a class action. Nabi denies all claims made against it and intends to vigorously defend the cases. No assurance can be given that additional lawsuits relating to infection with HIV will not be brought against Nabi by persons who have become infected with HIV or plasma fractionates or that cross-complaints will not be filed in existing lawsuits. In addition, there can be no assurance that lawsuits based on other causes of action will not be filed or that Nabi will be successful in the defense of any or all existing or potential future lawsuits. Defense of suits can be expensive and time-consuming, regardless of the outcome, and an adverse result

in one or more suits, particularly those related to HIV, could have a material adverse effect on Nabi's business, financial condition and results of operations.

RISK OF PRODUCT LIABILITY; LIMITED INSURANCE

The processing and sale of Nabi's plasma and plasma-based products, including therapeutic products, involve a risk of product liability claims, and Nabi currently is a party to litigation involving such claims. In addition, there can be no assurance that infectious diseases will not be transmitted by Nabi's products and therefore create additional product liability claims. Product liability insurance for the biopharmaceutical industry generally is expensive to the extent it is available at all. There can be no assurance that Nabi will be able to maintain such insurance on acceptable terms or that it will be able to secure increased coverage if the commercialization of its products progresses. Moreover, there can be no assurance that the existing coverage of Nabi's insurance policy and/or any rights of indemnification and contribution that Nabi may have will offset existing or future claims. A successful claim against Nabi with respect to uninsured liabilities or in excess of insurance coverage and not subject to any indemnification or contribution could have a material adverse effect on Nabi's business, financial condition and results of operations.

DEPENDENCE ON STRATEGIC ALLIANCES

Nabi is pursuing strategic alliances with third parties for the development, marketing and sale of certain of its therapeutic products. No assurance can be given that Nabi will be successful in these efforts or, if successful, that the collaborators will conduct their activities in a timely manner. Certain of Nabi's current collaborators have the right to terminate their collaborative agreements with Nabi. If any of Nabi's existing or future collaborative partners act in, breach or terminate their agreements with Nabi or otherwise fail to conduct their collaborative activities in a timely manner, the preclinical or clinical development or commercialization of products could be delayed, and Nabi may be required to devote significant additional resources to product development and commercialization, or terminate certain development programs. Failure to enter into successful strategic alliances or the termination of existing alliances could have a material adverse effect on Nabi's business, financial condition and results of operations. In addition, there can be no assurance that disputes will not arise in the future with respect to the ownership of rights to any technology developed with third parties. These and other possible disagreements between collaborators and Nabi could lead to delays in the collaborative research, development or commercialization of certain products or could require or result in litigation or arbitration, which would be time-consuming and expensive, and could have a material adverse effect on Nabi's business, financial condition and results of operations.

FOREIGN RESTRICTIONS ON IMPORTATION OF PLASMA

Export sales of plasma for the 1995, 1996 and 1997 fiscal years represented approximately 36%, 39% and 24%, respectively, of Nabi's sales for those periods. Nabi's export sales primarily are to European and Asian customers. Concern over blood safety has led to movements in a number of European and other countries to restrict the importation of plasma and plasma components collected outside such countries' borders or, in the case of certain European countries, outside Europe. Nabi believes that, to date, these efforts have not led to any meaningful restriction on the importation of plasma and plasma components and have not adversely affected Nabi. Such restrictions, however, continue to be debated and there can be no assurance that such restrictions will not be imposed in the future. If imposed, such restrictions could have a material adverse effect on the demand for Nabi's plasma and on Nabi's business, financial condition and results of operations. Uncertain economic conditions and financial markets, such as those which occurred in Asia in 1997, could also adversely impact Nabi's sales of plasma to foreign customers and materially and adversely affect Nabi's business, financial condition and results of operations.

UNCERTAINTY OF LEGAL PROTECTION AFFORDED BY PATENTS AND PROPRIETARY RIGHTS

The patent positions of biotechnology firms generally are highly uncertain and involve complex legal and factual questions. There can be no assurance that existing patent applications will mature into issued patents, that Nabi will be able to obtain additional licenses to patents of others or that Nabi will be able to develop additional patentable technology of its own. Because patent applications in the United States are not disclosed by the Patent and Trademark Office until patents issue, and because publication of discoveries in the scientific or patent literature often lags behind actual discoveries, Nabi cannot be certain that it was the first creator of inventions covered by its pending patent applications or that it was the first to file patent applications for such inventions. There can be no assurances that any patents issued to Nabi will provide it with competitive advantages or will not be challenged by others. Furthermore, there can be no assurance that others will not independently develop similar products, or, if patents are issued to Nabi, design around such patents.

A number of pharmaceutical companies, biotechnology companies, universities and research institutions have filed patent applications or received patents relating to products or processes competitive with or similar to those of Nabi. Some of these applications or patents may be competitive with Nabi's applications, or conflict in certain respects with claims made under Nabi's applications. Such a conflict could result in a significant reduction of the coverage of Nabi's patents, if issued. In addition, if patents that contain competitive or conflicting claims are issued to others and such claims are ultimately determined to be valid, Nabi may be required to obtain licenses to these patents or to develop or obtain alternative technology. If any licenses are required, there can be no assurance that Nabi will be able to obtain any such licenses on commercially favorable terms, if at all. Nabi's failure to obtain a license to any technology that it may require to commercialize its products could have a material adverse effect on Nabi's business, financial condition and results of operations. Litigation, which could result in substantial cost to Nabi, may also be necessary to enforce any patents issued to Nabi or to determine the scope and validity of third-party proprietary rights.

Nabi also relies on secrecy to protect its technology, especially where patent protection is not believed to be appropriate or obtainable. Nabi maintains strict controls and procedures regarding access to and use of its proprietary technology and processes. However, there can be no assurance that these controls or procedures will not be violated, that Nabi would have adequate remedies for any violation, or that Nabi's trade secrets will not otherwise become known or be independently discovered by competitors.

UNCERTAINTY OF ORPHAN DRUG DESIGNATION

If a product is designated an Orphan Drug by the FDA, then the sponsor is entitled to receive certain incentives to undertake the development and marketing of the product. In addition, the sponsor that obtains the first marketing approval for a designated Orphan Drug for a given indication effectively has marketing exclusivity for a period of seven years. There may be multiple designations of Orphan Drug status for a given drug and for different indications. However, only the sponsor of the first approved PLA for a given drug for its use in treating a given rare disease may receive marketing exclusivity. While it may be advantageous to obtain Orphan Drug status for eligible products, there can be no assurance that the precise scope of protection that is currently afforded by Orphan Drug status will be available in the future or that the current level of exclusivity will remain in effect. Congress has considered legislation that would amend the Orphan Drug Act to limit the scope of marketing exclusivity granted to Orphan Drug products. WinRho SDF(TM) has received Orphan Drug marketing exclusivity for the treatment of ITP (and has obtained Orphan Drug status for certain other indications) and certain other of Nabi's products under development have Orphan Drug status. There can be no assurance that Nabi will succeed in obtaining Orphan Drug marketing exclusivity for products that have Orphan Drug status or that Orphan Drug marketing exclusivity with respect to WinRho SDF(TM) or other products, if obtained, will be of material benefit to Nabi. Furthermore, another manufacturer could obtain an Orphan Drug designation as well as approval for the same product for a different indication or a different product for the same indication.

INTENSE COMPETITION; UNCERTAINTY OF TECHNOLOGICAL CHANGE

Competition in the development of biopharmaceutical products is intense, both from biotechnology and pharmaceutical companies, and is expected to increase. Many of Nabi's competitors have greater financial resources and larger research and development staffs than Nabi, as well as substantially greater experience in developing products, obtaining regulatory approvals, and manufacturing and marketing pharmaceutical products. Competition with these companies involves not only product development, but also acquisition of products and technologies from universities and other institutions. Nabi also competes with universities and other institutions in the development of therapeutic products, technologies and processes and for qualified scientific personnel. There can be no assurance that Nabi's competitors will not succeed in developing technologies and products that are more effective or affordable than those being developed by Nabi. In addition, one or more of Nabi's competitors may achieve product commercialization of or patent protection for competitive products earlier than Nabi, which would preclude or substantially limit sales of Nabi's products. Further, several companies are attempting to develop and market products to treat certain diseases based upon technology which would lessen or eliminate the need for human blood plasma. The successful development and commercialization by any competitor of Nabi of any such product could have a material adverse effect on Nabi's business, financial condition and results of operations.

Nabi competes for plasma donors with pharmaceutical companies which may obtain plasma for their own use, other commercial plasma collection companies and non-profit organizations such as the American Red Cross and community blood banks which solicit the donation of blood. A number of these competitors have access to greater financial, marketing and other resources than Nabi. Nabi competes for donors by means of offering financial incentives to donors to compensate them for their time and inconvenience, providing outstanding customer service to its donors, implementing programs designed to attract donors through education as to the uses for collected plasma, encouraging groups to have their members become plasma donors and improving the attractiveness of Nabi's plasma collection facilities. Nabi also competes with other independent plasma suppliers that sell plasma principally to pharmaceutical companies that process plasma into finished products. If Nabi is unable to maintain and expand its donor base, its business, financial condition and results of operations will be materially and adversely affected.

DEPENDENCE ON SMALL NUMBER OF CUSTOMERS FOR SIGNIFICANT PLASMA SALES

During the 1995, 1996 and 1997 fiscal years, plasma sales to customers purchasing more than 10% of Nabi's consolidated sales (which did not exceed three customers in any such period), accounted for approximately 47%, 45% and 41%, respectively, of Nabi's consolidated sales for each period. The loss of any major customer or a material reduction in a major customer's purchases of plasma could have a material adverse effect upon Nabi's business, financial condition and results of operations.

UNCERTAINTY OF PRODUCT PRICING AND REIMBURSEMENT

Nabi's ability to commercialize its therapeutic products and related treatments will be dependent in part upon the availability of, and Nabi's ability to obtain, adequate levels of reimbursement from government health administration authorities, private healthcare insurers and other organizations. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products, and there can be no assurance that adequate third-party coverage will be available, if at all. Inadequate levels of reimbursement may prohibit Nabi from maintaining price levels sufficient for realization of an adequate return on its investment in developing new therapeutic products and could result in the termination of production of otherwise commercially viable products. Government and other third-party payors are increasingly attempting to contain healthcare costs by limiting both the coverage and level of reimbursement for new products approved for marketing by the FDA and by refusing, in some cases, to provide any coverage for disease indications for which the FDA has not granted marketing approval. Also, the trend towards managed healthcare in the United States and the concurrent growth of

organizations such as HMOs, which could control or significantly influence the purchase of healthcare services and products, as well as legislative proposals to reform healthcare or reduce government insurance programs, may all result in lower prices for Nabi's products. The cost containment measures that healthcare providers are instituting and the impact of any healthcare reform could have an adverse effect on Nabi's ability to sell its products and may have a material adverse effect on Nabi's business, financial condition and results of operations.

There can be no assurance that reimbursement in the United States or foreign countries will be available for Nabi's products, or, if available, will not be decreased in the future, or that reimbursement amounts will not reduce the demand for, or the price of, Nabi's products. The unavailability of third-party reimbursement or the inadequacy of the reimbursement for medical treatments using Nabi's products could have a material adverse effect on Nabi's business, financial condition and results of operations. Moreover, Nabi is unable to forecast what additional legislation or regulation, if any, relating to the healthcare industry or third-party coverage and reimbursement may be enacted in the future or what effect such legislation or regulation would have on Nabi's business.

Most of Nabi's plasma sales are made pursuant to contracts having initial terms ranging from one to five years. These contracts generally provide for annual pricing renegotiations. Once established, the pricing generally remains fixed for the year subject to price changes to reflect changes in customer specifications or price adjustments to compensate Nabi for increased costs associated with new governmental testing requirements. As a result, Nabi's business, financial condition and results of operations would be adversely affected if, due to changes in government regulation or other factors, its costs of collecting and selling plasma rise during a given year and Nabi is not able to pass on the increased costs until the next annual pricing renegotiation.

ITEM 2. PROPERTIES

A majority of the space occupied by Nabi is primarily used to collect plasma, and is leased from non-affiliates under leases expiring through 2010. A majority of these leases contain renewal options which permit Nabi to renew the leases for periods of two to five years at the then fair rental value. Nabi believes that in the normal course of its business it will be able to renew or replace its existing leases. Nabi also owns four plasma collection facilities located in Arizona, Indiana, Minnesota and Washington. Nabi's plasma collection centers range in size from approximately 2,000 to 25,000 square feet.

Nabi leases office, laboratory, warehouse and pilot manufacturing space in Miami, Florida and Rockville, Maryland.

Nabi owns a facility that houses its executive offices and its manufacturing plant in Boca Raton, Florida. Nabi will commence manufacturing after it obtains FDA licensure.

ITEM 3. LEGAL PROCEEDINGS

Nabi is a party to litigation in the ordinary course of business. Nabi does not believe that any such litigation will have a material adverse effect on its business, financial position or results of operations.

In addition, Nabi is a co-defendant with various other parties in numerous suits filed in the U.S. by, or on behalf of, individuals who claim to have been infected with HIV as a result of either using HIV-contaminated products made by the defendants other than Nabi or having familial relations with those so infected. The claims against Nabi are based on negligence and strict liability. One of the suits, filed in the Circuit Court for the Eleventh Judicial Circuit of Dade County, Florida on May 23, 1995 (Case No. 95-10489 CA 02), purports to be a class action. The defendants in this suit, other than Nabi, include Bayer

Corporation, Centeon Pharmaceutical Company, Rhone-Poulenc Rorer, Inc., Baxter Healthcare Corporation, Alpha Therapeutic Corporation and The National Hemophilia Foundation.

Nabi denies all claims against it in these suits and intends to defend the cases vigorously. Nabi believes that any such litigation will not have a material adverse effect on its business, financial position or results of operations.

ITEM 3A. EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of Nabi are as follows:

NAME	AGE	POSITION
DAVID J. GURY	59	Chairman of the Board, President and Chief Executive Officer
JOHN C. CARLISLE	51	Executive Vice President, Chief Operating Officer and Director
PINYA COHEN, PH.D.	62	Senior Vice President, Quality Assurance and Regulatory Affairs
ALFRED J. FERNANDEZ	49	Senior Vice President and Chief Financial Officer
FRANK J. MALINOSKI,M.D. PH.D.	43	Senior Vice President, Medical and Clinical Affairs
DAVID D. MUTH	44	Senior Vice President, Business Development, Sales and Marketing
ROBERT B. NASO, PH.D.	53	Senior Vice President, Research and Development
LORRAINE M. BREECE	45	Controller and Chief Accounting Officer

DAVID J. GURY has served as Nabi's Chairman of the Board, President and Chief Executive Officer since April 3, 1992. Previously, since May 21, 1984, he was Nabi's President and Chief Operating Officer. He has been a director of Nabi since 1984. From July 1977 until his employment by Nabi, Mr. Gury was employed by Alpha Therapeutic Corporation (formerly Abbott Scientific Products, "Alpha") as Director of Plasma Procurement (through October 1980), General Manager, Plasma Operations (through October 1981) and Vice President, Plasma Supply (through May 1984). In these capacities, Mr. Gury had executive responsibilities for plasma procurement and operation of plasmapheresis centers.

JOHN C. CARLISLE has served as Executive Vice President and Chief Operating Officer since March 1994 and was elected a director in August 1995. Mr. Carlisle joined Nabi in January 1994 and previously, from August 1989 to January 1994 he was President and Chief Executive Officer of Premier BioResources, Inc. ("PBI"). From June 1981 to August 1989 he served as Director of Plasma Supply for Alpha.

PINYA COHEN, PH.D. is Senior Vice President, Quality Assurance and Regulatory Affairs, has served in that capacity since November 1995 and has served as an executive officer since August 1992. From 1990 to 1992, he was Vice President, Regulatory Affairs for Connaught Laboratories, Inc.. From 1976 to 1979,

Dr. Cohen was Director, Quality Control and Regulatory Affairs and from 1979 to 1990 was Vice President, Quality Control and Regulatory Affairs at Merieux Institute, Inc. From 1972 to 1976, he was Director of the Plasma Derivatives Branch, Bureau of Biologics, FDA and prior to that time, from 1964 to 1972, he was Director of the Plasma Derivatives Branch, Division of Biologics Standards, the NIH.

ALFRED J. FERNANDEZ is Senior Vice President and Chief Financial Officer of Nabi, has served in that capacity since November 1995 and has served as an executive officer of Nabi since April 5, 1989. Previously, Mr. Fernandez had been associated with Rachlin & Cohen, Certified Public Accountants, in Miami, Florida as Director of Accounting and Audit Services since January 1988. Mr. Fernandez was employed by the Chattahoochee Financial Corporation in Atlanta, Georgia from May 1986 to September 1987 as Executive Vice President and Chief Financial Officer, with responsibility over all financial, accounting and investment functions. For more than five years prior to that time, Mr. Fernandez served as a Senior Manager with Price Waterhouse, an international public accounting firm.

FRANK J. MALINOSKI, M.D., PH.D. is Senior Vice President, Medical and Clinical Affairs, and has served in that capacity since March 1997. Dr. Malinoski joined Nabi in March 1996 as Vice President, Medical and Clinical Affairs. Previously from 1992 to 1996, he was Director, Clinical Research for Lederle-Praxis Biologicals in Rochester, New York. Prior to that time, from 1986 to 1992, Dr. Malinoski conducted clinical research with the U.S. Army Medical Research Institute of Infectious Diseases.

DAVID D. MUTH is Senior Vice President, Business Development, Sales and Marketing, and has served in that capacity since November 1996. Mr. Muth joined Nabi in August 1996 and previously he was Senior Vice President, Business Development at Duramed Pharmaceuticals, Inc. in Cincinnati, Ohio from February 1995 to May 1996. From 1978 to 1995, he was employed by Ortho McNeil Pharmaceuticals Corporation, a division of Johnson & Johnson in New Brunswick, New Jersey as Director, Corporate Development (1992 - 1995) and numerous positions of increasing responsibilities in both sales and marketing (1978 - 1992). Prior to that time, Mr. Muth held financial positions at Paine Webber and Dun & Bradstreet.

ROBERT B. NASO, PH.D. joined Nabi in November 1995 as Senior Vice President, Research and Development and General Manager, Rockville Operations. Previously, he was Vice President of Research at Univax beginning in May 1992, and became Vice President of Research and Development in October 1994. From 1983 to 1992, Dr. Naso was a manager and director of pharmaceutical and vaccine research and development at the R.W. Johnson Pharmaceutical Research Institute, a division of Ortho Pharmaceutical Corporation and the Johnson & Johnson Biotechnology Center, a division of the R.W. Johnson Pharmaceutical Research Institute.

LORRAINE M. BREECE is Controller and Chief Accounting Officer, and has served in that capacity since April 1991. Previously, she had been associated with Trammell Crow Company as Controller and as a consultant since October 1989. For more than five years prior to that time, Ms. Breece served as Controller for Levitt Corporation.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Nabi's common stock is quoted on the Nasdaq National Market under the symbol "NABI". The following table sets forth for each period indicated the high and low sale prices for the common stock (based upon intra-day trading) as reported by the Nasdaq National Market.

	HIGH	LOW
1996		
First Quarter	14 3/4	9 1/2
Second Quarter	14 5/8	8 3/4
Third Quarter	12 3/8	6 7/8
Fourth Quarter	12 1/8	7 3/8
1997		
First Quarter	12 3/8	6 13/16
Second Quarter	7 1/2	5 15/16
Third Quarter	8 3/16	5 7/16
Fourth Quarter	7 5/8	3 5/16

The number of record holders of Nabi's common stock at December 31, 1997 was 1,542.

No cash dividends have been previously paid on Nabi's common stock and none are anticipated in 1998. Nabi's credit agreement also restricts dividend payments.

ITEM 6. SELECTED FINANCIAL DATA - FIVE YEARS ENDED DECEMBER 31, 1997

The following table sets forth selected consolidated financial data for Nabi for the five years ended December 31, 1997 that were derived from Nabi's consolidated financial statements, which have been audited by Price Waterhouse LLP, independent accountants. On November 29, 1995, Univax, a publicly traded biopharmaceutical company, was merged with and into Nabi in a tax-free, stock-for-stock transaction. The Merger was accounted for as a pooling of interests and accordingly, all prior period financial information has been combined.

The data should be read in conjunction with, and are qualified by reference to, Nabi's Consolidated Financial Statements and the Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations". All amounts in the following table are expressed in thousands, except for per share data.

	Year Ended December 31,				
	1993	1994	1995	1996	1997
STATEMENT OF OPERATIONS DATA:					
Sales	$ 101,574	$ 164,426	$ 195,928	$ 239,909	$ 228,744
Cost of products sold	81,607	131,192	152,148	181,914	180,533
Gross profit	19,967	33,234	43,780	57,995	48,211
Selling, general and administrative expense	12,284	16,467	26,816	21,095	25,012
Research and development expense	17,089	17,599	20,132	16,721	19,126
Royalty expense	1,545	1,426	3,490	5,253	6,617
Other operating expense	1,842	2,234	3,015	3,757	3,087
Non-recurring charges	--	--	--	--	5,680
Operating income (loss)	(12,793)	(4,492)	(9,673)	11,169	(11,311)
Interest income	1,187	354	1,064	1,275	272
Interest expense	(3,282)	(3,254)	(1,931)	(3,987)	(4,712)
Other, net	(24)	(28)	(334)	(511)	(70)
Income (loss) before benefit (provision) for income taxes and accounting change/extraordinary charge	(14,912)	(7,420)	(10,874)	7,946	(15,821)
Benefit (provision) for income taxes	(1,988)	(5,774)	(6,687)	6,214	4,668
Income (loss) before accounting change extraordinary charge	(16,900)	(13,194)	(17,561)	14,160	(11,153)
Accounting change/extraordinary charge	100	(717)	--	(932)	--
Net income (loss)	$ (16,800)	$ (13,911)	$ (17,561)	$ 13,228	$ (11,153)
Basic earnings (loss) per share:					
Income (loss) before accounting change/ extraordinary charge	$ (0.76)	$ (0.47)	$ (0.52)	$ 0.41	$ (0.32)
Accounting change/extraordinary charge	0.01	(0.03)	--	(0.03)	--
Net income (loss)	$ (0.75)	$ (0.50)	$ (0.52)	$ 0.38	$ (0.32)
Diluted earnings (loss) per share:					
Income (loss) before accounting change/ extraordinary charge	$ (0.76)	$ (0.47)	$ (0.52)	$ 0.40	$ (0.32)
Accounting change/extraordinary charge	0.01	(0.03)	--	(0.03)	--
Net income (loss)	$ (0.75)	$ (0.50)	$ (0.52)	$ 0.37	$ (0.32)
BALANCE SHEET DATA:					
Working capital	$ 39,806	$ 52,208	$ 14,690	$ 63,630	$ 63,933
Total assets	91,459	132,089	137,975	202,142	225,906
Notes payable, including current maturities	21,202	27,557	42,894	83,465	121,081
Contingent purchase price obligation, including current maturities	7,056	--	--	--	--
Total stockholders' equity	51,635	85,319	69,442	86,061	75,663

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Nabi's financial condition and results of operations for the three years ended December 31, 1997 should be read in conjunction with the Consolidated Financial Statements and Notes thereto and with the information contained under "Factors to be Considered" in Item 1.

On November 29, 1995, Univax, a publicly traded biopharmaceutical company, was merged with and into Nabi in a tax-free, stock-for-stock transaction. The Merger was accounted for as a pooling of interests and accordingly, all prior period financial information has been combined.

RESULTS OF OPERATIONS

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

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
Sales	100.0%	100.0%	100.0%
Cost of products sold	77.7	75.8	78.9
Gross profit margin	22.3	24.2	21.1
Selling, general and administrative expense	13.7	8.8	10.9
Research and development expense	10.3	7.0	8.4
Royalty expense	1.7	2.2	2.9
Other operating expense	1.5	1.6	1.3
Non-recurring charges	--	--	2.5
Operating income (loss)	(4.9)	4.6	(4.9)
Interest income	0.5	0.5	--
Interest expense	(1.0)	(1.6)	(2.0)
Other, net	(0.2)	(0.2)	--
Income (loss) before benefit (provision) for income taxes and extraordinary charge	(5.6)	3.3	(6.9)
Benefit (provision) for income taxes	(3.4)	2.6	2.0
Extraordinary charge	--	(0.4)	--
Net income (loss)	(9.0)%	5.5%	(4.9)%

Information concerning Nabi's sales by industry segment, for the respective periods, is set forth in the following table. All dollar amounts set forth in the table are expressed in thousands.

	YEAR ENDED DECEMBER 31,					
	1995		1996		1997	
Plasma Products						
-Source	$108,327	55.3%	$121,025	50.4%	$135,331	59.2%
-Specialty	61,178	31.2	86,807	36.2	54,348	23.8
	169,505	86.5	207,832	86.6	189,679	83.0
Therapeutic products	18,590	9.5	26,405	11.0	34,470	15.0
Diagnostic products and services	7,833	4.0	5,672	2.4	4,595	2.0
TOTAL	$195,928	100.0%	$239,909	100.0%	$228,744	100.0%

1997 AS COMPARED TO 1996

SALES. Sales for 1997 were $228.7 million compared to $239.9 million for 1996. Overall, revenues for the year were adversely affected by a 8.7% decline in plasma sales attributable to several factors, notably the general disruption in the plasma industry caused by regulatory problems experienced by the major plasma processors and a shift in demand from certain specialty plasmas to source plasma. While the industry disruption has not impacted the continued strong demand for plasma derived products, it has led to decreased fractionation capacity, a decreased ability to process raw plasma and an increase of plasma inventories. The decline in plasma revenue was partially offset by a 30.5% increase in therapeutic product revenues over the prior year largely due to an increased demand for WinRho SDFTM and sales of Autoplex(R)T, a product which was acquired from Baxter in May 1997.

GROSS PROFIT MARGIN. Gross profit and related margin for 1997 was $48.2 million or 21.1%, compared to $58 million or 24.2% in 1996. Gross profit margins were adversely affected by several factors, including a less favorable sales mix of specialty and source plasma; under absorption of fixed overhead as a result of reduced production levels in response to the general disruption in the plasma industry and certain expenses associated with process improvement initiatives within plasma operations. The increase in sales of higher margin therapeutic products partially offset the overall decline in gross profit margin.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE. Selling, general and administrative expense was $25.0 million or 10.9% of sales in 1997, compared to $21.1 million or 8.8% of sales in 1996. The increase was primarily attributable to sales and marketing expenses associated with increased therapeutic product sales and expenses associated with the implementation and ongoing support of new information systems.

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expense was $19.1 million or 8.4% of sales in 1997, compared to $16.7 million or 7.0% of sales in 1996. The increase in expenses relates primarily to the advancement of clinical trials for Nabi-H-BIG(R), Nabi-StaphVAX(TM) and Nabi-Altastaph(TM).

NON-RECURRING CHARGES. Nabi recognized approximately $5.7 million of non-recurring charges during 1997. These charges included $3.9 million of asset impairment losses, principally associated with Nabi's investment in Michigan Biologic Products Institute ("MBPI"), an alternative contract fractionation facility for the production of H-BIG(R). The project was abandoned during the third quarter as Nabi entered into an H-BIG(R) manufacturing agreement with Cangene Corporation. Streamlining initiatives within plasma operations principally involving center closings contributed the remaining $1.8 million in non-recurring charges.

INTEREST AND OTHER EXPENSE, NET. Interest and other expense, net for 1997 was $4.5 million, compared to $3.2 million in 1996. The increase was primarily attributable to higher average outstanding borrowings and lower average outstanding investments as compared to 1996.

OTHER FACTORS. The provision for income taxes results in a benefit of $4.7 million for 1997, compared to a benefit of $6.2 million in 1996. The benefit for 1997 relates to the recovery of income taxes previously paid on taxable income in prior years. The benefit recognized in 1996 was primarily due to the release of valuation allowances associated with certain net operating loss ("NOL") carryforwards and other deferred tax assets acquired through the Merger.

1996 AS COMPARED TO 1995

SALES. Sales for 1996 increased 22% to $239.9 million, compared to $195.9 million in 1995, reflecting an increase in plasma sales of $38.3 million and an increase in immunotherapeutic product sales of $7.8 million, both of which were offset by a decrease in diagnostic products and services sales of $2.2 million. The 22.6% increase in plasma sales was primarily attributable to increased specialty plasma sales. Increased sales of immunotherapeutic products was primarily due to an increase in H-BIG(R) sales.

GROSS PROFIT MARGIN. Gross profit and related margin for 1996 was $58 million or 24.2%, compared to $43.8 million or 22.3% in 1995. An improved sales mix resulting primarily from increased sales of higher-margin specialty plasma and immunotherapeutic products accounted for the improved profitability.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE. Selling, general and administrative expense was $21.1 million or 8.8% of sales in 1996, compared to $26.8 million or 13.7% of sales in 1995. The decrease was primarily attributable to approximately $6 million in non-recurring merger expenses associated with the Univax merger in 1995.

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expense was $16.7 million or 7.0% of sales in 1996, compared to $20.1 million or 10.3% of sales in 1995. The decrease in expenses relates primarily to the discontinuation of clinical trials for HyperGAM+CF during June 1996.

OTHER FACTORS. The benefit for income taxes was $6.2 million in 1996, compared to a provision of $6.7 million in 1995. The benefit was primarily due to the release of valuation allowances associated with certain NOL carryforwards and other deferred tax assets acquired in the Merger. In 1995, the provision for income taxes reflected non-deductible merger expenses and pre-merger income which could not be offset by pre-merger losses incurred by Univax.

Net income for 1996 includes an extraordinary charge of $.9 million, or $.03 per share, due to the write-off of debt issue costs associated with Nabi's early repayment of its outstanding bank debt through the application of a portion of the net proceeds of the 6.5% Convertible Subordinated Notes issued during the first quarter of 1996.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1997, Nabi's credit agreement provided for a $50 million revolving credit facility subject to certain borrowing base restrictions as defined in the agreement which matures in September 2002. Borrowings under the facility were $34.2 million and additional availability was approximately $10.3 million at December 31, 1997. As of that date, Nabi was not in compliance with certain financial covenants. Effective March 30, 1998, Nabi amended its credit agreement to provide for a waiver of noncompliance with respect to the financial covenants and also to prospectively modify the financial covenants. The agreement was also amended to provide for a $45 million revolving credit facility due September 2002, and a $5 million term loan due March 1999, on substantially the same terms as the previous credit agreement, with the exception that all borrowings will bear interest at the prime rate plus 1%. Nabi currently believes that it can comply with the amended covenants during 1998 and the remaining term of the credit agreement.

At December 31, 1997, Nabi's working capital was $63.9 million compared to $63.6 million on December 31, 1996.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements and information required by Item 8 are listed in the Index, presented as Item 14, and included herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information called for by this Item and not provided in Item 3A will be contained in Nabi's Proxy statement, which Nabi intends to file within 120 days following the end of Nabi's fiscal year ended December 31, 1997 and such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this Item will be contained in Nabi's Proxy Statement which Nabi intends to file within 120 days following the end of Nabi's fiscal year ended December 31, 1997 and such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this Item will be contained in Nabi's Proxy Statement which Nabi intends to file within 120 days following the end of Nabi's fiscal year ended December 31, 1997 and such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this Item will be contained in Nabi's Proxy Statement which Nabi intends to file within 120 days following the end of Nabi's fiscal year ended December 31, 1997 and such information is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) (1) FINANCIAL STATEMENTS

The following consolidated financial statements of Nabi and its subsidiaries are included pursuant to Item 8 hereof.

(B) REPORTS ON FORM 8-K

On August 21, 1997, Nabi filed a current report on Form 8-K relating to its adoption of the Shareholders Rights Plan. Nabi inadvertently omitted disclosure of the filing in its quarterly report on Form 10Q for the three months ended September 30, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on this 30th day of March, 1998.

NABI

By: /s/ DAVID J. GURY

David J. Gury
Chairman of the Board, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated.

SIGNATURES	TITLE	DATE
/s/ DAVID J. GURY David J. Gury	Chairman of the Board, President, Chief Executive Officer	March 30, 1998
/s/ JOHN C. CARLISLE John C. Carlisle	Senior Executive Vice President	March 30, 1998
/s/ ALFRED J. FERNANDEZ Alfred J. Fernandez	Senior Vice President, Chief Financial Officer	March 30, 1998
/s/ LORRAINE M. BREECE Lorraine M. Breece	Chief Accounting Officer	March 30, 1998
/s/ JOSEPH C. COOK, JR. Joseph C. Cook, Jr.	Director	March 30, 1998
/s/ RICHARD A. HARVEY, JR. Richard A. Harvey, Jr.	Director	March 30, 1998
/s/ DAVID L. CASTALDI David L. Castaldi	Director	March 30, 1998
/s/ DAVID A. THOMPSON David A. Thompson	Director	March 30, 1998
/s/ PAUL BOGIKES Paul Bogikes	Director	March 30, 1998
/s/ GEORGE W. EBRIGHT George W. Ebright	Director	March 30, 1998
/s/ LINDA JENCKES Linda Jenckes	Director	March 30, 1998

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
and Stockholders of
Nabi

In our opinion, the consolidated financial statements listed in the index appearing under Item 14 (a) (1) and (2) present fairly, in all material respects, the financial position of Nabi and its subsidiaries at December 31, 1996 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles. These financial statements are the responsibility of Nabi's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ Price Waterhouse LLP
PRICE WATERHOUSE LLP
Miami, Florida
March 30, 1998

NABI

CONSOLIDATED STATEMENT OF OPERATIONS

(In Thousands, Except Per Share Data)	For The Years Ended December 31, 1995	1996	1997
SALES	$ 195,928	$ 239,909	$ 228,744
COSTS AND EXPENSES:			
Costs of products sold	152,148	181,914	180,533
Selling, general and administrative expense	26,816	21,095	25,012
Research and development expense	20,132	16,721	19,126
Royalty expense	3,490	5,253	6,617
Other operating expense, principally amortization and freight	3,015	3,757	3,087
Non-recurring charges	--	--	5,680
OPERATING INCOME (LOSS)	(9,673)	11,169	(11,311)
INTEREST INCOME	1,064	1,275	272
INTEREST EXPENSE	(1,931)	(3,987)	(4,712)
OTHER, NET	(334)	(511)	(70)
INCOME (LOSS) BEFORE BENEFIT (PROVISION) FOR INCOME TAXES AND EXTRAORDINARY CHARGE	(10,874)	7,946	(15,821)
BENEFIT (PROVISION) FOR INCOME TAXES	(6,687)	6,214	4,668
INCOME (LOSS) BEFORE EXTRAORDINARY CHARGE	(17,561)	14,160	(11,153)
EXTRAORDINARY CHARGE	--	(932)	--
NET INCOME (LOSS)	$ (17,561)	$ 13,228	$ (11,153)
BASIC EARNINGS (LOSS) PER SHARE:			
Earnings (loss) before extraordinary charge	$ (0.52)	$ 0.41	$ (0.32)
Extraordinary charge	--	(0.03)	--
Net earnings (loss)	$ (0.52)	$ 0.38	$ (0.32)
DILUTED EARNINGS (LOSS) PER SHARE:			
Earnings (loss) before extraordinary charge	$ (0.52)	$ 0.40	$ (0.32)
Extraordinary charge	--	(0.03)	--
Net earnings (loss)	$ (0.52)	$ 0.37	$ (0.32)

The accompanying Notes are an integral part of these Financial Statements.

NABI

CONSOLIDATED BALANCE SHEET

(In Thousands)	December 31, 1996	December 31, 1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 18,513	$ 3,397
Short-term investments	8,797	--
Trade accounts receivable, net	38,127	36,060
Inventories, net	28,395	43,387
Prepaid expenses and other assets	4,269	16,128
TOTAL CURRENT ASSETS	98,101	98,972
PROPERTY AND EQUIPMENT, NET	60,587	89,187
OTHER ASSETS		
Excess of acquisition cost over net assets acquired, net	18,072	17,123
Intangible assets, net	9,684	8,104
Other, net	15,698	12,520
TOTAL ASSETS	$ 202,142	$ 225,906
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 9,800	$ 11,390
Accrued expenses	22,484	17,396
Notes payable	2,187	6,253
TOTAL CURRENT LIABILITIES	34,471	35,039
NOTES PAYABLE	81,278	114,828
OTHER	332	376
TOTAL LIABILITIES	116,081	150,243
COMMITMENTS AND CONTINGENCIES	--	--
STOCKHOLDERS' EQUITY		
Convertible preferred stock, par value $.10 per share: 5,000 shares authorized; no shares outstanding	--	--
Common stock, par value $.10 per share: 75,000 shares authorized; 34,614 and 34,801 shares issued and outstanding, respectively	3,461	3,480
Capital in excess of par value	136,424	137,160
Accumulated deficit	(53,824)	(64,977)
TOTAL STOCKHOLDERS' EQUITY	86,061	75,663
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 202,142	$ 225,906

The accompanying Notes are an integral part of these Financial Statements.

NABI

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

(In Thousands)	Common Stock Shares	Common Stock Amount	Common Stock Warrants Shares	Common Stock Warrants Amount
Balance at December 31, 1994	33,296	$ 3,330	9	$ --
Compensation related to restricted stock issued under employee stock plan	--	--	--	--
Stock options exercised	700	70	--	--
Issuance of common stock pursuant to employee stock plan	22	2	--	--
Tax benefit from stock options exercised	--	--	--	--
Acquisition and retirement of treasury stock	(76)	(8)	--	--
Issuance of warrants	--	--	100	--
Collection of note receivable	--	--	--	--
Net loss for the year	--	--	--	--
Other	--	--	--	--
Balance at December 31, 1995	33,942	3,394	109	--
Compensation related to restricted stock issued under employee stock plan	14	1	--	--
Stock options exercised	704	71	--	--
Tax benefit from stock options exercised	--	--	--	--
Acquisition and retirement of treasury stock	(50)	(5)	--	--
Warrants exercised	4	--	(9)	--
Net income for the year	--	--	--	--
Other	--	--	--	--
Balance at December 31, 1996	34,614	3,461	100	--
Stock options exercised	185	19	--	--
Tax benefit from stock options exercised	--	--	--	--
Net loss for the year	--	--	--	--
Other	2	--	--	--
Balance at December 31, 1997	34,801	$ 3,480	100	--

(In Thousands)	Capital in Excess of Par Value	Accumulated Deficit	Receivable from Stockholder	Stockholders' Equity
Balance at December 31, 1994	$ 131,606	$ (49,491)	$ (126)	$ 85,319
Compensation related to restricted stock issued under employee stock plan	5	--	--	5
Stock options exercised	1,127	--	--	1,197
Issuance of common stock pursuant to employee stock plan	102	--	--	104
Tax benefit from stock options exercised	819	--	--	819
Acquisition and retirement of treasury stock	(555)	--	--	(563)
Issuance of warrants	--	--	--	--
Collection of note receivable	--	--	126	126
Net loss for the year	--	(17,561)	--	(17,561)
Other	(4)	--	--	(4)
Balance at December 31, 1995	133,100	(67,052)	--	69,442
Compensation related to restricted stock issued under employee stock plan	164	--	--	165
Stock options exercised	2,526	--	--	2,597
Tax benefit from stock options exercised	1,211	--	--	1,211
Acquisition and retirement of treasury stock	(495)	--	--	(500)
Warrants exercised	--	--	--	--
Net income for the year	--	13,228	--	13,228
Other	(82)	--	--	(82)
Balance at December 31, 1996	136,424	(53,824)	--	86,061
Stock options exercised	427	--	--	446
Tax benefit from stock options exercised	477	--	--	477
Net loss for the year	--	(11,153)	--	(11,153)
Other	(168)	--	--	(168)
Balance at December 31, 1997	$ 137,160	$ (64,977)	--	$ 75,663

The accompanying Notes are an integral part of these Financial Statements.

NABI

CONSOLIDATED STATEMENT OF CASH FLOWS

(In Thousands)	For The Years Ended December 31, 1995	1996	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$(17,561)	$ 13,228	$(11,153)
Adjustments to reconcile net income (loss) to net cash (used) provided by operating activities:			
Depreciation and amortization	6,959	7,883	9,856
Non-recurring charge	--	--	5,680
Compensation under employee stock plan	657	165	--
Deferred income taxes	(806)	(6,369)	2,503
Tax benefit from stock options exercised	819	1,211	477
Extraordinary charge	--	932	--
Other	119	916	1,179
Change in assets and liabilities:			
Decrease (increase) in trade accounts receivable	(4,743)	(10,589)	1,066
Decrease (increase) in inventories	(1,401)	(5,749)	(15,096)
Decrease (increase) in prepaid expenses	369	(1,396)	(12,259)
Decrease (increase) in other assets	(2,578)	(1,106)	(2,633)
Increase (decrease) in accounts payable and accrued expenses	5,495	7,121	(5,246)
Total adjustments	4,890	(6,981)	(14,473)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(12,671)	6,247	(25,626)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash consideration for business acquisition	(6,425)	--	--
Capital expenditures	(24,387)	(23,085)	(36,367)
Collections on note receivable from stockholder	126	--	--
Purchases of short-term investments	(4,036)	(18,190)	--
Sales and redemptions of short-term investments	22,885	9,724	8,850
NET CASH USED BY INVESTING ACTIVITIES	(11,837)	(31,551)	(27,517)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issuance of convertible subordinated debentures	--	77,884	--
Net proceeds from sale and issuance of common stock	612	--	--
Proceeds from exercise of options and warrants	419	1,872	446
Borrowings (repayments) under line of credit, net	(626)	(6,760)	34,246
Repayments of term debt, net	(388)	(10,933)	(614)
Borrowings (repayments) of flexible term notes	12,936	(18,000)	--
Borrowings (repayments) of other debt	3,414	(4,237)	3,949
NET CASH PROVIDED BY FINANCING ACTIVITIES	16,367	39,826	38,027
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,141)	14,522	(15,116)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,132	3,991	18,513
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,991	$ 18,513	$ 3,397
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 2,190	$ 3,605	$ 6,295
Income taxes paid (refunded), net	$ 7,190	$ (264)	$ 350

The accompanying Notes are an integral part of these Financial Statements

NABI

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BUSINESS AND ORGANIZATION

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

On November 29, 1995, Univax Biologics, Inc. ("Univax"), a publicly traded biopharmaceutical company, was merged with and into Nabi. Under the terms of the agreement and plan of merger, Nabi issued an aggregate of 14,173,508 shares of its common stock for the outstanding shares of Univax common and preferred stock. The merger was accounted for as a pooling of interests and qualified as a tax free reorganization under Internal Revenue Service regulations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION: The consolidated financial statements include the accounts of Nabi and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

ACCOUNTING ESTIMATES: 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

BASIS OF PRESENTATION: Certain items in the 1995 and 1996 consolidated financial statements have been reclassified for comparative purposes. All dollar amounts are expressed in thousands of dollars except amounts related to per share data.

REVENUE RECOGNITION: Revenue is recognized when title and risk of loss are transferred to the customer, generally as products are shipped. Cash collections in excess of amounts earned on billings are recorded as deferred revenue and recognized as services are rendered or products are shipped.

RESEARCH AND DEVELOPMENT EXPENSE: Research and development costs are expensed as incurred. Amounts payable to third parties under collaborative product development agreements are recorded at the earlier of the milestone achievement or as payments become contractually due. Reimbursements from third parties for research and development activities are recorded as a reduction in research and development expense.

INCOME TAXES: The provision for income taxes includes federal and state income taxes currently payable and the change in amounts deferred because of temporary differences between financial statement and tax basis of assets and liabilities. Deferred tax assets are accounted for under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes," which requires a valuation allowance when it is "more likely than not" that some portion of the deferred tax assets will not be realized. The pronouncement further states that "forming a conclusion that a valuation allowance is not required is difficult" when there is persuasive evidence to the contrary, such as cumulative losses in recent years. Nabi periodically evaluates the probability of future taxable income including the occurrence of intervening events which affect the probability of future taxable income and adjusts its valuation allowance accordingly.

EARNINGS PER SHARE: During the fourth quarter of 1997, Nabi adopted SFAS No. 128, "Earnings Per Share", which requires presentation of basic and diluted earnings per share and restatement of earnings per share for all prior periods presented. Basic earnings per share is determined based on the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined based on the weighted average number of common shares and potentially dilutive securities outstanding during the year.

FINANCIAL INSTRUMENTS: The carrying amounts of financial instruments including cash and cash equivalents, short-term investments, accounts receivable, accounts payable and short-term debt approximated fair value as of December 31, 1996 and 1997, because of the relatively short maturity of these instruments.

CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS: Cash equivalents consist of money market funds and bankers acceptances with a maturity of three months or less. Short-term investments consist of securities issued or guaranteed by the U.S. Treasury and U.S. Government Agency Securities.

Short-term investments are classified as available-for-sale based on management's assessment of its intent and ability to hold these investments.

INVENTORIES: Inventories are stated at the lower of cost or market with cost determined on the first-in first-out ("FIFO") method for substantially all inventories.

PROPERTY AND EQUIPMENT: Property and equipment are carried at cost. Depreciation is recognized on the straight-line method over the estimated useful lives of the assets. Depreciable lives of property and equipment are as follows:

ASSET	LIFE
Buildings	35 - 39 Years
Furniture and fixtures	5 - 8 Years
Information systems	3 - 10 Years
Machinery and equipment	3 - 8 Years
Leasehold improvements	Lesser of lease term or economic life

Maintenance and repairs are expensed as incurred. Major renewals and betterments are capitalized as additions to property and equipment. Gain or loss upon the retirement or sale of property and equipment is reflected currently in the results of operations.

EXCESS OF ACQUISITION COST OVER NET ASSETS ACQUIRED: Excess of acquisition cost over net assets acquired (goodwill) represents the excess of cost over the fair value of identifiable assets acquired in business acquisitions. Goodwill is amortized ratably from the date of acquisition over periods ranging from 10 to 25 years and is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying assets.

INTANGIBLE ASSETS: Intangible assets represent the fair value of assets acquired in business, product and plasma center acquisitions including customer lists, donor lists, trademarks and trademark registrations, and non-competition agreements. These costs are amortized ratably from the date of acquisition over periods ranging from 3 to 25 years and are evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying assets.

NOTE 3 SHORT-TERM INVESTMENTS

The following is a summary of securities available for sale as of December 31, 1996:

	FAIR VALUE
U.S. Treasury Bill	$4,955
U.S. Government Agencies	3,842
TOTAL	$8,797

The fair value of the above securities approximates carrying value at December 31, 1996.

NOTE 4 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are comprised of the following:

	DECEMBER 31,	
	1996	1997
Trade accounts receivable	$ 38,774	$ 36,463
Allowance for doubtful accounts	(647)	(403)
TOTAL	$ 38,127	$ 36,060

NOTE 5 INVENTORIES

The components of inventories are as follows:

	DECEMBER 31,	
	1996	1997
Finished goods	$ 23,610	$ 40,029
Work in process	1,836	212
Raw materials	8,504	3,787
	33,950	44,028
Less reserves	(5,555)	(641)
TOTAL	$ 28,395	$ 43,387

Inventory reserves at December 31, 1997 declined substantially from the prior year, principally due to the write-off of previously reserved development stage raw material inventories which had no commercial viability.

NOTE 6 PREPAID EXPENSES AND OTHER ASSETS

The components of prepaid expenses and other current assets are summarized below:

	DECEMBER 31,	
	1996	1997
Federal and State income tax receivables	--	$ 7,767
Other prepaid items	$ 4,269	8,361
TOTAL	$ 4,269	$16,128

NOTE 7 PROPERTY AND EQUIPMENT

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

	DECEMBER 31,	
	1996	1997
Information systems	$ 4,692	$ 19,066
Leasehold improvements	15,106	17,523
Machinery and equipment	16,839	16,882
Land and buildings	7,155	8,634
Furniture and fixtures	4,907	5,122
Construction in progress	32,298	46,776
Total property and equipment	80,997	114,003
Less accumulated depreciation and amortization	(20,410)	(24,816)
TOTAL	$ 60,587	$ 89,187

Construction in progress consists primarily of costs incurred in connection with construction of Nabi's biopharmaceutical facility included deferred validation costs of $2,754 and $9,370 and capitalized interest of $2,757 and $5,149 at December 31, 1996 and 1997, respectively.

The biopharmaceutical facility requires FDA licensure to produce therapeutic products. Nabi believes that the facility will be licensed by late 1999 or early 2000. The anticipated costs of completion to prepare the facility for its intended use are estimated to be approximately $11,000 and $12,500 in 1998 and 1999, respectively.

Machinery and equipment includes certain assets which have been accounted for as capital leases with a net book value of $1,056 and $421 at December 31, 1996 and 1997, respectively.

Depreciation and amortization expense during 1995, 1996 and 1997 includes amortization of assets under capital leases of approximately $861, $743 and $447 respectively.

NOTE 8 OTHER ASSETS

Other assets consist of the following:

	DECEMBER 31,	
	1996	1997
Excess of acquisition cost over net assets acquired	$ 22,204	$ 22,204
Less accumulated amortization	(4,132)	(5,081)
	$ 18,072	$ 17,123
Intangible assets	$ 15,733	$ 15,557
Less accumulated amortization	(6,049)	(7,453)
	$ 9,684	$ 8,104
Other	$ 20,330	$ 18,145
Less accumulated amortization	(4,632)	(5,625)
TOTAL	$ 15,698	$ 12,520

NOTE 9 ACCRUED EXPENSES

Accrued expenses consist of the following:

	DECEMBER 31,	
	1996	1997
Employee compensation and benefits	$ 6,919	$ 5,127
Accrued royalties and product costs	3,282	3,741
Accrued interest	2,210	2,389
Accrued chargebacks	1,956	715
Other	8,117	5,424
TOTAL	$22,484	$17,396

NOTE 10 NOTES PAYABLE

Notes payable consist of the following:

	DECEMBER 31,	
	1996	1997
Bank indebtedness:		
Revolving credit facility	--	$ 34,246
Other	$ 1,573	4,599
	1,573	38,845
6.5% Convertible Subordinated Notes	80,500	80,500
Equipment term notes	957	343
Other	435	1,393
Total notes payable	83,465	121,081
Current maturities	(2,187)	(6,253)
Notes payable, long-term	$ 81,278	$ 114,828

At December 31, 1997, the annual aggregate maturities of debt through the year 2002 and thereafter were $6,253; $82; $0; $0; $34,246; and $80,500.

At December 31, 1997, Nabi's credit agreement provided for a $50,000 revolving credit facility subject to certain borrowing base restrictions as defined in the agreement which matures in September 2002. Availability under the new facility was approximately $10,300 at December 31, 1997. As of the same date, Nabi was not in compliance with certain financial covenants. Effective March 30, 1998 Nabi amended its credit agreement to provide for a waiver of noncompliance with respect to the financial covenants and also to prospectively modify the financial covenants. The agreement was also amended to provide for a $45,000 revolving credit facility due September 2002, and a $5,000 term loan due March 1999, on substantially the same terms as the previous credit agreement, with the exception that all borrowings will bear interest at the prime rate plus 1%. Nabi currently believes that it can comply with the amended covenants during 1998 and the remaining term of the credit agreement. This credit agreement is secured by substantially all assets and contains covenants prohibiting dividend payments and requiring the maintenance of certain financial covenants. Other bank indebtedness includes amounts due for transactional float under the revolving credit facility.

Equipment term notes outstanding at December 31,1997 have a weighted-average interest rate of 5.57%, are payable in installments through 1999 and are secured by equipment having a net book value of approximately $400 at December 31, 1997.

During the first quarter of 1996, Nabi issued $80,500 of 6.5% Convertible Subordinated Notes due February 1, 2003 ("Notes") in a private placement. The Notes are convertible into Nabi common stock at a conversion price of $14 per share at any time on or after May 6, 1996, unless previously redeemed or repurchased. At any time on or after February 4, 1999, the Notes may be redeemed at Nabi's option without premium. A total of 5,750,000 shares of common stock have been registered and reserved for issuance upon conversion of the Notes. Nabi utilized a portion of the net proceeds of the offering to repay a $10,000 term loan, $18,000 in flexible term notes and approximately $12,200 under a revolving credit facility. In connection with the early repayment of the outstanding bank debt through the application of the net proceeds of the Notes, Nabi incurred an extraordinary charge of approximately $932 in the first quarter of 1996.

At December 31, 1997, the fair value of Nabi's convertible subordinated notes was approximately $53,900. The fair value was estimated using an independently quoted market price. The carrying value of all other long-term notes payable approximated fair value based upon quoted market prices for the same or similar debt issues.

NOTE 11 STOCKHOLDERS' EQUITY

COMMON STOCK

Effective November 29, 1995, Nabi issued approximately 14.2 million shares of its common stock in exchange for all of the outstanding common and preferred stock of Univax.

Effective January 1995, Nabi increased its authorized common stock from 20 million to 50 million shares and in November 1995 to 75 million shares.

WARRANTS

In November 1995, Nabi issued a warrant to purchase 100,000 shares of its common stock to an affiliate of its principal bank lender in connection with an agreement whereby Nabi had the right to issue up to $20,000 in subordinated notes. The warrants are exercisable at $9.82 per share and expire on December 31, 2000.

STOCK OPTIONS

Nabi maintains four stock option plans for its employees. Under these plans, Nabi has granted options to certain employees entitling them to purchase shares of common stock within ten years. The options vest over periods ranging from six months to four years from the date of grant and are granted with exercise prices equal to or greater than the fair market value of the underlying common stock on the date of grant.

During May 1995, the stockholders of Nabi adopted the Stock Plan for Non-Employee Directors (the "Directors Plan"). Nabi granted options under the Director's Plan to certain directors entitling them to purchase shares of Nabi common stock within five years, vesting at six months after the date of grant and at an option price equal to the fair market value of the underlying common stock at the date of grant. Also, during May 1995, the stockholders of Univax approved the 1995 Director's Stock Option Plan (the "Univax Director's Plan") for the former directors of Univax. Under the Univax Director's Plan, options to purchase 27,650 shares of common stock were granted, all of which were exercised prior to the effective date of the Univax merger upon which date the plan was terminated.

At December 31, 1997, there were options outstanding under all Nabi's stock plans to acquire 4.9 million shares of its common stock of which 1.8 million were then exercisable. As of the same date, 4.9 million shares of common stock are reserved for future issuance under the plans. Stock options granted and outstanding under these plans as of December 31, 1997 is presented below:

STOCK OPTION ACTIVITY

	OPTIONS	EXERCISE PRICE
	(In Thousands)	
BALANCE AT DECEMBER 31, 1994	3,054	$ .19 - $12.97
Granted	1,029	$5.38 - $11.00
Exercised or canceled	(1,029)	$ .19 - $12.97
BALANCE AT DECEMBER 31, 1995	3,054	$ .19 - $12.97
Granted	975	$8.63 - $13.75
Exercised or canceled	(912)	$ .19 - $ 3.75
BALANCE AT DECEMBER 31, 1996	3,117	$ .19 - $13.75
Granted	1,001	$4.25 - $11.13
Exercised or canceled	(345)	$1.03 - $13.75
BALANCE AT DECEMBER 31, 1997	3,773	$ .19 - $13.75

STOCK OPTIONS OUTSTANDING

	OUTSTANDING			EXERCISABLE	
EXERCISE PRICE RANGE	Options	Average Years Remaining	Average Exercise Price	Options	Average Exercise Price
	(In Thousands)			(In Thousands)	
$0.19 - $4.25	540	4.6	$2.65	520	$2.59
$5.06 - $7.59	1,260	7.1	6.75	834	6.77
$8.39 - $11.125	1,121	6.9	10.72	168	9.11
$12.97 - $13.75	852	6.5	13.73	241	13.68
TOTAL	3,773	6.5	$8.46	1,763	$8.04

In connection with the merger of Univax into Nabi, certain employees' stock options were vested in connection with the termination of their employment.

Nabi has recorded compensation in connection with these plans of $657 and $165 in 1995 and 1996, respectively.

In October 1995, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123, "Accounting for Stock-Based Compensation". SFAS 123, the disclosure provisions of which must be implemented for fiscal years beginning subsequent to December 15, 1995, establishes a fair value based method of accounting for stock-based compensation plans, the effect of which can either be disclosed or recorded. Nabi adopted the disclosure-only provisions of SFAS 123 in 1996 and upon adoption, retained its intrinsic value method of accounting for stock-based compensation.

The following information reflects Nabi's proforma earnings (loss) information as if compensation expense associated with Nabi's stock plans had been recorded under the provisions of SFAS 123. Proforma compensation expense has been determined based upon the estimated fair market value of the options at the date of grant.

	1996	1997
Net income (loss)	$ 12,230	$ (12,658)
Basic earnings (loss) per share	$ 0.36	$ (0.36)
Diluted earnings (loss) per share	$ 0.35	$ (0.36)

The estimated fair value of each option grant is estimated using the Black-Scholes option-pricing model with the following ranges of assumptions: expected term of 2 - 5 years; expected volatility of 57% - 83%; and risk-free interest rates of 5% - 8%. The weighted-average estimated fair value of options granted during 1996 was $5.93 and $6.48 for 1997.

Effective July 25, 1997, Nabi's Board of Directors adopted a shareholders rights plan under which a dividend of one preferred share purchase right ("the Right") was distributed for each outstanding share of common stock held as of the close of business on August 27, 1997. Each right entitles the holder to purchase one one-hundredth of a share of Series One Preferred Stock at a price of $70, subject to adjustment. The Rights expire August 1, 2007, and are exercisable only if an individual or group has acquired or obtained the right to acquire, or has announced a tender or exchange offer that if consummated would result in such individual or group acquiring beneficial ownership of 15% or more of the common stock. Such percentage may be lowered at the Board's discretion. If the Rights become exercisable, the holder may be entitled to receive upon exercise shares of Nabi's common stock having a market value of two times the exercise price of the Rights or the number of shares of the acquiring company which have a market value of two times the exercise price of the Rights. The Rights separate from the common stock if they become exercisable. Nabi is entitled to redeem the Rights in whole for $.01 per Right under certain circumstances.

During January 1998, Nabi granted approximately 1.6 million options to its employees under the stock option plans.

STOCK PURCHASE PLAN

During 1991, Nabi adopted an employee stock purchase plan which was terminated effective November 29, 1995 in connection with the Univax merger. The plan provided for the purchase of common stock by employees at a price equal to 85% of the fair market value of such stock. Under this plan, 41,830 common shares were issued to employees.

NOTE 12 INCOME TAXES

Income (loss) before benefit (provision) for income taxes and extraordinary charge was taxed under the following jurisdictions:

	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1996	1997
Domestic	$ (9,148)	$ 6,172	$(15,348)
Foreign	(1,726)	1,774	(473)
TOTAL	$(10,874)	$ 7,946	$(15,821)

The benefit (provision) for income taxes consists of the following:

	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1996	1997
Current			
Federal	$(5,926)	$ (529)	$ 6,929
State	(730)	(231)	(60)
	(6,656)	(760)	6,869
Deferred			
Federal	771	7,719	(1,631)
State	35	484	(75)
	806	8,203	(1,706)
Benefit charged directly to equity from exercise of stock options and warrants	(819)	(1,211)	(477)
Acquired tax benefit used to reduce intangible assets	(18)	(18)	(18)
TOTAL	$(6,687)	$ 6,214	$ 4,668

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

	December 31,		
	1995	1996	1997
DEFERRED TAX ASSETS:			
NOL carryforward	$ 18,338	$ 17,429	$ 17,987
Capitalized research and development	12,712	10,387	9,003
Research tax credit	2,801	3,078	2,882
Inventory reserve and capitalization	1,518	2,044	482
Amortization	1,090	2,185	2,349
Bad debt reserve	126	233	145
Depreciation	523	719	678
Alternative minimum tax credit	--	--	703
Other	593	525	928
	37,701	36,600	35,157
Valuation allowance	(34,635)	(27,251)	(28,324)
Deferred tax assets	3,066	9,349	6,833
DEFERRED TAX LIABILITIES:			
Amortization	(937)	(906)	(906)
Other	(72)	(17)	(4)
Deferred tax liabilities	(1,009)	(923)	(910)
Net deferred tax assets	$ 2,057	$ 8,426	$ 5,923

In November 1995, Univax was merged with and into Nabi. The merger qualifies as a tax-free reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended. Univax's pre-merger deferred tax assets are available to offset the future taxable income of Nabi, subject to certain annual and change of control limitations. The Univax pre-merger deferred tax assets primarily include NOL carryforwards, capitalized research and development expense and research tax credit carryforwards. The NOLs and research tax credit carryforwards expire in varying amounts through the year 2010.

Pursuant to SFAS No. 109 "Accounting for Income Taxes," Nabi recognized approximately $7,400 of certain deferred tax assets during 1996 primarily as a result of releasing a portion of the valuation allowance previously established against these assets acquired in the Nabi/Univax merger. During 1997, Nabi utilized deferred tax assets of approximately $2,500. The ultimate realization of the remaining deferred tax assets is largely dependent on Nabi's ability to generate sufficient future taxable income. Nabi believes that the valuation allowance at December 31, 1997 is appropriate, given its historical loss experience and other factors including but not limited to the uncertainty of future taxable income expectations beyond Nabi's strategic planning horizon. During 1997, Nabi generated a federal income tax receivable in the amount of $6,900 due to carryback of the current year net operating loss.

The significant elements contributing to the difference between the federal statutory tax rate and the effective tax rate are as follows:

	FOR THE YEARS ENDED DECEMBER 31,		
	1995	1996	1997
Federal statutory rate	(35.0)%	35.0%	(35.0)%
State income taxes, net of federal benefit	4.1	(2.9)	0.1
Goodwill and other amortization	2.3	(0.2)	1.1
Foreign trade income	(5.1)	(12.8)	1.0
Foreign loss	5.7	--	--
Merger transaction cost	19.0	(0.6)	(0.9)
Pre-merger losses	14.9	--	--
Increase (reduction) in valuation allowance	--	(92.9)	5.5
Tax credits	--	(3.3)	0.2
Capitalized research and development	60.2	--	--
Other	(4.6)	(0.5)	(1.5)
	61.5%	(78.2)%	(29.5)%

NOTE 13 EARNINGS PER SHARE

	Basic EPS	Effect of Dilutive Securities: Stock Options	Diluted EPS
1995			
Income (Loss) Before Extraordinary Charge	$(17,561)	--	$(17,561)
Shares	33,574	--	33,574
Per Share	$ (0.52)		$ (0.52)
1996			
Income (Loss) Before Extraordinary Charge	$ 14,160	--	$ 14,160
Shares	34,387	995	35,382
Per Share	$ 0.41		$ 0.40
1997			
Income (Loss) Before Extraordinary Charge	$(11,153)	--	$(11,153)
Shares	34,737	--	34,737
Per Share	$ (0.32)		$ (0.32)

NOTE 14 LEASES

Nabi conducts a majority of its operations under operating lease agreements. Certain laboratory and office equipment leases are accounted for as capital leases. The majority of the related lease agreements contain renewal options which enable Nabi to renew the leases for periods of two to five years at the then fair rental value at the end of the initial lease term. Management expects that the leases will be renewed or replaced in the normal course of business.

Rent expense was approximately $5,225, $6,293 and $6,785 for the years ended December 31, 1995, 1996 and 1997, respectively.

As of December 31, 1997, the aggregate future minimum lease payments under all non-cancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

YEAR ENDING DECEMBER 31,

1998	$5,727
1999	4,826
2000	4,105
2001	3,487
2002	2,136
Thereafter	4,188
Total minimum lease commitments	$24,469

NOTE 15 RELATED PARTY TRANSACTIONS

Effective September 30, 1992, Nabi acquired H-BIG(R) (hepatitis B immune globulin) a proprietary plasma-based product from Abbott Laboratories ("Abbott"), in consideration of 2 million shares of Nabi common stock valued at $3,854 and royalties based upon product sales. The shares of Nabi common stock issued to Abbott were not registered under the federal securities laws and therefore were subject to restrictions on transfer. With respect to its investment in Nabi, Abbott has agreed to various standstill measures, including agreements not to acquire additional shares without approval of Nabi's Board of Directors and to vote its shares on most matters in the same proportion as other stockholders.

Related party transactions with Abbott for the years ended December 31, 1995, 1996 and 1997 are summarized below:

	1995	1996	1997
Sales of plasma-related products and testing services	$ 4,574	$ 3,027	$ 2,720
Purchases of diagnostic, therapeutic and testing products	8,516	10,390	14,028
Product royalty obligations	1,977	2,617	2,489
Rental payments and other	1,048	919	1,030

At December 31, 1996 and 1997, trade accounts receivable from Abbott totaled $311 and $499 respectively, and accounts payable to Abbott aggregated $1,554 and $894, respectively.

At December 31, 1997, notes receivable from corporate officers aggregated $390, bear interest at the prime rate and mature at varying dates through December 31, 1998.

NOTE 16 STRATEGIC ALLIANCES, LICENSES AND ROYALTY AGREEMENTS

Nabi has entered into product development and licensing agreements with certain collaborators. Under these agreements, Nabi has made payments for contract initiation, milestone achievements, cost reimbursements and profit sharing and is obligated to make future payments under these agreements if certain contractual conditions are achieved. Nabi incurred research and development expenses under these agreements of $1,900 in 1995, In addition, under a certain collaboration agreement, Nabi recorded research support reimbursements of $6,036 and $2,148 in 1995 and 1996, respectively. This collaboration agreement terminated in 1996.

As discussed in Note 15, Nabi is obligated to pay Abbott royalties based upon its H-BIG(R) product sales.

In connection with an exclusive licensing and distribution agreement with Cangene Corporation ("Cangene") to market and distribute WinRho SDF(TM) in the U.S. through March 2005, Nabi was obligated to expend a minimum of $3,000 for sales and marketing expenses in each of the fiscal years ended May 1996 and 1997. In addition, Nabi has agreed to loan Cangene fifty percent (50%) of the cost of capital improvements to its manufacturing facility up to $3,000, of which $2,240 was advanced at December 31, 1997. Under the agreement which terminates in 2005, Nabi has exclusive marketing rights for and shares in the profits from sales of WinRho SDF(TM) in the United States.

During 1997, Nabi entered into a co-promotion and supply agreement with Cangene under which Cangene will manufacture H-BIG(R) for approximately three years once the new formulation receives U.S. regulatory approval. In a reciprocal agreement, Cangene gains exclusive rights to distribute H-BIG(R) in Canada for three years, provided Cangene achieves specified minimum annual sales, and will share profits on all Canadian sales with Nabi. Nabi is obligated to purchase approximately $6,800 of H-BIG(R) over the three years following receipt of regulatory approval.

Nabi also entered into an agreement in May 1997 with Baxter Healthcare Corporation ("Baxter") to acquire certain assets associated with the product sales of Autoplex(R)T and obtained exclusive marketing rights for this product in the United States, Canada and Mexico. In connection with the acquisition, Baxter agreed to manufacture Autoplex(R)T until the earlier of May 2000, or such later date as may be approved by the Federal Trade Commission ("FTC"), or four months after Nabi obtains FDA approval to manufacture the product. If Nabi does not obtain FDA approval within the required timetable, FTC could terminate the divestiture agreement associated with Nabi's acquisition of Autoplex(R)T from Baxter. In this event, all assets and marketing rights associated with the acquisition would revert to Baxter. Nabi and Baxter would equally share in the proceeds from the ultimate sale of these assets under certain specified conditions. Upon FDA licensure to manufacture the product, Nabi is obligated to pay $1,000 to Baxter, subject to recovery of fifty percent (50%) of expenditures incurred to license the product in excess of $6,000.

NOTE 17 COMMITMENTS AND CONTINGENCIES

Nabi has been named with various other defendants in numerous suits filed in the U.S., by or on behalf of, individuals who claim to have been infected with HIV as a result of either using HIV-contaminated products made by the defendants other than Nabi or having familial relations with those so infected. Nabi denies all allegations against it, and intends to defend the cases vigorously.

At December 31, 1996, Nabi and its subsidiaries were also parties to certain routine claims and litigation occurring in the normal course of business. Management believes that the ultimate resolution of these matters will not have a material adverse effect on Nabi's financial position or results of operations.

At December 31, 1997, Nabi had outstanding purchase commitments in the normal course of business with various suppliers. Under an agreement with a principal supplier, Nabi is obligated to purchase goods

aggregating approximately $21,942 in fiscal 1998 and $16,457 in fiscal 1999. Nabi is committed to purchase the entire plasma production of certain contract centers through December 31, 1999.

NOTE 18 INDUSTRY SEGMENT INFORMATION

Nabi operates in four principal industry segments. Plasma consists of the collection and sale of source and specialty plasmas. Therapeutic products consists of the production and sale of proprietary plasma-based therapeutic products. Diagnostic products and services is composed primarily of the production and sale of human plasma-based control and diagnostic products and laboratory testing services. Research and development expenses are presented net of periodic reimbursements under collaborative product development agreements. Corporate and other includes unallocated general corporate expenses, interest and elimination of inter-segment sales and related profits.

Net export sales in 1995, 1996 and 1997 were $70,679, $93,774 and $55,464 respectively, and represented 36%, 39% and 24% of consolidated sales for those years, respectively. Export sales are primarily to Europe. Plasma sales to unaffiliated customers (Baxter, Bayer and Immuno for 1995; Baxter, Bayer and Biotest for 1996; and Baxter and Bayer for 1997) exceeding 10% of consolidated sales aggregated 47%, 45% and 41% of sales in 1995, 1996 and 1997, respectively.

Information regarding Nabi's operations and identifiable assets in the different industry segments is as follows:

	1995	1996	1997
Sales:			
Plasma	$ 169,505	$ 207,832	$ 189,679
Therapeutic products	18,590	26,405	34,470
Diagnostic products and services	7,833	5,672	4,595
	$ 195,928	$ 239,909	$ 228,744
Operating Profit (Loss):			
Plasma	$ 23,091	$ 30,218	$ 12,253
Therapeutic products	4,595	8,498	9,540
Diagnostic products and services	2,189	2,058	1,220
Research and development	(20,208)	(17,353)	(19,126)
Corporate and other	(19,340)	(12,252)	(15,198)
	($ 9,673)	$ 11,169	($ 11,311)
Identifiable Assets:			
Plasma	$ 85,954	$ 99,000	$ 120,985
Therapeutic products	27,927	40,224	52,809
Diagnostic products and services	5,638	6,277	3,990
Research and development	6,988	5,801	5,791
Corporate and other	11,468	50,840	42,331
	$ 137,975	$ 202,142	$ 225,906
Capital Expenditures:			
Plasma	$ 2,529	$ 6,010	$ 8,885
Therapeutic products	15,667	9,974	12,896
Diagnostic products and services	1,004	898	1,396
Research and development	1,124	532	1,689
Corporate and other	4,063	5,671	11,501
	$ 24,387	$ 23,085	$ 36,367
Depreciation and Amortization Expense:			
Plasma	$ 3,781	$ 4,147	$ 5,105
Therapeutic products	382	381	263
Diagnostic products and services	391	436	115
Research and development	1,883	1,915	2,133
Corporate and other	522	1,004	2,240
	$ 6,959	$ 7,883	$ 9,856

Note 19 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

					Basic Per Share Data		
	Sales	Gross Margin	Income (Loss) Before Extraordinary Charge	Net Income (Loss)	Income (Loss) Before Extraordinary Charge	Extraordinary Charge	Net Income (Loss)
1996							
1st Quarter	$ 58,552	$ 13,713	$ 1,417	$ 485	$ 0.04	$ (0.03)	$ 0.01
2nd Quarter	57,682	14,057	1,642	1,642	0.05	--	0.05
3rd Quarter (1)	57,635	12,873	1,095	1,095	0.03	--	0.03
4th Quarter (2)	66,040	17,352	10,006	10,006	0.29	--	0.29
	$ 239,909	$ 57,995	$ 14,160	$ 13,228	$ 0.41	$ (0.03)	$ 0.38
1997							
1st Quarter	$ 56,377	$ 13,192	$ 1,350	$ 1,350	$ 0.04	--	$ 0.04
2nd Quarter	57,915	14,969	2,013	2,013	0.06	--	0.06
3rd Quarter (3)	52,849	9,479	(7,889)	(7,889)	(0.23)	--	(0.23)
4th Quarter (4)	61,603	10,571	(6,627)	(6,627)	(0.19)	--	(0.19)
	$ 228,744	$ 48,211	$ (11,153)	$ (11,153)	$ (0.32)	--	$ (0.32)

	Diluted Per Share Data		
	Income (Loss) Before Extraordinary Charge	Extraordinary Charge	Net Income (Loss)
1996			
1st Quarter	$ 0.04	$ (0.03)	$ 0.01
2nd Quarter	0.05	--	0.05
3rd Quarter (1)	0.03	--	0.03
4th Quarter (2)	0.28	--	0.28
	$ 0.40	$ (0.03)	$ 0.37
1997			
1st Quarter	$ 0.04	--	$ 0.04
2nd Quarter	0.06	--	0.06
3rd Quarter (3)	(0.23)	--	(0.23)
4th Quarter (4)	(0.19)	--	(0.19)
	$ (0.32)	--	$ (0.32)

(1) During the third quarter of 1996, Nabi recorded a charge of approximately $2,000 resulting from its voluntary withdrawal of certain lots of H-BIG(R) distributed prior to 1996 in response to implementation of second generation polymerase chain reaction ("PCR") testing requirements mandated by the Food and Drug Administration in June 1996.

(2) During the fourth quarter of 1996, Nabi recognized a tax benefit of approximately $6,500 reflecting the recognition of certain tax benefits principally associated with the Nabi/Univax merger.

(3) During the third quarter of 1997, Nabi recognized approximately $5,700 of non-recurring charges. These charges included $3,900 of asset impairment losses, principally associated with Nabi's investment in Michigan Biologic Products Institute ("MBPI"), an alternative contract fractionation facility for the production of H-BIG(R). The project was abandoned during the third quarter as Nabi entered into an H-BIG(R) manufacturing agreement with Cangene Corporation. Streamlining initiatives within plasma operations principally involving center closings contributed the remaining $1,800 in non-recurring charges.

(4) During the fourth quarter of 1997, Nabi incurred a charge of approximately $1,800 related to physical inventory adjustments, and approximately $700 related to the write-off of accounts receivable from a foreign plasma fractionator which is in bankruptcy proceedings.

NABI

SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(IN THOUSANDS)

Classification	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts-Provision	Deductions: Charged Against Reserve	Balance at End of Period
Year ended December 31, 1995:					
Allowance for doubtful accounts	$ 547	$ (86)	--	$ 216	$ 245
Deferred tax asset valuation allowance	$26,676	--	$ 7,959	--	$34,635
Inventory reserve	$ 896	$ 4,186	--	$ 1,014	$ 4,068
Year ended December 31, 1996:					
Allowance for doubtful accounts	$ 245	$ 675	--	$ 273	$ 647
Deferred tax asset valuation allowance	$34,635	--	$(7,309)	$ 75	$27,251
Inventory reserve	$ 4,068	$ 3,419	--	$ 1,932	$ 5,555
Year ended December 31, 1997:					
Allowance for doubtful accounts	$ 647	$ 1,013	--	$ 1,257	$ 403
Deferred tax asset valuation allowance	$27,251	--	$ 1,073	--	$28,324
Inventory reserve	$ 5,555	$ 1,648	--	$ 6,562	$ 641

EXHIBIT INDEX

- ----------
* FILED HEREWITH

EXHIBIT 10.28

NABI

AND

REGISTRAR AND TRANSFER COMPANY

AS

RIGHTS AGENT

RIGHTS AGREEMENT

DATED AS OF AUGUST 1, 1997,

AS

AMENDED

RIGHTS AGREEMENT

Agreement dated as of August 1, 1997, between NABI, a Delaware corporation (the "Company"), and Registrar and Transfer Company (the "Rights Agent").

The Board of Directors of the Company has authorized and declared a dividend of one Series One Preferred share purchase right (a "Right") for each Common Share (as hereinafter defined) of the Company outstanding on the Close of Business (as hereinafter defined) on August 27, 1997 (the "Record Date"), each Right representing the right to purchase one one-hundredth of a Series One Preferred Share (as hereinafter defined), upon the terms and subject to the conditions herein set forth, and has further authorized and directed the issuance of one Right with respect to each Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date and the Final Expiration Date (as such terms are hereinafter defined).

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. CERTAIN DEFINITIONS. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "ACQUIRING PERSON" shall mean any Person who or which, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding, but shall not include any Exempt Person. Notwithstanding the foregoing, no Person shall become an "Acquiring Person" as the result of an acquisition of Common Shares by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person to 15% or more of the Common Shares of the Company then outstanding; PROVIDED, HOWEVER, that if a Person shall become the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding by reason of share purchases by the Company and shall, after such share purchases by the Company, become the Beneficial Owner of any additional Common Shares of the Company, then such Person shall be deemed to be an "Acquiring Person" if such Person is then the Beneficial Owner of 15% or more of the Common Shares of the Company then outstanding.

(b) "AFFILIATE" and "ASSOCIATE" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act.

(c) A Person shall be deemed the "BENEFICIAL OWNER" of and shall be deemed to "BENEFICIALLY OWN" any securities:

(i) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, beneficially owns (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement) or has the right to dispose of;

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights (other than these Rights), warrants or options, or otherwise; PROVIDED, HOWEVER, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (B) the right to vote pursuant to any agreement, arrangement or understanding (whether or not in writing); PROVIDED, HOWEVER, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable

proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except to the extent contemplated by the proviso to Section l(c)(ii)(B)) or disposing of any securities of the Company;

PROVIDED, HOWEVER, that (1) no Person engaged in business as an underwriter of securities shall be deemed the Beneficial Owner of any securities acquired through such Person's participation as an underwriter in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition, (2) no Person who is a director or an officer of the Company shall be deemed the Beneficial Owner of any securities of the Company that are beneficially owned by any other director or officer of the Company or any Exempt Person solely as a result of his or her position as director or officer of the Company, and (3) no director, officer, trustee or beneficiary of an Exempt Person shall be deemed the Beneficial Owner of any securities of the Company that are held by such Exempt Person.

Notwithstanding anything in this definition of Beneficial Ownership to the contrary, the phrase "then outstanding," when used with reference to a Person's Beneficial Ownership of securities of the Company, shall mean the number of such securities then issued and outstanding together with the number of such securities not then actually issued and outstanding which such Person would be deemed to own beneficially hereunder.

(d) "BUSINESS DAY" shall mean any day other than a Saturday, a Sunday, or a day on which banking institutions in the State of Florida are authorized or obligated by law or executive order to close.

(e) "CLOSE OF BUSINESS" on any given date shall mean 5:00 P.M., Florida time, on such date; provided, HOWEVER, that if such date is not a Business Day it shall mean 5:00 P.M., Florida time, on the next succeeding Business Day.

(f) "COMMON SHARES" when used with reference to the Company shall mean the shares of common stock, par value $.10 per share, of the Company".Common Shares" when used with reference to any Person other than the Company shall mean the class of capital stock (or equity interest) with the greatest aggregate voting power, or the class of equity securities or other equity interests having power to control or direct the management of such other Person or, if such other Person is a Subsidiary of another Person, the Person or Persons which ultimately control such first-mentioned Person.

(g) "COMPANY" shall mean NABI, a Delaware corporation.

(h) "DISTRIBUTION DATE" shall have the meaning set forth in Section 3 hereof.

(i) "EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended, as in effect on the date of this Agreement.

(j) "EXEMPT PERSON" shall mean (i) the Company, (ii) any Subsidiary of the Company, (iii) any employee benefit plan of the Company or any Subsidiary of the Company, or (iv) any entity holding Common Shares for or pursuant to the terms of any such plan.

(k) "EXCHANGE RATIO" shall have the meaning set forth in Section 24 hereof.

(l) "FINAL EXPIRATION DATE" shall have the meaning set forth in Section 7 hereof.

(m) "PERSON" shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

(n) "PURCHASE PRICE" shall have the meaning set forth in Section 7 hereof.

(o) "RECORD DATE" shall mean the Close of Business on August 27, 1997.

(p) "REDEMPTION DATE" shall have the meaning set forth in Section 7 hereof.

(q) "REDEMPTION PRICE" shall have the meaning set forth in Section 23 hereof.

(r) "RIGHT" shall mean a Series One Preferred Share purchase right.

(s) "RIGHTS AGENT" shall mean Registrar and Transfer Company.

(t) "RIGHTS CERTIFICATE" shall have the meaning set forth in Section 3 hereof.

(u) "SERIES ONE PREFERRED SHARES" shall mean shares of Series One Preferred Stock, par value $.10 per share, of the Company having the rights and preferences set forth in the Form of Certificate of Designations attached to this Agreement as Exhibit A.

(v) "SHARES ACQUISITION DATE" shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) by the Company or an Acquiring Person that an Acquiring Person has become such.

(w) "SUBSIDIARY" of any Person shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person, or is otherwise controlled by such Person.

(x) "TRADING DAY" shall have the meaning set forth in Section 11.

Section 2. APPOINTMENT OF RIGHTS AGENT. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 hereof, shall prior to the Distribution Date also be the holders of the Common Shares) in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents as it may deem necessary or desirable.

Section 3. ISSUANCE OF RIGHTS CERTIFICATES. (a) On the Record Date, or as soon as practicable thereafter, the Company will send a copy of a Summary of Rights to Purchase Series One Preferred Shares, in substantially the form of Exhibit C hereto (the "Summary of Rights"), by first-class, postage-prepaid mail, to each record holder of Common Shares as of the close of business on the Record Date, at the address of such holder shown on the records of the Company. With respect to certificates for Common Shares outstanding as of the Record Date, until the Distribution Date, the Rights will be evidenced by such certificates registered in the names of the holders thereof together with a copy of the Summary of Rights attached thereto. Until the Distribution Date (or the earlier of the Redemption Date or the Final Expiration Date), the surrender for transfer of any certificate for Common Shares outstanding on the Record Date, with or without a copy of the Summary of Rights attached thereto, shall also constitute the transfer of the Rights associated with the Common Shares represented thereby. No certificate for Common Shares which becomes outstanding after the earliest of the Redemption Date, Distribution Date or Final Expiration Date will entitle the holder thereof to receive a Rights Certificate, except as described below with respect to any certificate for Common Shares arising upon the conversion of the Company's 6 1/2% Convertible Subordinated Notes due 2003 (the "Notes") by a holder thereof (each such holder, a "Note Holder"). Notwithstanding the foregoing, upon any conversion of Notes occurring after the Distribution Date and prior to the Final Expiration Date, the converting Note Holder shall be entitled to receive a Rights Certificate simultaneous with the Note Holder's receipt of the certificate for Common Shares. Notwithstanding the

foregoing, (i) upon any conversion of Notes occurring after the Distribution Date and prior to the Final Expiration Date, the converting Note Holder shall be entitled to receive a Rights Certificate simultaneous with the Note Holder's receipt of the certificate for Common Shares, and (ii) upon any such conversion occurring after the Redemption Date, the converting Note Holder shall be entitled to receive, in addition to the Note Holder's receipt of the certificate for Common Shares, cash in the amount of $.01 for each Common Share represented by said certificate (subject to appropriate adjustment following the occurrence of any of the events described in Section 23(c) herein).

(b) Certificates for Common Shares which become outstanding (including, without limitation, reacquired Common Shares referred to in the last sentence of this paragraph (b)) after the Record Date but prior to the earliest of the Distribution Date, the Redemption Date or the Final Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

> This certificate also evidences and entitles the holder hereof to certain rights as set forth in a Rights Agreement between NABI and Registrar and Transfer Company, dated as of August 1, 1997 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of NABI. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. NABI will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor.
>
> Under certain circumstances set forth in the Rights Agreement, Rights issued to, or held by, any Person who is, was or becomes an Acquiring Person or any Affiliate or Associate thereof (as such terms are defined in the Rights Agreement), whether currently held by or on behalf of such Person or by any subsequent holder, may become null and void. The Rights shall not be exercisable, and shall be void so long as held by a holder in any jurisdiction where the requisite qualification to the issuance to such holder, or the exercise by such holder, of the Rights in such jurisdiction shall not have been obtained or be obtainable.

With respect to such certificates containing the foregoing legend, until the earlier of the Distribution Date or the Final Expiration Date, the Rights associated with the Common Shares represented by such certificates shall be evidenced by such certificates alone, and the surrender for transfer of any such certificate shall also constitute the transfer of the Rights associated with the Common Shares represented thereby. In the event that the Company purchases or acquires any Common Shares after the Record Date but prior to the Distribution Date, any Rights associated with such Common Shares shall be deemed cancelled and retired so that the Company shall not be entitled to exercise any Rights associated with the Common Shares which are no longer outstanding.

(c) Until the earlier of (i) the Close of Business on the tenth day after the Shares Acquisition Date or (ii) the Close of Business on the tenth Business Day (or such later date as may be determined by action of the Board of Directors prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person, other than an Exempt Person, of, or of the first public announcement of the intention of any Person, other than an Exempt Person, to commence, a tender or exchange offer the consummation of which would result in any Person becoming an Acquiring Person (including any such date which is after the date of this Agreement and prior to the issuance of the Rights; the earlier of such dates being herein referred to as the "Distribution Date"), (x) the Rights will be evidenced (subject to the provisions of Section 3(a) hereof) by the certificates for Common Shares registered in the names of the holders thereof (which certificates shall also be deemed to be Rights Certificates) and not by separate Rights Certificates, and (y) the right to receive Rights Certificates will be transferable only in connection with the transfer of Common Shares. As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause

to be sent (and the Rights Agent will, if requested, send) by first-class, insured, postage-prepaid mail, to each record holder of Common Shares as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a Rights Certificate, in substantially the form of Exhibit B hereto (a "Rights Certificate"), evidencing one Right for each Common Share so held. As of the Distribution Date, the Rights will be evidenced solely by such Rights Certificates.

Section 4. FORM OF RIGHTS CERTIFICATES. The Rights Certificates (and the forms of election to purchase Series One Preferred Shares and of assignment to be printed on the reverse thereof) shall be substantially the same as Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. Subject to the provisions of Sections 11, 13, and 22 hereof, the Rights Certificates shall entitle the holders thereof to purchase such number of one one-hundredths of a Series One Preferred Share as shall be set forth therein at the Purchase Price, but the number of such one one-hundredths of a Series One Preferred Share and the Purchase Price shall be subject to adjustment as provided herein.

Section 5. COUNTERSIGNATURE AND REGISTRATION. The Rights Certificates shall be executed on behalf of the Company by its Chairman of the Board, its President, any of its Vice Presidents, or its Treasurer, either manually or by facsimile signature, shall have affixed thereto the Company's seal or a facsimile thereof, and shall be attested by the Secretary or any Assistant Secretary of the Company, either manually or by facsimile signature. The Rights Certificates shall be manually countersigned by the Rights Agent and shall not be valid for any purpose unless countersigned. In case any officer of the Company who shall have signed any of the Rights Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Rights Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the person who signed such Rights Certificates had not ceased to be such officer of the Company; and any Rights Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Rights Certificate, shall be a proper officer of the Company to sign such Rights Certificate, although at the date of the execution of this Rights Agreement any such person was not such an officer.

Following the Distribution Date, the Rights Agent will keep or cause to be kept, at one of its offices designated as the appropriate place for surrender of Rights Certificates upon exercise or transfer, books for registration and transfer of the Rights Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Rights Certificates, the number of Rights evidenced on its face by each of the Rights Certificates and the date of each of the Rights Certificates.

Section 6. TRANSFER, SPLIT UP, COMBINATION AND EXCHANGE OF RIGHTS CERTIFICATES; MUTILATED, DESTROYED, LOST OR STOLEN RIGHTS CERTIFICATES. Subject to the provisions of Section 14 hereof, at any time after the Close of Business on the Distribution Date, and at or prior to the Close of Business on the earlier of the Redemption Date or the Final Expiration Date, any Rights Certificate or Rights Certificates (other than Rights Certificates representing Rights that have become void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may be transferred, split up, combined or exchanged for another Rights Certificate or Rights Certificates, entitling the registered holder to purchase a like number of one one-hundredths of a Series One Preferred Share as the Rights Certificate or Rights Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Rights Certificate or Rights Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Rights Certificate or Rights Certificates to be transferred, split up, combined or exchanged at the office or offices of the Rights Agent designated for such purpose. Thereupon the Rights Agent shall countersign and deliver to the person entitled thereto a Rights Certificate or Rights Certificates, as the case may be, as so requested. The Company may require

payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Rights Certificates.

Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a Rights Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Rights Certificate if mutilated, the Company will make and deliver a new Rights Certificate of like tenor to the Rights Agent for delivery to the registered holder in lieu of the Rights Certificate so lost, stolen, destroyed or mutilated.

Section 7. EXERCISE OF RIGHTS; PURCHASE PRICE; EXPIRATION DATE OF RIGHTS. (a) The registered holder of any Rights Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the Distribution Date upon surrender of the Rights Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the office or offices of the Rights Agent designated for such purpose, together with payment of the Purchase Price for each one one-hundredth of a Series One Preferred Share as to which the Rights are exercised, at or prior to the earliest of (i) the close of business on August 1, 2007 (the "Final Expiration Date"), (ii) the time at which the Rights are redeemed as provided in Section 23 hereof (the "Redemption Date"), or (iii) the time at which such Rights are exchanged as provided in Section 24 hereof.

(b) The purchase price for each one one-hundredth of a Series One Preferred Share pursuant to the exercise of a Right shall initially be $70.00 (the "Purchase Price"), shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof, and shall be payable in lawful money of the United States of America in accordance with paragraph (c) below.

(c) Upon receipt of a Rights Certificate representing exercisable Rights, with the form of election to purchase duly executed, accompanied by payment of the Purchase Price for the shares to be purchased and an amount equal to any applicable transfer tax required to be paid by the holder of such Rights Certificate in accordance with Section 9 hereof by certified check, cashier's check or money order payable to the order of the Company, the Rights Agent shall thereupon promptly (i) (A) requisition from any transfer agent of the Series One Preferred Shares (or make available, if the Rights Agent is the transfer agent therefor) certificates for the number of Series One Preferred Shares to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or (B-1) if the Company shall have elected to deposit the total number of shares of Series One Preferred Stock issuable upon exercise of the Rights hereunder with a depository agent, requisition from the depositary agent depositary receipts representing such number of one one-hundredths of a Series One Preferred Share as are to be purchased (in which case certificates for the Series One Preferred Shares represented by such receipts shall be deposited by the transfer agent with the depositary agent) and the Company hereby directs the depositary agent to comply with such request, (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14 hereof, (iii) promptly after receipt of such certificates or depositary receipts, cause the same to be delivered to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder, and (iv) when appropriate, after receipt, deliver such cash to or upon the order of the registered holder of such Rights Certificate.

(d) In case the registered holder of any Rights Certificate shall exercise less than all the Rights evidenced thereby, a new Rights Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Rights Certificate or to his duly authorized assigns, subject to the provisions of Section 14 hereof.

(e) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued Series One Preferred Shares or any Series One Preferred Shares held in its treasury, the number of Series One Preferred Shares that will be sufficient to permit the exercise in full of all outstanding Rights in accordance with this Section 7.

Section 8. CANCELLATION AND DESTRUCTION OF RIGHTS CERTIFICATES. All Rights Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in cancelled form or, if surrendered to the Rights Agent, shall be cancelled by it, and no Rights Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Rights Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all cancelled Rights Certificates to the Company or shall, at the written request of the Company, destroy such cancelled Rights Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. AVAILABILITY OF SERIES ONE PREFERRED SHARES. The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Series One Preferred Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Series One Preferred Shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Rights Certificates or of any Series One Preferred Shares upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Rights Certificates to a person other than, or the issuance or delivery of certificates or depositary receipts for the Series One Preferred Shares in a name other than that of, the registered holder of the Rights Certificate evidencing Rights surrendered for exercise or to issue or to deliver any certificates or depositary receipts for Series One Preferred Shares upon the exercise of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Rights Certificate at the time of surrender) or until it has been established to the Company's reasonable satisfaction that no such tax is due.

Section 10. SERIES ONE PREFERRED SHARES RECORD DATE. Each person in whose name any certificate for Series One Preferred Shares is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Series One Preferred Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable transfer taxes) was made; PROVIDED, HOWEVER, that if the date of such surrender and payment is a date upon which the Series One Preferred Shares transfer books of the Company are closed, such person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Series One Preferred Shares transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Rights Certificate shall not be entitled to any rights of a holder of Series One Preferred Shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. ADJUSTMENT OF PURCHASE PRICE, NUMBER OF SHARES OR NUMBER OF RIGHTS. The Purchase Price, the number of Series One Preferred Shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Series One Preferred Shares payable in Series One Preferred Shares, (B) subdivide the outstanding Series One Preferred Shares, (C) combine the outstanding Series One Preferred Shares into a smaller number of Series One Preferred Shares or (D) issue any shares of its capital stock in a reclassification of the Series One Preferred Shares (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a), the Purchase Price in effect at the time of the record date for such

dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Series One Preferred Shares transfer books of the Company were open, he would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification; PROVIDED, HOWEVER, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. If an event occurs which would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii) hereof, the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii) hereof.

(ii) Subject to the following paragraph of this subparagraph (ii) and to Section 24 of this Agreement, in the event (A) any Person (other than an Exempt Person), alone or together with its Affiliates and Associates, shall become an Acquiring Person (other than through an acquisition described in subparagraph (iii) of this paragraph (a)) or (B) during such time as there is an Acquiring Person, there shall be any reclassification of securities (including any reverse stock split), or recapitalization or reorganization of the Company which has the effect, directly or indirectly, of increasing by more than 1% the proportionate share of the outstanding shares of any class of equity securities of the Company or any of its Subsidiaries beneficially owned by any Acquiring Person or any Affiliate or Associate thereof, each holder of a Right shall thereafter have a right to receive, upon exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one one-hundredths of a Series One Preferred Share for which a Right is then exercisable, in accordance with the terms of this Agreement and in lieu of Series One Preferred Shares, such number of Common Shares of the Company as shall equal the result obtained by (x) multiplying the then current Purchase Price by the number of one one-hundredths of a Series One Preferred Share for which a Right is then exercisable and dividing that product by (y) 50% of the then current per share market price of the Company's Common Shares (determined pursuant to Section 11(d) hereof) on the date such Person became an Acquiring Person.

From and after the occurrence of the earlier of the events described in clauses (A) and (B) above, any Rights that are or were acquired or beneficially owned by such Acquiring Person (or any Associate or Affiliate of such Acquiring Person) shall be void without any further action and any holder of such Rights shall thereafter have no right to exercise such Rights under any provision of this Agreement and no rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. No Rights Certificate shall be issued pursuant to Section 3 that represents Rights beneficially owned by an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof; no Rights Certificate shall be issued at any time upon the transfer of any Rights to an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof or to any nominee of such Acquiring Person, Associate or Affiliate; and any Rights Certificate delivered to the Rights Agent for transfer to an Acquiring Person whose Rights would be void pursuant to the preceding sentence or any Associate or Affiliate thereof shall be cancelled.

(iii) The right to purchase Common Shares of the Company pursuant to subparagraph (ii) of this paragraph (a) shall not arise as a result of any Person becoming an Acquiring Person through an acquisition of Common Shares pursuant to a tender offer made in the manner prescribed by Section 14(d) of the Exchange Act and the rules and regulations promulgated thereunder; PROVIDED, HOWEVER, that (A) such tender offer shall provide for the acquisition of all the outstanding Common Shares held by any Person other than such Person and its Affiliates for cash and (B) such acquisition shall cause such Person, together with all Affiliates and Associates of such Person, to be the Beneficial Owner of 90% or more of the Common Shares then outstanding.

(iv) In the event that there shall not be sufficient Common Shares issued but not outstanding or authorized but unissued to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Company shall take all such action as may be necessary to authorize additional Common Shares for issuance upon exercise of the Rights.

(b) If the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Series One Preferred Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Series One Preferred Shares (or shares having the same rights, privileges and preferences as the Series One Preferred Shares ("equivalent Series One Preferred Shares")) or securities convertible into Series One Preferred Shares or equivalent Series One Preferred Shares at a price per Series One Preferred Share or equivalent Series One Preferred Share (or having a conversion price per share, if a security convertible into Series One Preferred Shares or equivalent Series One Preferred Shares) less than the then current per share market price of the Series One Preferred Shares (as defined in Section 11(d)) on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Series One Preferred Shares outstanding on such record date plus the number of Series One Preferred Shares which the aggregate offering price of the total number of Series One Preferred Shares and/or equivalent Series One Preferred Shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such current market price and the denominator of which shall be the number of Series One Preferred Shares outstanding on such record date plus the number of additional Series One Preferred Shares and/or equivalent Series One Preferred Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible); PROVIDED, HOWEVER, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company issuable upon exercise of one Right. In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent. Series One Preferred Shares owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed; and in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) If the Company shall fix a record date for the making of a distribution to all holders of the Series One Preferred Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness or assets (other than a regular quarterly cash dividend or a dividend payable in Series One Preferred Shares) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the then current per share market price of the Series One Preferred Shares on such record date, less the fair market value (as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to one Series One Preferred Share and the denominator of which shall be such current per share market price of the Series One Preferred Shares; PROVIDED, HOWEVER, that in no event shall the consideration to be paid upon the exercise of one Right be less than the aggregate par value of the shares of capital stock of the Company to be issued upon exercise of one Right. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Purchase Price shall again be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(d) (i) For the purpose of any computation hereunder, the "current per share market price" of any security (a "Security" for the purpose of this Section 11(d)(i)) on any date shall be deemed to be the average of the daily closing prices per share of such Security for the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; PROVIDED, HOWEVER, that in the event that the current per share market price of the Security is determined during a period following the announcement by the issuer of such Security of (A) a dividend or distribution on such Security payable in shares of such Security or securities convertible into such shares, or (B) any subdivision, combination or reclassification of such Security and prior to the expiration of 30 Trading Days after the ex-dividend date for such dividend or

distribution, or the record date for such subdivision, combination or reclassification, then, and in each such case, the current per share market price shall be appropriately adjusted to reflect the current market price per share equivalent of such Security. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Security is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Security is listed or admitted to trading or, if the Security is not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or such other system then in use, or, if on any such date the Security is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Security selected by the Board of Directors of the Company. If on any such date no market maker is making a market in the Security, the fair value of the Security on such date as determined in good faith by the Board of Directors shall be used. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the Security is listed or admitted to trading is open for the transaction of business or, if the Security is not listed or admitted to trading on any national securities exchange, a Business Day. If the Security is not publicly held or not listed or traded, "current per share market price" shall mean the fair value per share as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent.

(ii) For the purpose of any computation hereunder, the "current per share market price" of the Series One Preferred Shares shall be determined in accordance with the method set forth in Section 11(d)(i). If the Series One Preferred Shares are not publicly traded, the "current per share market price" of the Series One Preferred Shares shall be conclusively deemed to be the current per share market price of the Common Shares as determined pursuant to Section 11(d)(i) (appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof), multiplied by one hundred. If neither the Common Shares nor the Series One Preferred Shares are publicly held or so listed or traded, "current per share market price" shall mean the fair value per share as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a statement filed with the Rights Agent.

(e) No adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Purchase Price; PROVIDED, HOWEVER, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest one one-millionth of a Series One Preferred Share or one ten-thousandth of any other share or security as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which requires such adjustment or (ii) the date of the expiration of the right to exercise any Rights.

(f) If as a result of an adjustment made pursuant to Section 11(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Series One Preferred Shares, thereafter the number of such other shares so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Series One Preferred Shares contained in Section 11(a) through (c), inclusive, and the provisions of Sections 7, 9, 10 and 13 with respect to the Series One Preferred Shares shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of one one-hundredths of a Series One Preferred Share purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-hundredths of a Series One Preferred Share (calculated to the nearest one one-millionth of a Series One Preferred Share) obtained by (i) multiplying (x) the number of one one-hundredths of a share covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in substitution for any adjustment in the number of one one-hundredths of a Series One Preferred Share purchasable upon the exercise of a Right. Each of the Rights outstanding after such adjustment of the number of Rights shall be exercisable for the number of one one-hundredths of a Series One Preferred Share for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date Rights Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and shall be registered in the names of the holders of record of Rights Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of one one-hundredths of a Series One Preferred Share issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Purchase Price and the number of one one-hundredths of a Series One Preferred Share which were expressed in the initial Rights Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below one one-hundredth of the then par value, if any, of the Series One Preferred Shares issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable Series One Preferred Shares at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuing to the holder of any Right exercised after such record date of the Series One Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the Series One Preferred Shares and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; PROVIDED, HOWEVER, that the Company shall deliver to such holder a due bill or other appropriate

instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that it in its sole discretion shall determine to be advisable in order that any consolidation or subdivision of the Series One Preferred Shares, issuance wholly for cash of any Series One Preferred Shares at less than the current market price, issuance wholly for cash of Series One Preferred Shares or securities which by their terms are convertible into or exchangeable for Series One Preferred Shares, dividends on Series One Preferred Shares payable in Series One Preferred Shares or issuance of rights, options or warrants referred to hereinabove in Section 11(b), hereafter made by the Company to holders of its Series One Preferred Shares shall not be taxable to such stockholders.

(n) In the event that at any time after the date of this Agreement and prior to the Distribution Date, the Company shall (i) declare or pay any dividend on the Common Shares payable in Common Shares or (ii) effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares) into a greater or lesser number of Common Shares, then in any such case (i) the number of one one-hundredths of a Series One Preferred Share purchasable after such event upon proper exercise of each Right shall be determined by multiplying the number of one one-hundredths of a Series One Preferred Share so purchasable immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately before such event and the denominator of which is the number of Common Shares outstanding immediately after such event, and (ii) each Common Share outstanding immediately after such event shall have issued with respect to it that number of Rights which each Common Share outstanding immediately prior to such event had issued with respect to it. The adjustments provided for in this Section 11(n) shall be made successively whenever such a dividend is declared or paid or such a subdivision, combination or consolidation is effected.

(o) The Company covenants and agrees that after the Distribution Date it shall not, except as permitted by Sections 23 and 27 hereof, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights.

Section 12. CERTIFICATE OF ADJUSTED PURCHASE PRICE OR NUMBER OF SHARES. Whenever an adjustment is made as provided in Sections 11 and 13 hereof, the Company shall promptly (a) prepare a certificate setting forth such adjustment, and a brief statement of the facts accounting for such adjustment, (b) file with the Rights Agent and with each transfer agent for the Common Shares or the Series One Preferred Shares a copy of such certificate and (c) mail a brief summary thereof to each holder of a Rights Certificate in accordance with Section 25 hereof.

Section 13. CONSOLIDATION, MERGER OR SALE OR TRANSFER OF ASSETS OR EARNING POWER. In the event that, following the Shares Acquisition Date, directly or indirectly, (a) the Company shall consolidate with, or merge with and into, any other Person (other than a Subsidiary of the Company in a transaction not prohibited by Section 11(o) hereof), and the Company shall not be the continuing or surviving corporation of such consolidation or merger, (b) any Person (other than a Subsidiary of the Company in a transaction not prohibited by Section 11(o) hereof) shall consolidate with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such merger and, in connection with such merger, all or part of the Common Shares shall be changed into or exchanged for stock or other securities of any other Person (or the Company) or cash or any other property, or (c) the Company shall sell, mortgage, license or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one or more transactions, assets or earning power aggregating 50% or more of the value of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person or Persons (other than the Company or one or more of its wholly-owned Subsidiaries in one or more transactions not prohibited by Section 11(o) hereof), then, and in each such case, proper provision shall be made so that (i) each holder of a Right (except as otherwise provided herein)

shall thereafter have the right to receive, upon the exercise thereof at a price equal to the then current Purchase Price multiplied by the number of one one-hundredths of a Series One Preferred Share for which a Right is then exercisable, in accordance with the terms of this Agreement and in lieu of Series One Preferred Shares, such number of validly authorized and issued, fully paid and non-assessable, freely tradeable Common Shares of such other Person (including the Company as successor thereto or as the surviving corporation), free and clear of rights of call or first refusal, liens, encumbrances or other adverse claims, as shall equal the result obtained by (A) multiplying the then current Purchase Price by the number of one one-hundredths of a Series One Preferred Share for which a Right is then exercisable and dividing that product by (B) 50% of the then current per share market price of the Common Shares of such other Person (determined pursuant to Section 11(d) hereof) on the date of consummation of such consolidation, merger, sale or transfer; (ii) the issuer of such Common Shares shall thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale, mortgage, license or transfer, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such issuer; and (iv) such issuer shall take such steps (including, but not limited to, the reservation of a sufficient number of its Common Shares in accordance with Section 9 hereof) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to the Common Shares thereafter deliverable upon the exercise of the Rights. The Company shall not consummate any such consolidation, merger, sale, mortgage, license or transfer unless prior thereto the Company and such issuer shall have executed and delivered to the Rights Agent a supplemental agreement so providing. The Company shall not, at any time after the Distribution Date, enter into any transaction of the kind referred to in this Section 13 if at the time of such transaction there are any rights, warrants, instruments or securities outstanding or any agreements or arrangements which, as a result of the consummation of such transaction, would eliminate or substantially diminish the benefits intended to be afforded by the Rights. The provisions of this Section 13 shall similarly apply to successive mergers or consolidations or sales, mortgages, licenses or other transfers.

Section 14. FRACTIONAL RIGHTS AND FRACTIONAL SHARES. (a) The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading or, if the Rights are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board of Directors of the Company. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date as determined in good faith by the Board of Directors of the Company shall be used.

(b) The Company shall not be required to issue fractions of Series One Preferred Shares (other than fractions which are integral multiples of one one-hundredth of a Series One Preferred Share) upon exercise of the Rights or to distribute certificates which evidence fractional Series One Preferred Shares (other than fractions which are integral multiples of one one-hundredth of a Series One Preferred Share). Fractions of Series One Preferred Shares in integral multiples of one one-hundredth of a Series One Preferred Share may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it; PROVIDED, that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and

preferences to which they are entitled as beneficial owners of the Series One Preferred Shares represented by such depositary receipts. In lieu of fractional Series One Preferred Shares that are not integral multiples of one one-hundredth of a Series One Preferred Share, the Company shall pay to the registered holders of Rights Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one Series One Preferred Share. For the purposes of this Section 14(b), the current market value of a Series One Preferred Share shall be the closing price of a Series One Preferred Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right by the acceptance of the Right expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided above).

Section 15. RIGHTS OF ACTION. All rights of action in respect of this Agreement, excepting the rights of action given to the Rights Agent under Section 18 hereof, are vested in the respective registered holders of the Rights Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares); and any registered holder of any Rights Certificate (or, prior to the Distribution Date, of the Common Shares), without the consent of the Rights Agent or of the holder of any other Rights Certificate (or, prior to the Distribution Date, of the Common Shares), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Rights Certificate in the manner provided in such Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

Section 16. AGREEMENT OF RIGHT HOLDERS. Every holder of a Right, by accepting the same, consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Shares;

(b) after the Distribution Date, the Rights Certificates are transferable only on the registry books of the Rights Agent if surrendered at the office or offices of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer and with the appropriate form of assignment and the certificate contained therein duly completed and executed;

(c) the Company and the Rights Agent may deem and treat the person in whose name the Rights Certificate (or, prior to the Distribution Date, the associated Common Shares certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Rights Certificates or the associated Common Shares certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary; and

(d) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any government authority, prohibiting or otherwise restraining performance of such obligation; PROVIDED, HOWEVER, the Company must use its best efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

Section 17. RIGHTS CERTIFICATE HOLDER NOT DEEMED A STOCKHOLDER. No holder, as such, of any Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the

Series One Preferred Shares or any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25 hereof), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by such Rights Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. CONCERNING THE RIGHTS AGENT. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability in the premises.

The Rights Agent shall be protected and shall incur no liability for, or in respect of any action taken, suffered or omitted by it in connection with, its administration of this Agreement in reliance upon any Rights Certificate or certificate for the Series One Preferred Shares or Common Shares or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper person or persons, or otherwise upon the advice of counsel as set forth in Section 20 hereof.

Section 19. MERGER OR CONSOLIDATION OR CHANGE OF NAME OF RIGHTS AGENT. Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the stock transfer or corporate trust business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement any of the Rights Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

Section 20. DUTIES OF RIGHTS AGENT. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a person believed by the Rights Agent to be the Chairman of the Board, the Chief Executive Officer, the President, a Vice President, the Treasurer or the Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder to the Company and any other Person only for its own negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Rights Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 11(a)(ii) hereof) or any adjustment in the terms of the Rights (including the manner, method or amount thereof) provided for in Section 3, 11, 13, 23 or 24, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Rights Certificates after actual notice that such change or adjustment is required); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Series One Preferred Shares to be issued pursuant to this Agreement or any Rights Certificate or as to whether any Series One Preferred Shares will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Secretary or the Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such officer or for any delay in acting while waiting for those instructions.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certification set forth in the form of assignment or form of election to purchase, as the case may be, has not been completed, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company.

Section 21. CHANGE OF RIGHTS AGENT. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares or Series One Preferred Shares by registered or certified mail, and to the holders of the Rights Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Shares or Series One Preferred Shares by registered or certified mail, and to the holders of the Rights Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Rights Certificate (who shall, with such notice, submit his Rights Certificate for inspection by the Company), then the registered holder of any Rights Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be (i) a corporation organized and doing business under the laws of the United States or of the State of Florida (or of any other state of the United States so long as such corporation is authorized to do business as a banking institution in the State of Florida), in good standing, having an office in the State of Florida, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least $50 million or (ii) an Affiliate of a corporation described in clause (i) of this sentence. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares or Series One Preferred Shares, and mail a notice thereof in writing to the registered holders of the Rights Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. ISSUANCE OF NEW RIGHTS CERTIFICATES. Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Rights Certificates made in accordance with the provisions of this Agreement.

Section 23. REDEMPTION. (a) The Board of Directors of the Company may, at its option, at any time prior to the Close of Business on the Shares Acquisition Date, redeem all but not less than all the then

outstanding Rights at a redemption price of $.01 per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"). The Rights may not be redeemed at any time after the earlier of the Close of Business, on (i) the Shares Acquisition Date and (ii) the Final Expiration Date. Subject to the foregoing provisions of this subparagraph (a), the redemption of the Rights by the Board of Directors may be made effective at such time on such basis and with such conditions as the Board of Directors in its sole discretion may establish.

(b) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights pursuant to paragraph (a) of this Section 23, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption; PROVIDED, HOWEVER, that the failure to give, or any defect in, any such notice shall not affect the validity of such redemption. Within 10 days after such action of the Board of Directors ordering the redemption of the Rights pursuant to paragraph (a), the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. Neither the Company nor any of its Affiliates or Associates may redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 23 or in Section 24 hereof, and other than in connection with the purchase of Common Shares prior to the Distribution Date.

(c) In the event the Company shall at any time after the date of this Rights Agreement (i) pay any dividend on the Common Shares in Common Shares, (ii) subdivide the outstanding Common Shares into a greater number of shares, or (iii) combine the outstanding Common Shares into a smaller number of shares, then and in each such event the Redemption Price after such event shall equal the Redemption Price immediately prior to such event multiplied by a fraction the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares outstanding immediately prior to such event.

Section 24. EXCHANGE. (a) The Board of Directors of the Company may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 11(a)(ii) hereof) for Common Shares at an exchange ratio of one Common Share per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors shall not be empowered to effect such exchange at any time after any Person, other than an Exempt Person, together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the Common Shares then outstanding.

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to subsection (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of Common Shares equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; PROVIDED, HOWEVER, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Common Shares for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights

(other than Rights which have become void pursuant to the provisions of Section 11(a)(ii) hereof) held by each holder of Rights.

(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute Series One Preferred Shares (or equivalent Series One Preferred Shares, as such term is defined in Section 11(b) hereof) for Common Shares exchangeable for Rights, at the initial rate of one one-hundredth of a Series One Preferred Share (or equivalent Series One Preferred Share) for each Common Share, as appropriately adjusted to reflect adjustments in the voting rights of the Series One Preferred Shares pursuant to the terms thereof, so that the fraction of a Series One Preferred Share delivered in lieu of each Common Share shall have the same voting rights as one Common Share.

(d) In the event that there shall not be sufficient Common Shares or Series One Preferred Shares issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall take all such action as may be necessary to authorize additional Common Shares or Series One Preferred Shares for issuance upon exchange of the Rights.

(e) The Company shall not be required to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of such fractional Common Shares, the Company shall pay to the registered holders of the Rights Certificates with regard to which such fractional Common Shares would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole Common Share. For the purposes of this paragraph (e), the current market value of a whole Common Share shall be the closing price of a Common Share (as determined pursuant to the second sentence of Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

Section 25. NOTICE OF CERTAIN EVENTS. (a) In case the Company shall propose (i) to pay any dividend payable in stock of any class to the holders of its Series One Preferred Shares or to make any other distribution to the holders of its Series One Preferred Shares (other than a regular quarterly cash dividend), (ii) to offer to the holders of its Series One Preferred Shares rights or warrants to subscribe for or to purchase any additional Series One Preferred Shares or shares of stock of any class or any other securities, rights or options, (iii) to effect any reclassification of its Series One Preferred Shares (other than a reclassification involving only the subdivision of outstanding Series One Preferred Shares), (iv) to effect any consolidation or merger into or with, or to effect any sale, mortgage, license or other transfer (or to permit one or more of its Subsidiaries to effect any such transaction), in one or more transactions, of 50% or more of the value of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person, (v) to effect the liquidation, dissolution or winding up of the Company, or (vi) to declare or pay any dividend on the Common Shares payable in Common Shares or to effect a subdivision, combination or consolidation of the Common Shares (by reclassification or otherwise than by payment of dividends in Common Shares), then, in each such case, the Company shall give to each holder of a Rights Certificate, in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend, or distribution of rights or warrants, or the date on which such reclassification, consolidation, merger, sale, mortgage, license, transfer, liquidation, dissolution, or winding up is to take place and the date of participation therein by the holders of the Common Shares and/or Series One Preferred Shares, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 10 days prior to the record date for determining holders of the Series One Preferred Shares for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the Common Shares and/or Series One Preferred Shares, whichever shall be the earlier.

(b) In case any event set forth in Section 11(a)(ii) hereof shall occur, then the Company shall as soon as practicable thereafter give to each holder of a Rights Certificate, in accordance with Section 26 hereof, a notice of the occurrence of such event, which notice shall describe such event and the consequences of such event to holders of Rights under Section 11(a)(ii) hereof.

Section 26. NOTICES. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Rights Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

NABI
P. O. Box 310701
Boca Raton, FL 33431-0701
Attention: Chief Financial Officer

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Rights Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016-3572
Attention:

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Rights Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. SUPPLEMENTS AND AMENDMENTS. Prior to the Distribution Date and subject to the penultimate sentence of this Section 27, the Company may, and the Rights Agent shall, if the Company so directs, supplement or amend any provision of this Agreement without the approval of any holders of Common Shares. From and after the Distribution Date and subject to the penultimate sentence of this Section 27, the Company may, and the Rights Agent shall at any time and from time to time, if the Company so directs, supplement or amend this Agreement without the approval of any holders of Rights Certificates in order (i) to cure any ambiguity, (ii) to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein or (iii) to change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of Rights Certificates (other than an Acquiring Person or an Affiliate or Associate of any such Person); PROVIDED, HOWEVER, that this Agreement may not be supplemented or amended to lengthen (A) a time period relating to when the Rights may be redeemed at such time as the Rights are not then redeemable, or (B) any other time period unless such lengthening is for the purpose of protecting, enhancing or clarifying the rights of, and/or the benefits to, the holders of Rights (other than an Acquiring Person or an Affiliate or Associate of any such Person). Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 27, the Rights Agent shall execute such supplement or amendment. Notwithstanding anything contained in this Agreement to the contrary, no supplement or amendment shall be made which changes the Redemption Price, the Final Expiration Date, the Purchase Price or the number of shares of Series One Preferred Stock for which a Right is exercisable. Prior to the Distribution Date, the interests of the holders of Rights shall be deemed coincident with the interests of the holders of Common Share.

Section 28. SUCCESSORS. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. DETERMINATIONS AND ACTIONS BY THE BOARD OF DIRECTORS, ETC. The Board of Directors shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board or to the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Agreement, and (ii) make all determinations deemed necessary or advisable for the administration of this Agreement (including without limitation a determination to redeem or not redeem the Rights or to amend the Agreement). All such actions, calculations, interpretations and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) which are done or made by the Board in good faith, shall (x) be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties, and (y) not subject any director to any liability to the holders of the Rights.

Section 30. BENEFITS OF THIS AGREEMENT. Nothing in this Agreement shall be construed to give to any person or corporation other than the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Distribution Date, the Common Shares) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Distribution Date, the Common Shares).

Section 31. SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 32. GOVERNING LAW. This Agreement and each Rights Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

Section 33. COUNTERPARTS. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 34. DESCRIPTIVE HEADINGS. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and attested, all as of the day and year first above written.

NABI

Attest:

By: /s/ Constantine Alexander
Title: Secretary

By: /s/ David J. Gury
Title: Chairman of the Board, President and Chief Executive Officer

Attest: REGISTRAR AND TRANSFER COMPANY

By: /s/ William P. Tatler
Title: Vice President and Assistant Secretary

By: /s/ John H. Gaffney
Title: Vice President

EXHIBIT A

FORM

of

CERTIFICATE OF DESIGNATIONS

of

SERIES ONE PREFERRED STOCK

of

NABI
(Pursuant to Section 151 of the
Delaware General Corporation Law)

NABI (hereinafter called the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Delaware Act"), hereby certifies that the following resolutions were adopted by the Board of Directors of the Corporation as required by Section 151 of the Delaware Act at a meeting duly called and held on July 25, 1997:

WHEREAS, Article Four of the Company's Amended and Restated Certificate of Incorporation (hereinafter called the "Certificate of Incorporation") authorizes eighty million (80,000,000) shares of capital stock, consisting of five million (5,000,000) shares of preferred stock, $.10 par value per share (the "Preferred Stock") issuable from time to time in one or more series, and seventy-five million (75,000,000) shares of common stock, $.10 par value per share (the "Common Stock").

NOW, THEREFORE, BE IT RESOLVED, in accordance with Section 151 of the Delaware Act and pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") pursuant to Article Four of the Certificate of Incorporation whereby the Board of Directors is authorized to fix the designations, powers, preferences and relative, participating, optional or other special rights, if any, and qualifications, limitations or restrictions thereof, of any wholly unissued series of Preferred Stock, and to fix the number of shares constituting such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding), the Board of Directors hereby creates a series of Preferred Stock and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Section 1. DESIGNATION AND AMOUNT. The shares of such series shall be designated as "Series One Preferred Stock" (the "Series One Preferred Stock") and the number of shares constituting the Series One Preferred Stock shall be 750,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; PROVIDED, that no decrease shall reduce the number of shares of Series One Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series One Preferred Stock.

Section 2. DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series One Preferred Stock with respect to dividends, the holders of shares of Series One Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series One Preferred Stock, in an amount (if any) per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock of the Company or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series One Preferred Stock. In the event the Corporation shall at any time after the issuance of any share or fraction of a share of Series One Preferred Stock, declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series One Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series One Preferred Stock as provided in paragraph (A) of this Section at the same time it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series One Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date. No dividend or distribution (other than a dividend payable in shares of Common Stock) on the Common Stock shall be paid or set aside for payment on the Common Stock unless the dividend or distribution required as a result thereof to be paid on the Series One Preferred Stock shall be simultaneously paid or set aside for payment on the Series One Preferred Stock.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series One Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series One Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series One Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series One Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. VOTING RIGHTS. The holders of shares of Series One Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series One Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series One Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series One Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series One Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series One Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series One Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series One Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series One Preferred Stock, except dividends paid ratably on the Series One Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series One Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (as to dividends and upon dissolution, liquidation or winding up) to the Series One Preferred Stock.

(iv) except as permitted by subclause (v) of this Section 4(A), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series One Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (as to dividends and upon dissolution, liquidation or winding up) to the Series One Preferred Stock; or

(v) purchase or otherwise acquire for consideration any shares of Series One Preferred Stock, or any shares of stock ranking on a parity with the Series One Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. REACQUIRED SHARES. Any shares of Series One Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reisssued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors.

Section 6. LIQUIDATION, DISSOLUTION OR WINDING UP. (A) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series One Preferred Stock unless, prior thereto, the holders of shares of Series One Preferred Stock shall have received the greater of (i) $1.00 per share plus an amount equal to any accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, and (ii) an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock. The amount to which holders of Series One Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Corporation pursuant hereto is hereinafter referred to as the "Series One Preferred Liquidation Preference". In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series One Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) In the event that there are not sufficient assets available to permit payment in full of the Series One Preferred Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series One Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences.

Section 7. CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series One Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification

or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series One Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. NO REDEMPTION. The shares of Series One Preferred Stock shall not be redeemable.

Section 9. AMENDMENT. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series One Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series One Preferred Stock, voting together as a single class.

Section 10. RANKING. The Series One Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets on liquidation unless the terms of any such series of Preferred Stock shall provide otherwise and senior to the Common Stock.

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Chief Executive Officer and attested by its Secretary this day of August, 1997.

NABI

Attest:

By: /s/ Constantine Alexander

Title: Secretary

By: /s/ David J. Gury

Title: Chairman of the Board
President and Chief Executive
Officer

REGISTRAR AND TRANSFER COMPANY

Attest:

By: /s/ William P. Tatler

Title: Vice President and
Assistant Secretary

By: /s/ John Gaffney

Title: Vice President

EXHIBIT B

Form of Rights Certificate

Certificate No. Rights

NOT EXERCISABLE AFTER AUGUST 1, 2007 OR EARLIER IF REDEMPTION OR EXCHANGE OCCURS. THE RIGHTS ARE SUBJECT TO REDEMPTION AT $.01 PER RIGHT AND TO EXCHANGE ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT.

Rights Certificate

NABI

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement, dated as of August 1, 1997 (the "Rights Agreement"), between NABI, a Delaware corporation (the "Company"), and Registrar and Transfer Company (the "Rights Agent"), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M., Florida time, on August 1, 2007 at the office or offices of the Rights Agent designated for such purpose, or at the office of its successor as Rights Agent, one one-hundredth of a fully paid non-assessable share of Series One Preferred Stock, par value $.10 per share (the "Series One Preferred Shares"), of the Company, at a purchase price of $70.00 per one one-hundredth of a Series One Preferred Share (the "Purchase Price"), upon presentation and surrender of this Rights Certificate with the Form of Election to Purchase duly executed. The number of Rights evidenced by this Rights Certificate (and the number of one one-hundredths of a Series One Preferred Share which may be purchased upon exercise hereof) set forth above, and the Purchase Price set forth above, are the number and Purchase Price as of August 27, 1997, based on the Series One Preferred Shares as constituted at such date. As provided in the Rights Agreement, the Purchase Price and the number of one one-hundredths of a Series One Preferred Share which may be purchased upon the exercise of the Rights evidenced by this Rights Certificate are subject to modification and adjustment upon the happening of certain events.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the principal executive offices of the Company and the above-mentioned office or offices of the Rights Agent.

This Rights Certificate, with or without other Rights Certificates, upon surrender at the above-mentioned office or offices of the Rights Agent, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of Series One Preferred Shares as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered shall have entitled such holder to purchase. If this Rights Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate (i) may be redeemed by the Company at a redemption price of $.01 per Right or (ii) may be exchanged in whole or in part for shares of the Company's Common Stock, par value $.10 per share or Series One Preferred Shares (or equivalent Series One Preferred Shares, as provided in the Rights Agreement).

No fractional Series One Preferred Shares will be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-hundredth of a Series One Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts), but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Series One Preferred Shares or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____, 19___.

ATTEST: NABI

By

Countersigned:

By:

Authorized Signature

Form of Reverse Side of Rights Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such
holder desires to transfer the Rights Certificate.)

FOR VALUE RECEIVED
hereby sells, assigns and transfers unto _____

(Please print name and address of transferee)

this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Rights Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____, __

- ----------
Signature

Signature Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

- ----------

The undersigned hereby certifies that the Rights evidenced by this Rights Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

Signature

Form of Reverse Side of Rights Certificate -- continued

FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to
exercise the Rights Certificate.)

To NABI:

The undersigned hereby irrevocably elects to exercise _____ _____ Rights represented by this Rights Certificate to purchase the Series One Preferred Shares issuable upon the exercise of such Rights and requests that certificates for such Series One Preferred Shares be issued in the name of:

Please insert social security
or other identifying number

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security
or other identifying number

(Please print name and address)

Dated: _____, __

- ------------------------------
Signature

Signature Guaranteed:

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

Form of Reverse Side of Rights Certificate -- continued

- ---

The undersigned hereby certifies that the Rights evidenced by this Rights Certificate are not beneficially owned by an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement).

_____ Signature

- ---

NOTICE

The signature in the foregoing Forms of Assignment and Election must conform to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

In the event the certification set forth above in the Form of Assignment or the Form of Election to Purchase, as the case may be, is not completed, the Company and the Rights Agent will deem the beneficial owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and such Assignment or Election to Purchase will not be honored.

EXHIBIT C

SUMMARY OF RIGHTS TO PURCHASE
SERIES ONE PREFERRED SHARES

On July 25, 1997, the Board of Directors of NABI (the "Company") adopted a Shareholder Rights Plan pursuant to which a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock, par value $.10 per share (the "Common Shares"), of the Company will be distributed to the stockholders of record as of the close of business on August 27, 1997 (the "Record Date"). Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series One Preferred Stock, par value $.10 per share (the "Series One Preferred Shares"), of the Company, at a price of $70.00 per one one-hundredth of a Series One Preferred Share (the "Purchase Price"), subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement") between the Company and Registrar and Transfer Company, as Rights Agent (the "Rights Agent").

Until the earlier to occur of (i) 10 days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 15% or more of the outstanding Common Shares or (ii) 10 business days (or such later date as may be determined by action of the Board of Directors prior to such time as any person becomes an Acquiring Person) following the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in the beneficial ownership by a person or group of 15% or more of such outstanding Common Shares (the earlier of such dates being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Common Share certificates outstanding as of the Record Date, by such Common Share certificate with a copy of this Summary of Rights attached thereto.

The Rights Agreement provides that, until the Distribution Date, the Rights will be transferred with and only with the Common Shares. Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Share certificates issued after the Record Date, upon transfer or new issuance of Common Shares, will contain a notation incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any certificates for Common Shares outstanding as of the Record Date, even without such notation or a copy of this Summary of Rights being attached thereto, will also constitute the transfer of the Rights associated with the Common Shares represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Rights Certificates") will be mailed to holders of record of the Common Shares as of the close of business on the Distribution Date and such separate Rights Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will expire on the close of business on August 1, 2007 (the "Final Expiration Date"), unless the Rights are earlier redeemed by the Company, as described below.

The Purchase Price payable, and the number of Series One Preferred Shares or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Series One Preferred Shares, (ii) upon the grant to holders of the Series One Preferred Shares of certain rights or warrants to subscribe for or purchase Series One Preferred Shares at a price, or securities convertible into Series One Preferred Shares with a conversion price, less than the then current market price of the Series One Preferred Shares, or (iii) upon the distribution to holders of the Series One Preferred Shares of evidences of indebtedness or assets (excluding regular periodic cash dividends paid out of earnings or retained earnings or dividends payable in Series One Preferred Shares) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights and the number of one one-hundredths of a Series One Preferred Share issuable upon exercise of each Right are also subject to adjustment in the event of a stock split of the Common Shares or a stock dividend on the Common Shares payable in Common Shares or subdivisions, consolidations or combinations of the Common Shares occurring, in any such case, prior to the Distribution Date.

Series One Preferred Shares purchasable upon exercise of the Rights will not be redeemable. Each Series One Preferred Share will be entitled to a quarterly dividend payment equal to the greater of (a) $1.00 or (b) 100 times the dividend declared per Common Share. In the event of liquidation, the holders of the Series One Preferred Shares will also be entitled to a preferential payment equal to the greater of (a) $1.00 per share plus all accrued and unpaid dividends, whether or not declared, and (b) 100 times the aggregate payment made per Common Share. Each Series One Preferred Share will have 100 votes, voting together with the Common Shares. In the event of any merger, consolidation or other transaction in which Common Shares are exchanged, each Series One Preferred Share will be entitled to receive 100 times the amount received per Common Share. These rights are protected by customary antidilution provisions.

Because of the nature of the Series One Preferred Shares' dividend, liquidation and voting rights, the value of the one one-hundredth interest in a Series One Preferred Share purchasable upon exercise of each Right should approximate the value of one Common Share.

In the event that, following the date of the first public announcement that a person has become an Acquiring Person (the "Shares Acquisition Date"), the Company is acquired in a merger or other business combination transaction or 50% or more of the value of its consolidated assets or earning power are sold or otherwise transferred, proper provision will be made so that each holder of a Right will thereafter have the right to receive, upon the exercise thereof at the then current exercise price of the Right, that number of shares of common stock of the acquiring company which at the time of such transaction will have a market value of two times the exercise price of the Right. In the event that any person becomes an Acquiring Person (unless such person first acquires 15% or more of the outstanding Common Shares by a purchase pursuant to a tender offer for all of the Common Shares for cash, which purchase increases such person's beneficial ownership to 90% or more of the outstanding Common Shares), proper provision shall be made so that each holder of a Right, other than Rights beneficially owned by the Acquiring Person (which will thereafter be void), will thereafter have the right to receive upon exercise that number of Common Shares having a market value of two times the exercise price of the Right.

At any time after the acquisition by a person or group of affiliated or associated persons of beneficial ownership of 15% or more of the outstanding Common Shares and prior to the acquisition by such person or group of 50% or more of the outstanding Common Shares, the Board of Directors of the Company may exchange the Rights (other than Rights owned by such person or group which have become void), in whole or in part, at an exchange ratio of one Common Share, or one one-hundredth of a Series One Preferred Share (or of a share of a class or series of the Company's preferred stock having equivalent rights, preferences and privileges), per Right (subject to adjustment).

With certain exceptions, no adjustment in the Purchase Price will be required until cumulative adjustments require an adjustment of at least 1% in such Purchase Price. No fractional Series One Preferred Shares will be issued (other than fractions which are integral multiples of one one-hundredth of a Series One Preferred Share, which may, at the election of the Company, be evidenced by depositary receipts) and in lieu thereof, an adjustment in cash will be made based on the market price of the Series One Preferred Shares on the last trading day prior to the date of exercise.

At any time prior to the close of business on the Shares Acquisition Date (but not thereafter), the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of $.01 per Right (the "Redemption Price"). Subject to the foregoing, the redemption of the Rights may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion

may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

The terms of the Rights may be amended by the Board of Directors of the Company without the consent of the holders of the Rights, except that from and after the Shares Acquisition Date no such amendment may adversely affect the interests of the holders of the Rights.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A dated August __, 1997. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is hereby incorporated herein by reference.

Exhibit 10.29

AMENDMENT NO. 1 AND WAIVER
DATED AS OF NOVEMBER 14, 1997

TO

LOAN AND SECURITY AGREEMENT
DATED AS OF SEPTEMBER 12, 1997

[EXECUTION COPY]

AMENDMENT NO. 1 AND WAIVER
DATED AS OF NOVEMBER 14, 1997

TO

LOAN AND SECURITY AGREEMENT
DATED AS OF SEPTEMBER 12, 1997

THIS AMENDMENT NO. 1 AND WAIVER dated as of November 14, 1997 (this "Amendment") is made between NABI, a Delaware corporation (the "Borrower"), the financial institutions party from time to time to the Loan Agreement referred to below (the "Lenders"), and NATIONSBANK, N.A., a national banking association, as agent for the Lenders (in that capacity, together with any successors in that capacity, the "Agent").

PRELIMINARY STATEMENTS

The Borrower, the Lenders, and the Agent are parties to a Loan and Security Agreement dated as of September 12, 1997 (the "Loan Agreement"; terms defined in the Loan Agreement and not otherwise defined herein being used herein as therein defined).

A Default has occurred and is continuing under the Loan Agreement by reason of the Borrower's failure to maintain a minimum consolidated Fixed Charge Coverage Ratio of at least 1.10 to 1 for the Fiscal Quarter ending on September 30, 1997, as required under Section 10.1(a) of the Loan Agreement (the "Existing Default"), as a result of which the Lenders are entitled to exercise the rights and remedies provided for in the Loan Agreement.

The Borrower has requested that the Lenders waive the Existing Default, modify certain financial covenants and amend certain other provisions of the Loan Agreement, and the Lenders have agreed, upon and subject to the terms, conditions and provisions of this Amendment.

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

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

(a) by amending Section 1.1 DEFINITIONS thereof

(i) by amending the definition of "Applicable Margin" by adding a new sentence at the end thereof to read as follows:

"So long as the consolidated EBITDA of the Borrower and its Consolidated Subsidiaries for the four consecutive Fiscal Quarters most recently ended is less than $18,000,000, the Applicable Margin as determined above shall in each case be increased by .25%".

(ii) by amending the definition of "Fixed Charge Coverage Ratio" in its entirety to read as follows:

"FIXED CHARGE COVERAGE RATIO" means for any specified period, the ratio obtained by dividing (i) the sum of EBITDA minus cash outlays for income taxes, minus Maintenance Capex and minus Other Included Expenditures of the Borrower and its Consolidated Subsidiaries for such period, by (ii) the sum of interest expense plus scheduled principal payments on Debt (other than the Loans), including scheduled payments of Capitalized Lease Obligations, of the Borrower and its Consolidated Subsidiaries during such period. For the purposes of this definition "Other Included Expenditures" means any expenditures during the computation period for a Permitted Repurchase or for Excess Permitted Capital Expenditures or for Permitted Investments listed on Schedule 1.1A (other than the 1st, 4th and 5th items listed on such Schedule) made after the Effective Date that are not included in the Capital Expenditures budgeted by the Borrower for such period and subject to the limitations of SECTION 10.5.

(iii) by amending subsection (b) of the definition of "Permitted Investments" in its entirety to read as follow:

(b) Investments of the Borrower and its Subsidiaries in:

(i) the Borrower's Subsidiaries existing on the Effective Date,

(ii) Guaranties permitted pursuant to SECTION 10.3,

(iii) those items described on SCHEDULE 1.1A - PERMITTED INVESTMENTS,

(iv) an Investment in any entity approved in writing by the Required Lenders in an aggregate amount not in excess of $10,000,000, funded exclusively with the proceeds of the issuance and sale by the Borrower of additional common or convertible preferred stock of the Borrower, and

(v) other Investments not in excess of $500,000 individually or $1,000,000 in the aggregate at any time outstanding.

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

SECTION 10.1 FINANCIAL RATIOS. Permit:

(a) MINIMUM FIXED CHARGE COVERAGE. The consolidated Fixed Charge Coverage Ratio of the Borrower and its Consolidated Subsidiaries as of the end of any Fiscal Quarter ending during any period described

below to be less than the ratio set forth below opposite such period:

PERIOD	RATIO
Fiscal Quarter ending December 31, 1997	.36 to 1;
the two consecutive Fiscal Quarters ending March 31, 1998	.52 to 1;
the three consecutive Fiscal Quarters ending June 30, 1998	.62 to 1;
the four consecutive Fiscal Quarters ending September 30, 1998	.76 to 1;

the four consecutive Fiscal Quarters ending December 31, 1998	1.0 to 1;
each four consecutive Fiscal Quarter period ending during Fiscal Year 1999	1.1 to 1; or
each four consecutive Fiscal Quarter period ending thereafter	1.25 to 1.

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

FISCAL YEAR	AMOUNT
December 31, 2000	$32,000,000
December 31, 2001	$36,000,000

(c) MINIMUM CONSOLIDATED NET WORTH. Permit consolidated Net Worth of the Borrower and its Consolidated Subsidiaries calculated at the end of any Fiscal Quarter ending on or after December 31, 1997 to be less than an amount equal to the sum of $79,000,000 PLUS 50% of the consolidated Net Income (without deduction for losses) of the Borrower and its Consolidated Subsidiaries, on a cumulative basis, for the period beginning on October 1, 1997 and ending on the last day of such Fiscal Quarter.

(c) by amending Section 10.15 MINIMUM COLLATERAL AVAILABILITY by deleting the amount of "$2,000,000" therein and substituting therefor the amount of "$5,000,000".

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

Section 3. EFFECTIVENESS OF AMENDMENT. Section 1 of this Amendment shall become effective as of the first date (the "Amendment Effective Date") on which the Lenders shall have received four copies each of the following documents (except that on the Amendment Effective Date, the effectiveness of the "Applicable Margin" definition, as amended herein, shall be retroactive to October 1, 1997 and the effectiveness of Section 2 of this Amendment shall be retroactive to November 14, 1997):

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

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

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

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

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

(d) the Confirmation of Guarantors attached hereto as ANNEX A duly executed and delivered by each Guarantor;

(e) the payment of an amendment fee in the amount of $50,000 and all accrued interest resulting from the amendment to the Applicable Margin; and

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

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

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

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

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

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

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

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

Section 6. EFFECT OF AMENDMENT. From and after the Amendment Effective Date, all references in the Loan Agreement and in any other Loan Document to "this Agreement," "the Loan

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

Section 7. COUNTERPART EXECUTION; GOVERNING LAW.

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

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

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

BORROWER

NABI

[CORPORATE SEAL]

By: /s/ Alfred J. Fernandez

Alfred J. Fernandez
Senior Vice President and
Chief Financial Officer

Attest:
By:

Name:

Title:

AGENT

NATIONSBANK, N.A.

By: /s/ John C. Glazebrook

Name: John C. Glazebrook

Title: Vice President

LENDERS

NATIONSBANK, N.A.

By: /s/ John C. Glazebrook

Name: John C. Glazebrook

Title: Vice President

BANKBOSTON, N.A.

By: /s/ John C. Todd

Name: John C. Todd

Title: Director

ANNEX A

CONSENT AND CONFIRMATION OF GUARANTORS

The undersigned, each in their capacity as a Guarantor under the Subsidiary Guaranty dated as of September 12, 1997 (as modified or amended to date, the "Subsidiary Guaranty"), in favor of the Lenders, hereby confirms, for the benefit of the Borrower and the Lenders, that (1) such Guarantor is a Subsidiary of Borrower, (2) such Guarantor has received a copy of Amendment No. 1 and Waiver dated as of November 14, 1997 and consents thereto and (3) the Subsidiary Guaranty of which such Guarantor is the maker constitutes a continuing unconditional, guaranty of the Secured Obligations under and as defined in the Subsidiary Guaranty. Each of the undersigned is and continues to be liable under the Subsidiary Guaranty in accordance with the terms thereof, notwithstanding the execution and delivery of the aforesaid Amendment.

Dated: December 27, 1997

BIOMUNE CORPORATION

[Corporate Seal]

By: /s/ Alfred J. Fernandez

Alfred J. Fernandez
Treasurer

NABI FINANCE, INC.

[Corporate Seal]

By: /s/ Alfred J. Fernandez

Alfred J. Fernandez
President

NABIMED, LTD.

[Corporate Seal]

By: /s/ Alfred J. Fernandez

Alfred J. Fernandez
Secretary

UNIVAX PLASMA, INC.

[Corporate Seal]

By: /s/ Alfred J. Fernandez

Alfred J. Fernandez
Treasurer and Chief Financial Officer

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Set forth below is a listing of all of the existing subsidiaries of the Registrant. The Registrant owns 100% of the stock of each of the subsidiaries listed below.

SUBSIDIARIES	STATE OR NATION OF INCORPORATION
NABI Foreign Sales, Ltd	Barbados, West Indies
BioMune Corporation	Delaware
NABI Finance, Inc	Delaware
Nabi BioMedical GmbH	Germany
NabiMed, Ltd	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statements on Form S-3 (No. 33-10148, No. 33-24117, No. 33-47239, No. 33-75868 and No. 333-2253) and the Registration Statements on Form S-8 (No. 33-42223, No. 33-42224, No. 33-05219, No. 33-60795, No. 33-64092 and No. 33-65069) of Nabi and its subsidiaries of our report dated March 30, 1998, appearing in this Form 10-K.

/s/ Price Waterhouse LLP
- ---------------------------
PRICE WATERHOUSE LLP
Miami, Florida
March 30, 1998

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1997 AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
DEC-31-1997
JAN-01-1997
DEC-31-1997
3,397
0
36,060
0
43,387
98,972
89,187
0
225,906
35,039
121,081
0
0
3,480
72,183
225,906
228,744
228,744
180,533
180,533
59,522
0
4,712
(15,821)
(4,668)
(11,153)
0
0
0
(11,153)
(0.32)
0

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