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, 1996

OR

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

For the transition period from to

Commission file number 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 20, 1997, 34,715,116 shares of common stock were outstanding, of which 33,187,166 shares were held of record by non-affiliates. The aggregate market value of shares held by non affiliates was approximately $296,610,296 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, 1996 are incorporated by reference into Part III hereof as provided therein.

PART I

ITEM 1. BUSINESS

OVERVIEW

NABI is a vertically integrated biopharmaceutical company that supplies human blood plasma and develops and commercializes therapeutic products for the prevention and treatment of infectious diseases and immunological disorders. NABI is one of the world's largest suppliers of source plasma and specialty plasma which are sold to pharmaceutical and diagnostic companies or used in NABI's proprietary products. NABI collects plasma from an extensive donor base through 80 collection centers in the United States and 4 collection centers in Germany. During 1995 and 1996 NABI collected and processed approximately 2,020,000 and 2,322,000 liters of plasma, respectively. NABI also is developing a broad portfolio of therapeutic products to prevent and treat immune disorders and infectious diseases that includes two products approved by the United States Food and Drug Administration (the "FDA") and 13 products that are in development, including 6 in clinical trials. NABI has completed construction, and has commenced validation, of a new biopharmaceutical manufacturing facility designed to process plasma into immunotherapeutic products. In addition, NABI manufactures and markets human blood plasma-based diagnostic products and provides testing services on plasma and blood samples supplied by third parties.

On November 29, 1995, Univax Biologics, Inc. ("Univax"), a publicly traded biopharmaceutical company developing and marketing products for the prevention and treatment of infectious diseases and their associated complications through the activation and targeting of the human immune system, was merged into NABI (the "Merger").

TRADEMARKS

NABI(R), WinRho SD (R), H-BIG(R), HIV-IG (TM), HyperGAM+CF (TM), StaphVAX (TM), StaphGAM (TM), H-BIG IV (TM), CMV NeutraGAM (TM), QS-21 Stimulon (TM), H-CIG IV (TM), NeoGAM (TM), NorMLCera-Plus(R), ViroSure (TM), Sero-HIV(R), Sero-HCV(TM) and Sero-HBV(TM) are trademarks that are either owned or licensed by NABI.

INDUSTRY BACKGROUND

Source and Specialty 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. According to Marketing Research Bureau, an independent market research company, the worldwide market for plasma-based products was approximately $4.6 billion in 1994. Plasma is obtained in the United States through donations from individuals at approximately 450 plasma collection centers. The market factors influencing the plasma industry have included: (i) the expanded use of immunotherapeutic products to prevent and treat disease, (ii) extensive public concern over the safety of the blood supply, with subsequent political demand for tighter scrutiny of blood product suppliers and a resulting reduction in blood collection, and (iii) an increase in regulatory control over the collection and testing of plasma.

Plasma is composed of three primary proteins: albumin, anti-hemophilic factor ("AHF") and immune globulin. After collection, plasma is fractionated, or separated, into these three proteins. The therapeutic market for each of these proteins at any one time 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 is the clotting factor in plasma used to treat hemophilia and clotting disorders.

- - Immune globulin is the component of plasma that carries antibodies to fight disease. Therapeutic uses include the treatment of tetanus, rabies, hepatitis, immune thrombocytopenic purpura ("ITP") and acquired or congenital immune disorders.

Plasma which contains high concentrations of specific antibodies is known as specialty plasma and is distinguished from source plasma, which does not have such high concentrations. Specialty plasma is used primarily to manufacture plasma-based immunotherapeutic products which bolster the immunity of patients to fight a particular infection or to treat certain immune system disorders. Following advances in intravenous therapy in the mid-1980s, use of specialty plasmas for therapeutic purposes significantly increased. Among the current uses for specialty plasmas are the production of products to prevent or treat hepatitis, ITP, Rh incompatibility in newborns, cytomegalovirus ("CMV") infections, tetanus and rabies. Specialty plasmas are also widely used for diagnostic and tissue culture purposes.

Specialty plasmas can be obtained by screening the normal donor population for individuals who have an acceptable level of the desired antibody due to previous exposure to the pathogen. This screening approach is only feasible if high concentrations of the desired antibodies occur naturally in a significant percentage of the donor population. An alternative approach is to stimulate donors with an immunizing agent specifically directed at the targeted pathogen. Such donor stimulation can create a steadier supply of plasma with high levels of the desired types of antibodies. Specialty plasma is fractionated into its three component proteins and the resulting immunoglobulin is used to manufacture immunotherapeutic products. Donor stimulation has been used successfully for years for the collection of specialty plasmas containing antibodies active against tetanus, rabies, hepatitis B and Rh incompatibility.

Immunotherapeutics

Immunotherapeutic products include plasma-based immunoglobulin therapeutic products and vaccines. Immunotherapeutic products which are produced from specialty plasma contain a rich mixture of antibodies produced by healthy donors naturally or in response to exposure to particular component substances produced by a virus or bacteria. These specific polyclonal antibodies ("SPA"s) are administered to provide passive immunity against infection in immune-compromised patients or patients who are immediately at risk and therefore do not have time to mount their own antibody response.

NABI believes that plasma-based immunotherapeutic products have a high benefit-to-cost ratio and have a high level of physician acceptance based on past usage. Immunotherapeutic products offer numerous clinical advantages. They are produced naturally from a human source, and their safety has been well documented over several decades of clinical experience.

The use of plasma-based immunotherapeutic products increased in the mid-1980s 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, immunoglobulin therapy has become a growing part of medical practice. According to Market Research Bureau, in 1994, the market was approximately $983 million.

Vaccines play an important role in the development and production of immunotherapeutic products. They can be used as stimulating agents to cause the human body to produce SPAs. They also can provide long-term protection against exposure to a specific disease-causing substance or pathogen. When invaded by viruses, bacteria or other disease-causing organisms, the human body mounts an immune response, producing antibodies that target and help kill the invading pathogen. This natural immune response to an infection is termed "active immunity." Vaccines induce active immunity in the absence of an actual infection by presenting to the immune system dead or weakened organisms or purified components derived from the organism's surface. The immune system develops an active immune response to the vaccine and "remembers" that response just as it does

for a natural infection. Vaccines can provide significant long-term protection because this "immune memory" results in a stronger and more rapid immune response upon subsequent exposure to the pathogen. Vaccines are powerful tools in the fight against infectious disease and have been largely responsible for the elimination of smallpox, polio, diphtheria, whooping cough and certain other diseases as major causes of death in the United States.

In contrast to viral vaccines, bacterial vaccines generally cannot be based on dead or weakened organisms because bacteria produce many toxins that are dangerous even if the bacteria are no longer infective. Moreover, because of certain structural characteristics, protein-based bacterial vaccines are not likely to be broadly useful. One solution is to exploit the complex carbohydrates present on the surface of most bacteria.

STRATEGY

NABI's objective is to become a leader in the development and marketing of proprietary plasma-based immunotherapeutic products and vaccines. The key elements of NABI's strategy include the following:

Leverage NABI's Plasma Business into the Higher Margin Immunotherapeutics Business. NABI intends to continue the expansion of its historical lower margin plasma business into the higher margin plasma-based immunotherapeutics business. NABI intends to build upon its expertise in the plasma business and on the consistent revenues and critical raw materials generated by that business. Through the Merger, NABI significantly increased the number of immunotherapeutic products it has in development.

Capitalize on Fully Integrated Development Capabilities. NABI's 84 plasma collection centers in the United States and Germany make NABI one of the world's largest suppliers of plasma to the pharmaceutical and diagnostic industries. NABI's 112 persons' research and development team based in Rockville, Maryland has the capabilities to develop multiple product opportunities simultaneously, and bring products through the clinical development and FDA approval processes. NABI also has an experienced sales and marketing organization currently consisting of 19 salespersons, and a distribution network adding about 100 more salespersons. In addition, NABI has completed construction and has begun validation of a new biopharmaceutical manufacturing facility in Boca Raton, Florida designed to process specialty plasma into immunotherapeutic products. NABI anticipates that it will receive requisite validation and FDA licensure of this facility in late 1998 or early 1999. NABI intends to capitalize on this fully integrated development capability to become a leader in the plasma-based immunotherapeutics industry.

Focus on Products that Prevent and Treat Infectious Diseases. NABI is focusing its efforts on SPA-based immunotherapeutic products, such as H-BIG IV, WinRho SD, StaphGAM and CMV NeutraGAM, for immediate short-term protection against infectious diseases and their associated complications. In support of these efforts, NABI is developing vaccines, such as StaphVAX and StaphVax A/E, to be used as stimulating agents in humans to produce antibodies for its immunotherapeutic products and, potentially, as long-term protection against infection.

Pursue Selected Product Strategic Alliance Opportunities. NABI has developed strategic alliances with Chiron Vaccines ("Chiron") and others to complement its in house research and development and product marketing capabilities, and intends to seek additional strategic alliances with others where appropriate. See "-Strategic Alliances, Licenses and Royalty Obligations."

PRODUCTS AND PRODUCTS UNDER DEVELOPMENT

Source Plasma

NABI is one of the world's largest suppliers of human blood plasma to the pharmaceutical and diagnostic industries. During 1995 and 1996, NABI derived revenues of $108.3 million and $121.0 million, respectively, from the sale of source plasma, representing 63.9% and 58.2%, respectively, of NABI's total revenues from the sale of plasma.

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Specialty Plasma

During 1995 and 1996, NABI derived revenues of $61.2 million and $86.8 million, respectively, from the sale of specialty plasma, representing 36.1% and 41.8%, respectively, of NABI's total revenues from the sale of plasma.

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 operating base and access to its large and diverse donor base, NABI believes it has a strategic advantage in its ability to collect specialty plasmas.

NABI's principal specialty plasmas include:

- - Anti-Tetanus Plasma. NABI is a major supplier of tetanus-rich plasma to manufacturers of tetanus immunotherapeutic products, which provide a short-term boost in immunity to patients exposed to tetanus.

- - Hepatitis B Plasma. NABI provides anti-hepatitis B plasma to manufacturers of hepatitis B immunotherapeutic products which provide passive immunity to hepatitis B. Anti-hepatitis B plasma collected by NABI is also used to produce H-BIG, NABI's own hepatitis B immunotherapeutic product. NABI believes that its proprietary donor stimulation and management programs generally allow NABI to produce anti-hepatitis B plasma having a higher concentration of antibody than competing products.

- - Anti-D Plasma. Specialty plasma containing anti-D antibody 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 antibody or who have been vaccinated to raise their anti-D antibody 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 SD, an immunotherapeutic product that NABI markets in the United States, is produced from anti-D plasma.

- - HAV Plasma. Plasma which is rich in antibodies against the hepatitis A virus ("HAV") is available from the small percentage of the population that has been exposed to the hepatitis A virus. HAV plasma is used to augment general intravenous immunotherapeutic products to provide protection from this virus.

- - CMV Plasma. Many potential CMV antibody-positive donors 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 supply the plasma to product manufacturers to enhance intravenous products and to produce specific CMV immunoglobulin therapeutic products.

- - Rabies Plasma. NABI is a major supplier of rabies antibody-rich plasma to manufacturers of rabies immunotherapeutic products, which provide a short-term boost in immunity to patients exposed to the rabies virus.

Immunotherapeutic Products

NABI is developing and marketing 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 its efforts principally on SPA-based immunotherapeutic products. NABI also is developing vaccines to be used principally as stimulating agents in humans to produce antibodies for immunotherapeutic products and also, potentially, as long-term protection against infection. NABI is concentrating its vaccine development efforts on vaccines for bacterial infections, particularly those that are hospital-acquired or associated with chronic disease. NABI is developing a broad product line that includes two currently marketed immunotherapeutic products approved by the FDA and 13 products that are in development, including six products in clinical trials.

NABI believes that it has research capability in the development of bacterial vaccines based on carbohydrates, carbohydrate/protein compounds and recombinant DNA technology. NABI's specific capabilities in the development of carbohydrates and carbohydrate/protein compound bacterial vaccines include, among others, broad expertise in the molecular and cellular biology of bacterial pathogens, and the ability to develop cell lines and manufacturing processes that maximize the production of carbohydrates and proteins.

NABI's research and development capabilities have been enhanced as a result of the Merger by NABI's succession to collaborations with several of the major academic and government research laboratories active in this area. NABI has also licensed the use of proprietary proteins and enhancing agents which it believes will enhance the development of highly immune-stimulating vaccines.

IMMUNOTHERAPEUTIC PRODUCTS AND PRODUCTS UNDER DEVELOPMENT

The following table summarizes NABI's pipeline of products on the market or in development.

PRODUCTS	POTENTIAL APPLICATIONS	STATUS
H-BIG	Hepatitis B	Product License Application ("PLA") approved; marketing
WinRho SD	ITP and Rh isoimmunization	PLA approved; marketing
WinRho SD	Additional autoimmune conditions	Phase IV clinical trial in progress
HIV-IG	HIV/AIDS transmission from mother to fetus	Phase III clinical trial in progress in collaboration with the National Institutes of Health (the "NIH")
HIV-IG	HIV/AIDS therapy in children	Phase II clinical trial in progress in collaboration with the NIH
StaphVAX	Staph A infections (vaccine)	Phase II clinical trial completed; follow-on dosing studies in hemodialysis patients completed
StaphGAM	Staph A infections	Donor stimulation in progress; Phase I/II with purified antibody to begin in 1997
H-BIG IV	Hepatitis B reinfection in liver transplant patients	Bioequivalence trial completed; pivotal clinical trial to begin in 1997
CMV NeutraGAM	CMV in renal transplant patients	Donor stimulation in progress and Phase I/II clinical trial to begin in 1997
H-CIG IV	Hepatitis C reinfection in liver transplant patients	Preclinical; donor screening in progress
StaphVAX A/E	Staph epi infections (vaccine)	Preclinical
StaphGAM A/E	Staph A and Staph epi infections	Preclinical
NeoGAM	Staph A and Staph epi infections in neonates	Preclinical
Other vaccines and other anti microbials	Various	Preclinical

H-BIG

Despite the availability of hepatitis B vaccines, hepatitis B infection has spread rapidly and now affects approximately 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. NABI estimates that the worldwide market for the current formulation and indications of H-BIG is estimated to be approximately $200 million. H-BIG is an intramuscular SPA product used following exposure by blood transfusion, accidental ingestion, transmission from a hepatitis B antigen-positive mother or sexual exposure. NABI believes that H-BIG which has been marketed since 1977, was the first hepatitis B plasma-based immunotherapeutic product to be licensed by the FDA. NABI has marketed H-BIG since September 1992 when it acquired the product from Abbott Laboratories ("Abbott"). NABI is obligated to pay a royalty to Abbott on net sales of H-BIG through September 2002.

WinRho SD

WinRho SD is an SPA 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 even 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. Unless associated with HIV infection, ITP in children is generally an acute condition which resolves itself within six months with or without therapy. In adults, whether primary or secondary to HIV infection, the disease is generally chronic in nature.

Management estimates that in the United States, there are currently approximately 130,000 individuals who suffer from primary ITP or ITP secondary to HIV infection. Approximately 20,000 of these cases are primary ITP; the remaining 110,000 patients suffer from chronic ITP secondary to HIV infection, which represents 11% of the estimated one million HIV-positive individuals in the United States today.

Current therapies for ITP include steroids, standard IVIG, splenectomy and chemotherapeutic agents. These therapies all have significant drawbacks. Steroids and chemotherapy result in many undesirable side effects and cannot be used for long-term maintenance. Standard IVIG must be given in large doses, which are expensive, require several hours to administer and often lead to adverse reactions. Splenectomy procedures subject patients to the inherent risks of surgery plus a resulting life-long susceptibility to severe infection. Zidovudine ("AZT") or other antiviral drugs also can be used to treat ITP in HIV-positive patients, but only 50% of treated patients show a significant platelet response to these drugs. NABI believes that the effective use of WinRho SD avoids many of these drawbacks including the need for a splenectomy. Unlike steroids and chemotherapy, WinRho SD can be used for long-term treatment of chronic ITP. Also, compared to standard IVIG, WinRho SD is relatively less expensive and also is less time-consuming in its administration. In addition, the product presents no surgical risk and, unlike AZT, has demonstrated consistency in its ability to elicit a platelet response.

Rh isoimmunization occurs when a woman with Rh negative blood type becomes pregnant with an Rh positive fetus. The woman's immune system recognizes the fetal blood cells as foreign and develops antibodies that can attack the fetus and threaten future Rh pregnancies. Rh isoimmunization can be suppressed by treating the mother with antibodies that suppress this toxic reaction. There are currently three competitive immunotherapeutic products licensed in the United States for the suppression of Rh isoimmunization. These products are typically priced at lower levels than WinRho SD and, as a result, NABI does not anticipate significant sales of WinRho SD for Rh isoimmunization.

NABI commenced marketing WinRho SD, for which it has exclusive marketing rights in the United States only, in mid-1995 under a license and distribution agreement with Cangene Corporation, formerly Rh Pharmaceuticals, Inc. ("Cangene"). WinRho SD for the treatment of ITP has been designated an Orphan Drug.

NABI plans to conduct in 1997 three Phase IV clinical trials for WinRho SD 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."

HIV-IG

In the United States, approximately 15% to 30% of the infants born to HIV-infected mothers become infected. Approximately 7,000 such infants are born at risk of contracting HIV/AIDS from their HIV positive mothers in the United States each year. The CDC estimates that there are approximately 3,500 children with AIDS in the United States and an additional 7,000 to 10,000 that are HIV positive. More than 80% of these HIV/AIDS infections resulted from the transmission of the virus from the mother to child at birth. In addition, recent World Health Organization data show that young women are a rapidly growing subgroup of HIV infection, making the need for prevention of vertical transmission especially pressing.

HIV-IG is an experimental product currently manufactured by NABI for potential prophylactic and therapeutic use in treating HIV/AIDS. HIV-IG is prepared from the plasma of HIV-antibody positive individuals who are otherwise healthy and have displayed a strong immune response to the HIV virus. The plasma is extensively tested and virally inactivated during processing. The antibodies within the plasma are then purified and concentrated in preparation for administration to patients. HIV-IG has been granted Orphan Drug status for use in the prevention of vertical perinatal transmission of HIV/AIDS from mother to child. See "-Government and Industry Regulation-Orphan Drug Act." NABI acquired HIV-IG from Abbott in 1992 and will pay a royalty on any commercial sales of the product. See "-Strategic Alliances, Licenses and Royalty Obligations-Other Licenses and Royalty Obligations."

AZT is used to reduce the transmission of the HIV virus from mother to the unborn child, and is currently being used in conjunction with HIV-IG in a Phase III clinical trial presently being conducted by the National Heart, Lung and Blood Institute, in collaboration with the National Institute of Child Health and Human Development and the National Institute of Allergy and Infectious Disease (collectively, the "Institutes"). However, the therapeutic goal of HIV-IG is to further lessen the transmission of the virus, and therefore HIV-IG would, if effective, prove to be more beneficial than AZT used alone. Other approaches to the problem of HIV transmission from mother to unborn child are being developed by competitors and are in early experimental stages, and it is too early to discern the benefits and drawbacks of such approaches.

The Phase III clinical trial being conducted by the Institutes is intended to determine whether HIV-IG will prevent the vertical transmission of HIV/AIDS from HIV-positive mothers to their unborn children. This trial is expected to be completed in 1999. The cost to the Institutes of this trial is estimated to be in excess of $20 million. Participants in this trial receive HIV-IG together with AZT while a control group receives a non-HIV-specific immune globulin and AZT.

StaphGAM and StaphVAX

Staphylococcal bacteria, especially Staphylococcus aureus ("Staph A") and Staphylococcus epidermis ("Staph epi"), are an increasing cause of bacterial infections in hospitalized patients and patients with chronic disease. These two species are responsible for the vast majority of all staphylococcal infections. Persons who are at a high risk of contracting staphylococcal infections include the following patient groups:

Kidney Dialysis Patients. Patients on chronic dialysis due to kidney failure are constantly at risk for staph infections due to their in-dwelling catheters. Continuous ambulatory peritoneal dialysis ("CAPD") patients have a 50% risk of contracting an infection each year, of which 50% are due to staphylococcal bacteria (15% Staph A and 35% Staph epi). Hemodialysis patients have a significantly lower risk of infection (only 15% each year). In the hemodialysis patient group, 75% of the infections are due to Staphylococci (50% Staph A and 25% Staph epi). In the United States there are currently 30,000 CAPD patients and 160,000 hemodialysis patients.

Severe Trauma Patients. Patients suffering from severe trauma (i.e., Level I trauma center intensive care unit ("ICU") admissions) are at a 40% risk of acquiring an infection while in the hospital. Approximately 30% of these infections are due to staphylococcal bacteria (20% Staph A and 10% Staph epi). The majority of these infections occur within the first week after admission, but there is also a substantial long-term risk of infection in these patients due to the extended hospital stays often required. It currently is estimated that approximately 3% of the 3.6 million trauma victims admitted to hospitals each year in the United States are Level I trauma center ICU admissions.

Cardiac Surgery Patients. Approximately 500,000 patients undergo cardiac surgery each year in the United States. Infections of the sternum appear in approximately 6% of patients following cardiac surgery, of which about 25%, or 1.5% overall, are deep infections of the sternum requiring surgical intervention. Approximately 60% of these infections are due to staphylococcal bacteria (40% Staph A and 20% Staph epi). The majority of these infections occur within one to two weeks of surgery, but the use of prosthetic devices such as valve replacements in cardiac surgery and the use of synthetic dacron grafts in arterial replacements present long-term infection risk.

Vascular Graft Patients. Approximately 180,000 patients undergo vascular graft surgery annually in the United States. The incidence of infection following vascular graft surgery is approximately 2%, of which 60% are due to staphylococcal bacteria (30% Staph A and 30% Staph epi). Although this rate of infection is reasonably low compared to other risk groups, the consequences of infection in this population can be severe. There is nearly a 25% mortality associated with vascular graft infections and another 25% of patients require amputation of the affected limb. Moreover, in this patient group, there is a demonstrated risk of late stage infections appearing 11 to 12 months after surgery.

Prosthetic Surgery Patients. There are approximately 420,000 orthopedic joint replacement surgeries performed in the United States each year. These patients run a 1% to 5% risk of contracting an infection while recovering from surgery, 60% of which are due to staphylococcal bacteria (30% Staph A and 30% Staph epi). Again, although the incidence is very low, the consequences can be severe and often require removal of the artificial joint. Moreover, there is a significant long-term risk that prosthetic joints will become infected even several years after surgery.

Low Birth Weight Neonates (LBWN). There are approximately 430,000 pre-term infants born in the United States each year. Of these, some 50,000 are considered LBWN. This group is highly susceptible to invasive staphylococcal disease and 17% of infection in these infants are caused by Staph A.

It currently is estimated that 40% to 60% of the staphylococcal infections occurring in United States hospitals are caused by bacterial strains that are resistant to every currently available antibiotic except vancomycin. Of even greater concern is the increase in the bacteria that are resistant to all current antibiotics, including vancomycin. The percentage of hospital-acquired enterococcal infections that are resistant to vancomycin has increased from 0.3% in 1989 to nearly 10% in 1993, with the rate approaching 15% in ICUs. Because, like Staphylococci, Enterococci is a gram-positive bacterium, this vancomycin resistance could, at any time, be transferred to the staphylococcal bacteria present in hospitals. Such transfer has, in fact, recently been demonstrated in the research laboratory. If vancomycin resistance continues to grow, NABI believes certain bacterial infections could become untreatable.

StaphGAM contains high levels of antibodies against the two most important clinical strains of Staph A. StaphGAM is designed to provide immediate, on-demand protection for patients who suddenly find themselves at high, short-term risk of Staph A infection or for patients who are immune-compromised and cannot respond effectively to a vaccine. Consequently, this SPA product might be used in patients who are at short and long-term risk of contracting

Staph A infections. Even in those patient groups in which the incidence of staphylococcal infection is relatively low, such as cardiac surgery patients, the consequences of an infection can be so severe that NABI believes that administration of the SPA product to all patients may be deemed medically appropriate.

NABI is producing StaphGAM by stimulating healthy plasma donors with an immunizing agent. NABI began a preliminary donor stimulation program with this immunizing agent in July 1994, which was recently

concluded. A six-month follow-on donor stimulation trial was initiated in September 1995. NABI expects to commence in 1997 a Phase I/II clinical trial using StaphGAM in low birth weight neonates.

NABI's goal is to use the same immunizing agent that stimulates antibodies in healthy plasma donors for the production of StaphGAM as a vaccine in high risk patient populations. This vaccine, StaphVAX, is a carbohydrate/protein compound intended to elicit high levels of antibodies against the two bacterial strains responsible for over 90% of clinically important Staph A infections. StaphVAX is based on patented vaccine technology in-licensed by NABI from the NIH. See "-Strategic Alliances, Licenses and Royalty Obligations." A Phase II trial using StaphVAX in continuous ambulatory peritoneal dialysis patients was completed in 1995. The clinical trial showed the vaccine to be safe but ineffective. Two possible explanations for the inability of StaphVAX to prevent infections related to peritoneal dialysis in vaccinated patients are that the immunogenicity of the vaccine was too low due to suboptimal vaccine dosing or that antibodies in the bloodstream are unable to affect infection in certain anatomic areas, such as the peritoneum. Like peritoneal dialysis patients, hemodialysis patients with kidney disease also have high Staph A infection rates. In contrast to CAPD patients, however, the Staph A infections contracted by hemodialysis patients are primarily bloodborne and may be more accessible to Staph A antibodies. As a result, NABI designed and initiated a Phase II clinical trial with StaphVAX in hemodialysis patients in 1996. Results of this trial indicated that higher doses of StaphVAX in patients with end stage renal disease were able to induce levels of antibodies similar to that achieved in normal healthy volunteers. This result led NABI to reformulate StaphVAX to permit higher dosing. NABI anticipates beginning Phase III clinical studies of the reformulated StaphVAX in hemodialysis patients in 1997.

H-BIG IV

One of the severe side effects of hepatitis B infection is deterioration of the liver, resulting in the need for liver transplantation. NABI believes that up to 20% of the current eligible liver transplant population is comprised of hepatitis B patients. These patients are at high risk for liver reinfection with the hepatitis B virus once the transplant is completed. Reinfection causes the process of liver deterioration to recur, and, as a result, most transplant centers consider hepatitis B-infected patients to be poor candidates for transplantation. A significant number of transplant centers have policies precluding these patients from the transplant population, given the relative scarcity of available livers and poor prognosis for such patients. Due to these policies, liver transplants of hepatitis B-infected patients represented only 5% of the approximately 3,900 liver transplants performed in the United States in 1995.

There are no products similar to H-BIG IV available in the United States. In Europe, however, certain manufacturers are currently producing substantially similar products. If H-BIG 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 estimates that the number of hepatitis B patients receiving liver transplants could double each year.

NABI believes treatment with H-BIG 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 IV immediately following transplantation and maintenance doses for extended periods of undetermined length, compared to current indications for H-BIG which require only a single intramuscular injection of a small amount of antibody. Such large doses of H-BIG 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 amounts of antibody that are sufficient to provide virtually 100% of the antibody required to neutralize their infections.

NABI filed an Investigation for New Drug ("IND") application for H-BIG IV in July 1994 for the specific indication of use for hepatitis B liver transplant cases. In 1997, NABI intends to begin human clinical trials studying safety and pharmacokinetic tests in liver transplant patients. H-BIG IV has been granted Orphan Drug status. See "-Government and Industry Regulation - Orphan Drug Act."

CMV NeutraGAM

CMV, a member of the herpes virus family, is widely prevalent throughout the world. Although most infections are without symptoms, CMV causes significant clinical disease in individuals with weakened immune systems, including transplant recipients and HIV infected individuals, and is the most common cause of virally produced birth defects (such as congenital deafness and mental retardation). CMV commonly affects renal transplant recipients and is a significant risk factor which could result in fever after a transplant, followed by leukopenia, graft failure and death. There were approximately 10,000 kidney transplants performed in the United States in 1994 and approximately 9,000 in Europe. It is estimated that 50% to 80% of these patients can develop CMV infection. In addition, CMV infection is a known complication in bone marrow transplant recipients, of which there were approximately 3,500 in the United States and 3,500 in Europe in 1994. CMV is also a major risk in other solid organ transplant patients, including those undergoing heart, liver or small bowel transplants. Approximately 8,000 people underwent solid organ transplants (excluding kidney transplants) in the United States in 1994, and approximately 2,000 in Europe. In heart transplant recipients, CMV may play a role in the development of accelerated coronary graft atherosclerosis which is responsible for the majority of late cardiac graft failure and resulting patient morbidity and mortality.

Preliminary laboratory evaluation of antibody concentration in plasma of subjects immunized with a Chiron CMV vaccine candidate indicates that the plasma contains significantly higher levels of CMV neutralizing antibodies than currently available screened plasma used in other manufacturers' products. The higher levels of specific antibody may allow the product to be administered in lower doses with a potential for fewer side effects, shorter infusion times or improved efficacy. The higher concentration product might also allow the product to be injected directly into muscle. NABI expects to begin Phase I/II clinical trials with CMV NeutraGAM in 1997.

H-CIG IV

H-CIG IV is designed to prevent reinfection in liver transplant patients who test positive for hepatitis C antibody at the time of transplant. NABI believes that hepatitis C infection is actually more prevalent among liver transplant patients than hepatitis B. Hepatitis C was an under-recognized contributor to morbidity and hospitalization in liver transplant patients until recently when a diagnostic test specific for hepatitis C became widely available. Hepatitis C is not as lethal as hepatitis B; however, it does have significant economic impact because it contributes to frequent hospitalizations when it occurs in liver transplant patients.

NABI expects to initiate a study in chimpanzees of H-CIG IV in 1997. Because NABI's H-CIG IV is the first product to provide hepatitis C antibody for clinical use, no data exists to predict the efficacy and the dose level of H-CIG

IV that will produce the best combination of safety and efficacy, other than experience with H-BIG IV. NABI has applied for Orphan Drug status for H-CIG IV.

StaphVAX A/E, StaphGAM A/E, NeoGAM

NABI plans to develop a second generation vaccine product, StaphVAX A/E, which is directed to both Staph A and Staph epi. Staph epi is the second most clinically significant Staphylococcus species. The Staph epi components of StaphVAX A/E are undergoing preclinical testing and process development. The vaccine is expected to contain the two previously identified Staph A carbohydrates and one to three Staph epi antigens present on the surface of the bacteria. It recently has been shown that antibodies to these Staph Epi antigens bind the Staph epi strains responsible for over 90% of Staph epi infections.

In connection with StaphVAX A/E, NABI plans to develop a second-generation SPA product, StaphGAM A/E, containing antibodies to both Staph A and Staph epi. Development of this product is expected to involve stimulating donors with immunizing agents against both Staph A and Staph epi.

NABI also plans to develop an additional SPA product, NeoGAM, which contains antibodies to both Staph A and Staph epi, and is specifically targeted at the prevention of infections in low birth weight neonates. Such

neonates have a 25% overall rate of infection and a 60% rate of progression to sepsis. NeoGAM is being designed to contain antibodies against the bacteria responsible for approximately 50% of these infections.

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 seroconverter panels and reactive/disease-state plasma are utilized by IVD manufacturers in the development and production of test assays. NABI also offers a Clinical Trial Service to assist IVD manufacturers with regulatory submissions.

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

STRATEGIC ALLIANCES, LICENSES AND ROYALTY OBLIGATIONS

Strategic alliances were an important element of Univax's corporate strategy. In its research and development and marketing programs, Univax established collaborations with a number of leading infectious disease specialists and government laboratories. NABI intends to continue this collaborative approach to research and development with respect to certain of its products, thereby allowing NABI to make efficient use of its research resources and leverage the fundamental discoveries emerging from basic research institutions throughout the United States.

As a result of the Merger, NABI succeeded to the key strategic alliances of Univax described below.

Cangene

Under a license and distribution agreement with Cangene, NABI has exclusive marketing rights for, and shares in the profits from sales of, WinRho SD in the United States. Cangene, which holds the FDA licenses for the product, is required to supply the necessary quantities of WinRho SD to support such sales. In addition, Cangene has a license to sell in Canada certain of NABI's current products in development. The Cangene agreement terminates in 2005, although NABI may lose its exclusive rights to market WinRho SD if NABI fails to meet specified sales goals or make specified payments to Cangene.

Chiron

In November 1995, Univax 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 has made an initial payment to Chiron and is obligated to make milestone payments and to

share profits from the sale of immunotherapeutic products. 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.

Cambridge Biotech Corporation

In April 1993, Univax entered into a licensing agreement with Cambridge Biotech Corporation ("Cambridge Biotech"). The agreement with Cambridge Biotech provides NABI with exclusive rights to incorporate Cambridge Biotech's patented QS-21 Stimulon adjuvant in a wide range of bacterial immunizing agents used to stimulate plasma donors to produce antibodies. NABI will be responsible for, and provide funding in connection with, completing product development, conducting clinical trials, obtaining regulatory approvals and marketing products resulting from use of the adjuvant. NABI must reach annual mandatory funding levels during the course of product development, and sales levels after product licensure, in order to maintain the exclusivity of the license with respect to each product. Cambridge Biotech will be responsible for manufacturing the adjuvant. NABI will pay milestone fees on a per product basis if development of any product reaches certain development phases, and royalty payments once any products are commercialized. NABI has the right to manufacture the adjuvant and obtain from Cambridge Biotech all information necessary to engage in such manufacturing in the event that Cambridge Biotech fails to satisfy its obligations under the agreement.

Other Licenses and Royalty Obligations

As part of the purchase price for the acquisitions of H-BIG and HIV-IG, NABI is obligated to pay Abbott a royalty based on net sales of H-BIG through September 2002 and a royalty based on net sales of HIV-IG in each country for which NABI acquired patent rights to HIV-IG from Abbott. The HIV-IG royalty obligation terminates on a country-by-country basis beginning 20 years after NABI's first commercial sale of the product in the country or such shorter period in any country as may be required under applicable law. If NABI employs the viral inactivation step currently contemplated for the manufacture of H-BIG, it also will be obligated to pay a royalty to the New York Blood Center, Inc. based upon net sales of this product.

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's StaphVAX and StaphGAM products. The license terminates with respect to each country on the date that the NIH's patent rights expire in such country.

In June 1996, NABI's collaborative agreement with Genzyme Corporation was terminated based on a mutual agreement to halt the Phase II trial of HyperGAM+CF after an interim analysis of the data did not show efficacy in reducing the number of acute pulmonary exacerbations in trial participants.

RESEARCH AND DEVELOPMENT

NABI has approximately 112 employees involved in research and development programs. Research and development expenses were 10.3% and 7.0% of sales in 1995 and 1996 respectively.

MARKETING AND SALES

Plasma

NABI sells plasma to approximately 20 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. NABI markets its plasma through its internal sales staff.

Customers to which sales exceeded 10% of NABI's annual consolidated sales in the last three fiscal years ending December 31, 1996 were: Baxter Healthcare Corporation ("Baxter"), Immuno Trading AG ("Immuno") and Centeon Pharma GmbH in 1994; Baxter, Bayer Corporation ("Bayer") and Immuno in 1995; and Baxter, Bayer and Biotest Pharma GmbH in 1996. Aggregate sales of source and specialty plasma to these customers were approximately $81 million, $92 million and $107 million, or 49%, 47% and 45% of total sales for the years ended December 31, 1994, 1995 and 1996, respectively.

NABI generally sells its plasma under contracts ranging from one to five years which, with the exception of the Baxter contract discussed below, 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.

Effective January 1, 1994, NABI entered into two separate agreements with terms of five years and three years, respectively, to supply source plasma to Baxter. Under these agreements, Baxter purchased an aggregate of 551,000 liters of source plasma in 1996 and is obligated to purchase an aggregate of approximately 450,000 liters of source plasma during 1997. Under the five-year agreement with Baxter, which covered 414,000 liters of the plasma sold to Baxter in 1996, the price NABI will receive for plasma adjusts periodically to reflect changes in NABI's principal costs for the collection of plasma.

Immunotherapeutics

NABI currently has a marketing and sales staff of approximately 32 individuals. Of this number, 13 people are part of the field sales force and the remainder are responsible for marketing, reimbursement and customer service activities. Inventory maintenance and distribution to pharmacies is handled by regional stocking distributors that specialize in the sale and distribution of blood products and other biologics. These distributors have extensive telemarketing operations, have been trained in the sale of NABI products by the NABI sales and marketing staff and have a combined field sales force of approximately 100 individuals. NABI also has distribution arrangements with selected home healthcare companies. In addition, certain of NABI's collaborators have marketing responsibilities in connection with the immunotherapeutic products that are intended to result from the collaborations. See "-Strategic Alliances, Licenses and Royalty Obligations."

Although NABI believes that the markets for WinRho SD and H-BIG can be addressed effectively with a relatively small sales force, to the extent that NABI itself undertakes to market other products or is unable to continue third-party marketing of such other products, significant additional expenditures, management resources and time may be required to develop a larger sales force. There can be no assurance that NABI will be able to enter into

additional marketing agreements or that it will be successful in gaining market acceptance for its products.

Diagnostic Products and Services

NABI markets diagnostic products and services through its own sales organization and, through independent distributors in the United States, Europe and Asia.

SUPPLY AND MANUFACTURING

Plasma Collection Process

NABI currently collects and processes plasma from 84 plasma collection centers located in 31 states and Germany, including nine independently owned centers which under contract supply their entire plasma collection output to NABI. Each 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. During 1996, NABI processed a monthly average of approximately 3,000 collection procedures per center.

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. During this process, whole blood is withdrawn from the donor, the plasma is separated from the donor's red blood cells by means of centrifugation and the donor's red blood cells are returned to the donor. This procedure, which can be manual or automated, is performed under medical supervision. The donor may donate plasma as frequently as twice a week because the red blood cells have been returned to the donor. After collection, each unit of plasma is frozen and stored. If properly handled and maintained, FDA regulations permit the use of plasma which has been stored for up to 10 years. NABI extensively tests each unit of plasma for a number of infectious diseases at either of its central testing laboratories in Miami and Detroit before shipment to the customer.

Effective recruitment, management and retention of donors are essential to NABI's plasma business. NABI seeks to attract and retain its donor base by utilizing competitive financial incentives which NABI offers for the donation of the plasma, by providing outstanding customer service to its donors, by implementing programs designed to attract donors through education as to the uses of plasma, by encouraging groups to have their members become plasma donors and by improving the attractiveness of NABI's plasma collection facilities. NABI has also expanded its donor base by adding collection centers through acquisitions. Since January 1994, NABI has acquired 33 plasma collection centers and added 3 other centers through a contract for their entire supply of plasma.

Immunotherapeutics

NABI collects and supplies the specialty plasma necessary for the manufacture of H-BIG. In August 1995, NABI entered into an agreement with Michigan Biologic Products Institute ("MBPI") (formerly, Michigan Department of Public Health) pursuant to which MBPI, subject to receiving FDA approval, will formulate, process and package H-BIG. NABI anticipates receiving product from MBPI by late 1997 or early 1998, although there can be no assurance that product will be available at this time. Abbott, NABI's previous manufacturer of H-BIG, has supplied NABI with a sufficient inventory of H-BIG to satisfy NABI's historical requirements for the product through 1997, assuming no rejection of, or delay in, release of lots of H-BIG by the FDA. 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 MBPI has a five-year term commencing upon the date MBPI receives FDA approval, although either party may terminate the agreement upon 12 months' notice. NABI has completed construction, and has begun FDA validation,

of a biopharmaceutical manufacturing facility which is designed to allow NABI to formulate, process and package H-BIG. NABI does not anticipate that the facility will be able to produce H-BIG for commercial sale at least until 1998.

NABI is required to purchase its requirements of WinRho SD 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 SD.

NABI manufactures its clinical supplies of HIV-IG, StaphGAM, CMV and its diagnostic products at its facility in Miami, Florida. NABI manufactures vaccines for clinical trials at its pilot production facility in Rockville, Maryland.

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. 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. See "-Strategic Alliances, Licenses and Royalty Obligations" and "-Factors to Be Considered-Uncertainty of Legal Protection Afforded by Patents and Proprietary Rights."

NABI has been notified by the European Patent Office that NABI has been allowed a patent for HIV-IG, giving NABI commercial protection in 12 European countries until the year 2008. NABI also has patents for HIV-IG in Australia, New Zealand and Japan, and has patent applications for HIV-IG pending in various other foreign countries. NABI jointly owns these HIV-IG patents and applications with the University of Minnesota, which is entitled to practice the technology contained in the patent and sell a product based on the patent in such countries to the same extent as NABI. NABI has no pending patent application for HIV-IG in the United States. An unrelated third party holds a United States patent for a product similar to HIV-IG. If this patent withstands any challenge by NABI or others, NABI may be required to obtain a license from the patent holder in order to market HIV-IG in the United States. While NABI believes that, if necessary, it will be able to obtain such a license on commercially acceptable terms, there can be no assurance that NABI will be successful. If NABI is successful in perfecting Orphan Drug status for HIV-IG prior to the unrelated patent holder, such holder would be barred from selling a product for the same indication as HIV-IG for seven years notwithstanding its patent.

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. NABI believes that it is in substantial compliance with all applicable regulations.

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.

FDA regulations applicable to plasma collection centers require that prospective plasma donors must be given a complete medical examination no more than one week prior to an initial donation and that repeat donors be reexamined at least once per year. On the day of a donation a donor must have a normal temperature, have systolic and diastolic blood pressures within normal limits, have a minimum weight of 110 pounds and be free from any infectious disease or history of viral hepatitis. Plasma collection centers are also required to maintain detailed records of all donations and storage and shipping activities, and every container of blood or source plasma must bear a label that includes a donor identification number, an expiration date and any product information that a manufacturer might require for use of the product. Each unit of plasma is accompanied by a document containing test results for hepatitis, HIV, liver function and any other pertinent special test results. FDA regulations also prescribe the frozen temperatures at which plasma must be stored and limit or prohibit, depending upon the circumstances, sales of plasma which has not been maintained at proper temperature. NABI undergoes regular, unscheduled inspections by the FDA to ascertain its compliance with that agency's regulations and guidelines. From time to time NABI receives notices of deficiencies from the FDA as a result of such inspections.

NABI continually pursues its commitment to quality and compliance with applicable FDA regulations through its own internal quality assurance programs. NABI continuously trains all levels of its employees, from managers and regional managers through individual employees in each of its centers. At least once each year on a formal basis, and more frequently on an informal basis, NABI performs regulatory and quality assurance audits of each of its facilities. As part of its commitment to quality, NABI has embraced the Quality Plasma Program ("QPP") which was initiated by the American Blood Resources Association, a trade 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. While plasma collection costs have increased and the available donor supply has been affected industry-wide as a result of the QPP as well as additional blood plasma testing requirements imposed by the FDA, NABI believes that additional testing and standards may ultimately benefit NABI because it may be better able to satisfy the higher standards than some of its competitors which may not have the technical and financial resources to meet new standards.

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 the country's borders or, in the case of certain European countries, outside of Europe. 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. 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 plasma collection centers in Germany. The German centers currently do not collect material amounts of plasma in relation to the demand for plasma from NABI's European customers. While NABI currently intends to increase its European plasma collections, there can be no assurance that it will be successful or that it will be able to serve all or most of the needs of its foreign customers from European plasma collections.

Immunotherapeutics

Immunoglobulin 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 IND application with the FDA, which must become effective pursuant to FDA regulations before human clinical studies may commence, and FDA approval of a 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.

The testing and approval process is likely to require substantial time and effort. There can be no assurance that any approval will be granted on a timely basis, if at all. Most of NABI's clinical trials are at a relatively early stage and, except for WinRho SD and H-BIG, no approval from the FDA or any other governmental agency for the manufacturing or marketing of any of its products under development has been granted. The FDA may deny a PLA if applicable regulatory criteria are not satisfied, require additional testing or information, or require post-marketing testing and surveillance to monitor the effects of NABI's products. In addition, the FDA may require samples of any lot of the product for testing and may deny release of the lot if the product fails the testing. Product approvals may be withdrawn if compliance with regulatory standards is not maintained or if problems occur following initial marketing.

NABI anticipates following different regulatory approval paths for immunizing agents to be used solely to stimulate antibody production for immunotherapeutic products as contrasted with immunizing agents it is developing as vaccine products. For immunizing agents to be used solely to stimulate antibody production for immunotherapeutic products, NABI intends to conduct donor stimulation trials to demonstrate the safety and immunogenicity of the immunizing agents in subjects who donate plasma. Upon satisfactory completion of such trials, donor stimulation programs will be initiated to provide immunotherapeutic products to be used in Phase I/II and Phase III clinical trials conducted by NABI. Upon satisfactory completion of the Phase III polyclonal antibody trials, PLA approval would be sought concurrently for the immunotherapeutic product for the applicable disease indication and for the immunizing agent used to produce the immunotherapeutic product, with donor stimulation as the only approved indication requested for the immunizing agent. NABI intends to follow the customary Phase I through Phase III approval procedures for immunizing agents it is developing as vaccine products. NABI has received permission from the FDA to conduct donor stimulation programs using the Staph A and CMV immunizing agent. 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 immunotherapeutic products to be produced using such immunizing agents, the overall regulatory approval process for NABI's immunotherapeutic products could be longer than that normally required for biological products.

Sales of pharmaceutical products outside the United States are subject to foreign regulatory requirements that vary widely from country to country. Whether or not FDA approval has been obtained, approval of a product by comparable regulatory authorities of foreign countries must be obtained prior to the commencement of marketing the product in those countries. The time required to obtain such approval may be longer or shorter than that required for FDA approval.

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 SD has received Orphan Drug protection 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 obtained Orphan Drug status. See "-Factors to Be Considered-Uncertainty of Orphan Drug Designation."

Other

NABI's Miami-based FDA-approved diagnostic testing laboratory is licensed by the Health and Rehabilitative Services of Florida, 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

Plasma

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 NABI offers to donors to compensate them for their time and inconvenience, 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 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 attempting to develop and market products to treat some of these diseases based upon technology which would lessen or eliminate the need for human blood plasma. Such products, if successfully developed and marketed, 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.

NABI believes that significant barriers to entry exist in the plasma collection industry. In order to commence a plasma collection business, an organization must establish a center, a process which NABI believes takes from 15 to 24 months to complete due to the need for regulatory approvals. Once a center has been licensed by the FDA, a separate FDA license must then be obtained for each specialty plasma to be collected. This, in turn, lengthens the approval process. Once the center is operational, a stable donor base must be established and cultivated. Repeat donors are critical to success for both quality control and economic reasons. A significant volume of donated plasma, and sophisticated screening and immunization procedures, also are necessary in order to provide the diversity of plasma products demanded by the market. Further, due to increasing quality requirements and more stringent testing procedures, as well as the need to automate for cost-effectiveness, there is an increasing need for economies of scale which generally only large firms can provide.

Immunotherapeutics

NABI believes that H-BIG has a significant share of the domestic market and that NABI's access to the vaccine and specialty plasma necessary for the manufacture of H-BIG will allow it to maintain its market share. NABI's main competitor in marketing H-BIG 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 NABI for source plasma.

PRODUCT LIABILITY AND INSURANCE

The processing and sale of NABI's plasma and plasma-based and immunotherapeutic products involve a risk of product liability claims. See "Item 3 - Legal Proceedings." NABI currently maintains commercial general (including product and professional liability) insurance. There can be no assurance that the coverage limits 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 an uninsured liability or in excess of insurance coverage and not subject to indemnification could have a material adverse effect on NABI's business, financial condition and results of operations.

EMPLOYEES

NABI employed approximately 2,400 persons at December 31, 1996. 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 Immunotherapeutic Efforts

Although NABI's objective has been to become a fully integrated developer, manufacturer and marketer of immunotherapeutic products, NABI's historic business primarily has been the collection and sale of plasma. Prior to its November 1995 merger with Univax , NABI had four immunotherapeutic products (three of which are under development). Two of these products (one of which is under development) were acquired from Abbott. The Merger accelerated this shift to immunotherapeutic products by adding 10 products (one of which is being marketed, eight of which are under development and one of which is 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 has begun validation, of a new biopharmaceutical manufacturing facility which is intended to enable NABI to manufacture for the first time on a commercial scale certain of its immunotherapeutic products. Although immunotherapeutic 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 immunotherapeutics business. There can be no assurance that NABI's immunotherapeutic 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.

Impact of Merger on Financial Results

The Merger with Univax was consummated as a pooling of interests for financial accounting purposes and, accordingly, the historical financial statements for both companies have been combined for all historical periods. The transaction and related costs of the Merger (approximately $6 million) were expensed in the fourth fiscal quarter of 1995. As a result of the pooling of interests accounting treatment, NABI reported a substantial loss for the fourth quarter and for 1995. On a combined basis, after giving effect to the Merger, NABI also has had significant net losses for the year ended December 31, 1994. There can be no assurance that, in order to continue the profitability experienced in 1996, NABI will not be required to reduce research and development and other expenses associated with the development and commercialization of higher margin immunotherapeutic products. A significant reduction in such research, development and other expenses could have a material adverse effect on the development and commercialization of immunotherapeutic products currently under development and could have a material adverse effect on the ability of NABI to realize the anticipated long-term benefits of the Merger.

NABI expects to incur significant expenses associated with its immunotherapeutic 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 health care costs and potential legislation or regulation of health care prices; and actions by collaborators, customers and competitors.

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 immunotherapeutic 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 immunotherapeutic 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 immunotherapeutic products and obtain necessary regulatory approvals could have a material adverse effect on NABI's business, financial condition and results of operations.

Limited Marketing Experience with Immunotherapeutic Products

NABI currently markets and sells two immunotherapeutic products: WinRho SD and H-BIG. No assurance can be given that the market for WinRho SD can be addressed effectively by NABI's current sales force and distribution network. NABI will lose its exclusive rights to market WinRho SD in the United States if it does not meet specific sales goals or pay specified amounts to Cangene. If NABI successfully develops additional immunotherapeutic products, significant 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 currently have extensive and well-funded marketing and sales operations. There can be no assurance that NABI's marketing and sales efforts will be able to compete successfully against such other companies. The failure of NABI to effectively and efficiently market existing and new immunotherapeutic products or the loss of exclusive rights to market WinRho SD in the United States would have a material adverse effect on NABI's business, financial condition and results of operations.

Uncertainty of Market Acceptance

One of NABI's existing immunotherapeutic products, WinRho SD, has been marketed in the United States only since mid-1995, and no assurance can be given that physicians, patients or third-party payors will accept and utilize this product to a significant extent. Further, there can be no assurance that, if approved for marketing, any of NABI's other 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 WinRho SD or any immunotherapeutic 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 immunotherapeutic products increase significantly. Currently, the supply of plasma is sufficient to meet demand (although this has not always been true), with the exception of certain specialty plasmas. The worldwide demand for plasma has increased primarily as a result of 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 or any negative public perception about the plasma collection process could further adversely affect the number and type of available donors and, consequently, the overall plasma supply. Future 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 and WinRho SD, 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. There can be no assurance that NABI will be able to obtain the necessary approvals for manufacturing or marketing of any of its products under development. Failure to obtain additional FDA approvals of products under development would have a material adverse effect on NABI's business, financial condition and results of operations. If approved, 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.

The current process for producing H-BIG does not contain a viral inactivation step. Consequently, the FDA requires lots of H-BIG to be tested for viral contamination before the lots can be released for commercial sale. Although NABI believes that H-BIG poses no significant risk of viral contamination, and has each lot of H-BIG independently tested to determine safety, rejection of lots of H-BIG by the FDA or delay by the FDA in the release of lots for commercial sale could have a material adverse effect on NABI's business, financial condition and results of operation. NABI is pursuing the development of a manufacturing process for H-BIG which includes viral inactivation and expects to market a virally inactivated product in late 1997 or early 1998. There can be no assurance that NABI will be successful in these efforts.

NABI has received permission from the FDA to conduct donor stimulation programs using the Staph A and CMV 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 immunotherapeutic products to be produced using such immunizing agents, the overall regulatory approval process for NABI's immunotherapeutic 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. In August 1995, NABI entered into an agreement with the MBPI pursuant to which MBPI, subject to receiving FDA approval, will formulate, process and package H-BIG. NABI anticipates receiving product from MBPI by late 1997 or early 1998, although there can be no assurance that product will be available at that time. Abbott, NABI's previous manufacturer of H-BIG, has supplied NABI with a sufficient inventory of H-BIG to satisfy NABI's historical requirements for the product through 1997, assuming no rejection of, or delay in, release of lots of H-BIG by the FDA. NABI's agreement with MBPI has a five-year term commencing upon the date MBPI receives FDA approval, although either party may terminate the agreement upon 12 months' notice. NABI is required to purchase its requirements of WinRho SD 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 SD. The failure by any of NABI's current or future manufacturers to meet NABI's needs for 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

formulate, process and package H-BIG. Although NABI has commenced validation of this facility, because the facility will require complete validation and licensure by the FDA, NABI does not anticipate that the facility will be able to produce H-BIG for commercial sale until 1998. 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 has commenced validation of a new biopharmaceutical manufacturing facility in Boca Raton, Florida. NABI anticipates that it will validate in 1997 and receive FDA licensure for this facility in 1998. No assurance can be given that NABI will be able to validate or obtain such licensure. Failure to validate and 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 immunotherapeutic products. However, NABI has not previously owned or operated such a facility and has no direct experience in commercial, large-scale manufacturing of immunotherapeutic 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 fractionators 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 immunotherapeutic 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 currently has strategic alliances with Cangene, Chiron and others for the manufacturing, development, marketing and sale of immunotherapeutic products. NABI intends to pursue strategic alliances with third parties for the development, marketing and sale of certain of its other immunotherapeutic

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 collaborators, including Chiron, have the right to terminate their collaborative agreements with NABI. If any of NABI's existing or future collaborative partners 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.

NABI's collaborative partners may develop, either alone or with others, products that compete with the development and marketing of NABI's products. Competing products, either developed by the collaborative partners or to which the collaborative partners have rights, may result in those partners' withdrawal of support with respect to certain of NABI's products, which 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 1994, 1995 and 1996 fiscal years represented approximately 38%, 36% and 39% respectively, of NABI's sales for those periods. NABI's export sales primarily are to European 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.

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 has been notified by the European Patent Office that NABI has been allowed a patent for HIV-IG, giving NABI commercial protection in 12 European countries until the year 2008. NABI also has patents for HIV-IG in Australia, New Zealand and Japan, and has patent applications for HIV-IG pending in various other foreign countries. NABI jointly owns these HIV-IG patents and applications with the University of Minnesota, which is entitled to practice the technology contained in HIV-IG and sell HIV-IG product to the same extent as NABI. NABI has no pending patent application for HIV-IG in the United States. An unrelated third party which currently holds a United States patent may claim that its patent is infringed by HIV-IG. If such patent withstands any challenge by NABI or others, NABI will be required to obtain a license from the patent holder in order to market HIV-IG in the United States. While NABI believes that, if necessary, it will be able to obtain such a license on commercially acceptable terms, there can be no assurance that NABI will be successful.

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 SD 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 SD 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 immunotherapeutic 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 lost 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 Plasma Sales

NABI sells its source and specialty plasma to approximately 20 pharmaceutical and diagnostic product manufacturers. These customers constitute most of the worldwide purchasers of human blood plasma. During the 1994, 1995 and 1996 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 49%, 47% and 45% 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 immunotherapeutic 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 health care insurers and other organizations. Significant uncertainty exists as to the reimbursement status of newly approved health care 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 immunotherapeutic 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 health care 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 health care in the United States and the concurrent growth of organizations such as HMOs, which could control or significantly influence the purchase of health care services and products, as well as legislative proposals to reform health care or reduce government insurance programs, may all result in lower prices for NABI's products. The cost containment measures that health care providers are instituting and the impact of any health care 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 health care 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

The Company occupies approximately 786,000 square feet. A majority of the space primarily used to collect plasma is leased under leases expiring through 2010. All leases are with parties not affiliated with NABI. 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. One of NABI's plasma collection centers currently operates on a month-to-month lease arrangement. 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 centers located in Arizona, Indiana, Minnesota and Washington. NABI's plasma collection centers range in size from approximately 1,000 to 25,000 square feet and generally are located in population centers of 80,000 to 250,000 people.

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

NABI has completed construction, and has begun validation, of a new 77,000 square foot facility in Boca Raton, Florida. Approximately 47,000 square feet will be devoted to manufacturing, of which approximately 15,000 square feet is currently unoccupied and reserved for possible future expansion. The remainder of the facility houses certain administrative operations and executive offices.

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, Armour 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. Although NABI does not believe that any such litigation will have a material adverse effect on its business, financial position or results of operations, the defense of these lawsuits can be expensive and time-consuming, regardless of the outcome, and an adverse result in one or more of these lawsuits could have a material adverse effect on NABI's business, financial condition, and results of operations.

ITEM 3A. EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of NABI are as follows:

NAME	AGE	POSITION
David J. Gury	58	Chairman of the Board, President and Chief Executive Officer
John C. Carlisle	50	Executive Vice President, Chief Operating Officer and Director
Alfred J. Fernandez	48	Senior Vice President and Chief Financial Officer
David D. Muth	44	Senior Vice President, Business Development, Sales and Marketing
Pinya Cohen, Ph.D.	61	Senior Vice President, Quality Assurance and Regulatory Affairs
Robert B. Naso, Ph.D.	52	Senior Vice President, Research and Development
Stephen W. Weston	49	Senior Vice President, Donor Management
Frank J. Malinoski, M.D., Ph.D.	42	Senior Vice President, Medical and Clinical Affairs
Lorraine M. Breece	44	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.

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.

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.

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.

Stephen W. Weston is Senior Vice President, Donor Management, and has served in that capacity since November 1995 and has served as an executive officer since April 1992. Prior to that time, he was Vice President, Finance and Chief Financial Officer for TSI Security Acquisition Corporation in Deerfield Beach, Florida since August 1990. From September 1988 to July 1990, Mr. Weston was employed by ConPharma Home Healthcare, Inc. in Buffalo, New York as Vice President, Finance and Chief Financial Officer. For more than four years prior to that time, Mr. Weston served as Vice President, Finance and Chief Financial Officer of NABI.

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.

Lorraine M. Breece is NABI's 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 Consultant since October 1989. Prior to that time, from March 1984 to October 1989, Ms. Breece was employed by Levitt Corporation as Controller.

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
1995		
First Quarter	9 3/8	6 1/4
Second Quarter	10 3/8	8
Third Quarter	11 3/4	7 3/4
Fourth Quarter	11	7 7/8
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

The number of record holders of NABI's common stock at December 31, 1996 was 1,619.

No cash dividends have been previously paid on NABI's common stock and none are anticipated in 1997. NABI's loan agreement with its principal lender also restricts dividend payments.

ITEM 6. SELECTED FINANCIAL DATA - FIVE YEARS ENDED DECEMBER 31, 1996

The following table sets forth selected consolidated financial data for NABI for the five years ended December 31, 1996 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,				
	1992	1993	1994	1995	1996
STATEMENT OF OPERATIONS DATA:					
Sales	$82,254	$101,574	$164,426	$195,928	$239,909
Cost of products sold	71,137	81,607	131,192	152,148	181,914
Gross profit	11,217	19,967	33,234	43,780	57,995
Reseach and development expense	11,235	17,089	17,599	20,132	16,721
Selling, general and administrative expense	10,080	12,284	16,467	26,816	21,095
Royalty expense	347	1,545	1,426	3,490	5,253
Other operating expense	2,101	1,842	2,234	3,015	3,757
Operating income (loss)	(12,546)	(12,793)	(4,492)	(9,673)	11,169
Interest income	1,653	1,187	354	1,064	1,275
Interest expense	(2,604)	(3,282)	(3,254)	(1,931)	(3,987)
Other, net	(65)	(24)	(28)	(334)	(511)
Income (loss) before (provision) benefit income taxes and accounting change/extraordinary charge	(13,562)	(14,912)	(7,420)	(10,874)	7,946
(Provision) benefit for income taxes	(5)	(1,988)	(5,774)	(6,687)	6,214
Income (loss) before accounting charge/extraordinary charge	(13,567)	(16,900)	(13,194)	(17,561)	14,160
Accounting change/extraordinary charge	--	100	(717)	---	(932)
Net income (loss)	($13,567)	$(16,800)	($13,911)	$(17,561)	$13,228
Earnings (loss) per share:					
Income (loss) before accounting charge/extraordinary charge	$(0.65)	$(0.76)	$(0.47)	$(0.52)	$0.40
Accounting change/extraordinary charge	---	0.01	(0.03)	---	(0.03)
Net income (loss)	$(0.65)	$(0.75)	$(0.50)	$(0.52)	$0.37
Weighted average number of shares and common share equivalents	20,850	22,328	28,042	33,574	35,629
BALANCE SHEET DATA:					
Working capital	$36,384	$ 39,806	$ 52,208	$ 14,690	$ 63,630
Total assets	89,958	91,459	132,089	137,975	202,142
Notes payable, including current maturities	19,969	21,202	27,557	42,894	83,465
Contingent purchase price obligation, including current maturities	6,943	7,056	---	---	---
Total stockholders' equity	52,678	51,635	85,319	69,442	86,061

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, 1996 should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

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,		
	1994	1995	1996
Sales	100.0%	100.0%	100.0%
Cost of products sold	79.8	77.7	75.8
Gross profit margin	20.2	22.3	24.2
Research and development expense	10.7	10.3	7.0
Selling, general and administrative expense	10.0	13.7	8.8
Royalty expense	0.9	1.7	2.2
Other operating expense	1.3	1.5	1.6
Operating income (loss)	(2.7)	(4.9)	4.6
Interest income	0.2	0.5	0.5
Interest expense	(2.0)	(1.0)	(1.6)
Other, net	---	(0.2)	(0.2)
Income (loss) before provision for income taxes and extraordinary charge	(4.5)	(5.6)	3.3
Benefit (provision) for income taxes	(3.5)	(3.4)	2.6
Extraordinary charge	(0.4)	---	(0.4)
Net income (loss)	(8.4)%	(9.0)%	5.5%

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,					
	1994		1995		1996	
Plasma - Source	$ 98,630	60.0%	$108,327	55.3%	$121,025	50.4%
- Specialty	45,057	27.4	61,178	31.2	86,807	36.2
	143,687	87.4	169,505	86.5	207,832	86.6
Immunotherapeutic products	9,295	5.6	18,590	9.5	26,405	11.0
Diagnostic products and services	11,444	7.0	7,833	4.0	5,672	2.4
Total	$164,426	100.0%	$195,928	100.0%	$239,909	100.0%

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 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.

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.

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.

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 net operating loss (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.

1995 AS COMPARED TO 1994

Sales. Sales for 1995 increased 19.2% to $195.9 million compared to $164.4 million in 1994, reflecting an increase in plasma sales of $25.8 million and an increase in immunotherapeutic product sales of $9.3 million, offset by a decrease in diagnostic products and services sales of $3.6 million. The 18% increase in plasma sales was primarily attributable to increased plasma sales, primarily specialty plasmas. Sales of immunotherapeutic products increased primarily due to an increase of $4.3 million in H-BIG sales and $4.4 million in WinRho SD sales which NABI began marketing in mid-1995.

Gross profit margin. Gross profit and related margin for 1995 was $43.8 million or 22.3%, compared to $33.2 million or 20.2% in 1994. An improved sales mix resulting primarily from increased sales of higher-margin specialty plasmas and immunotherapeutic products accounted for the improved profitability.

Research and development expense. Research and development expense was $20.1 million or 10.3% of sales in 1995 compared to $17.6 million or 10.7% of sales in 1994. The increase in expenses relates primarily to clinical trial expenses associated with the HyperGAM+CF program, initial expenses associated with new product development and recognition of a reserve for development stage inventories which have no assurance of commercial viability.

Selling, general and administrative expense. Selling, general and administrative expense was $26.8 million or 13.7% of sales in 1995, compared to $16.5 million or 10% of sales in 1994. The increase was primarily attributable to approximately $6 million in merger expenses related to the Univax Merger and additional sales and marketing expenses incurred related to the product launch of WinRho SD in mid-1995.

Other factors. The provision for income taxes increased to $6.7 million in 1995, compared to $5.8 million in 1994, primarily due to NABI's stand-alone pre-tax income, which could not be offset by pre-merger losses, and non-deductible merger expenses incurred in 1995.

Net loss for 1994 reflects an extraordinary charge of $.7 million or $.03 per share, which reflects the write-off of deferred debt discount and debt issue costs associated with NABI's early retirement of its 11% Senior Subordinated Notes in October 1994.

LIQUIDITY AND CAPITAL RESOURCES

During the first quarter of 1996, NABI issued $80.5 million of 6.5% Convertible Subordinated Notes due 2003 in a private placement. A portion of the net proceeds was used to repay a majority of NABI's outstanding bank indebtedness aggregating approximately $22.2 million on February 8, 1996 and $18 million was used to retire all outstanding flexible term notes.

At December 31, 1996, NABI's credit agreement, provided for a $20 million revolving credit facility maturing on December 31, 1998. NABI had no outstanding balance as of December 31, 1996 under the revolving credit facility which is secured by substantially all of NABI's assets. The credit agreement contains covenants requiring the maintenance of various financial ratios and prohibits the payment of dividends.

At December 31, 1996, NABI's working capital of $63.6 million compared to working capital of $14.7 million on December 31, 1995. The increase in working capital is principally due to the net proceeds from the issuance of the 6.5% Convertible Subordinated Notes.

Projected capital expenditures for 1997 include validation costs for the manufacturing facilities, development of financial and donor management systems and plasma center renovations. NABI believes that cash and investments on hand at year end 1996, its available bank line of credit and cash flow from operations will be sufficient to meet its anticipated cash requirements for fiscal 1997.

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, 1996 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, 1996 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, 1996 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, 1996 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.

(A) (2) FINANCIAL STATEMENT SCHEDULES

All other schedules omitted are not required, inapplicable or the information required is furnished in the financial statements or notes therein.

(A) (3) EXHIBITS

		PAGE #
2	Agreement and Plan of Merger dated August 28, 1995 between NABI and Univax Biologics, Inc. (incorporated by reference to NABI's Registration Statement on Form S-4; Commission File No. 33-63497).....	N/A
3.1	Restated Certificate of Incorporation of NABI.....	N/A
3.2	By-Laws (incorporated by reference to NABI's Registration Statement on Form S-4; Commission File No. 33-63497).....	N/A
4.1	Specimen Stock Certificate (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
4.2	Indenture between NABI and State Street Bank and Trust Company, dated as of February 1, 1996.....	N/A
4.3	Registration Rights Agreement by and between NABI and Robertson, Stephens & Company LLC and Raymond James & Associates, Inc., dated as of February 1, 1996	N/A
10.1	Third Amended and Restated Revolving Credit and Term Loan Agreement between NationsBank, National Association (South) (f/k/a NationsBank of Florida, National Association) ("NationsBank") and NABI dated December 1, 1994 (incorporated by reference to NABI's Annual Report on Form 10-K for the year ended December 31, 1994).....	N/A
10.2	Waiver and Amendment, dated December 30, 1994, of Section 8.09(e) of Third Amended and Restated Revolving Credit, Term Loan and Reimbursement Agreement between NationsBank and NABI dated as of December 1, 1994 (incorporated by reference to NABI's Registration Statement on Form S-4; Commission File No. 33-63497).....	N/A
10.3	Amendment No. 1 to Third Amended and Restated Revolving Credit Term Loan and Reimbursement Agreement between NationsBank and NABI dated March 31, 1995 (incorporated by reference to NABI's Registration Statement on Form S-4; Commission File No. 33-63497)	N/A
10.4	Amendment Nos. 3 and 4 to Third Amended and Restated Revolving Credit Term Loan and Reimbursement Agreement between NABI and NationsBank dated as of November 29, 1995 and December 20, 1995, respectively.....	N/A
10.5	Shareholder Agreement effective as of September 30, 1992 between NABI and Abbott Laboratories (incorporated by reference to NABI's Annual Report on Form 10-K for the year ended December 31, 1992).....	N/A
10.6	Shareholder Agreement between CGW Southeast Partners I, L.P. and NABI dated January 25, 1994 (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
10.7	Plasma Supply Agreement dated January 1, 1994 between Baxter Healthcare Corporation and NABI (confidential treatment) (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).	N/A

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10.8	Plasma Supply Agreement II dated January 1, 1994 between Baxter Healthcare Corporation, Hyland Division, and NABI (confidential treatment) (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
10.9	Agreement effective January 1, 1994 between NABI and Immuno Trading AG (confidential treatment) (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
10.10	Plasma Supply Agreement dated September 8, 1992 and letter dated November 1, 1993 from Behringwerke AG to NABI (confidential treatment) (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
10.11	Supply Agreement dated May 1, 1993 between NABI and Intergen Company L.P. (confidential treatment) (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
10.12	Lease Agreements dated December 11, 1990, as modified on May 23, 1994 between NABI and Angelo Napolitano, Trustee, for certain real property located at 16500 N.W. 15th Avenue, Miami, Florida (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
10.13	Lease Agreement dated March 31, 1994 between NABI and Angelo Napolitano, Trustee, for certain real property located at 16500 N.W. 15th Avenue, Miami, Florida (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
10.14	Employment Agreement dated January 1, 1993 between NABI and David J. Gury (incorporated by reference to NABI's Annual Report on Form 10-K for the year ended December 31,1992).....	N/A
10.15	Employment Agreement dated January 27, 1994 between John C. Carlisle and NABI (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....	N/A
10.16	Employment Agreement effective August 1, 1995 between NABI and Alfred J. Fernandez (incorporated by reference to NABI's Registration Statement on Form S-4; Commission File No. 33-63497).....	N/A
10.17	Employment Agreement effective August 1, 1995 between NABI and Stephen W. Weston (incorporated by reference to NABI's Registration Statement on Form S-4; Commission File No. 33-63497).....	N/A
10.18	Employment Agreement effective December 1, 1995 between NABI and Robert B. Naso (incorporated by reference to NABI's Annual Report on Form 10-K for the year ended December 31, 1995).....	N/A
10.19	Employment Agreement effective December 1, 1995 between NABI and Thomas P. Stagnaro (incorporated by reference to NABI's Annual Report on Form 10-K for the year ended December 31, 1995).....	N/A
10.20	Separation Agreement effective January 5, 1996 between NABI and Raj Kumar (incorporated by reference to NABI's Annual Report on Form 10-K for the year ended December 31, 1995).....	N/A

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* Filed herewith

(B) REPORTS ON FORM 8-K

None.

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 25th day of March, 1997.

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	Chairman of the Board, President, Chief Executive Officer	March 25, 1997

David J. Gury		
/s/ Alfred J. Fernandez Alfred J. Fernandez	Senior Vice President, Chief Financial Officer	March 25, 1997
/s/ John C. Carlisle John C. Carlisle	Senior Executive Vice President Director	March 25, 1997
/s/ Lorraine M. Breece Lorraine M. Breece	Chief Accounting Officer	March 25, 1997
/s/ Joseph C. Cook, Jr. Joseph C. Cook, Jr.	Director	March 25, 1997
/s/ Richard A. Harvey, Jr. Richard A. Harvey, Jr.	Director	March 25, 1997
/s/ David L. Castaldi David L. Castaldi	Director	March 25, 1997
/s/ David A. Thompson David A. Thompson	Director	March 25, 1997
/s/ Paul Bogikes Paul Bogikes	Director	March 25, 1997
/s/ George W. Ebright George W. Ebright	Director	March 25, 1997
/s/ Brian H. Dovey Brian H. Dovey	Director	March 25, 1997

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, 1995 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1996 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
February 28, 1997

NABI
CONSOLIDATED STATEMENT OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	FOR THE YEARS ENDED DECEMBER 31,		
	1994	1995	1996
SALES	$ 164,426	$ 195,928	$ 239,909
COSTS AND EXPENSES:			
Costs of products sold	131,192	152,148	181,914
Research and development expense	17,599	20,132	16,721
Selling, general and administrative expense	16,467	26,816	21,095
Royalty expense	1,426	3,490	5,253
Other operating expense, principally amortization and freight	2,234	3,015	3,757
OPERATING INCOME (LOSS)	(4,492)	(9,673)	11,169
INTEREST INCOME	354	1,064	1,275
INTEREST EXPENSE	(3,254)	(1,931)	(3,987)
OTHER, NET	(28)	(334)	(511)
INCOME (LOSS) BEFORE BENEFIT (PROVISION) FOR INCOME TAXES AND EXTRAORDINARY CHARGE	(7,420)	(10,874)	7,946
BENEFIT (PROVISION) FOR INCOME TAXES	(5,774)	(6,687)	6,214
INCOME (LOSS) BEFORE EXTRAORDINARY CHARGE	(13,194)	(17,561)	14,160
EXTRAORDINARY CHARGE	(717)	--	(932)
NET INCOME (LOSS)	$(13,911)	$(17,561)	$ 13,228
EARNINGS (LOSS) PER SHARE:			
Earnings (loss) before extraordinary charge	$(0.47)	$(0.52)	$ 0.40
Extraordinary charge	(0.03)	--	(0.03)
Net earnings (loss)	$(0.50)	$(0.52)	$ 0.37
WEIGHTED AVERAGE NUMBER OF SHARES AND COMMON SHARE EQUIVALENTS	28,042	33,574	35,629

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

NABI
CONSOLIDATED BALANCE SHEET
(IN THOUSANDS)

	DECEMBER 31,	
	1995	1996
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,991	$ 18,513
Short-term investments	--	8,797
Trade accounts receivable, net	28,213	38,127
Inventories, net	22,646	28,395
Prepaid expenses and other assets	2,380	4,269
TOTAL CURRENT ASSETS	57,230	98,101
PROPERTY AND EQUIPMENT, NET	42,697	60,587
OTHER ASSETS		
Excess of acquisition cost over net assets acquired, net	18,882	18,072
Intangible assets, net	11,048	9,684
Other, net	8,118	15,698
TOTAL ASSETS	$ 137,975	$ 202,142
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 7,588	$ 9,800
Accrued expenses	17,788	22,484
Notes payable	17,164	2,187
TOTAL CURRENT LIABILITIES	42,540	34,471
NOTES PAYABLE	25,730	81,278
OTHER	263	332
TOTAL LIABILITIES	68,533	116,081
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; 33,942 and 34,614 shares issued and outstanding, respectively	3,394	3,461
Capital in excess of par value	133,100	136,424
Accumulated deficit	(67,052)	(53,824)
TOTAL STOCKHOLDERS' EQUITY	69,442	86,061
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 137,975	$ 202,142

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

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NABI
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1994, 1995 AND 1996
(IN THOUSANDS)

	PREFERRED STOCK		COMMON STOCK		COMMON STOCK WARRANTS		CAPITAL IN EXCESS OF	ACCUMULATED	RECEIVABLE FROM	STOCKHOLDERS'
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT	PAR VALUE	DEFICIT	STOCKHOLDER	EQUITY
BALANCE AT DECEMBER 31, 1993	--	--	23,734	$2,374	1,525	$ 2,314	$ 81,612	$(34,499)	$(166)	$ 51,635
Issuance of common stock	--	--	8,406	840	--	--	45,985	--	--	46,825
Compensation related to restricted stock issued under employee stock plan	--	--	--	--	--	--	51	--	--	51
Issuance of common stock pursuant to employee stock plan	--	--	12	1	--	--	89	--	--	90
Acquisition and retirement of treasury stock	--	--	(35)	(3)	--	--	(215)	--	--	(218)
Stock options exercised	--	--	429	43	--	--	428	--	--	471
Warrants exercised	--	--	750	75	(750)	(908)	3,270	--	--	2,437
Tax benefit from stock options exercised	--	--	--	--	--	--	368	--	--	368
Repurchase of warrants	--	--	--	--	(766)	(1,406)	--	(1,081)	--	(2,487)
Collection of note receivable	--	--	--	--	--	--	--	--	166	166
Issuance of note receivable	--	--	--	--	--	--	--	--	(126)	(126)
Net loss for the year	--	--	--	--	--	--	--	(13,911)	--	(13,911)
Other	--	--	--	--	--	--	18	--	--	18
BALANCE AT DECEMBER 31, 1994	--	--	33,296	3,330	9	--	131,606	(49,491)	(126)	85,319
Compensation related to restricted stock issued under employee stock plan	--	--	--	--	--	--	5	--	--	5
Stock options exercised	--	--	700	70	--	--	1,127	--	--	1,197
Issuance of common stock pursuant to employee stock plan	--	--	22	2	--	--	102	--	--	104
Tax benefit from stock options exercised	--	--	--	--	--	--	819	--	--	819
Acquisition and retirement of treasury stock	--	--	(76)	(8)	--	--	(555)	--	--	(563)
Issuance of warrants	--	--	--	--	100	--	--	--	--	--
Collection of note receivable	--	--	--	--	--	--	--	--	126	126
Net loss for the year	--	--	--	--	--	--	--	(17,561)	--	(17,561)
Other	--	--	--	--	--	--	(4)	--	--	(4)
BALANCE AT DECEMBER 31, 1995	--	--	33,942	3,394	109	--	133,100	(67,052)	--	69,442
Compensation related to restricted stock issued under employee stock plan	--	--	14	1	--	--	164	--	--	165
Stock options exercised	--	--	704	71	--	--	2,526	--	--	2,597
Tax benefit from stock options exercised	--	--	--	--	--	--	1,211	--	--	1,211
Acquisition and retirement of treasury stock	--	--	(50)	(5)	--	--	(495)	--	--	(500)
Warrants exercised	--	--	4	--	(9)	--	--	--	--	--
Net income for the year	--	--	--	--	--	--	--	13,228	--	13,228
Other	--	--	--	--	--	--	(82)	--	--	(82)
BALANCE AT DECEMBER 31, 1996	--	--	34,614	$3,461	100	--	$136,424	$(53,824)	--	$ 86,061

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,		
	1994	1995	1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (13,911)	$ (17,561)	$ 13,228
Adjustments to reconcile net income (loss) to net cash (used) provided by operating activities:			
Depreciation and amortization	6,319	6,959	7,883
Imputed interest and amortization of debt discount and premiums	928	14	--
Compensation under employee stock plan	105	657	165
Deferred income taxes	(197)	(806)	(6,369)
Tax benefit from stock options exercised	368	819	1,211
Extraordinary charge	717	--	932
Other	1,372	105	916
Change in assets and liabilities:			
Decrease (increase) in trade accounts receivable	(8,981)	(4,743)	(10,589)
Decrease (increase) in inventories	(7,673)	(1,401)	(5,749)
Decrease (increase) in prepaid expenses	(411)	369	(1,396)
Decrease (increase) in other assets	(2,118)	(2,578)	(1,106)
Increase (decrease) in accounts payable and accrued expenses	3,882	5,495	7,121
Total adjustments	(5,689)	4,890	(6,981)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(19,600)	(12,671)	6,247
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash of business acquired, net of transaction costs	614	--	--
Cash consideration for business acquisition	--	(6,425)	--
Capital expenditures	(8,330)	(24,387)	(23,085)
Collections on note receivable from stockholder	166	126	--
Purchases of short-term investments	(27,926)	(4,036)	(18,190)
Sales and redemptions of short-term investments	25,175	22,885	9,724
NET CASH USED BY INVESTING ACTIVITIES	(10,301)	(11,837)	(31,551)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from issuance of convertible subordinated debentures	--	--	77,884
Net proceeds from sale and issuance of common stock	38,618	612	--
Proceeds from exercise of options and warrants	2,610	419	1,872
Repurchase of warrants	(2,487)	--	--
Repayments under line of credit, net	(488)	(626)	(6,760)
Borrowings of term debt	8,781	2,683	--
Repayments of term debt	(9,245)	(3,071)	(10,933)
Repayment of subordinated debt	(7,000)	--	--
Borrowings (repayments) of flexible term notes	5,063	12,936	(18,000)
Contingent purchase price obligation payments	(8,213)	--	--
Other debt	1,147	3,414	(4,237)
NET CASH PROVIDED BY FINANCING ACTIVITIES	28,786	16,367	39,826
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,115)	(8,141)	14,522
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	13,247	12,132	3,991
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 12,132	$ 3,991	$ 18,513
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 2,436	$ 2,190	$ 3,605
Income taxes paid (refunded), net	$ 4,247	$ 7,190	($ 264)

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 biopharmaceutical company that supplies human blood plasma and develops and commercializes therapeutic products for the prevention and treatment of infectious diseases and immunological disorders.

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, Univax's common stockholders received .79 shares of NABI common stock for each Univax common share. Additionally, Univax's preferred stockholders received 1.047 shares of NABI common stock for each Univax preferred share. 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 assets 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 1994 and 1995 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 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 (loss) per share: Earnings (loss) per share is determined based on the weighted average number of common shares and common share equivalents outstanding during the year. Anti-dilutive common share equivalents are excluded from the calculation.

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, 1995 and 1996, 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
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.

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.

Impairment of long-lived assets: During 1996, NABI adopted Statement of Financial Accounting Standards No. 121, ("SFAS 121"), "Accounting for Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of." SFAS 121 requires that long-term assets, including related goodwill, be reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Stock based compensation: In October 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123, ("SFAS 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.

NOTE 3 SHORT-TERM INVESTMENTS

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

(In thousands)	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.

During the second quarter of 1996, NABI reclassified its short-term investments from held-to-maturity to available-for-sale based on a reassessment of its intent and ability to hold these securities to maturity. At the date of the reclassification the fair value of short-term investments was approximately $16.6 million which approximated amortized cost.

NOTE 4 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are comprised of the following:

	DECEMBER 31,	
	1995	1996

Trade accounts receivable	$28,458	$38,774
Allowance for doubtful accounts	(245)	(647)
	$28,213	$38,127

NOTE 5 INVENTORIES

The components of inventories are as follows:

	DECEMBER 31,	
	1995	1996
Finished goods	$19,054	$23,610
Work in process	1,255	1,836
Raw materials	6,405	8,504
	26,714	33,950
Less: reserves	(4,068)	(5,555)
	$22,646	$28,395

NOTE 6 PROPERTY AND EQUIPMENT

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

	DECEMBER 31,	
	1995	1996
Land and buildings	$ 5,551	$ 7,155
Furniture and fixtures	3,691	4,907
Machinery and equipment	19,443	21,531
Leasehold improvements	12,055	15,106
Construction in progress	18,311	32,298
Total property and equipment	59,051	80,997
Less accumulated depreciation and amortization	(16,354)	(20,410)
	$ 42,697	$ 60,587

Machinery and equipment includes certain assets which have been accounted for as capital leases with a net book value of $1,894 and $1,056 at December

31, 1995 and 1996, respectively.

Depreciation and amortization expense during 1994, 1995 and 1996 includes amortization of assets under capital leases of approximately $887, $861 and $743, respectively.

Construction in progress consists primarily of costs incurred in connection with construction of NABI's biopharmaceutical facility and includes capitalized interest of $932 and $2,757 at December 31, 1995 and 1996, respectively.

NOTE 7 OTHER ASSETS

Other assets consist of the following:

	DECEMBER 31,	
	1995	1996
Excess of acquisition cost over net assets acquired	$22,156	$22,204
Less accumulated amortization	(3,274)	(4,132)
	$18,882	$18,072
Intangible assets	$15,372	$15,733
Less accumulated amortization	(4,324)	(6,049)
	$11,048	$ 9,684
Other	$10,409	$20,330
Less accumulated amortization	(2,291)	(4,632)
	$ 8,118	$15,698

NOTE 8 ACCRUED EXPENSES

Accrued expenses consist of the following:

	DECEMBER 31,	
	1995	1996
Employee compensation and benefits	$ 4,437	$ 6,919
Accrued interest	443	2,210

Accrued chargebacks	1,219	1,956
Accrued royalties and product costs	2,631	3,282
Other	9,058	8,117
	$17,788	$22,484

NOTE 9 NOTES PAYABLE

Notes payable consist of the following:

	DECEMBER 31,	
	1995	1996
Bank indebtedness:		
Term loan	$ 10,000	---
Revolving credit facility	6,760	---
Flexible term notes	18,000	---
Other	5,469	$ 1,573
	40,229	1,573
6.5% Convertible subordinated notes	---	80,500
Equipment term notes	1,877	957
Other	788	435
Total notes payable	42,894	83,465
Current maturities	(17,164)	(2,187)
Notes payable, long-term	$ 25,730	$81,278

At December 31, 1996, the annual aggregate maturities of debt through the year 2001 and thereafter were $2,187; $538; $240; $0; and $80,500, respectively.

During the first quarter of 1996, NABI issued $80.5 million 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 million term loan, $18 million in flexible term notes and approximately $12.2 million 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 $932,000 in the first quarter of 1996.

At December 31, 1996, NABI's existing credit agreement provided for a $20 million revolving credit facility maturing on December 31, 1998. This agreement is secured by substantially all assets and contains covenants

prohibiting dividend payments and requiring the maintenance of various financial ratios. Other bank indebtedness includes amounts due for transactional float under the revolving credit facility.

Equipment term notes outstanding at December 31,1996 have a weighted-average interest rate of 5.75%, are payable in installments through 1999 and are secured by equipment having a net book value of approximately $1.1 million at December 31, 1996.

At December 31, 1996, the fair value of NABI's convertible subordinated notes was approximately $75.4 million. 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 10 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. The exchange ratio was .79 to 1 for the common shares and 1.047 to 1 for the preferred shares.

On January 27, 1994, NABI issued approximately 2.3 million shares of common stock in connection with an acquisition. In September 1994, NABI sold approximately 3.1 million shares of common stock in a public offering to institutional investors yielding net proceeds of $21,534. In October 1994, NABI completed an underwritten public offering of its common stock in which approximately 2.9 million shares were sold by NABI. Net proceeds to NABI from the offering were approximately $19,300 and were used to satisfy various debt obligations. In connection with the early retirement of debt in October 1994, NABI incurred an extraordinary charge of $717 or $.03 per share resulting from the immediate recognition and expense of the debt discount and deferred debt issue costs associated with the obligation.

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

Warrants

At December 31, 1993, NABI had warrants outstanding for the purchase of approximately 1.5 million shares of its common stock with exercise prices of $3.25 per share, subject to anti-dilution adjustments. In connection with the October 1994 public offering discussed above, warrants to purchase 750,000 shares were exercised and warrants to purchase 766,000 shares were repurchased by NABI.

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 million in subordinated notes. The warrants are exercisable at $9.82 per share and expire on December 31, 2000.

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.

Stock Options

NABI maintains three 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 five 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.

NABI has granted 300,200 non-qualified options to its consultants and directors under terms and conditions similar to the employee stock option plans.

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, 1996, there were options outstanding under all NABI's stock plans to acquire 3.1 million shares of its common stock of which 1.3 million were then exercisable. As of the same date, 1.3 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, 1996 is presented below:

STOCK OPTION ACTIVITY

	OPTIONS (IN THOUSANDS)	EXERCISE PRICE
BALANCE AT DECEMBER 31, 1993	2,787	$.19-$12.97
Granted	991	$2.64-$10.76
Exercised or canceled	(724)	$.19-$12.97
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

STOCK OPTIONS OUTSTANDING

	OUTSTANDING			EXERCISABLE	
EXERCISE PRICE RANGE	OPTIONS (IN THOUSANDS)	AVERAGE LIFE REMAINING	AVERAGE EXERCISE PRICE	OPTIONS (IN THOUSANDS)	AVERAGE EXERCISE PRICE
$0.19 - $3.56	673	4.0	$ 2.36	602	$ 2.35
$5.06 - $7.59	1,295	6.9	6.75	554	6.78
$8.39 - $11.00	251	6.8	9.00	142	9.21
$12.97 - $13.75	898	6.5	13.73	30	13.25
Total	3,117	6.1	$ 7.96	1,328	$ 7.89

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 $105, $657 and $165 in 1994, 1995 and 1996, respectively.

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. Compensation expense has been determined based upon the fair market value at the date of grant.

	1995	1996
Net income (loss)	($17,781)	$12,230
Earnings (loss) per share	($0.53)	$ 0.34

The 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% - 58%; and risk-free interest rates of 5% - 8%. The weighted-average fair value of options granted during 1995 was $3.60 and $5.93 for 1996.

NOTE 11 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,		
	1994	1995	1996
Domestic	$(6,612)	$(9,148)	$6,172
Foreign	(808)	(1,726)	1,774
Total	$(7,420)	$(10,874)	$7,946

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

	FOR THE YEARS ENDED DECEMBER 31,		
	1994	1995	1996
Current			
Federal	$(4,928)	$(5,926)	$ (529)
State	(657)	(730)	(231)
	(5,585)	(6,656)	(760)
Deferred			
Federal	180	771	7,719
State	17	35	484
	197	806	8,203
Benefit charged directly to equity from exercise of stock options and warrants	(368)	(819)	(1,211)
Acquired tax benefit used to reduce intangible assets	(18)	(18)	(18)
	$(5,774)	$(6,687)	$6,214

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

	December 31,		
	1994	1995	1996
DEFERRED TAX ASSETS:			
NOL carryforward	$17,528	$18,338	$17,429
Capitalized research and development	6,162	12,712	10,387
Research tax credit	2,190	2,801	3,078
Inventory reserve and capitalization	452	1,518	2,044
Amortization	911	1,090	2,185
Bad debt reserve	197	126	233
Depreciation	142	523	719
Accrued vacation	151	259	142
Foreign tax credits	111	111	35
Other	674	223	348
	28,518	37,701	36,600
Valuation allowance	(26,676)	(34,635)	(27,251)
Deferred tax assets	1,842	3,066	9,349
DEFERRED TAX LIABILITIES:			
Amortization	(533)	(937)	(906)
Other	(27)	(72)	(17)
Deferred tax liabilities	(560)	(1,009)	(923)

Net deferred tax assets	$ 1,282	$ 2,057	$ 8,426

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 net operating loss carryforwards ("NOL"), 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 $7.4 million 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. The residual deferred tax assets are fully reserved at December 31, 1996. The ultimate realization of the remaining deferred tax assets is largely dependent on NABI's ability to generate sufficient future taxable income. Management believes that the valuation allowance at December 31, 1996 is appropriate, given NABI's historical loss experience prior to 1996 and other factors including but not limited to the uncertainty of future taxable income expectations beyond NABI's strategic planning horizon.

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

	YEAR ENDED DECEMBER 31,		
	1994	1995	1996
Federal statutory rate	(35.0)%	(35.0)%	35.0%
State income taxes, net of federal benefit	5.7	4.1	(2.9)
Goodwill and other amortization	1.7	2.3	(0.2)
Foreign trade income	(3.5)	(5.1)	(12.8)
Foreign loss (benefit)	3.9	5.7	---
Merger transaction cost	---	19.0	(0.6)
Pre-merger losses	20.7	14.9	---
Reduction in valuation allowance	---	---	(92.9)
Tax credits	---	---	(3.3)
Capitalized research and development	80.7	60.2	---
Other	3.6	(4.6)	(0.5)
	77.8%	61.5%	(78.2)%

The Internal Revenue Service completed its audit of NABI's 1992, 1993 and 1994 federal income tax returns during 1996 without material change.

NOTE 12 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 $3,854, $5,225 and $6,293 for the years ended December 31, 1994, 1995 and 1996, respectively.

As of December 31, 1996, 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,	
1997	$ 5,762
1998	5,216
1999	4,511
2000	3,846
2001	3,259
Thereafter	5,180
Total minimum lease commitments	$27,774

NOTE 13 RELATED PARTY TRANSACTIONS

Effective September 30, 1992, NABI acquired H-BIG (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.

In November 1992, Abbott transferred to NABI all of its rights to HIV-IG (HIV immune globulin), an experimental product, which may prevent the transmission of AIDS to unborn infants whose mothers are HIV-positive. Consideration for the product will be future royalties based upon commercial sales.

Related party transactions with Abbott for the years ended December 31, 1994, 1995 and 1996 are summarized below:

	1994	1995	1996
Sales of plasma-related products and testing services	$ 6,103	$4,574	$ 3,027

Purchases of diagnostic, therapeutic and testing products	11,260	8,516	10,390
Product royalty obligations	1,426	1,977	2,617
Rental payments and other	120	1,048	919

At December 31, 1995 and 1996, trade accounts receivable from Abbott totaled $845 and $311 respectively, and accounts payable to Abbott aggregated $650 and $1,554, respectively.

NOTE 14 PRODUCT DEVELOPMENT AND LICENSING 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 it is obligated to make future payments under these agreements if certain contractual conditions are achieved. In addition, NABI has received equity funding, milestone payments and development cost reimbursements under a certain collaborative agreement.

In connection with an exclusive licensing agreement to market and distribute WinRho SD in the U.S. through March 2005, NABI is obligated to expend a minimum of $3,000 for marketing and selling expenses in each of the years ending May 1996 and 1997. In addition, NABI has agreed to loan the manufacturer of WinRho SD fifty percent of the cost of capital improvements to its manufacturing facility up to $3,000, of which $1,864 was advanced at December 31, 1996.

During the years ended December 31, 1994 and 1995, NABI incurred obligations under these agreements of $250 and $2,400, respectively, including a contract initiation payment of $1,500.

During the years ended December 31, 1994, 1995 and 1996, NABI recorded research support reimbursements under a certain collaboration agreement of $2,759, $6,036 and $2,148 respectively. This collaboration agreement terminated in 1996.

NOTE 15 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, 1996, NABI had outstanding purchase commitments with a principal supplier which expire through September 1999. Under the agreement, NABI is obligated to purchase goods from the supplier aggregating approximately $21,942 in fiscal 1997 through fiscal 1998 and $16,457 in fiscal 1999.

NABI is committed to purchase the entire plasma production of certain contract centers through October 31, and December 31, 1999.

NOTE 16 INDUSTRY SEGMENT INFORMATION

NABI operates in four principal industry segments. Plasma consists of the operation of plasma collection centers for the collection and processing of source and specialty plasmas. Immunotherapeutic products consists of proprietary plasma-based immune globulin therapeutic products. Diagnostic products and services is composed primarily of the production and sale of human plasma-based control and diagnostic products and the performance of laboratory testing services. Research and development includes expenses incurred under collaborative product development agreements net of periodic reimbursements for a portion of NABI's research activities and attainment of specified milestones. Corporate and other includes the elimination of income on inter-segment sales, unallocated general corporate expenses and interest, including amortization of debt discount.

Net export sales in 1994, 1995 and 1996 were $62,122, $70,679 and $93,774 respectively, and represented 38%, 36% and 39% of consolidated sales for those years, respectively. Export sales are primarily to Europe. Plasma sales to unaffiliated customers (Baxter, Immuno and Centeon for 1994; Baxter, Bayer and Immuno for 1995; and Baxter, Bayer and Biotest for 1996) exceeding 10% of consolidated sales aggregated 49%, 47% and 45% of sales in 1994, 1995 and 1996, respectively.

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

	1994	1995	1996
SALES:			
Plasma	$143,687	$169,505	$207,832
Immunotherapeutic products	9,295	18,590	26,405
Diagnostic products and services	11,444	7,833	5,672
	$164,426	$195,928	$239,909
OPERATING (LOSS) PROFIT:			
Plasma	$ 19,424	$ 23,091	$ 30,218
Immunotherapeutic products	4,433	4,595	8,498
Diagnostic products and services	2,910	2,189	2,058
Research and development	(17,599)	(20,208)	(17,353)
Corporate and other	(13,660)	(19,340)	(12,252)
	$ (4,492)	$ (9,673)	$ 11,169
IDENTIFIABLE ASSETS:			
Plasma	$ 72,250	$ 85,954	$ 99,000
Immunotherapeutic products	11,108	27,927	40,224
Diagnostic products and services	6,210	5,638	6,277
Research and development	6,978	6,988	5,801
Corporate and other	35,543	11,468	50,840
	$132,089	$137,975	$202,142
CAPITAL EXPENDITURES:			
Plasma	$ 2,576	$ 2,529	$ 6,010
Immunotherapeutic products	1,620	15,667	9,974

Diagnostic products and services	282	1,004	898
Research and development	1,382	1,124	532
Corporate and other	2,470	4,063	5,671
	$ 8,330	$ 24,387	$ 23,085
DEPRECIATION AND AMORTIZATION EXPENSE:			
Plasma	$ 3,254	$ 3,781	$ 4,147
Immunotherapeutic products	252	382	381
Diagnostic products and services	411	391	436
Research and development	1,770	1,883	1,915
Corporate and other	632	522	1,004
	$ 6,319	$ 6,959	$ 7,883

NOTE 17 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

					PER SHARE DATA		
	SALES	GROSS MARGIN	INCOME (LOSS) BEFORE EXTRADORDINARY CHARGE	NET INCOME (LOSS)	INCOME (LOSS) BEFORE EXTRA-ORDINARY CHARGE	EXTRA-ORDINARY CHARGE	NET INCOME (LOSS)
1995							
1st Quarter	$ 46,303	$ 9,293	$ (1,830)	$ (1,830)	$(0.05)	---	$(0.05)
2nd Quarter	47,462	10,428	(2,529)	(2,529)	(0.08)	---	(0.08)
3rd Quarter	48,241	10,970	(2,709)	(2,709)	(0.08)	---	(0.08)
4th Quarter	53,922	13,089	(10,493)	(10,493)	(0.31)	---	(0.31)(1)
	$195,928	$43,780	$(17,561)	$(17,561)	$(0.52)	---	$(0.52)
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	57,635	12,873	1,095	1,095	0.03	---	0.03 (2)
4th Quarter	66,040	17,352	10,006	10,006	0.28	---	0.28 (3)
	$239,909	$57,995	$ 14,160	$ 13,228	$ 0.40	$(0.03)	$ 0.37

(1) During the fourth quarter of 1995, NABI established a reserve of approximately $2.5 million to reserve for development stage inventories which have no assurance of commercial viability. In addition, NABI recorded a charge of approximately $6 million in the fourth quarter of 1995 related to the NABI/Univax merger.

(2) During the third quarter of 1996, NABI recorded a charge of approximately $2 million resulting from its voluntary withdrawal of certain lots of H-BIG 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.

(3) During the fourth quarter of 1996, NABI recognized a tax benefit of approximately $6.5 million reflecting the recognition of certain tax benefits principally associated with the NABI/Univax merger.

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: WRITE-OFFS CHARGED AGAINST RESERVE	BALANCE AT END OF PERIOD
YEAR ENDED DECEMBER 31, 1994:					
Allowance for doubtful accounts	$ 125	$ 422	--	--	$ 547
Deferred tax asset valuation allowance	$16,855	--	$ 9,821	--	$26,676
Inventory reserve	$ 379	$ 801	--	$ 284	$ 896
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

EXHIBIT INDEX

PAGE #

2 Agreement and Plan of Merger dated August 28, 1995 between NABI and

27 Financial Data Schedule (for SEC use only).

- ----------
* Filed herewith

1

EXHIBIT 10.25

LETTER AMENDMENT

TO THIRD AMENDED AND RESTATED REVOLVING CREDIT TERM LOAN
AND REIMBURSEMENT AGREEMENT

BETWEEN NATIONSBANK AND NABI

DATED AUGUST 1, 1996

2

NationsBank

August 1, 1996

Mr. Alfred J. Fernandez
Chief Financial Officer
NABI
5800 Park of Commerce Blvd., N.W.
Boca Raton, FL 33487

RE: THIRD AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (THE "AGREEMENT") DATED AS OF DECEMBER 1, 1994 BETWEEN NATIONSBANK, N.A. (SOUTH) (F/K/A NATIONSBANK OF FLORIDA, N.A.) AS LENDER AND AGENT AND NABI (F/K/A NORTH AMERICAN BIOLOGICALS, INC.) AS BORROWER.

Dear Mr. Fernandez:

Reference is hereby made to the Agreement between NationsBank and NABI. Unless otherwise defined herein, all capitalized terms used shall have the meanings set forth in the Agreement.

1) Borrower has requested and NationsBank has agreed to a waiver of Section 8.11 of the Agreement, specifically to permit the Borrower to re-purchase the lesser of (i) up to 1,724,322 shares or, (ii) five percent (5%) of its outstanding Common Stock, at a maximum purchase price of $12 per share, effective as of the date of this letter.

2) NationsBank hereby agrees to amend Sections 8.01 and 8.04 as follows:

SECTION 8.01: CONSOLIDATED TANGIBLE NET WORTH
Permit Consolidated Tangible Net Worth to be less than $28,000,000 on September 30, 1996, such amount to be increased at the end of each fiscal quarter, beginning with the fiscal quarter ending December 31, 1996 by at least 50% of Consolidated Net Income greater than zero for the immediately preceding fiscal quarter.

SECTION 8.04: CONSOLIDATED LEVERAGE RATIO
Permit as at the quarters ending on the dates set forth below the Consolidated Leverage Ratio to be more than the ratios set forth opposite such date, respectively:

PERIOD	RATIO
March 31, 1996	5.25 to 1.00
June 30, 1996	4.25 to 1.00
September 30, 1996	4.25 to 1.00
December 31, 1996	4.00 to 1.00
March 31, 1997	3.75 to 1.00
June 30, 1997 through December 31, 1997	3.50 to 1.00
Each fiscal quarter thereafter	3.00 to 1.00

NationsBank hereby agrees to such waiver and amendment subject to the satisfaction and conditions set forth in this letter. The provisions of this waiver and amendment shall only become effective upon receipt by NationsBank of duly executed copies of this letter. Except as expressly waived, amended or otherwise specifically provided, all of the terms or conditions of the Agreement and each document executed in connection therewith shall remain unamended, unmodified and unwaived and shall continue to be in full force and effect in accordance with their respective terms.

The waiver and amendment set forth herein shall be limited precisely as provided for herein to the provisions expressly waived or amended herein and shall not be deemed a waiver of, amendment of, consent to or modification of any other term or provision of the Agreement or any transaction of future transaction on the part of the Borrower requiring NationsBank consent under the Agreement.

Please acknowledge your agreement to the foregoing by executing below.

NATIONSBANK, N.A. (SOUTH)

By: /s/ Allison Freeland

Its: Vice President

READ AND AGREED TO:

By: /s/ Alfred J. Fernandez

Its: Senior Vice President & Chief Financial Officer

EXHIBIT 10.26

EMPLOYMENT AGREEMENT

DATED JANUARY 1, 1997

BETWEEN JOHN C. CARLISLE AND NABI

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

EFFECTIVE AS OF JANUARY 1, 1997

Mr. John C. Carlisle
10401 Reo Lindo
Delray Beach, Florida 33446

Dear John:

You have agreed to serve as Executive Vice President, Chief Operating Officer for NABI. The following are the terms of such employment:

1. TERM: You will serve as Executive Vice President, Chief Operating Officer of NABI a period beginning as of the date hereof and ending on December 31, 1999, unless your employment is sooner terminated as provided below (the "Employment Period").

2. SALARY: Your salary will be $240,000.00 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by NABI's Board of Directors.

3. BONUS: You will be entitled to participate in NABI's VIP Management Incentive Program.

   Unless the Employment Period is terminated for "cause" pursuant to Section 7(B)(b) below, bonus compensation shall be pro rated in respect of any calendar year during which the Employment Period terminates based on the amount of bonus compensation which would have been payable with respect to such year based on your original VIP Management Incentive Program participation, divided by 12, times the number of full calendar months during the relevant year you were employed prior to the termination of the Employment Period. If the Employment Period is terminated pursuant to Section 7(B)(b) below, no bonus compensation is payable with respect to the calendar year during which it is terminated.

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

4. AUTO ALLOWANCE: You, while an employee under the terms of this Agreement, shall receive an auto allowance of not less than $900.00 per month.

5. BENEFITS: You will be eligible to participate in NABI's 401(k), medical/dental insurance, life insurance, executive long term disability program, Supplemental Executive Retirement Plan (SERP), and other benefit programs upon the effective date of this Agreement. You will accrue Paid Leave Bank (PLB) time at the rate of 18.67 hours per month.

6. DUTIES AND EXTENT OF SERVICES:

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

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

7. TERMINATION:

   (A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon 180 days' prior written notice to

NABI. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that any bonus compensation payable pursuant to Section 3 of this Agreement shall be pro rated as provided for in Section 3.

(B) NABI may terminate the Employment Period in the event of (a) your disability that prevents you from performing your obligations pursuant to this Agreement for any three (3) consecutive months or (b) for "cause", which is defined as (i) commission of fraud or embezzlement or other felonious acts by you, (ii) your refusal to comply with reasonable directions in connection with the performance of your duties as provided for in Section 6 of this Agreement after notice of such failure is delivered to you, (iii) failure to comply with the provisions of Section 8 or 9 of this Agreement or (iv) your gross negligence in connection with the performance of your duties as provided for in this Agreement, which gross negligence causes material damage to NABI, provided that, in the event of termination under this clause (B), you shall receive ten (10) days notice of such failure prior to termination and a determination must be made by NABI's Board of Directors or a duly appointed committee of the Board, after you are afforded an opportunity to be heard, that it is, at the date of such termination, reasonable to conclude that grounds for such termination under this clause (B) still exists.

(C) NABI may otherwise terminate the Employment Period upon thirty (30) days' prior notice to you. In the event of such termination based on the effective date of such termination, NABI will pay you severance pay of twelve (12) months of your annual base salary as in effect at the time of such termination ("Severance Pay") and maintain in effect for a twelve (12) month period all then existing benefits, (subject to the limitations of the applicable plans), including but not limited to, the auto allowance, life insurance, short and long term disability programs, health care coverages, and SERP benefits. Severance Pay provided for in this paragraph shall be made in twelve (12) equal monthly installments. If you terminate your employment with NABI within thirty (30) days of the expiration of the Employment Period, you shall be entitled to receive Severance Pay under Section 7C unless during the thirty (30) day period prior to the expiration of the Employment Period, NABI offered to renew this Agreement on terms no less favorable to you than the terms then in effect.

(D) If your employment terminates pursuant to Section 7B(a) or Section 7C, all non-vested stock options, restricted stock or similar incentive equity instruments pursuant to the Company's 1990 Equity Incentive Plan and/or successor plans (the "Options") shall immediately vest. All such "Options" shall be exercisable for one (1) year past termination date, except that no "Options" shall be exercisable beyond the original "Option" expiration date. To the extent the terms of any "Options" are inconsistent with this Agreement, the terms of this Agreement shall control.

(E) Your confidentiality and non-competition agreements set forth in Sections 8 and 9 below shall survive the termination of your employment regardless of the reasons therefor.

8. CONFIDENTIALITY: You acknowledge that your duties as described in Section 6 of this Agreement will give you access to trade secrets and other confidential information of NABI and/or its affiliates, including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a "trade secret" under applicable law, is collectively called "Confidential Information"). You recognize that Confidential Information is proprietary to each such entity and gives each of them significant competitive advantage.

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the

Employment Period, you will return to the relevant company's office all documents, computer tapes, and other tangible embodiments of any Confidential Information. You agree that NABI would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

9. NON-COMPETITION:

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

(B) You have carefully read and considered the provisions of this Section and Section 8 and having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interest of NABI, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of NABI, its officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 8 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

(D) With respect to the provisions of this Section, you agree that damages, by themselves, are an inadequate remedy at law, that a material breach of the provisions of this Section would cause irreparable injury to the aggrieved party, and that provisions of this Section 9 may be specifically enforced by injunction or similar remedy in any court of competent jurisdiction without affecting any claim for damages.

10. MISCELLANEOUS: This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This

Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This Agreement is a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

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

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

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

BY: /s/ DAVID J. GURY

DAVID J. GURY
CHIEF EXECUTIVE OFFICER

ACCEPTED AND AGREED:

/s/ JOHN C. CARLISLE
- ---
JOHN C. CARLISLE
10401 REO LINDO
DELRAY BEACH, FLORIDA 33446

1

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

2

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
North American Biologicals GmbH	Germany
BIOPLAS GmbH	Germany
N.A.B.I. BioMedical GmbH	Germany
Univax Plasma, Inc.	Delaware

1

EXHIBIT 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

2

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 and No. 33-65069) of NABI and its subsidiaries of our report dated February 28, 1997, appearing in this Form 10-K.

/s/ Price Waterhouse LLP
- ------------------------
PRICE WATERHOUSE LLP
Miami, Florida
March 25, 1997

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1996 AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000
<CURRENCY> US DOLLARS

<PERIOD-TYPE>	YEAR
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-START>	JAN-01-1996
<PERIOD-END>	DEC-31-1996
<EXCHANGE-RATE>	1
<CASH>	18,513
<SECURITIES>	8,797
<RECEIVABLES>	38,127<F1>
<ALLOWANCES>	0
<INVENTORY>	28,395<F1>
<CURRENT-ASSETS>	98,101
<PP&E>	60,587<F1>
<DEPRECIATION>	0
<TOTAL-ASSETS>	202,142
<CURRENT-LIABILITIES>	34,471
<BONDS>	83,465
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	3,461
<OTHER-SE>	82,600
<TOTAL-LIABILITY-AND-EQUITY>	202,142
<SALES>	239,909
<TOTAL-REVENUES>	239,909
<CGS>	181,914
<TOTAL-COSTS>	181,914
<OTHER-EXPENSES>	46,826
<LOSS-PROVISION>	0<F2>
<INTEREST-EXPENSE>	3,987
<INCOME-PRETAX>	7,946
<INCOME-TAX>	(6,214)
<INCOME-CONTINUING>	14,160
<DISCONTINUED>	0
<EXTRAORDINARY>	932
<CHANGES>	0
<NET-INCOME>	13,228
<EPS-PRIMARY>	0.37
<EPS-DILUTED>	0

<FN>
<F1>RECEIVABLES, INVENTORY AND PP&E REPRESENT NET AMOUNTS.
<F2>LOSS PROVISION INCLUDED IN OTHER EXPENSES.
</FN>