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, 1995

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, FL 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. [X]

As of March 22, 1996, 34,074,109 shares of common stock were outstanding, of which 33,513,939 shares were held of record by non-affiliates. The aggregate market value of shares held by non affiliates was approximately $439,870,449 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, 1995 are incorporated by reference into Part III hereof as provided therein.

PART I

ITEM 1. BUSINESS

OVERVIEW

NABI (formerly North American Biologicals, Inc.) 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 78 collection centers in the United States and three collection centers in Germany. During 1994 and 1995 NABI collected and processed approximately 1,830,000 and 2,020,000 liters of plasma, respectively. NABI also is developing a broad specific polyclonal antibody ("SPA") product line that includes two therapeutic products approved by the United States Food and Drug Administration (the "FDA") and 12 therapeutic products that are in development, including four products 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 control products and 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(TM), 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), OmniGam(TM), NorMLCera-Plus(R), QC-HIV(R), ViroSure (TM) and QC-Hepatitis(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.

A worldwide shortage of plasma began in 1991, partially due to the increased need for plasma components to treat larger and older populations, and partially due to a diminished pool of donors that resulted from more restrictive testing and screening requirements imposed by regulatory authorities. In 1991, the FDA mandated screening for hepatitis C, thereby disqualifying donations from a significant portion of the then existing donor base.

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 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 SPAs 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 disabled 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 disabled 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 may be to exploit the complex carbohydrates present on the surface of most bacteria. Only four carbohydrate-based bacterial vaccines are currently on the market in the United States because vaccine companies have historically focused primarily on viral rather than bacterial diseases.

STRATEGY

NABI's objective is to become a leader in the development and marketing of proprietary plasma-based immunotherapeutic products. 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 81 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 81 person 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 16 salespersons, and a distribution network adding 40 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 1998. 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 and HyperGAM+CF, 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 OmniVAX, 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 Genzyme Corporation ("Genzyme"), Chiron Biocine Company ("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 1994 and 1995, NABI derived revenues of $98.6 million and $108.3 million, respectively, from the sale of source plasma, representing 68.6% and 63.9%, respectively, of NABI's total revenues from the sale of plasma.

Specialty Plasma

During 1994 and 1995, NABI derived revenues of $45.1 million and $61.2 million, respectively, from the sale of specialty plasma, representing 31.4% and 36.1%, 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 inoculate 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:

- - 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 inoculated 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.

- - 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. CMV antibody-positive donors are indigenous in the population. 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 12 products that are in development, including four products in clinical trials.

NABI believes that it has research capability in the development of bacterial vaccines based on carbohydrates and carbohydrate/protein compounds. 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

NABI's product line of immunotherapeutic products was initiated with the acquisition of H-BIG and HIV-IG from Abbott Laboratories ("Abbott") in September and November 1992, respectively. NABI has expanded this product line with the formulation and development of H-BIG IV, an intravenous formulation of H-BIG, and H-CIG IV, another intravenous product. As a result of the Merger, NABI has added ten more products to its pipeline, including three products in clinical trials. 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")
HyperGAM+CF	Chronic pseudomonas infections in cystic fibrosis patients	Phase II clinical trial in progress in U.S. and Europe in collaboration with Genzyme
StaphVAX	Staph A infections (vaccine)	Phase II clinical trial completed; follow-on dosing studies in hemodialysis patients in progress
StaphGAM	Staph A infections	Donor stimulation in progress; Phase I/II with purified antibody to begin in 1996
H-BIG IV	Hepatitis B reinfection in liver transplant patients	Phase I/II clinical trial to begin in 1996
CMV NeutraGAM	CMV in renal transplant patients	Donor stimulation and Phase I/II clinical trial to begin in 1996
H-CIG IV	Hepatitis C reinfection in liver transplant patients	Preclinical; donor screening in progress
StaphVAX II	Staph epi infections (vaccine)	Preclinical
StaphGAM II	Staph A and Staph epi infections	Preclinical
NeoGAM	Staph A and Staph epi infections in neonates	Preclinical
OmniGAM	Staphylococcal and Enterococci infections in intensive care transplant and surgical patients	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. The worldwide market for the current formulation and indications of H-BIG is estimated to be approximately $50 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 is the first hepatitis B plasma-based immunotherapeutic product to be licensed by the FDA and has been marketed since 1977. NABI has marketed H-BIG since 1992 when it acquired the product. NABI is obligated to pay a royalty to Abbott on net sales of H-BIG through September 2002. NABI believes that it has substantially all of the United States market for sales of plasma-based immunotherapeutic products for the prevention and treatment of hepatitis B.

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.

In the United States, there are currently approximately 67,000 individuals who suffer from primary ITP or ITP secondary to HIV infection. Approximately 17,000 of these cases are primary ITP; the remaining 50,000 patients suffer from chronic ITP secondary to HIV infection, which represents 5% of the estimated one million HIV-positive individuals in the United States today. There are approximately 30,000 additional patients with ITP secondary to lupus and other conditions.

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 WinRho SD avoids many of these drawbacks. 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 immunotherapeutic products on the market in the United States for the suppression of Rh isoimmunization. These products are priced at lower levels than WinRho SD and, as a result, notwithstanding the fact that NABI believes that WinRho SD is a superior product, 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 1996 three Phase IV clinical trials for WinRho SD for the following indications: ITP secondary to lupus, chronic inflammatory demylinating polyneuropathies (CIDP) 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 has been used to lessen the flow 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 prevent rather than 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 during the first half of 1997. 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.

HyperGAM+CF

Cystic fibrosis ("CF") is a genetic defect which, according to the International Cystic Fibrosis Association, is currently found in approximately 25,000 individuals in the United States and in an estimated 60,000 individuals worldwide. This defect inhibits an individual's ability to secrete fluids of proper viscosity on the mucous membranes of the gastrointestinal and respiratory tracts. The fluids secreted by CF patients are thick and tend to trap bacteria in the lungs. Studies by the Cystic Fibrosis Foundation have shown that approximately 60% of CF patients harbor Pseudomonas bacteria in their lungs, and up to 90% of CF patients who survive to adulthood will experience chronic obstructive bronchitis associated with Pseudomonas. Once the lungs are infected, Pseudomonas secrete carbohydrates that lead to enhanced mucus accumulation in the infected lung. The resulting thick, bacteria-laden discharge inflames and damages lung tissue causing the breathing difficulties common in CF patients. The damage is exacerbated by the attack of white blood cells on the bacteria which often results in accumulation of cellular debris in the lungs and further breathing difficulty.

HyperGAM+CF contains high levels of antibodies against the Pseudomonas mucoid exopolysaccharide ("MEP"). The product is designed to be administered prophylactically on a monthly basis to provide passive immunity against Pseudomonas. There currently are no immunotherapeutic products on the market that attempt to alleviate Pseudomonas infections in CF patients. Many commonly-used antibiotics are less effective against Pseudomonas due to growing bacterial resistance. A product recently introduced by a competitor attempts to dissolve the DNA which accumulates in the lungs of CF patients. HyperGAM+CF, on the other hand, is an immunotherapeutic approach that is designed to attack the problem at its source by removing the Pseudomonas bacteria from the patients' lungs, rather than to alleviate the symptoms of the infections that result from the presence of the bacteria.

A Phase II trial was initiated in the first quarter of 1995, designed to evaluate HyperGAM+CF's efficacy in reducing the number of acute exacerbations suffered by CF patients. An interim analysis of the data from this trial is expected during the third quarter of 1996. NABI has received two Orphan Drug designations for this product, for both the prevention and the treatment of Pseudomonas infections associated with CF. NABI has entered into an agreement with Genzyme under which Genzyme has agreed to provide funding support for development and clinical trials of HyperGAM+CF in exchange for marketing rights. NABI licensed certain patent rights applicable to HyperGAM+CF from a third party to which a royalty will be due on any commercial sales of the product. See "-Strategic Alliances, Licenses and Royalty Obligations."

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 2.8 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.

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 expects to produce 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 1996 a Phase I/II clinical trial using StaphGAM on severe trauma patients.

NABI's goal is to use the same immunizing agent used to produce 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, Staph A and Pseudomonas. StaphVAX is based on patented vaccine technology in-licensed by NABI from NIH, and development of the vaccine is partially covered by a Cooperative Research and Development Agreement ("CRADA") with NIH. See "-Strategic Alliances, Licenses and Royalty Obligations." Supported by studies of StaphVAX in animal models, the vaccine has recently completed a Phase II trial in continuous ambulatory peritoneal dialysis patients. 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. 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 is designing a Phase II clinical trial with StaphVAX in hemodialysis patients and expects to begin treating patients in 1996.

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 3,000 liver transplants performed in the United States in 1993.

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, it is estimated that approximately 1,000 additional hepatitis B patients would receive transplants 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 1996, 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.

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 and liver 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 could contain 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 and 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 1996.

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 their 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 preclinical studies 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 II/StaphGAM II/NeoGAM

NABI plans to develop a second generation vaccine product, StaphVAX II, 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 Staph VAX II 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 one of these Staph Epi antigens bind not only the two Staph epi strains responsible for over 90% of Staph epi infections, but also Staphylococcus hemolyticus, another clinically important staphylococcal bacteria.

In connection with StaphVAX II, NABI plans to develop a second-generation SPA product, StaphGAM II, 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.

OmniGAM

In 1994, NABI began a program directed at Enterococci, for which studies are underway, to identify the most clinically important strains for use in developing a vaccine. If an effective immunizing agent against Enterococci can be developed, NABI plans to add it to the Staph A and Staph epi components to create OmniGAM, a combination SPA product. OmniGAM is targeted at the prevention of infections in high risk ICU patients, particularly patients recovering from major gastrointestinal, head or neck surgery and/or trauma, patients who have specific risk factors such as diabetes, alcoholism, chronic liver disease, severely impaired cardiovascular and/or pulmonary function, and patients who are already infected upon ICU admission.

Diagnostic Products and Services

NABI develops and manufactures human serum-based products used by clinical laboratories to assure accurate testing for infectious diseases, and growth media used for genetic engineering. Among the products manufactured by NABI are NorMLCera-Plus from human serum, which is sold to tissue typing banks as a testing control for organ transplantation and for use in biological research. In 1993, NABI obtained FDA clearance to market ViroCheQC I Quality Assurance Reagent, which is a multiconstituent reagent used as an external control to promote testing accuracy for HIV 1 and 2, hepatitis B antigen, hepatitis core, hepatitis C and HTLV-I. ViroCheQC

I, and its companion products, QC-Hepatitis and QC-HIV, are sold to reference laboratories, blood bank laboratories and diagnostic product companies.

NABI also provides testing services on plasma and blood samples supplied by third parties. Among the tests performed by NABI are screening tests for the antibody to HIV. NABI also performs confirmatory tests for the HIV antibody and other blood and plasma tests, including hepatitis, tetanus, CMV and protein electropheresis. Customers for laboratory services include hospitals, blood banks and other plasma collectors as well as the United States Department of Defense.

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.

Genzyme

In August 1993, Univax entered into a collaborative agreement with Genzyme ("the Genzyme Agreement") to develop and commercialize products to treat certain infections in cystic fibrosis patients, including HyperGAM+CF. The terms of the agreement include a $5 million equity investment by Genzyme (August 1993), milestone payments to NABI, sharing of development funding and profit-sharing arrangements.

NABI will be responsible for manufacturing the products developed pursuant to the Genzyme Agreement. In the event that NABI fails to supply Genzyme with products meeting specifications, Genzyme will have the right to manufacture the products or have the products manufactured. Genzyme will be responsible for sales of the products worldwide. All terms of sale will be set by Genzyme. NABI will receive a manufacturing allowance and Genzyme will receive a marketing allowance, and the net pretax profit from sales of the products will be divided in proportion to the development funding.

The exclusive license granted to Genzyme for use and sale of products will terminate on a country-by-country basis upon the later of the expiration of the patent or ten years after the first commercial sale in such country. Either party may terminate the Genzyme Agreement upon 90 days written notice to the other, in which event the non-terminating party may, at its option, purchase over time all of the terminating party's rights to the products. Genzyme and NABI are discussing proposed amendments to the Genzyme Agreement which would include a provision allowing Genzyme to terminate the Genzyme Agreement, upon receipt of the interim analysis of the data from the current phase II trial of HyperGAM+CF, in which event Genzyme will be obligated to make specified wind-down payments to NABI under certain circumstances.

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 based upon net sales of this product to the New York Blood Center, Inc.

Under a license agreement with Brigham and Women's Hospital ("BWH"), NABI has a worldwide, exclusive license to make and sell all products covered by a certain patent issued to BWH including HyperGAM+CF, and is obligated to pay BWH a royalty based on net sales. In the event that NABI fails to meet the marketing milestones contained in the agreement, BWH has the right to make NABI's rights non-exclusive, and in the event that NABI fails to pay BWH certain royalty amounts, BWH has the right to terminate the license.

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.

RESEARCH AND DEVELOPMENT

NABI has approximately 80 employees involved in research and development programs. Research and development expenses were 12.2% and 13.0% of sales in 1994 and 1995 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, 1995 were: Immuno Trading AG and Centeon Pharma GmbH (formerly Behringwerke AG) ("Centeon") in 1993; Baxter Healthcare Corporation ("Baxter"), Immuno Trading AG and Centeon in 1994; Baxter, Bayer Corporation and Immuno Trading AG in 1995. Aggregate sales of source and specialty plasma to these customers were approximately $34 million, $81 million and $92 million, or 34%, 48%, and 46% of total sales for the years ended December 31, 1993, 1994 and 1995, 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 factors, its 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 597,000 liters of source plasma in 1995 and is obligated to purchase an aggregate of approximately 575,000 liters of source plasma during 1996. Baxter's purchase obligations and the purchase price payable by Baxter for the plasma during the term of the agreements are subject to adjustment. Under the five-year agreement with Baxter, which covered 481,000 liters of the plasma sold to Baxter in 1995, the price NABI will receive for plasma adjusts periodically to reflect changes in NABI's principal costs for the collection of plasma. Under NABI's three-year agreement with Baxter, the price NABI will receive for plasma will be adjusted yearly by mutual agreement of the parties based on market conditions.

Immunotherapeutics

NABI currently has a marketing and sales staff of approximately 34 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 40 individuals. NABI also is seeking to develop 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, in the case of diagnostic products, through independent distributors.

SUPPLY AND MANUFACTURING

Plasma Collection Process

NABI currently collects and processes plasma from 81 plasma collection centers located in 30 states and Germany, including six 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 1995, NABI processed a monthly average of approximately 2,900 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 32 plasma collection centers.

Immunotherapeutics

Although NABI collects and supplies the specialty plasma necessary for the manufacture of H-BIG, at the present time it is dependent on a single manufacturer to process this raw material for H-BIG and on Abbott to formulate and package the product. NABI's contract with the manufacturer will expire in 1996. Abbott may terminate its formulation and packaging activities on 30 days' notice, and Abbott has advised NABI that it expects to discontinue these activities during 1996. 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 also process, formulate and package quantities of the raw material for H-BIG. NABI anticipates receiving product from MBPI by mid-1996, although there can be no assurance that product will be available at this time. After NABI begins to receive product from MBPI, NABI anticipates that it will terminate production, formulation and packaging of the product with Abbott and its manufacturer and that MBPI will become NABI's sole producer of H-BIG. 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 and its testing and 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."

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 and New Zealand, 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.

The patent positions of biotechnology firms generally are highly uncertain and involve complex legal and factual questions. 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 assurance 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, will not 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 may have a material adverse effect on NABI's business, financial condition and results of operations. Litigation, which could result in

substantial cost to NABI, may also be necessary to enforce any patents issued to NABI or to determine the scope and validity of third-party proprietary rights.

NABI also relies on secrecy to protect its technology, especially where patent protection is not believed to be appropriate or obtainable. NABI protects its proprietary technology and processes, in part, by confidentiality agreements with certain of its employees, consultants and contractors. In addition, 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 agreements, controls or procedures will not be breached, that NABI would have adequate remedies for any breach, or that NABI's trade secrets will not otherwise become known or be independently discovered by competitors.

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. Seventy of NABI's 72 domestic-owned centers are QPP certified centers. NABI is highly committed to the QPP program and has applied for QPP certification for the remaining two facilities. 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 the assets of two plasma collection centers in Germany in June 1994, established a third collection center in Germany in November 1995, and intends to acquire and/or establish additional centers in Europe. NABI's plasma collection centers in Germany 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 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 HyperGAM+CF immunizing agent and the staph A 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. 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. Recently, 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 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.

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.

THIRD-PARTY 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 procedures 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.

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

With respect to its immunotherapeutic products, NABI is engaged in a rapidly evolving field. Competition from other biotechnology and pharmaceutical companies is intense 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, in obtaining regulatory approvals, and in 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 products, technologies and processes. Competitors have developed or are in the process of developing technologies that are, or in the future may be, the basis for competitive products. Some of these products may have an entirely different approach or means of accomplishing the desired effect than products being developed by NABI. 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 or patent protection earlier than NABI. If NABI is unable to compete effectively, or if competing technologies are developed which reduce or eliminate the demand for plasma-based immunotherapeutic products, NABI's business, financial condition and results of operations could be materially adversely affected.

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 with a limit of $5.8 million per occurrence and $5.8 million in the annual aggregate on a claims made basis. The limit is in excess of a $250,000 self insurance retention per claim limited to a $1 million annual aggregate. NABI intends to raise the limits under its general insurance to $10 million. 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 2,073 persons at December 31, 1995. 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 (nine of which are under development) 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

Historically, without giving effect to the Merger, NABI's operations generally were profitable. Although NABI believes that the Merger will enhance NABI's long-term profitability and product development efforts, the Merger will adversely affect NABI's profitability for the foreseeable future. The Merger 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 years ended December 31, 1993 and 1994. There can be no assurance that, in order to return to profitability in future periods, 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 Associated with Integration

The Merger has created risks typically associated with the merger of two large independent organizations, including the possibility that the combined financial, research, personnel and other resources may not be adequate to deal with the needs of NABI following the Merger. To the extent any such resources are inadequate to deal with NABI's needs, NABI's business, financial condition and results of operations could be materially adversely affected.

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. As a result of factors affecting both the demand for and supply of plasma, worldwide demand for human blood plasma has exceeded supply since 1991. The 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.

Among the requirements for product license approval is the requirement that the prospective manufacturer's methods conform to the FDA's current 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.

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. To date, there is no commonly accepted test to determine the presence of such contamination, and different tests may produce different results. 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. 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 HyperGAM+CF immunizing agent and the staph A 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 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

Although NABI collects and supplies the specialty plasma necessary for the manufacture of H-BIG, at the present time it is dependent on a single manufacturer to process this raw material for H-BIG and on Abbott to formulate and package the product. NABI's contract with the manufacturer will expire in 1996. Abbott may terminate its formulation and packaging activities on 30 days' notice, and Abbott has advised NABI that it expects to discontinue these activities during 1996. In August 1995, NABI entered into an agreement with the MBPI pursuant to which MBPI, subject to receiving FDA approval, will also process, formulate and package quantities of the raw material for H-BIG. NABI anticipates receiving product from MBPI by mid-1996, although there can be no assurance that product will be available at that time. After NABI begins to receive product from MBPI, NABI anticipates that it will terminate production, formulation and packaging of the product with Abbott and its manufacturer and that MBPI will become NABI's sole producer of H-BIG. 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 1996 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. While NABI currently has $5.8 million in product liability insurance, there can be no assurance that it 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, Genzyme, 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 Genzyme and 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 1993, 1994 and 1995 fiscal years represented approximately 48%, 36% and 35%, 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 and New Zealand, 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

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 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. Recently, 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, 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 1993, 1994 and 1995 fiscal years, plasma sales to customers purchasing more than 10% of NABI's consolidated sales (which did not exceed four customers in any such period), accounted for approximately 34%, 48% and 46%, 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 procedures 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 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 712,000 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. Five of NABI's plasma collection centers currently operate on month-to-month lease arrangements. 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. and Canada brought by 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 either or both 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, Armour Pharmaceutical Company, Rhone-Poulenc Rorer, Inc., Baxter, Alpha Therapeutic Corporation and The National Hemophilia Foundation. The suits filed in Canada seek to impose liability on NABI as the successor to a company acquired by NABI in 1986.

NABI denies all claims against it in these suits and intends to vigorously defend the cases. 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A special meeting of NABI stockholders was held on November 29, 1995. The following matters were approved:

a) Adoption and approval of agreement and Plan of Merger dated as of August 28, 1995 between NABI and Univax:

VOTES		
FOR	AGAINST	ABSTAINED
14,658,758	440,610	491,416

b) Approval of an amendment to NABI's 1990 Equity Incentive Plan to increase the total number of shares of common stock which may be awarded under such plan by 1,500,000 shares.

VOTES		
FOR	AGAINST	ABSTAINED
12,084,029	2,615,412	125,736

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of NABI are as follows:

Name	AGE	POSITION
David J. Gury	57	Chairman of the Board, President and Chief Executive Officer
John C. Carlisle	49	Senior Executive Vice President and Director
Thomas P. Stagnaro	53	Senior Executive Vice President and Director
Alfred J. Fernandez	47	Senior Vice President and Chief Financial Officer
Pinya Cohen, Ph.D.	60	Senior Vice President, Quality Assurance and Regulatory Affairs
Robert B. Naso, Ph.D.	51	Senior Vice President, Research and Development
Stephen W. Weston	48	Senior Vice President, Donor Management
Lorraine M. Breece	43	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 Senior Executive Vice President since November 1995 and was elected a director in August 1995. Mr. Carlisle joined NABI in January 1994 and was elected Executive Vice President and Chief Operating Officer in March 1994. 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.

Thomas P. Stagnaro has served as Senior Executive Vice President and a director of NABI since November 1995. From October 1989 to November 1995 he was President and a director of Univax and he was Chief Executive Officer of Univax from October 1990 until November 1995. From 1982 to 1989, Mr. Stagnaro was with Alpha. During his tenure with Alpha, Mr. Stagnaro served as Vice President of Sales and Marketing as well as President of Alpha Home Care Company, an affiliate of 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.

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

Robert B. Naso, Ph.D. joined NABI in November 1995 as Senior Vice President, Research and Development. 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.

Stephen W. Weston is Senior Vice President, Donor Management, has served in that capacity since November 1995 and has served as an executive officer since March 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.

Lorraine M. Breece is NABI's Controller and Chief Accounting Officer and has been an officer of NABI since April 1, 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." Until January 18, 1996, the common stock had been quoted under the symbol "NBIO." 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
1994			
	First Quarter	$ 7 7/8	$ 3 1/16
	Second Quarter	7	5 1/16
	Third Quarter	7 3/4	5 1/2
	Fourth Quarter	8 1/2	6 1/8
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

The number of record holders of NABI's common stock at December 31, 1995 was 1,490.

No cash dividends have been previously paid on NABI's common stock and none are anticipated in 1996. NABI's loan agreement with its principal lender also restricts dividend payments.

ITEM 6. SELECTED FINANCIAL DATA - FIVE YEARS ENDED DECEMBER 31, 1995

The following table sets forth selected consolidated financial data for NABI for the five years ended December 31, 1995 that were derived from NABI's consolidated financial statements, which have been audited by Price Waterhouse LLP, independent accountants. 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,				
	1991	1992	1993	1994	1995
STATEMENT OF OPERATIONS DATA:					
Sales	$ 69,424	$ 83,327	$102,755	$167,209	$201,964
Cost of products sold	59,041	71,137	81,607	131,192	152,148
Gross profit	10,383	12,190	21,148	36,017	49,816
Research and development expense	4,573	12,208	18,270	20,382	26,168
Selling, general and administrative expense	6,260	10,080	12,284	16,467	26,816
Royalty expense	---	347	1,545	1,426	3,490
Other operating expense	602	2,101	1,842	2,234	3,015
Operating loss	(1,052)	(12,546)	(12,793)	(4,492)	(9,673)
Investment income	399	1,653	1,187	354	1,064
Interest expense	(635)	(2,604)	(3,282)	(3,254)	(1,931)
Other, net	19	(65)	(24)	(28)	(334)
Loss before provision for income taxes and accounting change/extraordinary charge	(1,269)	(13,562)	(14,912)	(7,420)	(10,874)
Provision for income taxes	(836)	(5)	(1,988)	(5,774)	(6,687)
Loss before accounting change/extraordinary charge	(2,105)	(13,567)	(16,900)	(13,194)	(17,561)
Accounting change/extraordinary charge	---	---	100	(717)	---
Net loss	($2,105)	($13,567)	($16,800)	($13,911)	($17,561)
Loss per share:					
Loss before accounting change/ extraordinary charge	($0.09)	($0.65)	($0.76)	($0.47)	($0.52)
Accounting change/extraordinary charge	---	---	0.01	(0.03)	---
Net loss	($0.09)	($0.65)	($0.75)	($0.50)	($0.52)
Weighted average number of shares	23,888	20,850	22,328	28,042	33,574
BALANCE SHEET DATA:					
Working capital	$ 17,998	$ 36,384	$ 39,806	$ 52,208	$ 14,690
Total assets	36,429	89,958	91,459	132,089	137,975
Notes payable, including current maturities	7,782	19,969	21,202	27,557	42,894
Contingent purchase price obligation, including current maturities	---	6,943	7,056	---	---
Total stockholders' equity	22,413	52,678	51,635	85,319	69,442

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, 1995 should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

RESULTS OF OPERATIONS

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 for financial reporting purposes and accordingly, all prior period financial statements have been combined.

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

	YEAR ENDED DECEMBER 31,		
	1993	1994	1995
Sales	100.0%	100.0%	100.0%
Cost of products sold	79.4	78.5	75.3
Gross profit margin	20.6	21.5	24.7
Research and development expense	17.8	12.2	13.0
Selling, general and administrative expense	12.0	9.8	13.3
Royalty expense	1.5	0.9	1.7
Other operating expense	1.8	1.3	1.5
Operating loss	(12.5)	(2.7)	(4.8)
Investment income	1.2	0.2	0.5
Interest expense	(3.2)	(1.9)	(1.0)
Other, net	---	---	(0.1)
Loss before provision for income taxes, cumulative effect of change in accounting for income taxes and extraordinary charge	(14.5)	(4.4)	(5.4)
Provision for income taxes	(1.9)	(3.5)	(3.3)
Cumulative effect of change in accounting for income taxes and extraordinary charge	0.1	(0.4)	--
Net loss	(16.3)%	(8.3)%	(8.7)%

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,					
SEGMENT	1993		1994		1995	
Plasma - Source	$ 56,029	54.5%	$ 98,630	59.0%	$108,327	53.6%
- Specialty	29,171	28.4	45,057	26.9	61,178	30.3
	85,200	82.9	143,687	85.9	169,505	83.9
Immunotherapeutic products	6,557	6.4	9,295	5.6	18,590	9.2
Diagnostic products and services	9,817	9.6	11,444	6.8	7,833	3.9
Research and development	1,181	1.1	2,783	1.7	6,036	3.0
Total	$102,755	100.0%	$167,209	100.0%	$201,964	100.0%

1995 AS COMPARED TO 1994

Sales. Sales for 1995 increased 20.8% to $202 million compared to $167.2 million in 1994, reflecting an increase in plasma sales of $25.8 million, an increase in immunotherapeutic product sales of $9.3 million and an increase in research revenue of $3.3 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 shipments, 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 $49.8 million or 24.7%, compared to $36 million or 21.5% 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 $26.2 million or 13% of sales in 1995 compared to $20.4 million or 12.2% of sales in 1994. The increase in expenses relate 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 13.3% of sales in 1995, compared to $16.5 million or 9.8% 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 premerger losses and non-deductible merger expenses incurred in 1995. Univax's net operating losses and research tax credit carryforwards will be available to offset future taxable income of the combined company subject to certain annual limitations.

1994 AS COMPARED TO 1993

Sales. Sales for 1994 increased 62.7% to $167.2 million compared to $102.8 million for 1993, reflecting an increase in plasma sales of $58.5 million, an increase in sales of immunotherapeutic products of $2.7 million, an increase in sales of diagnostic products and services of $1.6 million and an increase in research revenue of $1.6 million. The 68.6% increase in plasma sales is primarily attributable to source plasma shipments resulting from

the Premier BioResources, Inc. ("PBI") acquisition and to increased plasma shipments, primarily specialty plasma from NABI's other plasma centers. Sales of immunotherapeutic products increased to $9.3 million in 1994, compared to $6.6 million in the prior year, primarily due to increased sales of H-BIG.

Gross profit margin. Gross margin for 1994 was $36 million or 21.5%, compared to $21.1 million or 20.6% in 1993. The increase resulted from increased shipments of higher margin specialty plasma and additional source plasma shipments, the latter of which was due primarily to the PBI acquisition. Gross margin percentages improved over 1993 as a result of increased sales volume of specialty plasma and the profit contribution from increased sales of H-BIG and diagnostic control products. The significant increase in source plasma from PBI partially offset the otherwise improved product mix and the gross margin as a percentage of sales.

Research and development expense. Research and development expense increased to $20.4 million or 12.2% of sales in 1994, compared to $18.3 million or 17.8% of sales in 1993 due primarily to increased employee and facilities costs associated with ongoing research and development projects. Clinical trial expenses increased as NABI expanded its donor stimulation programs and advanced products in human clinical trials.

Selling, general and administrative expense. Selling, general and administrative expense was $16.5 million or 9.8% of sales in 1994, as compared to $12.3 million or 12% of sales in 1993. While expenses decreased as a percentage of sales, the dollar increase was primarily attributable to personnel and other corporate expenses associated with the acquisition and continuing operations of PBI.

Other factors. Provision for income taxes increased to $5.8 million, compared to $2 million in 1993 primarily due to NABI's stand alone pre-tax income, which could not be offset by premerger losses. Univax's net operating losses and research tax credit carryforwards will be available to offset future taxable income of the combined company subject to certain annual limitations.

Net loss for 1994 reflects an extraordinary charge of $.7 million or $.03 per share, which reflects the immediate recognition and expense 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

At December 31, 1995, NABI's credit agreement, as amended through December 20, 1995, provided for a total of $55 million in available credit and consisted of a $27 million revolving credit facility maturing on December 31, 1998, $18 million in flexible term notes supported by an irrevocable bank letter of credit expiring on January 31, 1998 and $10 million in a term loan maturing on February 15, 1996. As of December 31, 1995, NABI had outstanding $6.8 million under the revolving credit facility, $18 million in flexible term notes and $10 million in a term loan. The credit facility is secured by substantially all of NABI's assets and contains covenants requiring the maintenance of various financial ratios and prohibiting the payment of dividends.

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. NABI will use a portion of the net proceeds for the repayment and cancellation of the flexible term notes as they mature at varying dates through May 15, 1996. In addition, NABI is currently negotiating an amendment to its existing revolving credit facility providing for a minimum availability of $20 million, and it expects to reduce its borrowing costs and eliminate or relax certain restrictive financial covenants under the renegotiated credit agreement.

At December 31, 1995, NABI's working capital of $14.7 million compared to working capital of $52.2 million on December 31, 1994. The reduction in working capital was principally due to utilization of cash to fund research and development expenditures and an increase in current maturities of bank indebtedness at December 31, 1995.

NABI believes that the available proceeds from the sale of the 6.5% convertible subordinated notes discussed above, cash on hand at year end 1995 and cash flow from operations will be sufficient to meet its anticipated cash needs for fiscal 1996.

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 4A 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, 1995 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, 1995 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, 1995 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, 1995 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

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).....
3.1*	Restated Certificate of Incorporation of NABI.....
3.2	By-Laws (incorporated by reference to NABI's Registration Statement on Form S-4; Commission File No. 33-63497).....
4.1	Specimen Stock Certificate (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096).....
4.2*	Indenture between NABI and State Street Bank and Trust Company, dated as of February 1, 1996.....
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.....
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).....
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).....
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).....
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.....
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).....
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).....
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).....

10.23 Stock Plan for Non-Employee Directors (incorporated by reference to NABI's Proxy Statement dated April 26, 1995).....

21* Subsidiaries of the Registrant.....

23* Consent of Independent Certified Public Accountants.....

27* Financial Data Schedule (for SEC use only).....

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

NABI's management contracts and compensatory plans are listed above as Exhibits 10.14 - 10.23.

(B) REPORTS ON FORM 8-K

On December 14, 1995 NABI filed a current report on Form 8-K, reporting under Item 2 and 7 thereof, the consummation of the Merger between NABI and Univax and presenting proforma financial information.

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 27th day of March, 1996.

NABI

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

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

SIGNATURES	TITLE	DATE
/s/ David J. Gury David J. Gury	Chairman of the Board, President, Chief Executive Officer	March 27, 1996
/s/ Alfred J. Fernandez Alfred J. Fernandez	Senior Vice President, Chief Financial Officer	March 27, 1996
/s/ Lorraine M. Breece Lorraine M. Breece	Chief Accounting Officer	March 27, 1996
/s/ John C. Carlisle John C. Carlisle	Senior Executive Vice President Director	March 27, 1996
/s/ Thomas P. Stagnaro Thomas P. Stagnaro	Senior Executive Vice President Director	March 27, 1996
/s/ Joseph C. Cook, Jr. Joseph C. Cook, Jr.	Director	March 27, 1996
/s/ Richard A. Harvey, Jr. Richard A. Harvey, Jr.	Director	March 27, 1996
David L. Castaldi	Director	March 27, 1996
David A. Thompson	Director	March 27, 1996
/s/ Paul Bogikes Paul Bogikes	Director	March 27, 1996
/s/ George W. Ebright George W. Ebright	Director	March 27, 1996
/s/ Brian H. Dovey Brian H. Dovey	Director	March 27, 1996

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 (formerly North American Biologicals, Inc.) at December 31, 1994 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 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 27, 1996

NABI
CONSOLIDATED BALANCE SHEET
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	DECEMBER 31,	
	1994	1995
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 12,132	$ 3,991
Short-term investments	18,698	---
Trade accounts receivable, net	23,383	28,213
Inventories, net	20,713	22,646
Prepaid expenses and other assets	2,983	2,380
TOTAL CURRENT ASSETS	77,909	57,230
PROPERTY AND EQUIPMENT, NET	21,929	42,697
OTHER ASSETS		
Excess of acquisition cost over net assets acquired, net	16,696	18,882
Intangible assets, net	10,615	11,048
Other, net	4,940	8,118
TOTAL ASSETS	$132,089	$137,975
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 7,722	$ 9,379
Accrued expenses	11,312	15,997
Notes payable	6,667	17,164
TOTAL CURRENT LIABILITIES	25,701	42,540
NOTES PAYABLE	20,890	25,730
OTHER	179	263
TOTAL LIABILITIES	46,770	68,533
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; 33,296 and 33,942 shares issued, respectively	3,330	3,394
Capital in excess of par value	131,606	133,100
Accumulated deficit	(49,491)	(67,052)
	85,445	69,442
NOTE RECEIVABLE FROM STOCKHOLDER	(126)	---
TOTAL STOCKHOLDERS' EQUITY	85,319	69,442
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$132,089	$137,975

The accompanying Notes are an integral part of these Financial Statements

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

	FOR THE YEARS ENDED DECEMBER 31,		
	1993	1994	1995
SALES:			
Customers	$ 98,319	$161,106	$197,390
Related parties	4,436	6,103	4,574
	102,755	167,209	201,964
COSTS AND EXPENSES:			
Costs of products sold	81,607	131,192	152,148
Research and development expense	18,270	20,382	26,168
Selling, general and administrative expense	12,284	16,467	26,816
Royalty expense	1,545	1,426	3,490
Other operating expense, principally amortization and freight	1,842	2,234	3,015
OPERATING LOSS	(12,793)	(4,492)	(9,673)
Investment income	1,187	354	1,064
Interest expense	(3,282)	(3,254)	(1,931)
Other, net	(24)	(28)	(334)
LOSS BEFORE PROVISION FOR INCOME TAXES, CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES AND EXTRAORDINARY CHARGE	(14,912)	(7,420)	(10,874)
PROVISION FOR INCOME TAXES	(1,988)	(5,774)	(6,687)
LOSS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES AND EXTRAORDINARY CHARGE	(16,900)	(13,194)	(17,561)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR INCOME TAXES	100	---	---
EXTRAORDINARY CHARGE	---	(717)	---
NET LOSS	($16,800)	($13,911)	($17,561)
LOSS PER SHARE:			
Loss before cumulative effect of change in accounting for income taxes and extraordinary charge	($0.76)	($0.47)	($0.52)
Cumulative effect of change in accounting for income taxes and extraordinary charge	0.01	(0.03)	---
Net loss	($0.75)	($0.50)	($0.52)
WEIGHTED AVERAGE NUMBER OF SHARES	22,328	28,042	33,574

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

NABI
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1993, 1994 AND 1995
(THOUSANDS)

	PREFERRED STOCK		COMMON STOCK		COMMON STOCK WARRANTS	
	SHARES	AMOUNT	SHARES	AMOUNT	SHARES	AMOUNT
BALANCE AT DECEMBER 1992, AS PREVIOUSLY REPORTED	---	---	12,858	$1,286	1,561	$2,314
Adjustments for business combination accounted for as pooling of interests	---	---	8,984	898	9	---
BALANCE AT DECEMBER 31, 1992, AS RESTATED	---	---	21,842	2,184	1,570	2,314
Warrants exercised	---	---	73	7	(10)	---
Issuance of restricted stock under employee stock plan	---	---	12	1	---	---
Warrants expired	---	---	---	---	(35)	---
Stock options exercised	---	---	243	25	---	---
Tax benefit from warrants and stock options exercised	---	---	---	---	---	---
Issuance of common stock pursuant to employee stock plan	---	---	7	1	---	---
Issuance of 503 shares Series E Preferred stock converted to 526 shares of common stock	---	---	526	53	---	---
Issuance of common stock	---	---	1,031	103	---	---
Net loss for the year	---	---	---	---	---	---
BALANCE AT DECEMBER 31, 1993	---	---	23,734	2,374	1,525	2,314
Issuance of common stock	---	---	8,406	840	---	---
Compensation related to restricted stock issued under employee stock plan	---	---	---	---	---	---
Issuance of common stock pursuant to employee stock plan	---	---	12	1	---	---
Acquisition and retirement of treasury stock	---	---	(35)	(3)	---	---
Stock options exercised	---	---	429	43	---	---
Warrants exercised	---	---	750	75	(750)	(908)
Tax benefit from stock options exercised	---	---	---	---	---	---
Repurchase of warrants	---	---	---	---	(766)	(1,406)
Collection of note receivable	---	---	---	---	---	---
Issuance of note receivable	---	---	---	---	---	---
Net loss for the year	---	---	---	---	---	---
Other	---	---	---	---	---	---
BALANCE AT DECEMBER 31, 1994	---	---	33,296	3,330	9	---
Compensation related to restricted stock issued under employee stock plan	---	---	---	---	---	---
Stock options exercised	---	---	700	70	---	---
Issuance of common stock pursuant to employee stock plan	---	---	22	2	---	---
Tax benefit from stock options exercised	---	---	---	---	---	---
Acquisition and retirement of treasury stock	---	---	(76)	(8)	---	---
Issuance of warrants	---	---	---	---	100	---
Collection of note receivable	---	---	---	---	---	---
Net loss for the year	---	---	---	---	---	---
Other	---	---	---	---	---	---
BALANCE AT DECEMBER 31, 1995	---	---	33,942	$3,394	109	---

	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS/ (ACCUMULATED DEFICIT)	RECEIVABLE FROM STOCKHOLDER	STOCKHOLDERS' EQUITY
BALANCE AT DECEMBER 1992, AS PREVIOUSLY REPORTED	$ 8,638	$ 1,845	($166)	$ 13,917
Adjustments for business combination accounted for as pooling of interests	57,406	(19,544)	---	38,760
BALANCE AT DECEMBER 31, 1992, AS RESTATED	66,044	(17,699)	(166)	52,677
Warrants exercised	4	---	---	11
Issuance of restricted stock under employee stock plan	50	---	---	51
Warrants expired	---	---	---	---
Stock options exercised	250	---	---	275
Tax benefit from warrants and stock options exercised	394	---	---	394
Issuance of common stock pursuant to employee stock plan	54	---	---	55
Issuance of 503 shares Series E Preferred stock converted to 526 shares of common stock	4,947	---	---	5,000
Issuance of common stock	9,869	---	---	9,972
Net loss for the year	---	(16,800)	---	(16,800)
BALANCE AT DECEMBER 31, 1993	81,612	(34,499)	(166)	51,635
Issuance of common stock	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	89	---	---	90
Acquisition and retirement of treasury stock	(215)	---	---	(218)
Stock options exercised	428	---	---	471
Warrants exercised	3,270	---	---	2,437
Tax benefit from stock options exercised	368	---	---	368
Repurchase of warrants	---	(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	131,606	(49,491)	(126)	85,319
Compensation related to restricted stock issued under employee stock plan	5	---	---	5
Stock options exercised	1,127	---	---	1,197
Issuance of common stock pursuant to employee stock plan	102	---	---	104
Tax benefit from stock options exercised	819	---	---	819
Acquisition and retirement of treasury stock	(555)	---	---	(563)
Issuance of warrants	---	---	---	---
Collection of note receivable	---	---	126	126
Net loss for the year	---	(17,561)	---	(17,561)
Other	(4)	---	---	(4)
BALANCE AT DECEMBER 31, 1995	$133,100	($67,052)	---	$ 69,442

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

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NABI
CONSOLIDATED STATEMENT OF CASH FLOWS
(THOUSANDS)

51

NABI

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BUSINESS AND ORGANIZATION

NABI (formerly North American Biologicals, Inc.) 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.

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 of a share of NABI's common stock for each Univax share. Additionally, Univax's preferred stockholder received 1.047 shares of NABI's common stock for each 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 qualifies as a tax free reorganization under Internal Revenue Service regulations.

On January 27, 1994, NABI acquired Premier BioResources, Inc. ("PBI"). PBI's principal business activities have been the collection and sale of human plasma. The acquisition was accounted for by the purchase method and accordingly, the results of operations of PBI are included with those of NABI for periods subsequent to the date of acquisition. The acquisition cost of PBI aggregated approximately $21 million and was funded through the issuance of approximately 2.3 million shares of NABI common stock, the assumption of various PBI liabilities and an additional contingent purchase price obligation.

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.

Basis of presentation: Certain items in the 1993 and 1994 consolidated financial statements have been reclassified for comparative purposes. All dollar amounts, except amounts related to per share data, are expressed in thousands of dollars. The consolidated financial statements give effect to the merger with Univax which was accounted for as a pooling of interests. Accordingly, all prior period financial statements have been combined.

Cash and cash equivalents and investments: Cash equivalents and investments consist of money market funds invested in securities issued or guaranteed by the U.S. Treasury and debt instruments including U.S. Treasury Securities, U.S. Government Agency Securities, high quality commercial paper and corporate debt. NABI considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Investments are stated at market and unrealized holding gains or losses are included in the results of operations.

Effective December 31, 1993, NABI adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities" and changed its method of accounting and reporting for investments in debt securities. All investments at adoption were classified as trading securities based upon the active and frequent buying and selling of these securities and were classified as short-term 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)

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	5-10 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 ten to 25 years. The carrying value of goodwill is evaluated periodically in relation to the operating performance and future undiscounted cash flows of the underlying assets.

Intangible assets: Intangible assets represent the fair value of assets acquired in business, product and plasma center acquisitions including customer lists, donor lists, trademarks and trademark registrations, and non-competition agreements. These costs are amortized ratably from the date of acquisition over periods ranging from three to 25 years.

Revenue recognition: Revenue is recognized when title and risk of loss is 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. Revenue from research support payments are recognized as the related expenses are incurred. Milestone payments are recognized as the applicable milestone is achieved.

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.

Income taxes: Effective January 1, 1993, NABI adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires a change in the method of accounting for income taxes from the deferred method to an asset and liability approach. NABI recognized the cumulative effect of the accounting change as of January 1, 1993. 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 bases of assets and liabilities.

Loss per share: Loss per share is determined based on the weighted average number of shares outstanding during the year. Anti-dilutive common share equivalents are excluded from the calculation.

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.

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 intends to adopt the provisions of SFAS 123 in 1996 and upon adoption, retain the intrinsic value method of accounting for stock based compensation.

Financial instruments: The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and short-term debt approximated fair value as of December 31, 1994 and 1995, because of the relatively short maturity of these instruments. The carrying value of long-term debt, including the current portion, approximated fair value as of December 31, 1994 and 1995, based upon quoted market prices for the same or similar debt issues.

NOTE 3 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are comprised of the following:

	DECEMBER 31,	
	1994	1995
Trade accounts receivable	$23,930	$28,458
Allowance for doubtful accounts	(547)	(245)
	$23,383	$28,213

NOTE 4 INVENTORIES

The components of inventories are as follows:

	DECEMBER 31,	
	1994	1995
Finished goods	$16,146	$19,054
Work in process	1,343	1,255
Raw materials	4,120	6,405
	21,609	26,714
Less: valuation allowance	(896)	(4,068)
	$20,713	$22,646

NOTE 5 PROPERTY AND EQUIPMENT

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

	DECEMBER 31,	
	1994	1995
Land and buildings	$ 2,998	$ 5,551
Furniture and fixtures	2,779	3,691
Machinery and equipment	17,152	19,443
Leasehold improvements	9,754	12,055
Construction in progress	3,133	18,311
Total property and equipment	35,816	59,051
Less accumulated depreciation and amortization	(13,887)	(16,354)
	$21,929	$42,697

Machinery and equipment includes certain assets which have been accounted for as capital leases aggregating $1,400 and $232 at December 31, 1994 and 1995, respectively.

Depreciation and amortization expense during 1993, 1994 and 1995 includes amortization of assets under capital leases of approximately $309, $308 and $176, respectively.

Interest capitalized in connection with construction of NABI's biopharmaceutical facility was $45 and $932 at December 31, 1994 and 1995, respectively.

NOTE 6 OTHER ASSETS

Other assets consist of the following:

	DECEMBER 31,	
	1994	1995
Excess of acquisition cost over net assets acquired	$19,155	$22,156
Less accumulated amortization	(2,459)	(3,274)
	$16,696	$18,882
Intangible assets	$13,371	$15,372
Less accumulated amortization	(2,756)	(4,324)
	$10,615	$11,048
Other	$ 6,609	$10,409
Less accumulated amortization	(1,669)	(2,291)
	$ 4,940	$ 8,118

NOTE 7 ACCRUED EXPENSES

Accrued expenses consist of the following:

	DECEMBER 31,	
	1994	1995
Employee compensation and benefits	$ 4,323	$ 4,437
Deferred revenue	1,857	1,866
Other	5,132	9,694
	$11,312	$15,997

NOTE 8 NOTES PAYABLE

Notes payable consists of the following:

	DECEMBER 31,	
	1994	1995
Bank indebtedness:		
Term loan	$ 9,875	$10,000
Revolving credit facility	7,386	6,760
Flexible term notes	5,063	18,000
Other	2,354	5,469
	24,678	40,229
Equipment term notes	2,212	1,877
Other	667	788
Total notes payable	27,557	42,894
Current maturities	(6,667)	(17,164)
Notes payable, long-term	$20,890	$25,730

At December 31, 1995, the annual aggregate maturities of debt through the year 2000 and thereafter were $17,164; $652; $7,009; $2,469; $2,400; and $13,200, respectively.

NABI's average short-term bank indebtedness was $2,000 and $4,450 for the years ended December 31, 1994 and 1995, respectively, with weighted average interest rates of 7.84% and 8.25% for the respective periods.

At December 31, 1995, NABI's bank loan agreement, as amended through December 20, 1995 provided for a $10,000 term loan, a $27,000 revolving credit facility under which NABI may borrow to satisfy its working capital requirements, and an irrevocable letter of credit ("LOC") in the amount of $18,175 as more fully discussed below. The term loan has a scheduled maturity of February 15, 1996 and bears interest at prime plus 1.5% or LIBOR plus 2.75%. The revolving credit facility bears interest on outstanding balances at prime plus 1.5% or LIBOR plus 2.75% and has a due date of December 31, 1998.

At December 31, 1995, NABI had $18,000 outstanding in flexible term notes ("Flex Notes") under an agreement entered into on December 1, 1994 with a Trustee to issue the Flex Notes up to a maximum aggregate principal amount of $18,000. The proceeds were used to finance the construction of a new biopharmaceutical

manufacturing facility which also includes NABI's executive offices. The Flex Notes may have varying interest rates, not to exceed 125% of the 30 day prime commercial rate, are redeemable by the borrower with the lender's prior consent and are subject to mandatory sinking fund redemptions of $2,400 annually beginning January 1, 1999 through 2003 and $1,200 annually thereafter. Repayment of the principal and interest on the Flex Notes is secured by an irrevocable LOC issued by NABI's principal lender in the amount of $18,175 under NABI's existing bank loan agreement, as amended. The LOC expires on the due date of the revolving credit facility and provides for a fee of 2.75% per annum of the outstanding balances and an unused commitment fee of .5% per annum.

On November 29, 1995, in connection with the Univax merger (Note 14), NABI entered into an agreement with an affiliate of its principal bank lender under which NABI had the right to issue up to $20,000 of subordinated notes accompanied by detachable warrants until December 31, 1996. Subsequent to year end, the agreement was terminated without issuance of the subordinated notes.

At December 31, 1995, the existing credit agreement was 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 31,1995 bear interest at rates ranging from 12.2% to 13.1%, are payable in installments through 1999 and are secured by equipment having a net book value of $1,900 at December 31, 1995.

As more fully discussed in Note 18, subsequent to year end, NABI issued $80,500 of 6.5% convertible subordinated notes in a private placement. NABI used a portion of the net proceeds of the notes to pay outstanding bank indebtedness, including the repayment of all outstanding amounts under its revolving credit facility and the repayment and cancellation of the $10,000 term loan. NABI will use a portion of the net proceeds for the repayment and cancellation of the Flex Notes as they mature at varying dates through May 15, 1996. In addition, NABI is currently negotiating an amendment to its existing revolving credit facility for minimum availability of $20,000 and expects to reduce its borrowing costs and eliminate or relax certain restrictive financial covenants under the renegotiated credit agreement. The aggregate annual maturities of debt from 1997 through the year 2000 and thereafter after giving effect to this refinancing are $652; $249; $69; $0 and $80,500.

NOTE 9 STOCKHOLDERS' EQUITY

Common Stock

As more fully discussed in Note 14, effective November 29, 1995, NABI issued approximately 14,173,508 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.

In August 1993, NABI issued 502,512 shares of preferred stock (Univax Series E Preferred Stock) to a single shareholder for $5,000. These shares which were entitled to participate ratably in any dividends declared and paid on common stock, carried a liquidation preference and had a conversion price of $9.95 per share, were converted into 526,130 million shares of NABI common stock pursuant to the merger.

In December 1993, NABI sold approximately 1 million shares of its common stock in private placement transactions yielding net proceeds of $9,972. On January 27, 1994, NABI issued approximately 2.3 million shares of common stock in connection with an acquisition discussed in Note 14. 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 and 1.9 million shares were sold by two selling stockholders. Net proceeds 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.

The note receivable from stockholder in the amount of $126 at December 31, 1994, bore interest at prime and was secured by a pledge of 36,783 shares of NABI common stock.

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 antidilution 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 (Note 8). 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 (Note 14). 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. As of November 29, 1995, 41,830 common shares were issued to employees under this plan.

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, 1995, there were options outstanding under all NABI's stock plans to acquire 3.1 million shares of its common stock of which 1.4 million were then exercisable. At December 31, 1995, under the plans, 2.2 million shares of common stock are reserved for future issuance. Information with respect to stock options granted to purchase common stock (thousands) under these plans as of December 31, 1995 is presented below:

	OPTIONS	EXERCISE PRICE
BALANCE AT DECEMBER 31, 1992	2,525	$ .63-$10.13
Granted	588	$2.31-$12.97
Exercised or canceled	(326)	$ .19-$12.97
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

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

The Company has recorded compensation in connection with these plans of $116, $105 and $657 in 1993, 1994 and 1995, respectively.

NOTE 10 INCOME TAXES

Effective January 1, 1993, NABI changed its method of accounting for income taxes from the deferred method to the liability method required by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

Loss before provision for income taxes, cumulative effect of change in accounting for income taxes and extraordinary charge was taxed under the following jurisdictions:

	FOR THE YEARS ENDED DECEMBER 31,		
	1993	1994	1995
Domestic	($14,912)	($6,612)	($9,148)
Foreign	---	(808)	(1,726)
Total	($14,912)	($7,420)	($10,874)

The provision for income taxes consists of the following:

	FOR THE YEARS ENDED DECEMBER 31,		
	1993	1994	1995
Current			
Federal	$1,506	$4,928	$5,926
State	266	657	730
	1,772	5,585	6,656
Deferred			
Federal	(385)	(180)	(771)
State	(6)	(17)	(35)
	(391)	(197)	(806)
Benefit from utilization of net operating loss carryforward	526	---	---
Benefit charged directly to equity from exercise of stock options and warrants	59	368	819
Acquired tax benefit used to reduce intangible assets	22	18	18
	$1,988	$5,774	$6,687

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

	DECEMBER 31,		
	1993	1994	1995
DEFERRED TAX ASSETS:			
NOL carryforward	$15,200	$17,528	$18,338
Capitalized research and development	---	6,162	12,712
Research tax credit	1,200	2,190	2,801
Inventory reserve and capitalization	278	452	1,518
Amortization	409	911	1,090
Bad debt reserve	---	197	126
Depreciation	---	142	523
Accrued vacation	207	151	259
Foreign tax credits	111	111	111
Other	362	674	223
	17,767	28,518	37,701
Valuation allowance	(16,855)	(26,676)	(34,635)
Deferred tax assets	912	1,842	3,066
DEFERRED TAX LIABILITIES:			
Amortization	(145)	(533)	(937)
Depreciation	(87)	---	---
Other	---	(27)	(72)
Deferred tax liabilities	(232)	(560)	(1,009)
Net deferred tax assets	$ 680	$ 1,282	$ 2,057

As more fully discussed in Note 14, 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 premerger deferred tax assets will be available to offset the future taxable income of NABI, subject to certain annual limitations. The Univax premerger deferred tax assets primarily include capitalized research and development expense, research tax credit carryforwards, and net operating loss carryforwards ("NOL").

At December 31, 1995, the valuation allowance relates primarily to the NOLs and capitalized research and development expenditures. The NOLs and research tax credit carryforwards expire in varying amounts through the year 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)

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,		
	1993	1994	1995
Federal statutory rate	(35.0)%	(35.0)%	(35.0)%
State income taxes, net of federal benefit	1.2	5.7	4.1
Goodwill and other amortization	1.1	1.7	2.3
Foreign trade income	(1.1)	(3.5)	(5.1)
Foreign loss	---	3.9	5.7
Merger transaction cost	---	---	19.0
Premerger losses	52.2	20.7	14.9
Capitalized research and development	---	80.7	60.2
Other	(5.1)	3.6	(4.6)
	13.3%	77.8%	61.5%

The Internal Revenue Service completed its audit of NABI's 1990 income tax returns during 1993 without material change and is currently conducting an audit of NABI's 1992 tax return. The Company does not expect a material change as a result of the audit.

NOTE 11 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 $2,251, $3,854 and $5,225 for the years ended December 31, 1993, 1994 and 1995, respectively.

As of December 31, 1995, the aggregate future minimum lease payments under all noncancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

YEAR ENDING DECEMBER 31,	
1996	$ 5,213
1997	4,900
1998	4,424
1999	3,828
2000	3,137
Thereafter	6,831
Total minimum lease commitments	$28,333

NOTE 12 SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

The acquisition of PBI described in Note 14 resulted in the following non-cash financing and investing activities:

	1994
Contingent purchase price obligation	$1,164
Issuance of NABI common stock	8,395
Bank and other indebtedness assumed	6,920
Liabilities assumed	4,174

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, 1993, 1994 and 1995 are summarized below:

	1993	1994	1995
Sales of plasma-related products and testing services	$4,436	$6,103	$4,574
Purchases of diagnostic, therapeutic and testing products	8,735	11,260	8,516
Product royalty obligations	1,545	1,426	1,977
Product distribution fees	136	120	52

At December 31, 1994 and 1995, trade accounts receivable from Abbott totaled $1,465 and $845, respectively, and accounts payable to Abbott aggregated $625 and $650, respectively.

NOTE 14 MERGERS AND ACQUISITIONS

On January 27, 1994, NABI acquired PBI. PBI's principal business activities have been the collection and sale of human plasma. The acquisition was accounted for by the purchase method and accordingly, the results of operations of PBI are included with those of NABI for periods subsequent to the date of acquisition. The acquisition cost of PBI aggregated approximately $21,000 and was funded through the issuance of approximately 2.3 million shares of NABI common stock valued at approximately $8,000, the assumption of various liabilities of PBI aggregating approximately $12,000 and an additional contingent purchase price obligation of approximately

$1,000. In connection with the acquisition, NABI amended its bank credit agreement with its principal lender, the proceeds of which were used to repay PBI's existing bank indebtedness of approximately $6,500. Approximately $8,100 in acquisition cost over net assets acquired is being amortized ratably over 25 years. In connection with the acquisition, NABI entered into a five-year contract to supply a substantial portion of plasma produced by PBI to a single customer. This customer also entered into a three-year contract to purchase additional plasma from NABI.

Effective November 29, 1995, Univax, a publicly traded biopharmaceutical company, was merged with and into NABI. Under the terms of the agreement, Univax's common stockholders received .79 of a share of NABI's common stock for each Univax share. Accordingly, NABI issued 13,647,378 shares of common stock for the outstanding shares of Univax common stock. Additionally, Univax's preferred stockholder received 1.047 shares of NABI's common stock for each preferred share. Accordingly, NABI issued 526,130 shares of its common stock for the outstanding shares of Univax preferred stock. The merger was accounted for as a pooling of interests and qualifies as a tax free reorganization under the Internal Revenue Service regulations.

Combined and separate results of NABI and Univax during the periods preceding the merger were as follows (in thousands):

	NABI	UNIVAX	ADJ.	COMBINED
FISCAL YEAR ENDED DECEMBER 31, 1993				
Revenues	$101,574	$1,181	$ ---	$102,755
Net income (loss)	3,505	(20,305)	---	(16,800)
Other changes in stockholders' equity, net	560	15,198	---	15,758
FISCAL YEAR ENDED DECEMBER 31, 1994				
Revenues	$164,678	$2,783	$ (252)	$167,209
Net income (loss)	7,910	(21,821)	---	(13,911)
Other changes in stockholders' equity, net	25,873	21,722	---	47,595
NINE MONTHS ENDED SEPTEMBER 30, 1995				
Revenues	$141,542	$6,768	$(1,576)	$146,734
Net income (loss)	9,930	(16,998)	---	(7,068)
Other changes in stockholders' equity, net	41	354	---	395

The combined financial results presented above have been adjusted to eliminate intercompany sales.

NABI recorded a charge of approximately $6,000 in the fourth quarter of 1995 related to the merger and accrued liabilities at December 31, 1995 include approximately $2,000 in merger related expenses.

NOTE 15 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 $1,300 was advanced at December 31, 1995.

During the years ended December 31, 1993, 1994 and 1995, NABI incurred obligations under these agreements of $1,660, $250 and $900, respectively, including a contract initiation payment of $1,500 in the fourth quarter of 1995.

During the years ended December 31, 1993, 1994 and 1995, NABI received payments under a certain collaboration agreement of $6,100, $2,759 and $6,051, respectively, which included a $5,000 equity investment in 1993.

NOTE 16 COMMITMENTS AND CONTINGENCIES

NABI has been named with various other defendants in numerous suits filed in the U.S. and Canada brought by 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 Company denies all allegations against it, and intends to vigorously defend the cases. 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, 1995, NABI and its subsidiaries were also parties to certain routine claims and litigation occurring in the normal course of business.

At December 31, 1995, 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 1996 through fiscal 1998 and $16,457 in fiscal 1999.

NABI is committed to purchase the entire plasma production of certain contract centers through 1999.

NOTE 17 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 and 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 1993, 1994 and 1995 were $51,722, $62,788, and $73,286, respectively, and represented 50%, 38% and 36% of consolidated sales for those years, respectively. Export sales are primarily to Europe. Plasma sales to unaffiliated customers (Immuno and Centeon for 1993, Baxter, Immuno and Centeon for 1994 and Baxter, Bayer and Immuno for 1995) exceeding 10% of consolidated sales aggregated 34%, 48% and 46% of sales in 1993, 1994 and 1995, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

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

	1993	1994	1995
SALES TO UNAFFILIATED CUSTOMERS:			
Plasma	$ 82,129	$140,175	$166,513
Immunotherapeutic products	5,876	8,697	18,320
Diagnostic products and services	9,133	9,451	6,521
Research and development	1,181	2,783	6,036
	98,319	161,106	197,390
SALES TO AFFILIATED CUSTOMERS:			
Plasma	3,071	3,512	2,992
Immunotherapeutic products	681	598	270
Diagnostic products and services	684	1,993	1,312
	4,436	6,103	4,574
Total sales	$102,755	$167,209	$201,964
OPERATING PROFIT (LOSS):			
Plasma	$ 10,997	$ 19,424	$ 23,091
Immunotherapeutic products	2,942	4,433	4,595
Diagnostic products and services	(140)	2,910	2,189
Research and development	(17,089)	(17,599)	(20,208)
Corporate and other	(9,503)	(13,660)	(19,340)
	($12,793)	($4,492)	($9,673)
IDENTIFIABLE ASSETS:			
Plasma	$ 38,936	$ 72,250	$ 85,954
Immunotherapeutic products	6,522	11,108	27,927
Diagnostic products and services	4,965	6,210	5,638
Research and development	7,725	6,978	6,988
Corporate and other	33,311	35,543	11,468
	$ 91,459	$132,089	$137,975
CAPITAL EXPENDITURES:			
Plasma	$ 816	$ 2,576	$ 2,529
Immunotherapeutic products	365	1,620	15,667
Diagnostic products and services	377	282	1,004
Research and development	2,000	1,382	1,124
Corporate and other	473	2,470	4,063
	$ 4,031	$ 8,330	$ 24,387
DEPRECIATION AND AMORTIZATION EXPENSE:			
Plasma	$ 1,825	$ 3,254	$ 3,781
Immunotherapeutic products	232	252	382
Diagnostic products and services	405	411	391
Research and development	1,548	1,770	1,883
Corporate and other	613	632	522
	$ 4,623	$ 6,319	$ 6,959

NABI

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(CONTINUED)

NOTE 18 SUBSEQUENT EVENT

During the first quarter of 1996, NABI issued $80,500 of 6.5% convertible subordinated notes due February 1, 2003 ("Notes") in a private placement. The Notes are convertible into NABI common stock at a conversion price of $14 per share at any time after 60 days following the date of original issuance and prior to maturity, unless previously redeemed or repurchased. At any time on or after February 4, 1999, the Notes may be redeemed at NABI's option. A total of 5,750,000 shares of common stock have been reserved for issuance upon conversion of the Notes. NABI has utilized the net proceeds of the offering to repay a $10,000 term loan, approximately $12,200 under a revolving credit facility and $5,500 of an $18,000 flexible term notes facility. The remaining flexible term notes will be satisfied at serial maturity through May 1996. The balance of the net proceeds from the sale of the Notes will be used for capital expenditures and for general corporate purposes.

In connection with the early extinguishment of the bank debt through the application of the net proceeds of the notes, NABI will incur an extraordinary charge of approximately $932 in the first quarter of 1996.

NOTE 19 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

					PER SHARE DATA		
	SALES	GROSS MARGIN	LOSS BEFORE EXTRAORDINARY CHARGE	NET LOSS	LOSS BEFORE EXTRAORDINARY CHARGE	EXTRAORDINARY CHARGE	NET LOSS
1994							
1st Quarter	$ 36,439	$ 8,155	($2,933)	($2,933)	($0.11)	---	($0.11)
2nd Quarter	42,133	8,962	(3,792)	(3,792)	(0.14)	---	(0.14)
3rd Quarter	43,994	9,217	(3,705)	(3,705)	(0.13)	---	(0.13)
4th Quarter	44,643	9,683	(2,764)	(3,481)	(0.08)	(0.03)	(0.11)
	$167,209	$36,017	($13,194)	($13,911)	($0.47)(1)	($0.03)	($0.50)(1)
1995							
1st Quarter	$ 48,128	$11,118	($1,830)	($1,830)	($0.05)	---	($0.05)
2nd Quarter	48,975	11,941	(2,529)	(2,529)	(0.08)	---	(0.08)
3rd Quarter	49,631	12,360	(2,709)	(2,709)	(0.08)	---	(0.08)
4th Quarter	55,230	14,397	(10,493)(2)	(10,493)(2)	(0.31)	---	(0.31)
	$201,964	$49,816	($17,561)	($17,561)	($0.52)	---	($0.52)

(1) The quarterly per share amounts do not aggregate to the total per share amounts for 1994 due to fluctuations in the weighted average shares outstanding.

(2) During the fourth quarter of 1995, NABI recorded a valuation allowance to reserve for development stage inventories which have no assurance of commercial viability.

NABI
SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(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, 1993:					
Allowance for doubtful accounts.....	$ 151	$ 22	--	$ 48	$ 125
Deferred tax asset valuation allowance.....	--	--	$ 16,855	--	$16,855
Inventory valuation allowance.....	$ 453	$ 109	--	$ 183	$ 379
Year ended December 31, 1994:					
Allowance for doubtful accounts.....	$ 125	$ 422	--	--	$ 547
Deferred tax asset valuation allowance.....	$ 16,855	--	$ 9,821	--	$26,676
Inventory valuation allowance.....	$ 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 valuation allowance.....	$ 896	$4,186	--	$1,014	$ 4,068

EXHIBIT INDEX

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).....
3.1*	Restated Certificate of Incorporation of NABI.....
3.2	By-Laws (incorporated by reference to NABI's Registration Statement on Form S-4; Commission File No. 33-63497) .....
4.1	Specimen Stock Certificate (incorporated by reference to NABI's Registration Statement on Form S-2; Commission File No. 33-83096) .....
4.2*	Indenture between NABI and State Street Bank and Trust Company, dated as of February 1, 1996.....
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.....
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).....
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) .....
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) .....
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.....
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).....
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) .....
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) .....

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

EXHIBIT 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

NABI

EXHIBIT 3.1

RESTATED CERTIFICATE OF INCORPORATION
OF
NABI

NABI (formerly North American Biologicals, Inc., and hereinafter referred to as the "Corporation") filed its original certificate of incorporation with the Secretary of State of the State of Delaware on March 14, 1969. This Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation on December 5, 1995, in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Corporation's certificate of incorporation as heretofore amended or supplemented, and there are no discrepancies between those provisions and the provisions of this restated certificate.

FIRST: The name of the Corporation is NABI.

SECOND: The address of the Corporation's registered office in the State of Delaware is 1013 Centre Road, City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is United States Corporation Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 80,000,000 shares consisting of

a) 5,000,000 shares of Preferred Stock, par value $.10 per share and

b) 75,000,000 shares of Common Stock, par value $.10 per share.

Except as otherwise provided by law, the shares of stock of the Corporation, regardless of class, may be issued by the Corporation from time to time in such amounts, for such consideration and for such corporate purposes as the Board of Directors may from time to time determine.

Shares of Preferred Stock may be issued from time to time in one or more series of any number of shares as may be determined from time to time by the Board of Directors, provided that the aggregate number of shares issued and not cancelled of any and all such series shall not exceed the total number of shares of Preferred Stock authorized by this Certificate of Incorporation. Each series of Preferred Stock shall be distinctly designated. Except in respect of the particulars fixed for series by the Board of Directors as permitted hereby, all shares of Preferred Stock shall be of equal rank and shall be identical. All shares of any one series of Preferred Stock shall be alike in every particular, except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be cumulative. The voting powers, if any, of each such series and the preferences and relative, participating, optional and other special rights of each such series and the qualifications, limitations and restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and the Board of Directors is hereby expressly granted authority to fix, in the resolution or resolutions providing for the issue of stock of a particular series of Preferred Stock, the voting powers, if any, of each such series and the designations, preferences and relative, participating, optional and other special rights of each such series and the qualifications, limitations and restrictions thereof to the full extent now or hereafter permitted by this Certificate of Incorporation and the laws of the State of Delaware.

Subject to the provisions of any applicable law, this Restated Certificate of Incorporation or of the By-Laws with respect to the closing of the transfer books or the fixing of a record date for the determination of stockholders entitled to vote, and except as otherwise provided by law or herein or by the resolution or resolutions providing for the issue of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall exclusively possess the voting power for the election of directors and for all other purposes, each holder of record of shares of Common Stock being entitled to one vote for each share of Common Stock standing in his name on the books of the Corporation.

There is hereby established a series of the authorized preferred shares of this corporation having a par value of $.10 per share and a stated value of $.65 per share, which series shall be designated as "Series A Convertible Preferred Stock," shall consist of 1,538,462 shares, which number of shares may not be increased, and shall have the following rights, preferences and limitations:

a) Conversion Rights. At any time subsequent to the Issue Date, the holders of any one or more shares of the Series A Convertible Preferred Stock may, at their option, convert such share or shares, on the terms and conditions set forth in this Paragraph a), into fully paid and non-assessable common shares of this Corporation as such common shares shall be constituted at the Issue Date. Each share of Series A Convertible Preferred Stock shall be convertible into one common share, $.10 par value per share; provided, however, that the number of common shares issuable on conversion of each share of Series A Convertible Preferred Stock (the "Conversion Amount") shall be subject to adjustment as follows:

(1) In case this Corporation shall at any time (i) subdivide its outstanding common shares of the class issuable upon conversion of the Series A Convertible Preferred Stock into a greater number of shares, or (ii) pay a dividend to holders of its securities in common shares of the class issuable upon the conversion of the Series A Convertible Preferred Stock, the Conversion Amount shall be proportionately increased. In case this Corporation shall at any time combine its outstanding common shares of the Class issuable upon conversion of the Series A Convertible Preferred Stock, the Conversion Amount shall be proportionately decreased. Any such adjustment shall become effective retroactively immediately after the record date in the case of a dividend and shall become effective immediately after the effective date in the case of a subdivision or combination.

(2) In case of any reclassification or change of the common shares of the class issuable upon conversion of the Series A Convertible Preferred Stock (other than a change from no par value to par value, or from par value to no par value, or a change in par value, or as a result of a subdivision or combination of shares) into a lesser number of shares, or in case of any consolidation or merger of this Corporation with or into another corporation (other than a merger with a subsidiary in which merger this Corporation is the continuing corporation and which does not result in any reclassification or change of outstanding common shares of the class issuable upon conversion of the Series A Convertible Preferred Stock), or in case of any sale or substantially all of the property of this Corporation, the holder of each share of the Series A Convertible Preferred Stock then outstanding shall have the right thereafter, subject to the terms and conditions of this Paragraph a), to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reclassification, change, consolidation, merger, or sale by a holder of the number of common shares of this Corporation into which such share of Series A Convertible Preferred Stock might have been converted immediately prior to such reclassification, change, consolidation, merger, or sale, and shall have no other conversion rights under these provisions; and effective provision shall be made in the Articles of Incorporation of the resulting or surviving corporation or otherwise, so that the provisions set forth herein for the protection of the conversion rights of the Series A Convertible Preferred Stock shall thereafter be applicable, as nearly as reasonably may be, to any such other shares of stock and other securities and property deliverable upon conversion of the Series A Convertible Preferred Stock remaining outstanding or other convertible preferred stock received by the holders in place thereof; and any such resulting or surviving corporation shall expressly assume the obligation to deliver, upon the exercise of the conversion privilege, such shares, securities or property as the holders of the Series A Convertible Preferred Stock remaining outstanding, or other convertible preferred stock received by the holders in place thereof, and to make provisions for the protection of the conversion right as above provided. In case securities or property other than common shares shall be issuable or deliverable upon

conversion as aforesaid, then all reference in this Subparagraph (2) shall be deemed to apply so far as appropriate and as nearly as may be, to such other securities or property.

(3) No fractional common shares shall be issued on any conversion, but in lieu thereof, this Corporation shall, at its option, either (a) pay therefor in cash in an amount equal to the current market value of such fractional interest computed on the basis of the last reported sale of common shares on any national securities exchange on which the common shares may then be listed prior to the date upon which conversion is deemed to have been effected, or, if such shares are not then so listed, at the average of the bid and asked prices of such common shares in the over-the-counter market on the three (3) business days prior to the date upon which conversion is deemed to have been effected, as shown by the National Association of Securities Dealers, Inc., Automated Quotation System Level I, or the nearest comparable system, or in the absence of either, the fair market value as determined by the Board of Directors (whose determination shall be conclusive), or (b) make such arrangements as the Board of Directors shall approve to enable the holder of a fractional interest to sell such interest or buy an additional fractional interest sufficient to make one whole share of common stock.

Whenever there is a subdivision or combination of, or a dividend payable in, common shares requiring a change in the Conversion Amount, this Corporation shall file with the Transfer Agent for its common shares in the City of New York, New York, and at its principal office in the City of Miami, Florida, a statement signed by the President or a Vice President and by the Treasurer or the Secretary of this Corporation, describing specifically such subdivision or combination of or dividend payable in common shares and stating the adjustments which shall be made to the Conversion Amount and the Conversion Amount as so adjusted. The statement so filed shall be open to inspection by any holder of record of shares of Series A Convertible Preferred Stock. This Corporation shall at the time of filing any such statement mail notice to the same effect to the holders of shares of Series A Convertible Preferred Stock at their addresses appearing on the books of this Corporation or supplied by them to this Corporation for the purpose of notice.

Upon surrender to this Corporation at the office of the Corporation in Miami, Florida, or at such other place or places, if any, as the Board of Directors of this Corporation may determine, of certificates, duly endorsed to this Corporation or in blank, for shares of Series A Convertible Preferred Stock to be converted, together with directions in writing to this Corporation to convert such shares specifying the name and address of the person, corporation, firm or other entity to whom such shares are to be issued, this Corporation will issue as of the time of such surrender the number of full common shares issuable on conversion thereof and as promptly as practicable thereafter will deliver certificates for such common shares and either cash for any remaining fraction of a share or order forms entitling holders to sell fractional interests or purchase additional fractional interests necessary to make a full share, as provided in Subparagraph (2) above.

Shares of Series A Convertible Preferred Stock converted into common shares as hereinbefore provided shall be retired and restored to the status of authorized and unissued preferred shares. Shares so converted shall not be reissued as Series A Convertible Preferred Stock.

This Corporation shall at all times after the Issue Date reserve for issuance upon conversion of Series A Convertible Preferred Stock a sufficient number of full common shares for the conversion of each outstanding share of Series A Convertible Preferred Stock at the current Conversion Amount.

b) Rights Upon Liquidation or Dissolution. The amounts payable to holders of Series A Convertible Preferred Stock in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, shall be equal to the amounts set apart or payable on account of the shares of common stock in the same amount, as if such Series A Convertible Preferred Stock had been fully converted into Common Stock. The holder's of Series A Convertible Preferred Stock shall be entitled to no further participation in any remaining assets of this Corporation after payment of the foregoing amounts. Neither the consolidation or merger of this Corporation with or into any other corporation or corporations, nor the sale or lease of all or substantially all the assets of this Corporation shall be deemed to be a liquidation, dissolution or winding up of this Corporation within the meaning of any of the provisions of this Paragraph b).

c) Voting Rights.

(1) The holders of Series A Convertible Preferred Stock shall have one vote per share on all matters to come before the shareholders of this Corporation and shall vote together with the Common Stock and not as a separate class except as otherwise herein specifically provided and except that the holders of the Series A Convertible Preferred Stock shall be entitled to vote as a class for the approval or rejection of those matters which under the provisions of the laws of the State of Delaware require approval of a designated portion of the shares of such class or series.

So long as 769,231 or more of the shares of Series A Convertible Preferred Stock shall be outstanding, or, if there have been share adjustments as described in Section a) above, so long as there are outstanding the number of shares which equals fifty percent or more of the shares outstanding from time to time after giving effect to said share adjustments, if any, the holders thereof, voting as a separate class, shall be entitled to elect a majority of the whole Board of Directors of the Corporation. The holders of the Common Stock shall be entitled to elect a minority of the Board of Directors of the Corporation voting as a separate class.

No director elected by the holders of the Series A Convertible Preferred Stock, voting as a class, shall during his or her term of office be removed from office except upon the vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the number of shares of Series A Convertible Preferred Stock at the time outstanding, given in person or by proxy, either in writing or by vote at a meeting called for that purpose, and any vacancy caused by the death, resignation, inability to serve, or removal of any director elected by the holders of the Series A Convertible Preferred Stock, voting as a separate class, shall be filled only by a vote of the remaining directors elected by the Series A Convertible Preferred Stock voting as a separate class.

In case the special voting rights of the holders of the Series A Convertible Preferred Stock for the election of a majority of the Corporation's Board of Directors shall cease in accordance with the provisions of the Section, the terms of office of the directors so elected shall cease at the next annual meeting of stockholders.

(2) Unless the vote or consent of the holders of a greater number of shares of Series A Convertible Preferred Stock shall at the time be required by law the consent of the holders of at least a majority of the number of shares of Series A Convertible Preferred Stock at the time outstanding, given in person or by proxy, either in writing or by vote at a meeting called for the purpose at which the holders of Series A Convertible Preferred Stock shall vote separately as a class, shall be necessary for authorizing, effecting or validating the sale, lease, exchange, transfer or conveyance of all or substantially all of the property or business of the Corporation, or the parting with control thereof, or the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation; provided, however, that the provisions of this Subsection (2) shall not apply to, nor shall any consent of the holders of the Series A Convertible Preferred Stock be required for, the merger or consolidation of the Corporation, into or with another corporation, or the merger or consolidation of another corporation into or with the Corporation, if none of the preferences, rights, powers or privileges of the Series A Convertible Stock or the holders thereof will be adversely affected thereby, and if the Corporation resulting from such merger or consolidation shall be bound by the provisions hereof as fully and to the same extent as if it were the Corporation.

(3) The consent of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the number of shares of Series A Convertible Preferred Stock at the time outstanding, given in person or by proxy, either in writing or by vote at a meeting called for that purpose at which the holders of Series A Convertible Preferred Stock shall vote separately as a class, shall be necessary for authorizing, effecting or validating any amendment, alteration, or repeal of any of the provisions of the Restated Certificate of Incorporation of the Corporation, or any certificate amendatory thereof or supplemental thereto, so as to affect adversely any of the rights, powers, preferences or privileges of the Series A Convertible Preferred Stock or the holders thereof.

(4) If at any time dividends are declared on the Corporation's common shares, the Series A Convertible Preferred Stock shall have a right pari passu with the common shares as to the distribution of dividends.

FIFTH: The Board of Directors of the Corporation shall consist of seven members or such other number as shall be designated by the Board of Directors. The Board of Directors is expressly authorized and empowered to adopt, amend and repeal By-Laws, subject to the power of the stockholders to amend or repeal any By-Law made by the Board of Directors.

SIXTH: Unless and except to the extent that the By-Laws shall so require, the election of the directors need not be by written ballot.

SEVENTH: (i) Except as set forth in Part (ii) of this Article Seventh the affirmative vote or consent of the holders of (x) 75% of the shares of Common Stock of the Corporation entitled to vote for the election of directors and (y) 50% of the Series A Convertible Preferred Stock (so long as they have right to elect a majority of the Corporation's directors as provided for herein), voting as a separate class, shall be required (a) for the adoption of any agreement for the merger or consolidation of the Corporation with or into any Other Corporation (as hereinafter defined), or (b) to authorize any sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all of the assets of the Corporation or any Subsidiary (as hereinafter defined) having a then net worth in excess of $250,000 (as hereinafter defined) to any Other Corporation, or (c) to authorize the issuance or transfer by the Corporation of any Substantial Amount (as hereinafter defined) of securities of the Corporation in exchange for the securities or assets of any Other Corporation. Such affirmative vote or consent shall be in addition to the vote or consent of the holders of the stock of the Corporation otherwise required by law, the Certificate of Incorporation of the corporation or any agreement or contract to which the Corporation is a party.

(ii) The provisions of Part (i) of this Article Seventh shall not be applicable to any transaction described therein if such transaction is approved by resolution of the Board of Directors of the Corporation, provided that a majority of the members of the Board of Directors voting for the approval of such transaction were duly elected and acting members of the Board of Directors prior to the time any such Other Corporation may have become a Beneficial Owner (as hereinafter defined) of 5% or more of the shares of the stock of the Corporation entitled to vote for the election of directors.

(iii) For the purposes of Part (ii) of this Article Seventh, the Board of Directors shall have the power and duty to determine for the purposes of this Article Seventh, on the basis of information known to such Board, if and when any Other Corporation is the Beneficial Owner of 5% or more of the outstanding shares of stock of the Corporation entitled to vote for the election of directors. Any such determination shall be conclusive and binding for all purposes of this Article Seventh.

(iv) As used in this Article Seventh the following terms shall have the meanings indicated:

"Other Corporation" means any person, firm, corporation, or other entity, other than a Subsidiary of the Corporation.

"Subsidiary" means any corporation in which the Corporation owns, directly or indirectly, more than 50% of the voting securities.

"Substantial Amount" means any securities of the Corporation having a then fair market value of more than $250,000.

An Other Corporation (as defined above) shall be deemed to be the "Beneficial Owner" of stock if such Other Corporation or "affiliate" or "associate" of such Other Corporation (as those terms are defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934 (15 U.S.C. 78 aaa et seq.)), as amended from time to time, directly or indirectly, controls the voting of conversion or other rights to acquire such stock.

(v) This Article Seventh may not be amended, revised or revoked, in whole or in part, except by the affirmative vote or consent of the holders of (x) 75% of the shares of Common Stock of the Corporation

entitled to vote for the election of directors and (y) 50% of the shares of the Series A Convertible Preferred Stock (so long as they have right to elect a majority of the Corporation's directors as provided herein), voting as a separate class, each series of which shall be considered for the purposes of this Article Seventh as one class of stock.

EIGHTH: a) The Corporation shall indemnify its officers, directors, employees and agents against liabilities, damages, settlements and expenses (including attorneys' fees) incurred in connection with the Corporation's affairs to the full extent permitted by law, and as more particularly set forth in the Corporation's By-laws. Such indemnification provisions of the Corporation's By-laws may be enacted and modified from time to time by resolution of the Corporation's Board of Directors.

b) Notwithstanding any other provision of this Article Eighth, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

c) Any repeal or modification of any provision of this Article Eighth by the stockholders of the Corporation shall not adversely affect any right to protection of a director of the Corporation existing at the time of such repeal or modification.

NINTH: From time to time any of the provisions of this Certificate of Incorporation may be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed or permitted by said laws and by this Certificate of Incorporation; and all rights at any time conferred upon the stockholders of the Corporation by this Certificate of Incorporation are granted subject to the provisions of this Article Ninth.

IN WITNESS WHEREOF, this Certificate has been signed by the Senior Vice President and Chief Financial Officer of NABI and said Corporation has caused its corporate seal to be hereunto affixed and attested to by the Secretary of said Corporation, all as of the 22nd day of March, 1996.

NABI

By: /s/Alfred J. Fernandez

Senior Vice President and Chief Financial Officer

Attest:

/s/Constantine Alexander

Secretary
(SEAL)

EXHIBIT 4.2

NABI

AND

STATE STREET BANK AND TRUST COMPANY

AS TRUSTEE

INDENTURE

DATED AS OF FEBRUARY 1, 1996

6 1/2% CONVERTIBLE SUBORDINATED NOTES DUE 2003

INDENTURE dated as of February 1, 1996 between NABI, a Delaware corporation (hereinafter sometimes called the "Company", as more fully set forth in Section 1.1), and STATE STREET BANK AND TRUST COMPANY, a trust company duly organized and existing under the laws of the Commonwealth of Massachusetts (hereinafter sometimes called the "Trustee", as more fully set forth in Section 1.1).

W I T N E S S E T H:

WHEREAS, for its lawful corporate purposes, the Company has duly authorized the issue of its 6 1/2% Convertible Subordinated Notes due 2003 (hereinafter sometimes called the "Notes"), in an aggregate principal amount not to exceed $80,500,000 and, to provide the terms and conditions upon which the Notes are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, the Notes, the certificate of authentication to be borne by the Notes, a form of assignment, a form of option to elect repayment upon a Designated Event, a form of conversion notice and a certificate of transfer to be borne by the Notes are to be substantially in the forms hereinafter provided for; and

WHEREAS, all acts and things necessary to make the Notes, when executed by the Company and authenticated and delivered by the Trustee or a duly authorized authenticating agent, as in this Indenture provided, the valid, binding and legal obligations of the Company, and to constitute these presents a valid agreement according to its terms, have been done and performed, and the execution of this Indenture and the issue hereunder of the Notes have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Notes are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Notes by the holders thereof, the Company covenants and agrees with the Trustee for the equal and proportionate benefit of the respective holders from time to time of the Notes (except as otherwise provided below), as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The terms defined in this Section 1.1 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.1. All other terms used in this Indenture, which are defined in the Trust Indenture Act or which are by reference therein defined in the Securities Act (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of the execution of this Indenture. The words "herein," "hereof," "hereunder," and words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other Subdivision. The terms defined in this Article include the plural as well as the singular.

Affiliate: The term "Affiliate" of any specified person shall mean any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control," when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Board of Directors: The term "Board of Directors" shall mean the Board of Directors of the Company or a committee of such Board duly authorized to act for it hereunder.

Board Resolution: The term "Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

Business Day: The term "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which the banking institutions in The City of New York or the city in which the Corporate Trust Office is located are authorized or obligated by law or executive order to close or be closed.

Commission: The term "Commission" shall mean the Securities and Exchange Commission.

Common Stock: The term "Common Stock" shall mean any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company. Subject to the provisions of Section 15.6, however, shares issuable on conversion of Notes shall include only shares of the class designated as common stock of the Company at the date of this Indenture or shares of any class or classes resulting from any reclassification or reclassifications thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which are not subject to redemption by the Company; provided that if at any time there shall be more than one such resulting class, the shares of each such class then so issuable shall be substantially in the proportion which the total number of shares of such class resulting from all such reclassifications bears to the total number of shares of all such classes resulting from all such reclassifications.

Company: The term "Company" shall mean NABI, a Delaware corporation, and subject to the provisions of Article XII, shall include its successors and assigns.

Conversion Price: The term "Conversion Price" shall have the meaning specified in Section 15.4.

Corporate Trust Office: The term "Corporate Trust Office," or other similar term, shall mean the office of the Trustee at which at any particular time its corporate trust business shall be principally administered, which office is, at the date as of which this Indenture is dated, located at 2 International Place, 4th Floor, Boston, Massachusetts, 02110, Attention: Corporate Trust Division (NABI, 6 1/2% Convertible Subordinated Notes due 2003).

Custodian: The term "Custodian" means State Street Bank and Trust Company, as custodian with respect to the Notes in global form, or any successor entity thereto.

Default: The term "default" shall mean any event that is, or after notice or passage of time, or both, would be, an Event of Default.

Depositary: The term "Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the person specified in Section 2.5(d) as the Depositary with respect to such Notes, until a successor shall have been appointed and become such pursuant to the applicable provisions of this Indenture, and thereafter, "Depositary" shall mean or include such successor.

Designated Event: The term "Designated Event" shall have the meaning specified in Section 16.3.

Event of Default: The term "Event of Default" shall mean any event specified in Section 7.1(a), (b), (c), (d), (e), (f), (g), (h) or (i) continued for the period of time, if any, and after the giving of notice, if any, therein designated.

Exchange Act: The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Foreign Person: The term "Foreign Person" shall have the meaning specified in Section 2.5(b).

Indebtedness: The term "Indebtedness" shall have the meaning specified in Section 7.1(f).

Indenture: The term "Indenture" shall mean this instrument as originally executed or, if amended or supplemented as herein provided, as so amended or supplemented.

Liquidated Damages: The term "Liquidated Damages" means all liquidated damages then owing by the Company pursuant to Section 3 of the Registration Rights Agreement.

Note or Notes: The terms "Note" or "Notes" shall mean any Note or Notes, as the case may be, authenticated and delivered under this Indenture.

Noteholder; holder: The terms "Noteholder" or "holder" as applied to any Note, or other similar terms (but excluding the term "beneficial holder"), shall mean any person in whose name at the time a particular Note is registered on the Note register.

Note register: The term "Note register" shall have the meaning specified in Section 2.5.

Officers' Certificate: The term "Officers' Certificate", when used with respect to the Company, shall mean a certificate signed by (a) one of the President, the Chief Executive Officer, Executive or Senior Vice President or any Vice President (whether or not designated by a number or numbers or word added before or after the title "Vice President") and (b) by one of the Treasurer or any Assistant Treasurer, Secretary or any Assistant Secretary or Controller of the Company, which is delivered to the Trustee. Each such certificate shall include the statements provided for in Section 17.5 if and to the extent required by the provisions of such Section.

Opinion of Counsel: The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or counsel to the Company, or other counsel acceptable to the Trustee, which is delivered to the Trustee. Each such opinion shall include the statements provided for in Section 17.5 if and to the extent required by the provisions of such Section.

Outstanding: The term "outstanding," when used with reference to Notes, shall, subject to the provisions of Section 9.4, mean, as of any particular time, all Notes authenticated and delivered by the Trustee under this Indenture, except

(a) Notes theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(b) Notes, or portions thereof, for the payment, or redemption of which monies in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Company) or shall have been set aside and segregated in trust by the Company (if the Company shall act as its own paying agent); provided that if such Notes are to be redeemed, as the case may be, prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 3.2, or provision satisfactory to the Trustee shall have been made for giving such notice;

(c) Notes in lieu of which, or in substitution for which, other Notes shall have been authenticated and delivered pursuant to the terms of Section 2.6 unless proof satisfactory to the Trustee is presented that any such Notes are held by bona fide holders in due course; and

(d) Notes converted into Common Stock pursuant to Article XV and Notes deemed not outstanding pursuant to Section 3.2.

Person: The term "person" shall mean a corporation, an association, a partnership, an individual, a joint venture, a joint stock company, a trust, an unincorporated organization or a government or an agency or a political subdivision thereof.

PORTAL Market: The term "PORTAL Market" shall mean the Private Offerings, Resales and Trading through Automated Linkages Market operated by the National Association of Securities Dealers, Inc. or any successor thereto.

Predecessor Note: The term "Predecessor Note" of any particular Note shall mean every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 2.6 in lieu of a lost, destroyed or stolen Note shall be deemed to evidence the same debt as the lost, destroyed or stolen Note that it replaces.

QIB: The term "QIB" shall mean a "qualified institutional buyer" as defined in Rule 144A.

Registration Rights Agreement: The term "Registration Rights Agreement" means that certain Registration Rights Agreement, dated as of February 1, 1996, between the Company, Robertson, Stephens & Company LLC and Raymond James & Associates, Inc. (the "Initial Purchasers").

Regulation S: The term "Regulation S" shall mean Regulation S as promulgated under the Securities Act.

Repurchase Price: The term "Repurchase Price" has the meaning specified in Section 16.1.

Responsible Officer: The term "Responsible Officer", when used with respect to the Trustee, shall mean an officer of the Trustee assigned to the Corporate Trust Office, and any officer of the Trustee to whom such matter is referred to because of his or her knowledge of and familiarity with the particular subject.

Restricted Securities: The term "Restricted Securities" has the meaning specified in Section 2.5(d).

Rule 144A: The term "Rule 144A" shall mean Rule 144A as promulgated under the Securities Act.

Securities Act: The term "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Senior Indebtedness: The term "Senior Indebtedness" means the principal of, premium, if any, interest on (including any interest accruing after the filing of a petition by or against the Company under any bankruptcy law, whether or not allowed as a claim after such filing in any proceeding under such bankruptcy law) and any other payment due pursuant to, any of the following, whether outstanding on the date of the Indenture or thereafter incurred or created:

(a) All indebtedness of the Company for money borrowed or evidenced by notes, debentures, bonds or other securities (including, but not limited to, those which are convertible or exchangeable for securities of the Company);

(b) All indebtedness of the Company due and owing with respect to letters of credit (including, but not limited to, reimbursement obligations with respect thereto);

(c) All indebtedness or other obligations of the Company due and owing with respect to interest rate and currency swap agreements, cap, floor and collar agreements, currency spot and forward contracts and other similar agreements and arrangements;

(d) All indebtedness consisting of commitment or standby fees due and payable to lending institutions with respect to credit facilities or letters of credit available to the Company;

(e) All obligations of the Company under leases required or permitted to be capitalized under generally accepted accounting principles;

(f) All indebtedness or obligations of others of the kinds described in any of the preceding clauses (a), (b), (c), (d) or (e) assumed by or guaranteed in any manner by the Company or in effect guaranteed (directly or indirectly) by the Company through an agreement to purchase, contingent or otherwise, and all obligations of the Company under any such guarantee or other arrangements; and

(g) All renewals, extensions, refunds, deferrals, amendments or modifications of indebtedness or obligations of the kinds described in any of the preceding clauses (a), (b), (c), (d), (e) or (f);

unless in the case of any particular indebtedness, obligation, renewal, extension, refunding amendment, modification or supplement, the instrument or other document creating or evidencing the same or the assumption or guarantee of the same expressly provides that such indebtedness, obligation, renewal, extension, refunding, amendment, modification or supplement is subordinate to, or is not superior to, or is pari passu with, the Notes; provided that Senior Indebtedness shall not include (i) any indebtedness of any kind of the Company to any subsidiary of the Company, a majority of the voting stock of which is owned, directly or indirectly, by the Company or (ii) indebtedness for trade payables or constituting the deferred purchase price of assets or services incurred in the ordinary course of business.

Significant Subsidiary: The term "Significant Subsidiary" means, with respect to any person, a Subsidiary of such person organized under the laws of the United States of America, any state thereof, or the District of Columbia that would constitute a "significant subsidiary" as such term is defined under Rule 1-02 of Regulation S-X of the Securities and Exchange Commission.

Subsidiary: The term "Subsidiary" means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, "voting stock" means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

Trading Day: The term "Trading Day" has the meaning specified in Section 15.5(h)(5).

Trust Indenture Act: The term "Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended, as it was in force at the date of execution of this Indenture, except as provided in Sections 11.3 and 15.6; provided, however, that in the event the Trust Indenture Act of 1939 is amended after the date hereof, the term "Trust Indenture Act" shall mean, to the extent required by such amendment, the Trust Indenture Act of 1939 as so amended.

Trustee: The term "Trustee" shall mean State Street Bank and Trust Company and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

The definitions of certain other terms are as specified in Article XV and Article XVI.

ARTICLE II

ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF NOTES

Section 2.1 Designation, Amount and Issue of Notes. The Notes shall be designated as "6 1/2% Convertible Subordinated Notes due 2003". Notes not to exceed the aggregate principal amount of $70,000,000 (or $80,500,000 if the over-allotment option set forth in Section 7 of the Purchase Agreement dated February 1, 1996, as amended from time to time by the parties thereto, by and between the Company and the Initial Purchasers is exercised in full) upon the execution of this Indenture, or from time to time thereafter, may be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and deliver said Notes upon the written order of the Company, signed by the Company's (a) President, Executive or Senior

Vice President or any Vice President (whether or not designated by a number or numbers or word or words added before or after the title "Vice President") and (b) Treasurer or Assistant Treasurer or its Secretary or any Assistant Secretary, without any further action by the Company hereunder.

Section 2.2 Form of Notes. The Notes and the Trustee's certificate of authentication to be borne by such Notes shall be substantially in the form set forth in Exhibit A, which is incorporated in and made a part of this Indenture.

Any of the Notes may have such letters, numbers or other marks of identification and such notations, legends and endorsements as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, or to conform to usage.

Any Note in global form shall represent such of the outstanding Notes as shall be specified therein and shall provide that it shall represent the aggregate amount of outstanding Notes from time to time endorsed thereon and that the aggregate amount of outstanding Notes represented thereby may from time to time be increased or reduced to reflect transfers or exchanges permitted hereby. Any endorsement of a Note in global form to reflect the amount of any increase or decrease in the amount of outstanding Notes represented thereby shall be made by the Trustee or the Custodian, at the direction of the Trustee, in such manner and upon instructions given by the holder of such Notes in accordance with this Indenture. Payment of principal of and interest and premium, if any (including any redemption price), on any Note in global form shall be made to the holder of such Note.

The terms and provisions contained in the form of Note attached as Exhibit A hereto shall constitute, and is hereby expressly made, a part of this Indenture and to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Section 2.3 Date and Denomination of Notes; Payments of Interest. The Notes shall be issuable in registered form without coupons in denominations of $1,000 principal amount and integral multiples thereof. Every Note shall be dated the date of its authentication, shall bear interest from the applicable date and shall be payable on the dates specified on the face of the form of Note, attached as Exhibit A hereto. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The person in whose name any Note (or its Predecessor Note) is registered at the close of business on any record date with respect to any interest payment date (including any Note that is converted after the record date and on or before the interest payment date) shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancellation of such Note upon any transfer, exchange or conversion subsequent to the record date and on or prior to such interest payment date; provided that in the case of any Note, or portion thereof, called for redemption pursuant to Article III on a redemption date, or repurchased by the Company pursuant to Article XVI on a repurchase date, during the period from the close of business on the record date to the close of business on the Business Day next preceding the following interest payment date, interest shall not be paid to the person in whose name the Note, or portion thereof, is registered on the close of business on such record date, and the Company shall have no obligation to pay interest on such Note or portion thereof except to the extent required to be paid upon such redemption or repurchase in accordance with Article III or Article XVI. Interest may, at the option of the Company, be paid by check mailed to the address of such person on the Note register; provided that, with respect to any holder of Notes with an aggregate principal amount equal to or in excess of $5,000,000, at the request of such holder in writing to the Company (who shall then furnish written notice to such effect to the Trustee), interest on such holder's Notes shall be paid by wire transfer in immediately available funds in accordance with the wire transfer instruction supplied by such holder to the Trustee and paying agent (if different from Trustee). The term "record date" with respect to any interest payment date shall mean the January 15 or July 15 preceding said February 1 or August 1.

Any interest on any Note which is payable, but is not punctually paid or duly provided for, on any said February 1 or August 1 (herein called "Defaulted Interest") shall forthwith cease to be payable to the Noteholder on the relevant record date by virtue of its having been such Noteholder; and such Defaulted Interest shall be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the persons in whose names the Notes (or their respective Predecessor Notes) are registered at the close of business on a special record date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest to be paid on each Note and the date of the payment (which shall be not less than twenty-five (25) days after the receipt by the Trustee of such notice, unless the Trustee shall consent to an earlier date), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a special record date for the payment of such Defaulted Interest which shall be not more than fifteen (15) days and not less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such special record date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the special record date therefor to be mailed, first-class postage prepaid, to each Noteholder at its address as it appears in the Note register, not less than ten (10) days prior to such special record date. Notice of the proposed payment of such Defaulted Interest and the special record date therefor having been so mailed, such Defaulted Interest shall be paid to the persons in whose names the Notes (or their respective Predecessor Notes) were registered at the close of business on such special record date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange or automated quotation system on which the Notes may be listed or designated for issuance, and upon such notice as may be required by such exchange or automated quotation system, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Section 2.4 Execution of Notes. The Notes shall be signed in the name and on behalf of the Company by the facsimile signature of its Chairman of the Board, President, its Chief Executive Officer any of its Executive or Senior Vice Presidents, or any of its Vice Presidents (whether or not designated by a number or numbers or word or words added before or after the title "Vice President") and attested by the facsimile signature of its Secretary or any of its Assistant Secretaries (which may be printed, engraved or otherwise reproduced thereon, by facsimile or otherwise). Only such Notes as shall bear thereon a certificate of authentication substantially in the form set forth on the form of Note attached as Exhibit A hereto, manually executed by the Trustee (or an authenticating agent appointed by the Trustee as provided by Section 17.11), shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee (or such an authenticating agent) upon any Note executed by the Company shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

In case any officer of the Company who shall have signed any of the Notes shall cease to be such officer before the Notes so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Notes nevertheless may be authenticated and delivered or disposed of as though the person who signed such Notes had not ceased to be such officer of the Company; and any Note may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Note, shall be the proper officers of the Company, although at the date of the execution of this Indenture any such person was not such an officer.

Section 2.5 Exchange and Registration of Transfer of Notes; Restrictions on Transfer; Depositary.

(a) The Company shall cause to be kept at the Corporate Trust Office a register (the register maintained in such office and in any other office or agency of the Company designated pursuant to Section 5.2 being herein sometimes collectively referred to as the "Note register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and of transfers of Notes. Such register shall be in written form or in any form capable of being converted into written form within a reasonable period of time. The Trustee is hereby appointed "Note registrar" for the purpose of registering Notes and transfers of Notes as herein provided. The Company may appoint one or more co-registrars in accordance with Section 5.2.

Upon surrender for registration of transfer of any Note to the Note registrar or any co-registrar, and satisfaction of the requirements for such transfer set forth in this Section 2.5, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like aggregate principal amount and bearing such restrictive legends as may be required by this Indenture.

Notes may be exchanged for other Notes of any authorized denominations and of a like aggregate principal amount, upon surrender of the Notes to be exchanged at any such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Notes which the Noteholder making the exchange is entitled to receive, bearing registration numbers not contemporaneously outstanding.

All Notes presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Trustee, the Note registrar or any co-registrar) be duly endorsed, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company and duly executed, by the Noteholder thereof or its attorney duly authorized in writing.

No service charge shall be charged to the Noteholder for any exchange or registration of transfer of Notes, but the Company may require payment of a sum sufficient to cover any tax, assessments or other governmental charges that may be imposed in connection therewith.

None of the Company, the Trustee, the Note registrar or any co-registrar shall be required to exchange or register a transfer of (a) any Notes for a period of fifteen (15) days next preceding any selection of Notes to be redeemed or (b) any Notes called for redemption or, if a portion of any Note is selected or called for redemption, such portion thereof selected or called for redemption or (c) any Notes surrendered for conversion or, if a portion of any Note is surrendered for conversion, such portion thereof surrendered for conversion.

All Notes issued upon any transfer or exchange of Notes in accordance with this Indenture shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture as the Notes surrendered upon such registration of transfer or exchange.

(b) So long as the Notes are eligible for book-entry settlement with the Depositary, unless otherwise required by law, all Notes to be traded on the PORTAL Market or to a person who is not a U.S. Person (as defined in Regulation S) who is acquiring the Note in an offshore transaction (a "Foreign Person") in accordance with Regulation S shall be represented by a Note in global form registered in the name of the Depositary or the nominee of the Depositary. The transfer and exchange of beneficial interests in such Note in global form, which does not involve the issuance of a Note in certificated form, shall be effected through the Depositary (but not the Trustee or the Custodian) in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depositary therefor.

At any time at the request of the beneficial holder of an interest in a Note in global form, such beneficial holder shall be entitled to obtain a Note in certificated form upon written request to the Trustee and the Custodian in accordance with the standing instructions and procedures existing between the Depositary and the Custodian for the issuance thereof. Upon receipt of any such request, the Trustee or the Custodian, at the direction of the Trustee, will cause, in accordance with the standing instructions and procedures existing between the Depositary and the Custodian, the aggregate principal amount of the Note in global form to be reduced by the principal amount of the Note in certificated form issued upon such request to such beneficial holder and, following such reduction, the Company will execute and the Trustee will authenticate and deliver to such beneficial holder (or its nominee) a Note or Notes in certificated form in the appropriate aggregate principal amount in the name of such beneficial holder (or its nominee) and bearing such restrictive legends as may be required by this Indenture.

Any transfer of a beneficial interest in a Note in global form which cannot be effected through book-entry settlement must be effected by the delivery to the transferee (or its nominee) of a Note or Notes in certificated form registered in the name of the transferee (or its nominee) on the books maintained by the Trustee in accordance with the transfer restrictions set forth herein. With respect to any such transfer, the Trustee or the Custodian, at the direction of the Trustee, will cause, in accordance with the standing instructions and procedures existing between the Depositary and the Custodian, the aggregate principal amount of the Note in global form to be reduced by the principal amount of the beneficial interest in the Note in global form being transferred and, following such reduction, the Company will execute and the Trustee will authenticate and deliver to the transferee (or such transferee's nominee, as the case may be), a Note or Notes in certificated form in the appropriate aggregate principal amount in the name of such transferee (or its nominee) and bearing such restrictive legends as may be required by this Indenture.

(c) So long as the Notes are eligible for book-entry settlement, unless otherwise required by law, upon any transfer of a Note in certificated form to a QIB in accordance with Rule 144A or a Foreign Person in accordance with Regulation S, unless otherwise requested by the transferor, and upon receipt of the Note or Notes in certificated form being so transferred, together with a certification from the transferor that the transferee is a QIB or a Foreign Person (or other evidence satisfactory to the Trustee), the Trustee shall make or direct the Custodian to make, an endorsement on the Note in global form to reflect an increase in the aggregate principal amount of the Notes represented by the Note in global form by the principal amount of the Note being transferred to the QIB or the Foreign Person, the Trustee shall cancel such Note or Notes in certificated form and cause, or direct the Custodian to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Custodian, the aggregate principal amount of Notes represented by the Note in global form to be increased accordingly; provided that no Note in certificated form, or portion thereof, in respect of which the Company or an Affiliate of the Company held any beneficial interest shall be included in such Note in global form until such Note in certificated form is freely tradable in accordance with Rule 144(k); provided further that the Trustee shall issue Notes in certificated form upon any transfer of a beneficial interest in the Note in global form to the Company or any Affiliate of the Company.

Any Note in global form may be endorsed with or have incorporated in the text thereof such legends or recitals or changes not inconsistent with the provisions of this Indenture as may be required by the Custodian, the Depositary or by the National Association of Securities Dealers, Inc. in order for the Notes to be tradeable on the PORTAL Market or as may be required for the Notes to be tradeable on any other market developed for trading of securities pursuant to Rule 144A or required to comply with any applicable law or any regulation thereunder or with the rules and regulations of any securities exchange or automated quotation system upon which the Notes may be listed or traded or designated for issuance or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Notes are subject.

(d) Every Note that bears or is required under this Section 2.5(d) to bear the legend set forth in this Section 2.5(d) (together with any Common Stock issued upon conversion of the Notes and required to bear the legend set forth in Section 2.5(e), collectively, the "Restricted Securities") shall be

subject to the restrictions on transfer set forth in this Section 2.5(d) (including the legend set forth below), unless such restrictions on transfer shall be waived by written consent of the Company, and the holder of each such Restricted Security, by such holder's acceptance thereof, agrees to be bound by all such restrictions on transfer. As used in Sections 2.5(d) and 2.5(e), the term "transfer" encompasses any sale, pledge, transfer or other disposition whatsoever of any Restricted Security.

Until three (3) years after the original issuance date of any Note, any certificate evidencing such Note (and all securities issued in exchange therefor or substitution thereof, other than Common Stock, if any, issued upon conversion thereof which shall bear the legend set forth in Section 2.5(e), if applicable) shall bear a legend in substantially the following form (unless such Notes have been transferred pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer) or unless otherwise agreed by the Company in writing, with notice thereof to the Trustee):

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) ("INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THE NOTE EVIDENCED HEREBY IN AN OFFSHORE TRANSACTION; (2) AGREES THAT IT WILL NOT WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THE NOTE EVIDENCED HEREBY RESELL OR OTHERWISE TRANSFER THE NOTE EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH NOTE EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN INSTITUTIONAL ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM SUCH TRUSTEE), (D) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (F) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER); AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTE EVIDENCED HEREBY IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 2(E) OR 2(F) ABOVE AS A CONSEQUENCE OF WHICH THIS LEGEND IS REMOVED OR REMOVABLE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THE NOTE EVIDENCED HEREBY WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF SUCH NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 2(F) ABOVE), THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO

STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE. IF THE PROPOSED TRANSFER IS PURSUANT TO CLAUSE 2(C) OR 2(E) ABOVE, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE COMPANY MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THE NOTE EVIDENCED HEREBY PURSUANT TO CLAUSE 2(F) ABOVE OR THE EXPIRATION OF THREE YEARS FROM THE ORIGINAL ISSUANCE OF THE NOTE EVIDENCED HEREBY OR UPON THE EARLIER SATISFACTION OF STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, THAT THE NOTE HAS BEEN OR IS BEING TRANSFERRED PURSUANT TO CLAUSE 2(E) ABOVE OR OTHERWISE IN A TRANSACTION AS A CONSEQUENCE OF WHICH UNDER THE SECURITIES ACT THIS RESTRICTIVE LEGEND MAY BE REMOVED (OTHER THAN A TRANSFER PURSUANT TO 2(D) ABOVE). AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

Any Note (or security issued in exchange or substitution therefor) as to which such restrictions on transfer shall have expired in accordance with their terms or as to which the conditions for removal of the foregoing legend as set forth therein have been satisfied may, upon surrender of such Note for exchange to the Note registrar in accordance with the provisions of this Section 2.5, be exchanged for a new Note or Notes, of like tenor and aggregate principal amount, which shall not bear the restrictive legend required by this Section 2.5(d).

Notwithstanding any other provisions of this Indenture (other than the provisions set forth in the second paragraph of Section 2.5(b) and this Section 2.5(d)), a Note in global form may not be transferred as a whole or in part except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

The Depositary shall be a clearing agency registered under the Exchange Act. The Company initially appoints The Depository Trust Company to act as Depositary with respect to the Notes in global form. Initially, the global Note shall be issued to the Depositary, registered in the name of Cede & Co., as the nominee of the Depositary, and deposited with the Trustee as custodian for Cede & Co.

If at any time the Depositary for the Note in global form notifies the Company that it is unwilling or unable to continue as Depositary for such Note, the Company may appoint a successor Depositary with respect to such Note. If a successor Depositary for the Note is not appointed by the Company within ninety (90) days after the Company receives such notice, the Company will execute, and the Trustee, upon receipt of an Officers' Certificate for the authentication and delivery of Notes, will authenticate and deliver, Notes in certificated form, in an aggregate principal amount equal to the principal amount of the Note in global form, in exchange for such Note in global form and upon delivery of such Note in global form to the Trustee such Note in global form shall be canceled.

Notes in certificated form issued in exchange for all or a part of a Note in global form pursuant to this Section 2.5(d) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. Upon execution and authentication, the Trustee shall deliver such Notes in certificated form to the persons in whose names such Notes in certificated form are so registered.

At such time as all interests in a Note in global form have been redeemed, converted, canceled, repurchased or transferred, such Note in global form shall be, upon receipt thereof, canceled by the Trustee in accordance with standing procedures and instructions existing between the Depositary and the Custodian. At any time prior to such cancellation, if any interest in a global Note is exchanged for Notes in certificated form, redeemed, converted, canceled, repurchased or transferred to a transferee who receives Notes in certificated form therefor or any Note in certificated form is exchanged or transferred for part of a Note in global form, the principal amount of such Note in global form shall, in accordance with the standing procedures and instructions existing between the Depositary and the Custodian, be appropriately reduced or increased, as the case may be, and an endorsement shall be made on such Note in global form, by the Trustee or the Custodian, at the direction of the Trustee, to reflect such reduction or increase.

(e) Until three (3) years after the original issuance date of any Note, any stock certificate representing Common Stock issued upon conversion of such Note shall bear a legend in substantially the following form (unless such Common Stock has been sold pursuant to a registration statement that has been declared effective under the Securities Act (and which continues to be effective at the time of such transfer) or such Common Stock has been issued upon conversion of Notes that have been transferred pursuant to a registration statement that has been declared effective under the Securities Act or unless otherwise agreed by the Company with written notice thereof to the Trustee and any transfer agent for the Common Stock):

THE COMMON STOCK EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. THE HOLDER HEREOF AGREES THAT UNTIL THE EXPIRATION OF THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THE NOTE UPON THE CONVERSION OF WHICH THE COMMON STOCK EVIDENCED HEREBY WAS ISSUED, (1) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE COMMON STOCK EVIDENCED HEREBY EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN COMPLIANCE WITH RULE 144A, (C) INSIDE THE UNITED STATES TO AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT PRIOR TO SUCH TRANSFER, FURNISHES TO REGISTRAR AND TRANSFER COMPANY, AS TRANSFER AGENT, A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE COMMON STOCK EVIDENCED HEREBY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM SUCH TRANSFER AGENT), (D) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (F) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER); (2) PRIOR TO ANY SUCH TRANSFER (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 1(F) ABOVE), IT WILL FURNISH TO REGISTRAR AND TRANSFER COMPANY, AS TRANSFER AGENT, SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE COMPANY MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF

THE SECURITIES ACT; AND (3) IT WILL DELIVER TO EACH PERSON TO WHOM THE COMMON STOCK EVIDENCED HEREBY IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 1(D), 1(E) OR 1(F) ABOVE AS A CONSEQUENCE OF WHICH THIS LEGEND IS REMOVED OR REMOVABLE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THE COMMON STOCK EVIDENCED HEREBY PURSUANT TO CLAUSE 1(F) ABOVE OR THE EXPIRATION OF THREE YEARS FROM THE ORIGINAL ISSUANCE OF THE NOTE UPON THE CONVERSION OF WHICH THE COMMON STOCK EVIDENCED HEREBY WAS ISSUED OR UPON THE EARLIER SATISFACTION OF REGISTRAR AND TRANSFER COMPANY, AS TRANSFER AGENT, THAT THE COMMON STOCK HAS BEEN OR IS BEING TRANSFERRED PURSUANT TO CLAUSE 1(D) OR 1(E) OR OTHERWISE IN A TRANSACTION AS A CONSEQUENCE OR WHICH UNDER THE SECURITIES ACT THIS RESTRICTIVE LEGEND MAY BE REMOVED. AS USED HEREIN, THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

Any such Common Stock as to which such restrictions on transfer shall have expired in accordance with their terms or as to which the conditions for removal of the foregoing legend as set forth therein have been satisfied may, upon surrender of the certificates representing such shares of Common Stock for exchange in accordance with the procedures of the transfer agent for the Common Stock, be exchanged for a new certificate or certificates for a like aggregate number of shares of Common Stock, which shall not bear the restrictive legend required by this Section 2.5(e).

(f) Any certificate evidencing a Note that has been transferred to an Affiliate of the Company within three years after the original issuance date of the Note, as evidenced by a notation on the Assignment Form for such transfer or in the representation letter delivered in respect thereof, for so long as such Note is held by such Affiliate, shall, until three years after the last date on which the Company or any Affiliate of the Company was an owner of such Note, in each case, bear a legend in substantially the following form, unless otherwise agreed by the Company (with written notice thereof to the Trustee):

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER AGREES (1) THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTE EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH NOTE EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) IN A TRANSACTION REGISTERED UNDER THE SECURITIES ACT OR (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) AND (2) THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTE EVIDENCED HEREBY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND SHALL BE REMOVED UPON THE TRANSFER OF THE NOTE EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH NOTE PURSUANT TO THE IMMEDIATELY PRECEDING SENTENCE. IF THE PROPOSED TRANSFER IS PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE COMPANY MAY REASONABLY

REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

Any stock certificate representing Common Stock issued upon conversion of such Note shall also bear a legend in substantially the form indicated above, unless otherwise agreed by the Company (with written notice thereof to the Trustee).

(g) Notwithstanding any provision of Section 2.5 to the contrary, in the event Rule 144(k) as promulgated under the Securities Act (or any successor rule) is amended to shorten the three-year period under Rule 144(k) (or the corresponding period under any successor rule), from and after receipt by the Trustee of the Officers' Certificate and Opinion of Counsel provided for in this Section 2.5(g), (i) the references in the first sentence of the second paragraph of Section 2.5(d) to "three (3) years" and in the restrictive legend set forth in such paragraph to "THREE YEARS" shall be deemed for all purposes hereof to be references to such shorter period, (ii) the references in the first paragraph of Section 2.5(e) to "three (3) years" and in the restrictive legend set forth in such paragraph to "THREE YEARS" shall be deemed for all purposes hereof to be references to such shorter period and (iii) all corresponding references in the Notes and the restrictive legends on the Restricted Securities shall be deemed for all purposes hereof to be references to such shorter period, provided that such changes shall not become effective if they are otherwise prohibited by, or would otherwise cause a violation of, the then-applicable federal securities laws. As soon as practicable after the Company has knowledge of the effectiveness of any such amendment to shorten the three-year period under Rule 144(k) (or the corresponding period under any successor rule), unless such changes would otherwise be prohibited by, or would otherwise cause a violation of, the then-applicable securities law, the Company shall provide to the Trustee an Officers' Certificate and Opinion of Counsel informing the Trustee of the effectiveness of such amendment and the effectiveness of the foregoing changes to Sections 2.5(d) and 2.5(e) and the restrictive legends on the Restricted Securities. The provisions of this Section 2.5(g) will not be effective until such time as the Opinion of Counsel and Officer's Certificate have been received by the Trustee hereunder. This Section 2.5(g) shall apply to successive amendments to Rule 144(k) (or any successor rule) shortening the holding period thereunder.

Section 2.6 Mutilated, Destroyed, Lost or Stolen Notes. In case any Note shall become mutilated or be destroyed, lost or stolen, the Company in its discretion may execute, and upon its request the Trustee or an authenticating agent appointed by the Trustee shall authenticate and deliver, a new Note, bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. In every case the applicant for a substituted Note shall furnish to the Company, to the Trustee and, if applicable, to such authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company, to the Trustee and, if applicable, to such authenticating agent evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof.

The Trustee or such authenticating agent may authenticate any such substituted Note and deliver the same upon the receipt of such security or indemnity as the Trustee, the Company and, if applicable, such authenticating agent may require. Upon the issuance of any substituted Note, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith. In case any Note which has matured or is about to mature or has been called for redemption or is about to be converted into Common Stock shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Note, pay or authorize the payment of or convert or authorize the conversion of the same (without surrender thereof except in the case of a mutilated Note), as the case may be, if the applicant for such payment or conversion shall furnish to the Company, to the Trustee and, if applicable, to such

authenticating agent such security or indemnity as may be required by them to save each of them harmless for any loss, liability, cost or expense caused by or connected with such substitution, and, in case of destruction, loss or theft, evidence satisfactory to the Company, the Trustee and, if applicable, any paying agent or conversion agent of the destruction, loss or theft of such Note and of the ownership thereof.

Every substitute Note issued pursuant to the provisions of this Section 2.6 by virtue of the fact that any Note is destroyed, lost or stolen shall constitute an additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of (but shall be subject to all the limitations set forth in) this Indenture equally and proportionately with any and all other Notes duly issued hereunder. To the extent permitted by law, all Notes shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment or conversion of mutilated, destroyed, lost or stolen Notes and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment or conversion of negotiable instruments or other securities without their surrender.

Section 2.7 Temporary Notes. Pending the preparation of Notes in certificated form, the Company may execute and the Trustee or an authenticating agent appointed by the Trustee shall, upon written request of the Company, authenticate and deliver temporary Notes (printed or lithographed). Temporary Notes shall be issuable in any authorized denomination, and substantially in the form of the Notes in certificated form but with such omissions, insertions and variations as may be appropriate for temporary Notes, all as may be determined by the Company. Every such temporary Note shall be executed by the Company and authenticated by the Trustee or such authenticating agent upon the same conditions and in substantially the same manner, and with the same effect, as the Notes in certificated form. Without unreasonable delay the Company will execute and deliver to the Trustee or such authenticating agent Notes in certificated form (other than in the case of Notes in global form) and thereupon any or all temporary Notes (other than any such Note in global form) may be surrendered in exchange therefor, at each office or agency maintained by the Company pursuant to Section 5.2 and the Trustee or such authenticating agent shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of Notes in certificated form. Such exchange shall be made by the Company at its own expense and without any charge therefor. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefits and subject to the same limitations under this Indenture as Notes in certificated form authenticated and delivered hereunder.

Section 2.8 Cancellation of Notes Paid, Etc. All Notes surrendered for the purpose of payment, redemption, repurchase, conversion, exchange or registration of transfer, shall, if surrendered to the Company or any paying agent or any Note registrar or any conversion agent, be surrendered to the Trustee and promptly canceled by it, or, if surrendered to the Trustee, shall be promptly canceled by it, and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. Upon written instructions of the Company, the Trustee shall destroy canceled Notes and, after such destruction, shall deliver a certificate of such destruction to the Company. If the Company shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are delivered to the Trustee for cancellation.

ARTICLE III

REDEMPTION OF NOTES

Section 3.1 Redemption Prices. The Company may, at its option, redeem all or from time to time any part of the Notes on any date prior to maturity, upon notice as set forth in Section 3.2, at 100% of the principal amount thereof, together with accrued interest, if any, to, but excluding, the date fixed for redemption; provided, however, that no such redemption shall be effected before February 4, 1999.

Section 3.2 Notice of Redemption; Selection of Notes. In case the Company shall desire to exercise the right to redeem all or, as the case may be, any part of the Notes pursuant to Section 3.1, it shall fix a date for

redemption, and it, or at its request (which must be received by the Trustee at least ten (10) Business Days prior to the date the Trustee is requested to give notice as described below unless a shorter period is agreed to by the Trustee), the Trustee in the name of and at the expense of the Company, shall mail or cause to be mailed a notice of such redemption at least twenty (20) and not more than sixty (60) days prior to the date fixed for redemption to the holders of Notes so to be redeemed as a whole or in part at their last addresses as the same appear on the Note register (provided that if the Company shall give such notice, it shall also give such notice, and notice of the Notes to be redeemed, to the Trustee). Such mailing shall be by first class mail. The notice if mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to give such notice by mail or any defect in the notice to the holder of any Note designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Note.

Each such notice of redemption shall specify the aggregate principal amount of Notes to be redeemed, the date fixed for redemption, the redemption price at which Notes are to be redeemed, the place or places of payment, that payment will be made upon presentation and surrender of such Notes, that interest accrued to, but excluding, the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon or on the portion thereof to be redeemed will cease to accrue. Such notice shall also state the current Conversion Price and the date on which the right to convert such Notes or portions thereof into Common Stock will expire. If fewer than all the Notes are to be redeemed, the notice of redemption shall identify the Notes to be redeemed. In case any Note is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion thereof will be issued.

On or prior to the redemption date specified in the notice of redemption given as provided in this Section, the Company will deposit with the Trustee or with one or more paying agents (or, if the Company is acting as its own paying agent, set aside, segregate and hold in trust as provided in Section 5.4) an amount of money sufficient to redeem on the redemption date all the Notes (or portions thereof) so called for redemption (other than those theretofore surrendered for conversion into Common Stock) at the appropriate redemption price, together with accrued interest to, but excluding, the date fixed for redemption; provided that if such payment is made on the redemption date it must be received by the Trustee or paying agent, as the case may be, by 10:00 a.m. New York City time, on such date. If any Note called for redemption is converted pursuant hereto, any money deposited with the Trustee or any paying agent or so segregated and held in trust for the redemption of such Note shall be paid to the Company upon its request, or, if then held by the Company shall be discharged from such trust. If fewer than all the Notes are to be redeemed, the Company will give the Trustee written notice in the form of an Officers' Certificate not fewer than thirty-five (35) days (or such shorter period of time as may be acceptable to the Trustee) prior to the redemption date as to the aggregate principal amount of Notes to be redeemed.

If fewer than all the Notes are to be redeemed, the Trustee shall select the Notes or portions thereof to be redeemed (in principal amounts of $1,000 or integral multiples thereof), by lot or, in its sole discretion, on a pro rata basis, with such adjustments, up to $1,000, in order to retain the minimum denominations of the Notes. If any Note selected for partial redemption is converted in part after such selection, the converted portion of such Note shall be deemed (so far as may be) to be the portion to be selected for redemption. The Notes (or portions thereof) so selected shall be deemed duly selected for redemption for all purposes hereof, notwithstanding that any such Note is converted as a whole or in part before the mailing of the notice of redemption.

Upon any redemption of less than all Notes, the Company and the Trustee may (but need not) treat as outstanding any Notes surrendered for conversion during the period of fifteen (15) days next preceding the mailing of a notice of redemption and may (but need not) treat as not outstanding any Note authenticated and delivered during such period in exchange for the unconverted portion of any Note converted in part during such period.

Section 3.3 Payment of Notes Called for Redemption. If notice of redemption has been given as above provided, the Notes or portion of Notes with respect to which such notice has been given shall, unless converted into Common Stock pursuant to the terms hereof, become due and payable on the date and at the place

or places stated in such notice at the applicable redemption price, together with interest accrued to, but excluding, the date fixed for redemption, and on and after said date (unless the Company shall default in the payment of such Notes at the redemption price, together with interest accrued to, but excluding, said date) interest on the Notes or portion of Notes so called for redemption shall cease to accrue and such Notes shall cease after the close of business on the Business Day next preceding the date fixed for redemption to be convertible into Common Stock and, except as provided in Sections 8.5 and 13.4, to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Notes except the right to receive the redemption price thereof and unpaid interest to, but excluding, the date fixed for redemption. On presentation and surrender of such Notes at a place of payment in said notice specified, the said Notes or the specified portions thereof to be redeemed shall be paid and redeemed by the Company at the applicable redemption price, together with interest accrued thereon to, but excluding, the date fixed for redemption; provided that, if the applicable redemption date is an interest payment date, the semi-annual payment of interest becoming due on such date shall be payable to the holders of such Notes registered as such on the relevant record date subject to the terms and provisions of Section 2.3 hereof.

Upon presentation of any Note redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the Company, a new Note or Notes, of authorized denominations, in principal amount equal to the unredeemed portion of the Notes so presented.

Notwithstanding the foregoing, the Trustee shall not redeem any Notes or mail any notice of optional redemption during the continuance of a default in payment of interest or premium on the Notes or of any Event of Default of which, in the case of any Event of Default other than under Section 7.1(a), (b) or (c), a Responsible Officer of the Trustee has knowledge. If any Note called for redemption shall not be so paid upon surrender thereof for redemption, the principal and premium, if any, shall, until paid or duly provided for, bear interest from the date fixed for redemption at the rate borne by the Note and such Note shall remain convertible into Common Stock until the principal and premium, if any, shall have been paid or duly provided for.

Section 3.4 Conversion Arrangement on Call for Redemption. In connection with any redemption of Notes, the Company may arrange for the purchase and conversion of any Notes by an agreement with one or more investment bankers or other purchasers to purchase such Notes by paying to the Trustee in trust for the Noteholders, on or before the date fixed for redemption, an amount not less than the applicable redemption price, together with interest accrued to the date fixed for redemption, of such Notes. Notwithstanding anything to the contrary contained in this Article III, the obligation of the Company to pay the redemption price of such Notes, together with interest accrued to, but excluding, the date fixed for redemption, shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers. If such an agreement is entered into, a copy of which will be filed with the Trustee prior to the date fixed for redemption, any Notes not duly surrendered for conversion by the holders thereof may, at the option of the Company, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such holders and (notwithstanding anything to the contrary contained in Article XV) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the date fixed for redemption (and the right to convert any such Notes shall be deemed to have been extended through such time), subject to payment of the above amount as aforesaid. At the direction of the Company, the Trustee shall hold and dispose of any such amount paid to it in the same manner as it would monies deposited with it by the Company for the redemption of Notes. Without the Trustee's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any Notes shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Trustee as set forth in this Indenture, and the Company agrees to indemnify the Trustee from, and hold it harmless against, any loss, liability or expense arising out of or in connection with any such arrangement for the purchase and conversion of any Notes between the Company and such purchasers to which the Trustee has not consented in writing, including the costs and expenses incurred by the Trustee in the defense of any claim or liability arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture.

ARTICLE IV

SUBORDINATION OF NOTES

Section 4.1 Agreement of Subordination. The Company covenants and agrees, and each holder of Notes issued hereunder by its acceptance thereof likewise covenants and agrees, that all Notes shall be issued subject to the provisions of this Article IV; and each person holding any Note, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees to be bound by such provisions.

The payment of the principal of, premium, if any, and interest on all Notes (including, but not limited to, the redemption price or repurchase price with respect to the Notes to be redeemed or repurchased, as provided in this Indenture) issued hereunder shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right of payment to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of this Indenture or thereafter incurred.

No provision of this Article IV shall prevent the occurrence of any default or Event of Default hereunder.

Section 4.2 Payments to Noteholders. In the event and during the continuation of any default in the payment of principal, premium, interest or any other payment due on any Senior Indebtedness (or, in the case of Senior Indebtedness for which there is a period of grace, in the event of such a default that continues beyond the period of grace, if any, specified in the instrument or lease evidencing such Senior Indebtedness), then, unless and until such default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Company with respect to the principal of, or premium, if any, or interest on the Notes (including, but not limited to, the redemption price or repurchase price with respect to the Notes to be redeemed or repurchased, as provided in this Indenture) except payments made pursuant to Article XIII from monies deposited with the Trustee pursuant thereto prior to the happening of such default.

Upon any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding-up or total or partial liquidation or reorganization of the Company, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all amounts due or to become due upon all Senior Indebtedness shall first be paid in full, or payment thereof provided for in money in accordance with its terms, before any payment is made on account of the principal (and premium, if any) or interest on the Notes (except payments made pursuant to Article XIII from monies deposited with the Trustee pursuant thereto prior to the happening of such dissolution, winding-up, liquidation or reorganization or bankruptcy, insolvency, receivership or other such proceedings); and upon any such dissolution or winding-up or liquidation or reorganization or bankruptcy, insolvency, receivership or other such proceedings, any payment by the Company, or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the holders of the Notes or the Trustee under this Indenture would be entitled, except for the provision of this Article IV, shall (except as aforesaid) be paid by the Company or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, or by the holders of the Notes or by the Trustee under this Indenture if received by them or it, directly to the holders of Senior Indebtedness (pro rata to such holders on the basis of the respective amounts of Senior Indebtedness held by such holders, or as otherwise required by law or a court order) or their respective representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness, before any payment or distribution is made to the holders of the Notes or to the Trustee under this Indenture.

In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (including, without limitation, by way of setoff or otherwise), prohibited by the foregoing, shall be received by the Trustee under this Indenture or by any holders of the Notes before all Senior Indebtedness is paid in full, or provision is made for such payment in accordance with its terms, such payment or distribution shall be held by the recipient or recipients in trust for the benefit of, and

shall be paid over or delivered to, the holders of Senior Indebtedness or their respective representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, as calculated by the Company, for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay all Senior Indebtedness in full in accordance with its terms, after giving effect to any concurrent payment or distribution (or provision therefor) to or for the holders of such Senior Indebtedness.

For purposes of this Article IV, the words "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated (at least to the extent provided in this Article IV with respect to the Notes) to the payment of all Senior Indebtedness which may at the time be outstanding; provided that (i) the Senior Indebtedness is assumed by the new corporation, if any, resulting from such reorganization or adjustment, and (ii) the rights of the holders of Senior Indebtedness (other than leases which are not assumed by the Company or by the new corporation, as the case may be) are not, without the consent of such holders, altered by such reorganization or readjustment. The consolidation of the Company with, or the merger of the Company into, another corporation or the liquidation or dissolution of the Company following the conveyance or transfer of its property as an entirety, or substantially as an entirety, to another corporation upon the terms and conditions provided for in Article XII shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 4.2 if such other corporation shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article XII. Nothing in this Section 4.2 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 8.6. This Section 4.2 shall be subject to the further provisions of Section 4.5.

Section 4.3 Subrogation of Notes. Subject to the payment in full of all Senior Indebtedness, the rights of the holders of the Notes shall be subrogated to the extent of the payments or distributions made to the holders of such Senior Indebtedness pursuant to the provisions of this Article IV (equally and ratably with the holders of all indebtedness of the Company which by its express terms is subordinated to other indebtedness of the Company to substantially the same extent as the Notes are subordinated and is entitled to like rights of subrogation) to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to the Senior Indebtedness until the principal of (and premium, if any) and interest on the Notes shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the holders of the Notes or the Trustee would be entitled except for the provisions of this Article IV, and no payment over pursuant to the provisions of this Article IV, to or for the benefit of the holders of Senior Indebtedness by holders of the Notes or the Trustee, shall, as between the Company, its creditors other than holders of Senior Indebtedness, and the holders of the Notes, be deemed to be a payment by the Company to or on account of the Senior Indebtedness; and no payments or distributions of cash, property or securities to or for the benefit of the holders of the Notes pursuant to the subrogation provisions of this Article IV, which would otherwise have been paid to the holders of Senior Indebtedness shall be deemed to be a payment by the Company to or for the account of the Notes. It is understood that the provisions of this Article IV are and are intended solely for the purposes of defining the relative rights of the holders of the Notes, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

Nothing contained in this Article IV or elsewhere in this Indenture or in the Notes is intended to or shall impair, as among the Company, its creditors other than the holders of Senior Indebtedness, and the holders of the Notes, the obligation of the Company, which is absolute and unconditional, to pay to the holders of the Notes the principal of (and premium, if any) and interest on the Notes as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the holders of the Notes and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the holder of any Note from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article IV of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Upon any payment or distribution of assets of the Company referred to in this Article IV, the Trustee, subject to the provisions of Section 8.1, and the holders of the Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such bankruptcy, dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to the Trustee or to the holders of the Notes, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article IV.

Section 4.4 Authorization by Noteholders. Each holder of a Note by its acceptance thereof authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article IV and appoints the Trustee its attorney-in-fact for any and all such purposes.

Section 4.5 Notice to Trustee. The Company shall give prompt written notice in the form of an Officers' Certificate to a Responsible Officer of the Trustee and to any paying agent of any fact known to the Company which would prohibit the making of any payment of monies to or by the Trustee or any paying agent in respect of the Notes pursuant to the provisions of this Article IV. Notwithstanding the provisions of this Article IV or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any Senior Indebtedness or of any default or event of default with respect to any Senior Indebtedness or of any other facts which would prohibit the making of any payment of monies to or by the Trustee in respect of the Notes pursuant to the provisions of this Article IV, unless and until a Responsible Officer of the Trustee shall have received written notice thereof at the Corporate Trust Office from the Company (in the form of an Officers' Certificate) or a holder or holders of Senior Indebtedness or from any trustee thereof who shall have been certified by the Company or otherwise established to the reasonable satisfaction of the Trustee to be such holder or trustee; and before the receipt of any such written notice, the Trustee, subject to the provisions of Section 8.1, shall be entitled in all respects to assume that no such facts exist; provided that if on a date at least two (2) Business Days prior to the date upon which by the terms hereof any such monies may become payable for any purpose (including, without limitation, the payment of the principal of, or premium, if any, or interest on any Note), the Trustee shall not have received with respect to such monies the notice provided for in this Section 4.5, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such monies and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such prior date.

Notwithstanding anything to the contrary hereinbefore set forth, nothing shall prevent (a) any payment by the Company or the Trustee to the Noteholders of amounts in connection with a redemption of Notes if (i) notice of such redemption has been given pursuant to Article III prior to the receipt by the Trustee of written notice as aforesaid, and (ii) such notice of redemption is given not earlier than sixty (60) days before the redemption date, (b) any payment by the Company or the Trustee to the Noteholders of amounts in connection with a repurchase of Notes if (i) notice of such repurchase has been given pursuant to Article XVI prior to the receipt by the Trustee of written notice as aforesaid, and (ii) such notice of repurchase is given not earlier than forty (40) days before the repurchase date, or (c) any payment by the Trustee to the Noteholders of monies deposited with it pursuant to Section 13.1.

The Trustee, subject to the provisions of Section 8.1, shall be entitled to rely on the delivery to it of a written notice by a person representing itself to be a holder of Senior Indebtedness (or a trustee on behalf of such holder) to establish that such notice has been given by a holder of Senior Indebtedness or a trustee on behalf of any such holder or holders. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article IV, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such person, the extent to which such person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such person under this Article IV, and if such evidence is not furnished the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

Section 4.6 Trustee's Relation to Senior Indebtedness. The Trustee and any agent of the Company or the Trustee in its individual capacity shall be entitled to all the rights set forth in this Article IV in respect of any Senior Indebtedness at any time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in Section 8.13 or elsewhere in this Indenture shall deprive the Trustee or any such agent of any of its rights as such holder. Nothing in this Article IV shall apply to claims of, or payments to, the Trustee under or pursuant to Section 8.6.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article IV, and no implied covenants or obligations with respect to the holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and, subject to the provisions of Section 4.2 and Section 8.1, the Trustee shall not be liable to any holder of Senior Indebtedness if it shall pay over or deliver to holders of Notes, the Company or any other person money or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article IV or otherwise.

Section 4.7 No Impairment of Subordination. No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

Section 4.8 Certain Conversions Deemed Payment. For the purposes of this Article only, (1) the issuance and delivery of junior securities upon conversion of Notes in accordance with Article XV shall not be deemed to constitute a payment or distribution on account of the principal of (or premium, if any) or interest on Notes or on account of the purchase or other acquisition of Notes, and (2) the payment, issuance or delivery of cash (except in satisfaction of fractional shares pursuant to Section 15.2), property or securities (other than junior securities) upon conversion of a Note shall be deemed to constitute payment on account of the principal of such Note. For the purposes of this Section, the term "junior securities" means (a) shares of any stock of any class of the Company and (b) securities of the Company which are subordinated in right of payment to all Senior Indebtedness which may be outstanding at the time of issuance or delivery of such securities to substantially the same extent as, or to a greater extent than, the Notes are so subordinated as provided in this Article. Nothing contained in this Article or elsewhere in this Indenture or in the Notes is intended to or shall impair, as among the Company, its creditors other than holders of Senior Indebtedness and the holders of the Notes, the right, which is absolute and unconditional, of the holder of any Note to convert such Note in accordance with Article XV.

ARTICLE V

PARTICULAR COVENANTS OF THE COMPANY

Section 5.1 Payment of Principal, Premium and Interest. The Company covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and premium, if any, and interest on each of the Notes at the places, at the respective times and in the manner provided herein and in the Notes. Each installment of interest on the Notes due on any semi-annual interest payment date may be paid by mailing checks for the interest payable to or upon the written order of the holders of Notes entitled thereto as they shall appear on the Note register, provided that, with respect to any holder of Notes with an aggregate principal amount equal to or in excess of $5,000,000, at the request of such holder in writing to the Company (who shall then furnish written notice to the Trustee), interest on such holder's Notes shall be paid by wire transfer in immediately available funds in accordance with the wire transfer instructions supplied by such holder to the Trustee and paying agent (if different from Trustee).

Section 5.2 Maintenance of Office or Agency. The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where the Notes may be surrendered for registration of

transfer or exchange or for presentation for payment or for conversion, redemption or repurchase and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency not designated or appointed by the Trustee. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office or the office or agency of the Trustee in the Borough of Manhattan, The City of New York.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby initially designates the Trustee as paying agent, Note registrar, Custodian and conversion agent and the Corporate Trust Office and the office or agency of the Trustee in the Borough of Manhattan, The City of New York (which shall initially be State Street Bank and Trust Company, N.A., an Affiliate of the Trustee, at 61 Broadway, Concourse Level, Corporate Trust Window, New York, New York, 10006) as one such office or agency of the Company for each of the aforesaid purposes.

So long as the Trustee is the Note registrar, the Trustee agrees to mail, or cause to be mailed, the notices set forth in Section 8.10(a) and the third paragraph of Section 8.11.

Section 5.3 Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 8.10, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 5.4 Provisions as to Paying Agent.

(a) If the Company shall appoint a paying agent other than the Trustee or if the Trustee shall appoint such a paying agent, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section 5.4:

(1) that it will hold all sums held by it as such agent for the payment of the principal of and premium, if any, or interest on the Notes (whether such sums have been paid to it by the Company or by any other obligor on the Notes) in trust for the benefit of the holders of the Notes;

(2) that it will give the Trustee notice of any failure by the Company (or by any other obligor on the Notes) to make any payment of the principal of and premium, if any, or interest on the Notes when the same shall be due and payable; and

(3) that at any time during the continuance of an Event of Default, upon request of the Trustee, it will forthwith pay to the Trustee all sums so held in trust.

The Company shall, on or before each due date of the principal of, premium, if any, or interest on the Notes, deposit with the paying agent a sum sufficient to pay such principal, premium, if any, or interest, and (unless such paying agent is the Trustee) the Company will promptly notify the Trustee of any failure to take such action, provided that if such deposit is made on the due date, such deposit must be received by the paying agent by 10:00 a.m., New York City time, on such date.

(b) If the Company shall act as its own paying agent, it will, on or before each due date of the principal of, premium, if any, or interest on the Notes, set aside, segregate and hold in trust for the

benefit of the holders of the Notes a sum sufficient to pay such principal, premium, if any, or interest so becoming due and will notify the Trustee of any failure to take such action and of any failure by the Company (or any other obligor under the Notes) to make any payment of the principal of, premium, if any, or interest on the Notes when the same shall become due and payable.

(c) Anything in this Section 5.4 to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by the Company or any paying agent hereunder as required by this Section 5.4, such sums to be held by the Trustee upon the trusts herein contained and upon such payment by the Company or any paying agent to the Trustee, the Company or such paying agent shall be released from all further liability with respect to such sums.

(d) Anything in this Section 5.4 to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section 5.4 is subject to Sections 13.3 and 13.4.

Section 5.5 Existence. Subject to Article XII, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

Section 5.6 Rule 144A Information Requirement. During the period beginning on the latest date of the original issuance of any of the Notes and ending on the date that is three years from such date, the Company covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the Exchange Act, make available to any holder or beneficial holder of Notes or any Common Stock issued upon conversion thereof, in each case which continue to be Restricted Securities, in connection with any sale thereof and any prospective purchaser (as identified by such holder or beneficial holder) of Notes or such Common Stock from such holder or beneficial holder, the information required pursuant to Rule 144A(d)(4) under the Securities Act upon the request of any holder or beneficial holder of the Notes or such Common Stock and it will take such further action as any holder or beneficial holder of such Notes or such Common Stock may reasonably request, all to the extent required from time to time to enable such holder or beneficial holder to sell its Notes or Common Stock without registration under the Securities Act within the limitation of the exemption provided by Rule 144A, as such rule may be amended from time to time. Upon the request of any holder or any beneficial holder of the Notes or such Common Stock, the Company will deliver to such holder a written statement as to whether it has complied with such requirements.

Section 5.7 Stay, Extension and Usury Laws. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 5.8 Compliance Certificate. The Company shall deliver to the Trustee within 120 days after the end of each fiscal year of the Company (beginning with the fiscal year ending on December 31, 1996) an Officers' Certificate stating whether or not the signers know of any Event of Default that occurred during such period. If they do, such Officers' Certificate shall describe the Event of Default and its status.

Section 5.9 Further Instruments and Acts. Upon request of the Trustee, the Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purposes of this Indenture.

Section 5.10 Resale of Certain Notes. During the period beginning on the original issuance date of the Notes and ending on the date that is three years from such date, the Company will not resell, and will use its

reasonable efforts to prevent any of its Affiliates from reselling, (x) any Notes which constitute "restricted securities" under Rule 144 and (y) any securities into which such Notes have been converted under this Indenture which constitute "restricted securities" under Rule 144.

ARTICLE VI

NOTEHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 6.1 Noteholders' Lists. The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee, semi-annually, not more than fifteen (15) days after each January 15 and July 15 in each year beginning with July 15, 1996, and at such other times as the Trustee may request in writing, within thirty (30) days after receipt by the Company of any such request (or such lesser time as the Trustee may reasonably request in order to enable it to timely provide any notice to be provided by it hereunder), a list in such form as the Trustee may reasonably require of the names and addresses of the holders of Notes as of a date not more than fifteen (15) days (or such other date as the Trustee may reasonably request in order to so provide any such notices) prior to the time such information is furnished, except that no such list need be furnished so long as the Trustee is acting as Note registrar.

Section 6.2 Preservation and Disclosure of Lists.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Notes contained in the most recent list furnished to it as provided in Section 6.1 or maintained by the Trustee in its capacity as Note registrar, if so acting. The Trustee may destroy any list furnished to it as provided in Section 6.1 upon receipt of a new list so furnished.

(b) The rights of Noteholders to communicate with other holders of Notes with respect to their rights under this Indenture or under the Notes and the corresponding rights and duties of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Noteholder, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of holders of Notes made pursuant to the Trust Indenture Act.

Section 6.3 Reports by Trustee.

(a) Within 60 days after May 15 of each year commencing with the year 1996, the Trustee shall transmit to holders of Notes such reports dated as of May 15 of the year in which such reports are made concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

(b) A copy of such report shall, at the time of such transmission to holders of Notes, be filed by the Trustee with each stock exchange and automated quotation system upon which the Notes are listed and with the Company. The Company will notify the Trustee when the Notes are listed on any stock exchange or automated quotation system and when any such listing is discontinued.

Section 6.4 Reports by Company. The Company shall file with the Trustee (and the Commission if at any time after the Indenture becomes qualified under the Trust Indenture Act) for transmission to holders of Notes, such information, documents and other reports and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

The Company will deliver to the Trustee (a) as soon as available and in any event within ninety (90) days after the end of each fiscal year of the Company (i) a consolidated balance sheet of the Company and its subsidiaries as of the end of such fiscal year and the related consolidated statements of operations, stockholders' equity and cash flows for such fiscal year, all reported on by an independent public accountant of nationally recognized standing and (ii) a report containing a management's discussion and analysis of the financial condition and results of operations and a description of the business and properties of the Company and (b) as soon as available and in any event within forty five (45) days after the end of each of the first three quarters of each fiscal year of the Company (i) an unaudited consolidated management's discussion and analysis of the financial condition and results of operations of the Company for such quarter; provided that the foregoing statements and reports shall not be required for any fiscal year or quarter, as the case may be, with respect to which the Company files or expects to file with the Trustee an annual report or quarterly report, as the case may be, pursuant to the preceding paragraph of this Section 6.4. The Trustee shall have no liability as regards the substance of the information provided by the Company or its agents pursuant to this Section 6.4.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.1 Events of Default. In case one or more of the following Events of Default (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) shall have occurred and be continuing:

(a) default in the payment of the principal of and premium, if any, on any of the Notes as and when the same shall become due and payable either at maturity or in connection with any redemption, by declaration or otherwise, whether or not such payment is prohibited by the provisions of Article IV; or

(b) default in the payment of any installment of interest or Liquidated Damages, if any, upon any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of thirty (30) days, whether or not such payment is prohibited by the provisions of Article IV; or

(c) a default in the payment of the Repurchase Price in respect of any Note on the repurchase date therefor in accordance with the provisions of Article XVI, whether or not such payment is prohibited by the provisions of Article IV; or

(d) failure on the part of the Company to provide notice of a Designated Event in accordance with the provisions of Article XVI; or

(e) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company in the Notes or in this Indenture (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section specifically dealt with) continued for a period of forty-five (45) days after the date on which written notice of such failure, requiring the Company to remedy the same, shall have been given to the Company by the Trustee, or to the Company and a Responsible Officer of the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes at the time outstanding determined in accordance with Section 9.4; or

(f) failure by the Company or any Significant Subsidiary to make any payment at maturity, including any applicable grace period, in respect of indebtedness, which term as used herein means obligations (other than the Notes or non-recourse obligations) of, or guaranteed or assumed by, the Company, or any Significant Subsidiary, for borrowed money or evidenced by bonds, debentures, notes or other similar instruments ("Indebtedness") in an amount in excess of $10,000,000 or the equivalent

thereof in any other currency or composite currency and such failure shall have continued for thirty (30) days after written notice thereof shall have been given to the Company by the Trustee or to the Company and a Responsible Officer of the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes at the time outstanding determined in accordance with Section 9.4; or

(g) a default by the Company or any Significant Subsidiary with respect to any Indebtedness, which default results in the acceleration of Indebtedness in an amount in excess of $10,000,000 or the equivalent thereof in any other currency or composite currency without such Indebtedness having been discharged or such acceleration having been cured, waived, rescinded or annulled for a period of thirty (30) days after written notice thereof shall have been given to the Company by the Trustee or to the Company and the Responsible Officer of the Trustee by the holders of at least 25% in aggregate principal amount of the outstanding Notes at the time outstanding determined in accordance with Section 9.4; or

(h) the Company or any Significant Subsidiary shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due; or

(i) an involuntary case or other proceeding shall be commenced against the Company or any Significant Subsidiary seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of ninety (90) consecutive days;

then, and in each and every such case (other than an Event of Default specified in Section 7.1(h) or (i)), unless the principal of all of the Notes shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Notes then outstanding hereunder determined in accordance with Section 9.4, by notice in writing to the Company (and to a Responsible Officer of the Trustee if given by Noteholders), may declare the principal of and premium, if any, on all the Notes and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Notes contained to the contrary notwithstanding. If an Event of Default specified in Section 7.1(h) or (i) occurs and is continuing, the principal of all the Notes and the interest accrued thereon shall be immediately due and payable. This provision, however, is subject to the conditions that if, at any time after the principal of the Notes shall have been so declared due and payable, and before any judgment or decree for the payment of the monies due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all Notes and the principal of and premium, if any, on any and all Notes which shall have become due otherwise than by acceleration (with interest on overdue installments of interest (to the extent that payment of such interest is enforceable under applicable law) and on such principal and premium, if any, at the rate borne by the Notes, to the date of such payment or deposit) and amounts due to the Trustee pursuant to Section 8.6, and if any and all defaults under this Indenture, other than the nonpayment of principal of and premium, if any, and accrued interest on Notes which shall have become due by acceleration, shall have been cured or waived pursuant to Section 7.7, then and in every such case the holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Company and to a Responsible Officer of the Trustee, may waive all defaults or Events of Default and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or Event of Default, or shall impair any right consequent thereon. The Company shall notify the Responsible Officer of the Trustee, promptly upon becoming aware thereof, of any Event of Default.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned because of such waiver or rescission and annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the holders of Notes, and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the holders of Notes, and the Trustee shall continue as though no such proceeding had been instituted.

Section 7.2 Payments of Notes on Default; Suit Therefor. The Company covenants that (a) in case default shall be made in the payment by the Company of any installment of interest upon any of the Notes as and when the same shall become due and payable, and such default shall have continued for a period of thirty (30) days, or (b) in case default shall be made in the payment of the principal of or premium, if any, on any of the Notes as and when the same shall have become due and payable, whether at maturity of the Notes or in connection with any redemption or repurchase, by declaration under this Indenture or otherwise, then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Notes, the whole amount that then shall have become due and payable on all such Notes for principal and premium, if any, or interest, or both, as the case may be, with interest upon the overdue principal and premium, if any, and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest at the rate borne by the Notes; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder other than through its negligence or bad faith. Until such demand by the Trustee, the Company may pay the principal of and premium, if any, and interest on the Notes to the registered holders, whether or not the Notes are overdue.

In case the Company shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Company or any other obligor on the Notes and collect in the manner provided by law out of the property of the Company or any other obligor on the Notes wherever situated the monies adjudged or decreed to be payable.

In the case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company or any other obligor on the Notes under Title 11 of the United States Code, or any other applicable law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Company or such other obligor, the property of the Company or such other obligor, or in the case of any other judicial proceedings relative to the Company or such other obligor upon the Notes, or to the creditors or property of the Company or such other obligor, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 7.2, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Notes, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Noteholders allowed in such judicial proceedings relative to the Company or any other obligor on the Notes, its or their creditors, or its or their property, and to collect and receive any monies or other property payable or deliverable on any such claims, and to distribute the same after the deduction of any amounts due the Trustee under Section 8.6; and any receiver, assignee or trustee in bankruptcy or reorganization, liquidator, custodian or similar official is hereby authorized by each of the Noteholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due it for reasonable compensation, expenses, advances and disbursements, including counsel fees incurred by it up to the date of such distribution. To the extent that such payment of reasonable compensation, expenses, advances and disbursements out of the estate in any such proceedings shall be denied for any reason, payment of the same shall be secured by a lien on, and shall be paid out of, any and all distributions, dividends, monies, securities and other property which the holders of the Notes may be entitled to receive in such proceedings, whether in liquidation or under any plan of reorganization or arrangement or otherwise.

All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by the Trustee without the possession of any of the Notes, or the production thereof at any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the holders of the Notes.

In any proceedings brought by the Trustee (and in any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Notes, and it shall not be necessary to make any holders of the Notes parties to any such proceedings.

Section 7.3 Application of Monies Collected by Trustee. Any monies collected by the Trustee pursuant to this Article VII shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such monies, upon presentation of the several Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of all amounts due the Trustee under Section 8.6;

Second: Subject to the provisions of Article IV, in case the principal of the outstanding Notes shall not have become due and be unpaid, to the payment of interest on the Notes in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate borne by the Notes, such payments to be made ratably to the persons entitled thereto;

Third: Subject to the provisions of Article IV, in case the principal of the outstanding Notes shall have become due, by declaration or otherwise, and be unpaid, to the payment of the whole amount then owing and unpaid upon the Notes for principal and premium, if any, and interest, with interest on the overdue principal and premium, if any, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate borne by the Notes; and in case such monies shall be insufficient to pay in full the whole amounts so due and unpaid upon the Notes, then to the payment of such principal and premium, if any, and interest without preference or priority of principal and premium, if any, over interest, or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Note over any other Note, ratably to the aggregate of such principal and premium, if any, and accrued and unpaid interest; and

Fourth: Subject to the provisions of Article IV, to the payment of the remainder, if any, to the Company or any other person lawfully entitled thereto.

Section 7.4 Proceedings by Noteholder. No holder of any Note shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture, or for the appointment of a receiver, trustee, liquidator, custodian or other similar official, or for any other remedy hereunder, unless such holder previously shall have given to a Responsible Officer of the Trustee written notice of an Event of Default and of the continuance thereof, as hereinbefore provided, and unless also the holders of not less than 25% in aggregate principal amount of the Notes then outstanding determined in accordance with Section 9.4 shall have made written request upon a Responsible Officer of the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 7.7; it being understood and intended, and being expressly covenanted by the taker and holder of every Note with every other taker and holder and the Trustee, that no one or more holders of Notes shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of

any other holder of Notes, or to obtain or seek to obtain priority over or preference to any other such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Notes (except as otherwise provided herein). For the protection and enforcement of this Section 7.4, each and every Noteholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

Notwithstanding any other provision of this Indenture and any provision of any Note, the right of any holder of any Note to receive payment of the principal of and premium, if any, and interest on such Note, on or after the respective due dates expressed in such Note, or to institute suit for the enforcement of any such payment on or after such respective dates against the Company shall not be impaired or affected without the consent of such holder.

Anything in this Indenture or the Notes to the contrary notwithstanding, the holder of any Note, without the consent of either the Trustee or the holder of any other Note, in its own behalf and for its own benefit, may enforce, and may institute and maintain any proceeding suitable to enforce, its rights of conversion as provided herein.

Section 7.5 Proceedings by Trustee. In case of an Event of Default the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 7.6 Remedies Cumulative and Continuing. Except as otherwise provided in the last paragraph of Section 2.6, all powers and remedies given by this Article VII to the Trustee or to the Noteholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of the Notes, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Notes to exercise any right or power accruing upon any default or Event of Default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such default or any acquiescence therein; and, subject to the provisions of Section 7.4, every power and remedy given by this Article VII or by law to the Trustee or to the Noteholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Noteholders.

Section 7.7 Direction of Proceedings and Waiver of Defaults by Majority of Noteholders. The holders of a majority in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 9.4 shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee; provided, however, that (a) such direction shall not be in conflict with any rule of law or with this Indenture, and (b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction. The holders of a majority in aggregate principal amount of the Notes at the time outstanding determined in accordance with Section 9.4 may on behalf of the holders of all of the Notes waive any past default or Event of Default hereunder and its consequences except (i) a default in the payment of interest or premium, if any, on, or the principal of, the Notes, (ii) a failure by the Company to convert any Notes into Common Stock or (iii) a default in respect of a covenant or provisions hereof which under Article XI cannot be modified or amended without the consent of the holders of all Notes then outstanding. Upon any such waiver the Company, the Trustee and the holders of the Notes shall be restored to their former positions and rights hereunder; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon. Whenever any default or Event of Default hereunder shall have been waived as permitted by this Section 7.7, said default or Event of Default shall for all purposes of the Notes and this Indenture be deemed to have been cured and to be not continuing; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

Section 7.8 Notice of Defaults. The Trustee shall, within ninety (90) days after the occurrence of a default, mail to all Noteholders, as the names and addresses of such holders appear upon the Note register, notice of all defaults known to a Responsible Officer, unless such defaults shall have been cured or waived before the giving of such notice; and provided that, except in the case of default in the payment of the principal of, or premium, if any, or interest on any of the Notes, the Trustee shall be protected in withholding such notice if and so long as a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interests of the Noteholders.

Section 7.9 Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Note by its acceptance thereof shall be deemed to have agreed, that any court may, in its discretion, require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; provided that the provisions of this Section 7.9 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Noteholder, or group of Noteholders, holding in the aggregate more than 10% in principal amount of the Notes at the time outstanding determined in accordance with Section 9.4, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of or premium, if any, or interest on any Note (including, but not limited to, the redemption price or repurchase price with respect to the Notes being redeemed or repurchased as provided in this Indenture) on or after the due date expressed in such Note or to any suit for the enforcement of the right to convert any Note in accordance with the provisions of Article XV.

Section 7.10 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or any acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the holders of Notes may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the holders of Notes, as the case may be.

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 8.1 Duties and Responsibilities of Trustee. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(a) prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture and the Trust Indenture Act, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture and the Trust Indenture Act against the Trustee; and

(2) in the absence of bad faith and willful misconduct on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the

opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be provided that the Trustee was negligent in ascertaining the pertinent facts;

(c) the Trustee shall not be liable to any Noteholder with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Notes at the time outstanding determined as provided in Section 9.4 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(d) whether or not therein provided, every provision of this Indenture relating to the conduct or affecting the liability of, or affording protection to, the Trustee shall be subject to the provisions of this Section.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 8.2 Reliance on Documents, Opinions, Etc. Except as otherwise provided in Section 8.1:

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, note, coupon or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;

(c) the Trustee may consult with counsel and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Noteholders pursuant to the provisions of this Indenture, unless such Noteholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby;

(e) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney; provided, however, that if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the

security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity from the Noteholders against such expenses or liability as a condition to so proceeding; the reasonable expenses of every such examination shall be paid by the Company or, if paid by the Trustee or any predecessor Trustee, shall be repaid by the Company upon demand; and

(f) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

In no event shall the Trustee be liable for any consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action other than through the Trustee's willful misconduct or gross negligence.

Section 8.3 No Responsibility for Recitals, Etc. The recitals contained herein and in the Notes (except in the Trustee's certificate of authentication) shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of any Notes or the proceeds of any Notes authenticated and delivered by the Trustee in conformity with the provisions of this Indenture.

Section 8.4 Trustee, Paying Agents, Conversion Agents or Registrar May Own Notes. The Trustee, any paying agent, any conversion agent or Note registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not Trustee, paying agent, conversion agent or Note registrar.

Section 8.5 Monies to Be Held in Trust. Subject to the provisions of Section 13.4, all monies received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as may be agreed from time to time by the Company and the Trustee.

Section 8.6 Compensation and Expenses of Trustee. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by it hereunder in any capacity (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or willful misconduct. The Company also covenants to indemnify the Trustee in any capacity under this Indenture and its agents and any authenticating agent for, and to hold them harmless against, any loss, liability or expense incurred without negligence or willful misconduct on the part of the Trustee or such agent or authenticating agent, as the case may be, and arising out of or in connection with the acceptance or administration of this trust or in any other capacity hereunder, including the costs and expenses of defending themselves against any claim of liability in the premises. The obligations of the Company under this Section 8.6 to compensate or indemnify the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall be secured by a lien prior to that of the Notes upon all property and funds held or collected by the Trustee as such, except, subject to the effect of Sections 4.3 and 7.6, funds held in trust herewith for the benefit of the holders of particular Notes prior to the date of the accrual of such unpaid compensation or indemnifiable claim. The obligation of the Company under this Section shall survive the satisfaction and discharge of this Indenture.

When the Trustee and its agents and any authenticating agent incur expenses or render services after an Event of Default specified in Section 7.1(h) or (i) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any bankruptcy, insolvency or similar laws.

Section 8.7 Officers' Certificate as Evidence. Except as otherwise provided in Section 8.1, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence, willful misconduct, recklessness and bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Officers' Certificate, in the absence of negligence, willful misconduct, recklessness and bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 8.8 Conflicting Interests of Trustee. If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

Section 8.9 Eligibility of Trustee. There shall at all times be a Trustee hereunder which shall be a person that is eligible pursuant to the Trust Indenture Act to act as such and has a combined capital and surplus of at least $50,000,000. If such person publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 8.10 Resignation or Removal of Trustee.

(a) The Trustee may at any time resign by giving written notice of such resignation to the Company and by mailing notice thereof to the holders of Notes at their addresses as they shall appear on the Note register. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment sixty (60) days after the mailing of such notice of resignation to the Noteholders, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Noteholder who has been a bona fide holder of a Note or Notes for at least six months may, subject to the provisions of Section 7.9, on behalf of itself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(1) the Trustee shall fail to comply with Section 8.8 after written request therefor by the Company or by any Noteholder who has been a bona fide holder of a Note or Notes for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 8.9 and shall fail to resign after written request therefor by the Company or by any such Noteholder, or

(3) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer

shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 7.9, any Noteholder who has been a bona fide holder of a Note or Notes for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Notes at the time outstanding may at any time remove the Trustee and nominate a successor trustee which shall be deemed appointed as successor trustee unless within ten (10) days after notice to the Company of such nomination the Company objects thereto, in which case the Trustee so removed or any Noteholder, upon the terms and conditions and otherwise as in Section 8.10(a) provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 8.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.11.

Section 8.11 Acceptance by Successor Trustee. Any successor trustee appointed as provided in Section 8.10 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 8.6, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property and funds held or collected by such trustee as such, except for funds held in trust for the benefit of holders of particular Notes, to secure any amounts then due it pursuant to the provisions of Section 8.6.

No successor trustee shall accept appointment as provided in this Section 8.11 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 8.8 and be eligible under the provisions of Section 8.9.

Upon acceptance of appointment by a successor trustee as provided in this Section 8.11, the Company (or the former trustee at the written direction of the Company) shall mail or cause to be mailed notice of the succession of such trustee hereunder to the holders of Notes at their addresses as they shall appear on the Note register. If the Company fails to mail such notice within ten (10) days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Company.

Section 8.12 Succession by Merger, Etc. Any corporation or other entity into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation or other entity succeeding to all or substantially all of the corporate trust business of the Trustee (including any trust created by this Indenture), shall be the successor to the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that in the case of any corporation succeeding to all or substantially all of

the corporate trust business of the Trustee such corporation shall be qualified under the provisions of Section 8.8 and eligible under the provisions of Section 8.9.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee or authenticating agent appointed by such predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee or an authenticating agent appointed by such successor trustee may authenticate such Notes either in the name of any predecessor trustee hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Notes in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 8.13 Limitation on Rights of Trustee as Creditor. If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Notes), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of the claims against the Company (or any such other obligor).

ARTICLE IX

CONCERNING THE NOTEHOLDERS

Section 9.1 Action by Noteholders. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Notes may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action, the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by Noteholders in person or by agent or proxy appointed in writing, or (b) by the record of the holders of Notes voting in favor thereof at any meeting of Noteholders duly called and held in accordance with the provisions of Article X, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Noteholders. Whenever the Company or the Trustee solicits the taking of any action by the holders of the Notes, the Company or the Trustee may fix in advance of such solicitation, a date as the record date for determining holders entitled to take such action. The record date shall be not more than fifteen (15) days prior to the date of commencement of solicitation of such action.

Section 9.2 Proof of Execution by Noteholders. Subject to the provisions of Sections 8.1, 8.2 and 10.5, proof of the execution of any instrument by a Noteholder or its agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Notes shall be proved by the Note register or by a certificate of the Note registrar. The record of any Noteholders' meeting shall be proved in the manner provided in Section 10.6.

Section 9.3 Who Are Deemed Absolute Owners. The Company, the Trustee, any paying agent, any conversion agent and any Note registrar may deem the person in whose name such Note shall be registered upon the Note register to be, and may treat such person as, the absolute owner of such Note (whether or not such Note shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of, premium, if any, and interest on such Note, for conversion of such Note and for all other purposes; and neither the Company nor the Trustee nor any paying agent nor any conversion agent nor any Note registrar shall be affected by any notice to the contrary. All such payments so made to any holder for the time being, or upon its order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for monies payable upon any such Note.

Section 9.4 Company-Owned Notes Disregarded. In determining whether the holders of the requisite aggregate principal amount of Notes have concurred in any direction, consent, waiver or other action

under this Indenture, Notes which are owned by the Company or any other obligor on the Notes or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Notes shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent, waiver or other action only Notes which a Responsible Officer knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 9.4 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Notes and that the pledgee is not the Company, any other obligor on the Notes or a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Company shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Notes, if any, known by the Company to be owned or held by or for the account of any of the above described persons; and, subject to Section 8.1, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Notes not listed therein are outstanding for the purpose of any such determination.

Section 9.5 Revocation of Consents; Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 9.1, of the taking of any action by the holders of the percentage in aggregate principal amount of the Notes specified in this Indenture in connection with such action, any holder of a Note which is shown by the evidence to be included in the Notes the holders of which have consented to such action may, by filing written notice with the Trustee at its Corporate Trust Office and upon proof of holding as provided in Section 9.2, revoke such action so far as concerns such Note. Except as aforesaid, any such action taken by the holder of any Note shall be conclusive and binding upon such holder and upon all future holders and owners of such Note and of any Notes issued in exchange or substitution therefor, irrespective of whether any notation in regard thereto is made upon such Note or any Note issued in exchange or substitution therefor.

ARTICLE X

NOTEHOLDERS' MEETINGS

Section 10.1 Purpose of Meetings. A meeting of Noteholders may be called at any time and from time to time pursuant to the provisions of this Article X for any of the following purposes:

(1) to give any notice to the Company or to the Trustee or to give any directions to the Trustee permitted under this Indenture, or to consent to the waiving of any default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Noteholders pursuant to any of the provisions of Article VII;

(2) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article VIII;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 11.2;

(4) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Notes under any other provision of this Indenture or under applicable law; or

(5) to take any other action authorized by this Indenture or under applicable law.

Section 10.2 Call of Meetings by Trustee. The Trustee may at any time call a meeting of Noteholders to take any action specified in Section 10.1, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of the Noteholders, setting forth

the time and the place of such meeting and in general terms the action proposed to be taken at such meeting and the establishment of any record date pursuant to Section 9.1, shall be mailed to holders of Notes at their addresses as they shall appear on the Note register. Such notice shall also be mailed to the Company. Such notices shall be mailed not less than twenty (20) nor more than ninety (90) days prior to the date fixed for the meeting.

Any meeting of Noteholders shall be valid without notice if the holders of all Notes then outstanding are present in person or by proxy or if notice is waived before or after the meeting by the holders of all Notes outstanding, and if the Company and the Trustee are either present by duly authorized representatives or have, before or after the meeting, waived notice.

Section 10.3 Call of Meetings by Company or Noteholders. In case at any time the Company, pursuant to a resolution of its Board of Directors, or the holders of at least 10% in aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Noteholders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within twenty (20) days after receipt of such request, then the Company or such Noteholders may determine the time and the place for such meeting and may call such meeting to take any action authorized in Section 10.1, by mailing notice thereof as provided in Section 10.2.

Section 10.4 Qualifications for Voting. To be entitled to vote at any meeting of Noteholders a person shall (a) be a holder of one or more Notes on the record date pertaining to such meeting or (b) be a person appointed by an instrument in writing as proxy by a holder of one or more Notes. The only persons who shall be entitled to be present or to speak at any meeting of Noteholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 10.5 Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Noteholders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Noteholders as provided in Section 10.3, in which case the Company or the Noteholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in principal amount of the Notes represented at the meeting and entitled to vote at the meeting.

Subject to the provisions of Section 9.4, at any meeting each Noteholder or proxyholder shall be entitled to one vote for each $1,000 principal amount of Notes held or represented by it; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by it or instruments in writing as aforesaid duly designating it as the proxy to vote on behalf of other Noteholders. Any meeting of Noteholders duly called pursuant to the provisions of Section 10.2 or 10.3 may be adjourned from time to time by the holders of a majority of the aggregate principal amount of Notes represented at the meeting, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 10.6 Voting. The vote upon any resolution submitted to any meeting of Noteholders shall be by written ballot on which shall be subscribed the signatures of the holders of Notes or of their representatives by proxy and the principal amount of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Noteholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on

any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 10.2. The record shall show the principal amount of the Notes voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 10.7 No Delay of Rights by Meeting. Nothing in this Article X contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of Noteholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the Noteholders under any of the provisions of this Indenture or of the Notes.

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 11.1 Supplemental Indentures Without Consent of Noteholders. The Company, when authorized by the resolutions of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) to make provision with respect to the conversion rights of the holders of Notes pursuant to the requirements of Section 15.6;

(b) subject to Article IV, to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Notes, any property or assets;

(c) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article XII;

(d) to add to the covenants of the Company such further covenants, restrictions or conditions as the Board of Directors and the Trustee shall consider to be for the benefit of the holders of Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(e) to provide for the issuance under this Indenture of Notes in coupon form (including Notes registrable as to principal only) and to provide for exchangeability of such Notes with the Notes issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(f) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture which shall not materially adversely affect the interests of the holders of the Notes;

(g) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Notes; or

(h) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualifications of this Indenture under the Trust Indenture Act, or under any similar federal statute hereafter enacted.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to, but may in its discretion, enter into any supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 11.1 may be executed by the Company and the Trustee without the consent of the holders of any of the Notes at the time outstanding, notwithstanding any of the provisions of Section 11.2.

Section 11.2 Supplemental Indentures with Consent of Noteholders. With the consent (evidenced as provided in Article IX) of the holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding (determined in accordance with Section 9.4), the Company, when authorized by the resolutions of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the holders of the Notes; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Note, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or reduce any amount payable on redemption or repurchase thereof, impair, or change in any respect adverse to the holder of Notes, the obligation of the Company to repurchase any Note at the option of the holder upon the happening of a Designated Event, or impair or adversely affect the right of any Noteholder to institute suit for the payment thereof, or make the principal thereof or interest or premium, if any, thereon payable in any coin or currency other than that provided in the Notes, or change or impair the right to convert the Notes into Common Stock subject to the terms set forth herein, including Section 15.6, or modify the provisions of this Indenture with respect to the subordination of the Notes in a manner adverse to the Noteholders, without the consent of the holder of each Note so affected, or (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding.

Upon the request of the Company, accompanied by a copy of the resolutions of the Board of Directors certified by its Secretary or Assistant Secretary authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Noteholders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in is discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Noteholders under this Section 11.2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 11.3 Effect of Supplemental Indentures. Any supplemental indenture executed pursuant to the provisions of this Article XI shall comply with the Trust Indenture Act, as then in effect; provided that this Section 11.3 shall not require such supplemental indenture or the Trustee to be qualified under the Trust Indenture Act prior to the time such qualification is in fact required under the terms of the Trust Indenture Act or the Indenture has been qualified under the Trust Indenture Act, nor shall it constitute any admission or acknowledgment by any party to such supplemental indenture that any such qualification is required prior to the time such qualification is in fact required under the terms of the Trust Indenture Act or the Indenture has been

qualified under the Trust Indenture Act. Upon the execution of any supplemental indenture pursuant to the provisions of this Article XI, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the holders of Notes shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.4 Notation on Notes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article XI may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company or the Trustee shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may, at the Company's expense, be prepared and executed by the Company, authenticated by the Trustee (or an authenticating agent duly appointed by the Trustee pursuant to Section 17.11) and delivered in exchange for the Notes then outstanding, upon surrender of such Notes then outstanding.

Section 11.5 Evidence of Compliance of Supplemental Indenture to Be Furnished Trustee. The Trustee, subject to the provisions of Sections 8.1 and 8.2, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article XI.

ARTICLE XII

CONSOLIDATION, MERGER, SALE, CONVEYANCE AND LEASE

Section 12.1 Company May Consolidate, Etc. on Certain Terms. Subject to the provisions of Section 12.2, nothing contained in this Indenture or in any of the Notes shall prevent, without the consent of the holders of the Notes, any consolidation or merger of the Company with or into any other corporation or corporations (whether or not affiliated with the Company), or successive consolidations or mergers in which the Company or its successor or successors shall be a party or parties, or shall prevent any sale, conveyance or lease (or successive sales, conveyances or leases) of all or substantially all of the property of the Company, to any other corporation (whether or not affiliated with the Company), authorized to acquire and operate the same and which shall be organized under the laws of the United States of America, any state thereof or the District of Columbia; provided, however, and the Company hereby covenants and agrees, that upon any such consolidation, merger, sale, conveyance or lease, the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company, shall be expressly assumed, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee by the corporation (if other than the Company) formed by such consolidation, or into which the Company shall have been merged, or by the corporation which shall have acquired or leased such property, and such supplemental indenture shall provide for the applicable conversion rights set forth in Section 15.6 and the repurchase rights set forth in Article XVI.

Section 12.2 Successor Corporation to Be Substituted. In case of any such consolidation, merger, sale, conveyance or lease and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of and premium, if any, and interest on all of the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Company, such successor corporation shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the party of the first part. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of NABI any or all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation instead of the Company and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall

authenticate and shall deliver, or cause to be authenticated and delivered, any Notes which previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Notes which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Notes so issued shall in all respects have the same legal rank and benefit under this Indenture as the Notes theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Notes had been issued at the date of the execution hereof. In the event of any such consolidation, merger, sale, conveyance or lease, the person named as the "Company" in the first paragraph of this Indenture or any successor which shall thereafter have become such in the manner prescribed in this Article XII may be dissolved, wound up and liquidated at any time thereafter and such person shall be released from its liabilities as obligor and maker of the Notes and from its obligations under this Indenture.

In case of any such consolidation, merger, sale, conveyance or lease, such changes in phraseology and form (but not in substance) may be made in the Notes thereafter to be issued as may be appropriate.

Section 12.3 Opinion of Counsel to Be Given Trustee. The Trustee, subject to Sections 8.1 and 8.2, shall receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance or lease and any such assumption complies with the provisions of this Article XII.

ARTICLE XIII

SATISFACTION AND DISCHARGE OF INDENTURE

Section 13.1 Discharge of Indenture. When (a) the Company shall deliver to the Trustee for cancellation all Notes theretofore authenticated (other than any Notes which have been destroyed, lost or stolen and in lieu of or in substitution for which other Notes shall have been authenticated and delivered) and not theretofore canceled, or (b) all the Notes not theretofore canceled or delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and the Company shall deposit with the Trustee, in trust, funds sufficient to pay at maturity or upon redemption of all of the Notes (other than any Notes which shall have been mutilated, destroyed, lost or stolen and in lieu of or in substitution for which other Notes shall have been authenticated and delivered) not theretofore canceled or delivered to the Trustee for cancellation, including principal and premium, if any, and interest due or to become due to such date of maturity or redemption date, as the case may be, and if in either case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect (except as to (i) remaining rights of registration of transfer, substitution and exchange and conversion of Notes, (ii) rights hereunder of Noteholders to receive payments of principal of and premium, if any, and interest on, the Notes and the other rights, duties and obligations of Noteholders, as beneficiaries hereof with respect to the amounts, if any, so deposited with the Trustee and (iii) the rights, obligations and immunities of the Trustee hereunder), and the Trustee, on demand of the Company accompanied by an Officers' Certificate and an Opinion of Counsel as required by Section 17.5 and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; the Company, however, hereby agreeing to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Notes.

Section 13.2 Deposited Monies to Be Held in Trust by Trustee. Subject to Section 13.4, all monies deposited with the Trustee pursuant to Section 13.1 shall be held in trust and applied by it to the payment, notwithstanding the provisions of Article IV, either directly or through any paying agent (including the Company if acting as its own paying agent), to the holders of the particular Notes for the payment or redemption of which such monies have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest and premium, if any.

Section 13.3 Paying Agent to Repay Monies Held. Upon the satisfaction and discharge of this Indenture, all monies then held by any paying agent of the Notes (other than the Trustee) shall, upon demand of the Company or the Trustee, be repaid to the Company or paid to the Trustee, and thereupon such paying agent shall be released from all further liability with respect to such monies.

Section 13.4 Return of Unclaimed Monies. Subject to the requirements of applicable law, any monies deposited with or paid to the Trustee for payment of the principal of, premium, if any, or interest on Notes and not applied but remaining unclaimed by the holders of Notes for two years after the date upon which the principal of, premium, if any, or interest on such Notes, as the case may be, shall have become due and payable, shall be repaid to the Company by the Trustee on demand and all liability of the Trustee shall thereupon cease with respect to such monies; and the holder of any of the Notes shall thereafter look only to the Company for any payment which such holder may be entitled to collect unless an applicable abandoned property law designates another person.

Section 13.5 Reinstatement. If (i) the Trustee or the paying agent is unable to apply any money in accordance with Section 13.2 by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application and (ii) the holders of at least a majority in principal amount of the then outstanding Notes so request by written notice to the Trustee, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 13.1 until such time as the Trustee or the paying agent is permitted to apply all such money in accordance with Section 13.2; provided, however, that if the Company makes any payment of interest on or principal of any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the holders of such Notes to receive such payment from the money held by the Trustee or paying agent.

ARTICLE XIV

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

Section 14.1 Indenture and Notes Solely Corporate Obligations. No recourse for the payment of the principal of or premium, if any, or interest on any Note, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company in this Indenture or in any supplemental indenture or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer or director or subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Notes.

ARTICLE XV

CONVERSION OF NOTES

Section 15.1 Right to Convert. Subject to and upon compliance with the provisions of this Indenture, the holder of any Note shall have the right, at its option, at any time after sixty (60) days following the latest date of original issuance of the Notes and prior to the close of business on February 1, 2003 (except that, with respect to any Note or portion of a Note which shall be called for redemption, such right shall terminate, except as provided in the fourth paragraph of Section 15.2, at the close of business on the last Business Day prior to the date fixed for redemption of such Note or portion of a Note unless the Company shall default in payment due upon redemption thereof) to convert the principal amount of any such Note, or any portion of such principal amount which is $1,000 or an integral multiple thereof, into that number of fully paid and non-assessable shares of Common Stock (as such shares shall then be constituted) obtained by dividing the principal amount of the Note or portion thereof surrendered for conversion by the Conversion Price in effect at such time, by surrender of the Note so to be

converted in whole or in part in the manner provided in Section 15.2. A holder of Notes is not entitled to any rights of a holder of Common Stock until such holder has converted its Notes to Common Stock, and only to the extent such Notes are deemed to have been converted to Common Stock under this Article XV.

Section 15.2 Exercise of Conversion Privilege; Issuance of Common Stock on Conversion; No Adjustment for Interest or Dividends. In order to exercise the conversion privilege with respect to any Note in certificated form, the holder of any such Note to be converted in whole or in part shall surrender such Note, duly endorsed, at an office or agency maintained by the Company pursuant to Section 5.2, accompanied by the funds, if any, required by the penultimate paragraph of this Section 15.2, and shall give written notice of conversion in the form provided on the Notes (or such other notice which is acceptable to the Company) to the office or agency that the holder elects to convert such Note or such portion thereof specified in said notice. Such notice shall also state the name or names (with address) in which the certificate or certificates for shares of Common Stock which shall be issuable on such conversion shall be issued, and shall be accompanied by transfer taxes, if required pursuant to Section 15.7. Each such Note surrendered for conversion shall, unless the shares issuable on conversion are to be issued in the same name as the registration of such Note, be duly endorsed by, or be accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or its duly authorized attorney.

In order to exercise the conversion privilege with respect to any interest in a Note in global form, the beneficial holder must complete the appropriate instruction form for conversion pursuant to the Depositary's book-entry conversion program, deliver by book-entry delivery an interest in such Note in global form, furnish appropriate endorsements and transfer documents if required by the Company or the Trustee or conversion agent, and pay the funds, if any, required by the penultimate paragraph of this Section 15.2 and any transfer taxes, if required pursuant to Section 15.7.

As promptly as practicable after satisfaction of the requirements for conversion set forth above, subject to compliance with any restrictions on transfer if shares issuable on conversion are to be issued in a name other than that of the Noteholder (as if such transfer were a transfer of the Note or Notes (or portion thereof) so converted), the Company shall issue and shall deliver to such holder at the office or agency maintained by the Company for such purpose pursuant to Section 5.2, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such Note or portion thereof in accordance with the provisions of this Article and a check or cash in respect of any fractional interest in respect of a share of Common Stock arising upon such conversion, as provided in Section 15.3. In case any Note of a denomination greater than $1,000 shall be surrendered for partial conversion, and subject to Section 2.3, the Company shall execute and the Trustee shall authenticate and deliver to the holder of the Note so surrendered, without charge to such holder, a new Note or Notes in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Note.

Each conversion shall be deemed to have been effected as to any such Note (or portion thereof) on the date on which the requirements set forth above in this Section 15.2 have been satisfied as to such Note (or portion thereof), and the person in whose name any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become on said date the holder of record of the shares represented thereby; provided, however, that any such surrender on any date when the stock transfer books of the Company shall be closed shall constitute the person in whose name the certificates are to be issued as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such Note shall be surrendered.

Any Note or portion thereof surrendered for conversion during the period from the close of business on the record date for any interest payment date through the close of business on the Business Day next preceding such interest payment date shall (unless such Note or portion thereof being converted shall have been called for redemption during the period from the close of business on such record date to the close of business on the Business Day next preceding such interest payment date) be accompanied by payment, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest otherwise payable on such interest payment date on the principal amount being converted; provided, however, that no such payment need be made if there shall exist at the time of conversion a default in the payment of interest on the Notes. Except

as provided above in this Section 15.2, no adjustment shall be made for interest accrued on any Note converted or for dividends on any shares issued upon the conversion of such Note as provided in this Article.

Upon the conversion of an interest in a Note in global form, the Trustee, or the Custodian at the direction of the Trustee, shall make a notation on such Note in global form as to the reduction in the principal amount represented thereby.

Section 15.3 Cash Payments in Lieu of Fractional Shares. No fractional shares of Common Stock or scrip representing fractional shares shall be issued upon conversion of Notes. If more than one Note shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion shall be computed on the basis of the aggregate principal amount of the Notes (or specified portions thereof to the extent permitted hereby) so surrendered for conversion. If any fractional share of stock otherwise would be issuable upon the conversion of any Note or Notes, the Company shall make an adjustment therefor in cash at the current market value thereof to the holder of Notes. The current market value of a share of Common Stock shall be the Closing Price on the first Trading Day immediately preceding the day on which the Notes (or specified portions thereof) are deemed to have been converted and such Closing Price shall be determined as provided in Section 15.5(h).

Section 15.4 Conversion Price. The conversion price shall be as specified in the form of Note (herein called the "Conversion Price") attached as Exhibit A hereto, subject to adjustment as provided in this Article XV.

Section 15.5 Adjustment of Conversion Price. The Conversion Price shall be adjusted from time to time by the Company as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Price in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the Record Date (as defined in Section 15.5(h)) fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the Record Date. If any dividend or distribution of the type described in this Section 15.5(a) is declared but not so paid or made, the Conversion Price shall again be adjusted to the Conversion Price which would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period expiring within forty-five (45) days after the date fixed for the determination of stockholders entitled to receive such rights or warrants) to subscribe for or purchase shares of Common Stock at a price per share less than the Current Market Price (as defined in Section 15.5(h)) on the Record Date fixed for the determination of stockholders entitled to receive such rights or warrants, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect at the opening of business on the date after such Record Date by a fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the Record Date plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such Current Market Price, and of which the denominator shall be the number of shares of Common Stock outstanding on the close of business on the Record Date plus the total number of additional shares of Common Stock so offered for subscription or purchase. Such adjustment shall become effective immediately after the opening of business on the day following the Record Date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants the Conversion Price shall be readjusted to the Conversion Price which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of

Common Stock actually delivered. In the event that such rights or warrants are not so issued, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case the outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced, and conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased, such reduction or increase, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company (other than any dividends or distributions to which Section 15.5(a) applies) or evidences of its indebtedness, cash or other assets (including securities, but excluding (1) any rights or warrants referred to in Section 15.5(b), (2) dividends and distributions paid exclusively in cash and (3) any capital stock, evidences of indebtedness, cash or assets distributed upon a merger or consolidation to which Section 15.6 applies) (the foregoing hereinafter in this Section 15.5(d) called the "Securities")) (unless the Company elects to reserve such Securities for distribution to the Noteholders upon conversion of the Notes so that any such holder converting Notes will receive upon such conversion, in addition to the shares of Common Stock to which such holder is entitled, the amount and kind of such Securities which such holder would have received if such holder had converted its Notes into Common Stock immediately prior to the Record Date (as defined in Section 15.5(h) for such distribution of the Securities)), then, in each such case, the Conversion Price shall be reduced so that the same shall be equal to the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on the Record Date (as defined in Section 15.5(h)) with respect to such distribution by a fraction of which the numerator shall be the Current Market Price (determined as provided in Section 15.5(h)) on such date less the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) on such date of the portion of the Securities so distributed applicable to one share of Common Stock and the denominator shall be such Current Market Price, such reduction to become effective immediately prior to the opening of business on the day following the Record Date; provided, however, that in the event the then fair market value (as so determined) of the portion of the Securities so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Noteholder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of Securities such holder would have received had such holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared. If the Board of Directors determines the fair market value of any distribution for purposes of this Section 15.5(d) by reference to the actual or when issued trading market for any securities comprising all or part of such distribution, it must in doing so consider the prices in such market over the same period (the "Reference Period') used in computing the Current Market Price pursuant to Section 15.5(h) to the extent possible, unless the Board of Directors in a board resolution determines in good faith that determining the fair market value during the Reference Period would not be in the best interest of the Noteholder.

In the event that the Company implements a stockholders' rights plan, as amended (a "Rights Plan"), such Rights Plan shall provide that upon conversion of the Notes the holders will receive, in addition to the Common Stock issuable upon such conversion, the rights (whether or not such rights have separated from Common Stock at the time of the conversion).

Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 15.5(d) (and no adjustment to the Conversion Price under this Section 15.5(d) will be required) until the occurrence of the earliest Trigger Event. If such right or warrant is subject to subsequent events, upon the occurrence of which such right or warrant shall become exercisable to purchase different securities, evidences of indebtedness or other assets or entitle the holder to purchase a different number or amount of the foregoing or to purchase any of the foregoing at a different purchase price, then the occurrence of each such event shall be deemed to be the date of issuance and record date with respect to a new right or warrant (and a termination or expiration of the existing right or warrant without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto, that resulted in an adjustment to the Conversion Price under this Section 15.5(d), (1) in the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Price shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants all of which shall have expired or been terminated without exercise, the Conversion Price shall be readjusted as if such rights and warrants had never been issued.

For purposes of this Section 15.5(d) and Sections 15.5(a) and (b), any dividend or distribution to which this Section 15.5(d) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock to which Section 15.5(b) applies (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants other than such shares of Common Stock or rights or warrants to which Section 15.5(b) applies (and any Conversion Price reduction required by this Section 15.5(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Conversion Price reduction required by Sections 15.5(a) and (b) with respect to such dividend or distribution shall then be made, except (A) the Record Date of such dividend or distribution shall be substituted as "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "Record Date fixed for such determination" and "Record Date" within the meaning of Section 15.5(a) and as "the date fixed for the determination of stockholders entitled to receive such rights or warrants", "the Record Date fixed for the determination of the stockholders entitled to receive such rights or warrants" and "such Record Date" within the meaning of Section 15.5(b) and (B) any shares of Common Stock included in such dividend or distribution shall not be deemed "outstanding at the close of business on the date fixed for such determination" within the meaning of Section 15.5(a).

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash (excluding any cash that is distributed upon a merger or consolidation to which Section 15.6 applies or as part of a distribution referred to in Section 15.5(d)), in an aggregate amount that, combined together with (1) the aggregate amount of any other such distributions to all holders of its Common Stock made exclusively in cash within the twelve (12) months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to this Section 15.5(e) has been made, and (2) the aggregate of any cash plus the fair market value (as determined by the Board of Directors,

whose determination shall be conclusive and described in a Board Resolution) of consideration payable in respect of any tender offer by the Company or any of its subsidiaries for all or any portion of the Common Stock concluded within the twelve (12) months preceding the date of payment of such distribution, and in respect of which no adjustment pursuant to Section 15.5(f) has been made, exceeds 10.0% of the product of the Current Market Price (determined as provided in Section 15.5(h)) on the Record Date with respect to such distribution times the number of shares of Common Stock outstanding on such date, then, and in each such case, immediately after the close of business on such date, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the close of business on such Record Date by a fraction (i) the numerator of which shall be equal to the Current Market Price on the Record Date less an amount equal to the quotient of (x) the excess of such combined amount over such 10.0% and (y) the number of shares of Common Stock outstanding on the Record Date and (ii) the denominator of which shall be equal to the Current Market Price on such date, provided, however, that in the event the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price of the Common Stock on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Noteholder shall have the right to receive upon conversion of a Note (or any portion thereof) the amount of cash such holder would have received had such holder converted such Note (or portion thereof) immediately prior to such Record Date. In the event that such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been declared. Any cash distribution to all holders of Common Stock as to which the Company makes the election permitted by Section 15.5(n) and as to which the Company has complied with the requirements of such Section shall be treated as not having been made for all purposes of this Section 15.5(e).

(f) In case a tender offer made by the Company or any of its subsidiaries for all or any portion of the Common Stock shall expire and such tender offer (as amended upon the expiration thereof) shall require the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer) of Purchased Shares (as defined below)) of an aggregate consideration having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution) that combined together with (1) the aggregate of the cash plus the fair market value (as determined by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution), as of the expiration of such tender offer, of consideration payable in respect of any other tender offers, by the Company or any of its subsidiaries for all or any portion of the Common Stock expiring within the twelve (12) months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to this Section 15.5(f) has been made and (2) the aggregate amount of any distributions to all holders of the Company's Common Stock made exclusively in cash within twelve (12) months preceding the expiration of such tender offer and in respect of which no adjustment pursuant to Section 15.5(e) has been made, exceeds 10.0% of the product of the Current Market Price (determined as provided in Section 15.5(h)) as of the last time (the "Expiration Time") tenders could have been made pursuant to such tender offer (as it may be amended) times the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time, then, and in each such case, immediately prior to the opening of business on the day after the date of the Expiration Time, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to close of business on the date of the Expiration Time by a fraction of which the numerator shall be the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time multiplied by the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender offer) of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) on the Expiration Time and the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, such reduction (if any) to become effective immediately prior to the opening of

business on the day following the Expiration Time. In the event that the Company is obligated to purchase shares pursuant to any such tender offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender offer had not been made. If the application of this Section 15.5(f) to any tender offer would result in an increase in the Conversion Price, no adjustment shall be made for such tender offer under this Section 15.5(f). Any cash distribution to all holders of Common Stock as to which the Company has made the election permitted by Section 15.5(n) and as to which the Company has complied with the requirements of such Section shall be treated as not having been made for all purposes of this Section 15.5(f).

(g) In case of a tender or exchange offer made by a person other than the Company or any Subsidiary for an amount which increases the offeror's ownership of Common Stock to more than 25% of the Common Stock outstanding and shall involve the payment by such person of consideration per share of Common Stock having a fair market value (as determined by the Board of Directors, whose determination shall be conclusive, and described in a resolution of the Board of Directors at the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and in which, as of the Expiration Time the Board of Directors is not recommending rejection of the offer, the Conversion Price shall be reduced so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) on the Expiration Time multiplied by the current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time and the denominator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) on the Expiration Time and the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, such reduction to become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that such person is obligated to purchase shares pursuant to any such tender or exchange offer, but such person is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made. Notwithstanding the foregoing, the adjustment described in this Section 15.5(g) shall not be made if, as of the Expiration Time, the offering documents with respect to such offer disclose a plan or intention to cause the Company to engage in any transaction described in Article XII.

(h) For purposes of this Section 15.5, the following terms shall have the meaning indicated:

(1) "Closing Price" with respect to any securities on any day shall mean the closing sale price regular way on such day or, in case no such sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in each case on the Nasdaq National Market or New York Stock Exchange, as applicable, or, if such security is not listed or admitted to trading on such National Market or Exchange, on the principal national security exchange or quotation system on which such security is quoted or listed or admitted to trading, or, if not quoted or listed or admitted to trading on any national securities exchange or quotation system, the average of the closing bid and asked prices of such security on the over-the-counter market on the day in question as reported by the National Quotation Bureau Incorporated, or a similar generally accepted reporting service, or if not so available, in such manner as furnished by any New York Stock Exchange member firm selected from time to time by the Board of Directors for that purpose, or a price determined in good faith by the Board of Directors, whose determination shall be conclusive and described in a Board Resolution.

(2) "Current Market Price" shall mean the average of the daily Closing Prices per share of Common Stock for the ten (10) consecutive Trading Days immediately prior to the date in question; provided, however, that (1) if the "ex" date (as hereinafter defined) for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 15.5(a), (b), (c), (d), (e), (f) or (g) occurs during such ten (10) consecutive Trading Days, the Closing Price for each Trading Day prior to the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the same fraction by which the Conversion Price is so required to be adjusted as a result of such other event, (2) if the "ex" date for any event (other than the issuance or distribution requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 15.5(a), (b), (c), (d), (e), (f) or (g) occurs on or after the "ex" date for the issuance or distribution requiring such computation and prior to the day in question, the Closing Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event, and (3) if the "ex" date for the issuance, distribution requiring such computation is prior to the day in question, after taking into account any adjustment required pursuant to clause (1) or (2) of this proviso, the Closing Price for each Trading Day on or after such "ex" date shall be adjusted by adding thereto the amount of any cash and the fair market value (as determined by the Board of Directors in a manner consistent with any determination of such value for purposes of Section 15.5(d), (f) or (g), whose determination shall be conclusive and described in a Board Resolution) of the evidences of indebtedness, shares of capital stock or assets being distributed applicable to one share of Common Stock as of the close of business on the day before such "ex" date. For purposes of any computation under Sections 15.5(f) or (g), the Current Market Price of the Common Stock on any date shall be deemed to be the average of the daily Closing Prices per share of Common Stock for such day and the next two succeeding Trading Days; provided, however, that if the "ex" date for any event (other than the tender offer requiring such computation) that requires an adjustment to the Conversion Price pursuant to Section 15.5(a), (b), (c), (d), (e), (f) and (g) occurs on or after the Expiration Time for the tender or exchange offer requiring such computation and prior to the day in question, the Closing Price for each Trading Day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Price by the reciprocal of the fraction by which the Conversion Price is so required to be adjusted as a result of such other event. For purposes of this paragraph, the term "ex" date, (1) when used with respect to any issuance or distribution, means the first date on which the Common Stock trades regular way on the relevant exchange or in the relevant market from which the Closing Price was obtained without the right to receive such issuance or distribution, (2) when used with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades regular way on such exchange or in such market after the time at which such subdivision or combination becomes effective, and (3) when used with respect to any tender or exchange offer means the first date on which the Common Stock trades regular way on such exchange or in such market after the Expiration Time of such offer. Notwithstanding the foregoing, whenever successive adjustments to the Conversion Price are called for pursuant to this Section 15.5, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this Section 15.5 and to avoid unjust or inequitable results as determined in good faith by the Board of Directors.

(3) "fair market value" shall mean the amount which a willing buyer would pay a willing seller in an arm's length transaction.

(4) "Record Date" shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date

fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(5) "Trading Day" shall mean (x) if the applicable security is listed or admitted for trading on the New York Stock Exchange or another national security exchange, a day on which the New York Stock Exchange or another national security exchange is open for business or (y) if the applicable security is quoted on the Nasdaq National Market, a day on which trades may be made thereon or (z) if the applicable security is not so listed, admitted for trading or quoted, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(i) The Company may make such reductions in the Conversion Price, in addition to those required by Sections 15.5(a), (b), (c), (d), (e), (f) and (g), as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may reduce the Conversion Price by any amount for any period of time if the period is at least twenty (20) days, the reduction is irrevocable during the period and the Board of Directors shall have made a determination that such reduction would be in the best interests of the Company, which determination shall be conclusive and described in a Board Resolution. Whenever the Conversion Price is reduced pursuant to the preceding sentence, the Company shall mail to the holder of each Note at its last address appearing on the Note register provided for in Section 2.5 a notice of the reduction at least fifteen (15) days prior to the date the reduced Conversion Price takes effect, and such notice shall state the reduced Conversion Price and the period during which it will be in effect.

(j) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this Section 15.5(j) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article XV shall be made by the Company and shall be made to the nearest cent or to the nearest one hundredth of a share, as the case may be. No adjustment need be made for a change in the par value or no par value of the Common Stock.

(k) Whenever the Conversion Price is adjusted as herein provided, the Company shall promptly file with the Trustee and any conversion agent other than the Trustee an Officers' Certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to the holder of each Note at its last address appearing on the Note register provided for in Section 2.5, within twenty (20) days of the effective date of such adjustment. Failure to deliver such notice shall not effect the legality or validity of any such adjustment.

(l) In any case in which this Section 15.5 provides that an adjustment shall become effective immediately after a Record Date for an event, the Company may defer until the occurrence of such event (i) issuing to the holder of any Note converted after such Record Date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (ii) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 15.3.

(m) For purposes of this Section 15.5, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company but shall include shares issuable

in respect of scrip certificates issued in lieu of fractions of shares of Common Stock. The Company will not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Company.

(n) In lieu of making any adjustment to the Conversion Price pursuant to Section 15.5(e), the Company may elect to reserve an amount of cash for distribution to the holders of the Notes upon the conversion of the Notes so that any such holder converting Notes will receive upon such conversion, in addition to the shares of Common Stock and other items to which such holder is entitled, the full amount of cash which such holder would have received if such holder had, immediately prior to the Record Date for such distribution of cash, converted its Notes into Common Stock, together with any interest accrued with respect to such amount, in accordance with this Section 15.5(n). The Company may make such election by providing an Officers' Certificate to the Trustee to such effect on or prior to the payment date for any such distribution and depositing with the Trustee on or prior to such date an amount of cash equal to the aggregate amount the holders of the Notes would have received if such holders had, immediately prior to the Record Date for such distribution, converted all of the Notes into Common Stock. Any such funds so deposited by the Company with the Trustee shall be invested by the Trustee in marketable obligations issued or fully guaranteed by the United States government with a maturity not more than three (3) months from the date of issuance. Upon conversion of Notes by a holder, the holder will be entitled to receive, in addition to the Common Stock issuable upon conversion, an amount of cash equal to the amount such holder would have received if such holder had, immediately prior to the Record Date for such distribution, converted its Note into Common Stock, along with such holder's pro rata share of any accrued interest earned as a consequence of the investment of such funds. Promptly after making an election pursuant to this Section 15.5(n), the Company shall give or shall cause to be given notice to all Noteholders of such election, which notice shall state the amount of cash per $1,000 principal amount of Notes such holders shall be entitled to receive (excluding interest) upon conversion of the Notes as a consequence of the Company having made such election.

Section 15.6 Effect of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely (i) any reclassification or change of the outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), (ii) any consolidation, merger or combination of the Company with another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing corporation, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture if such supplemental indenture is then required to so comply) providing that such Note shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Notes (assuming, for such purposes, a sufficient number of authorized shares of Common Stock available to convert all such Notes) immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance assuming such holder of Common Stock did not exercise its rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance (provided that, if the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purposes of this Section 15.6 the kind and amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale or conveyance for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article. If, in the case of any such reclassification, change, consolidation, merger, combination, sale or conveyance, the stock or other securities and assets receivable

thereupon by a holder of shares of Common Stock includes shares of stock or other securities and assets of a corporation other than the successor or purchasing corporation, as the case may be, in such reclassification, change, consolidation, merger, combination, sale or conveyance, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the holders of the Notes as the Board of Directors shall reasonably consider necessary by reason of the foregoing, including to the extent practicable the provisions providing for the repurchase rights set forth in Article XVI herein.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each holder of Notes, at its address appearing on the Note register provided for in Section 2.5 of this Indenture, within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 15.6 applies to any event or occurrence, Section 15.5 shall not apply.

Section 15.7 Taxes on Shares Issued. The issue of stock certificates on conversions of Notes shall be made without charge to the converting Noteholder for any tax in respect of the issue thereof. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of stock in any name other than that of the holder of any Note converted, and the Company shall not be required to issue or deliver any such stock certificate unless and until the person or persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Section 15.8 Reservation of Shares; Shares to Be Fully Paid; Listing of Common Stock. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares to provide for the conversion of the Notes from time to time as such Notes are presented for conversion.

Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Notes, the Company will take all corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue shares of such Common Stock at such adjusted Conversion Price.

The Company covenants that all shares of Common Stock issued upon conversion of Notes will be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

The Company further covenants that if at any time the Common Stock shall be listed on the Nasdaq National Market or any other national securities exchange or automated quotation system the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed within fifteen days after the date of this Indenture, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Notes.

Section 15.9 Responsibility of Trustee. The Trustee and any other conversion agent shall not at any time be under any duty or responsibility to any holder of Notes to determine whether any facts exist which may require any adjustment of the Conversion Price, or with respect to the nature or extent or calculation of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. The Trustee and any other conversion agent shall not be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be issued or delivered upon the conversion of any Note; and the Trustee and any other conversion agent make no representations with respect thereto. Subject to the provisions of Section 8.1, neither the Trustee nor any conversion agent shall be responsible for any failure of the Company to

issue, transfer or deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any note for the purpose of conversion or to comply with any of the duties, responsibilities or covenants of the Company contained in this Article. Without limiting the generality of the foregoing, neither the Trustee nor any conversion agent shall be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture entered into pursuant to Section 15.6 relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Noteholders upon the conversion of their Notes after any event referred to in such Section 15.6 or to any adjustment to be made with respect thereto, but, subject to the provisions of Section 8.1, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

Section 15.10 Notice to Holders Prior to Certain Actions. In case:

(a) the Company shall declare a dividend (or any other distribution) on its Common Stock (that would require an adjustment in the Conversion Price pursuant to Section 15.5); or

(b) the Company shall authorize the granting to all or substantially all of the holders of record of its Common Stock of rights or warrants to subscribe for or purchase any share of any class or any other rights or warrants; or

(c) of any reclassification of the Common Stock of the Company (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(d) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

the Company shall cause to be filed with the Trustee and to be mailed to each holder of Notes at its address appearing on the Note register, provided for in Section 2.5 of this Indenture, as promptly as possible but in any event at least fifteen days prior to the applicable date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights or warrants, or, if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights are to be determined, or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up is expected to become effective or occur, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their Common Stock for securities or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such dividend, distribution, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up.

ARTICLE XVI

REPURCHASE UPON A DESIGNATED EVENT

Section 16.1 Repurchase Right.

(a) If, at any time prior to February 1, 2003 there shall occur a Designated Event, then each Noteholder shall have the right, at such holder's option, to require the Company to repurchase all of such holder's Notes, or any portion thereof (in principal amounts of $1,000 or integral multiples thereof), on the repurchase date that is forty (40) days after the date of the Company Notice (as defined in Section 16.2 below) of such Designated Event (or, if such 40th day is not a Business Day, the next succeeding Business Day). Such repayment shall be made in cash at a price equal to 100% of the principal amount of Notes,

together with accrued interest, if any, to, but excluding, the repurchase date (the "Repurchase Price"); provided that if such repurchase date is February 1 or August 1, then the interest payable on such date shall be paid to the holder of record of the Note on the next preceding January 15 or July 15, respectively. No Notes may be redeemed at the option of holders upon a Designated Event if there has occurred and is continuing an Event of Default, other than a default in the payment of the Repurchase Price with respect to such Notes on the repurchase date.

Section 16.2 Notices; Method of Exercising Repurchase Right, Etc.

(a) Unless the Company shall have theretofore called for redemption all of the outstanding Notes, on or before the fifteenth (15th) calendar day after the occurrence of a Designated Event, the Company or, at the request and expense of the Company, the Trustee, shall mail to all holders a notice (the "Company Notice") of the occurrence of the Designated Event and of the repurchase right set forth herein arising as a result thereof. The Company shall also deliver a copy of such notice of a repurchase right to the Trustee and cause a copy of such notice of a repurchase right, or a summary of the information contained therein, to be published in a newspaper of general circulation in The City of New York. The Company Notice shall contain the following information:

(1) the repurchase date,

(2) the date by which the repurchase right must be exercised,

(3) the last date by which the election to require repurchase, if submitted, may be revoked;

(4) the Repurchase Price,

(5) a description of the procedure which a holder must follow to exercise a repurchase right, and

(6) the Conversion Price then in effect, the date on which the right to convert the principal amount of the Notes to be repurchased will terminate and the place or places where Notes may be surrendered for conversion.

No failure of the Company to give the foregoing notices or defect therein shall limit any holder's right to exercise a repurchase right or affect the validity of the proceedings for the repurchase of Notes.

If any of the foregoing provisions are inconsistent with applicable law, such law shall govern.

(b) To exercise a repurchase right, a holder shall deliver to the Trustee on or before the fortieth (40th) day after the Company Notice (i) written notice to the Company (or agent designated by the Company for such purpose) of the holder's exercise of such right, which notice shall set forth the name of the holder, the principal amount of the Notes to be repurchased, a statement that an election to exercise the repurchase right is being made thereby, and (ii) the Notes with respect to which the repurchase right is being exercised, duly endorsed for transfer to the Company. Election of repurchase by a holder shall be revocable at any time prior to, but excluding, the repurchase date, by delivering written notice to that effect to the Trustee prior to the close of business on the Business Day prior to the repurchase date.

(c) If the Company fails to repurchase on the repurchase date any Notes (or portions thereof) as to which the repurchase right has been properly exercised, then the principal of such Notes shall, until paid, bear interest to the extent permitted by applicable law from the repurchase date at the rate borne by the Note and each such Note shall be convertible into Common Stock in accordance with this Indenture (without giving effect to Section 16.2(b)) until the principal of such Note shall have been paid or duly provided for.

(d) Any Note which is to be repurchased only in part shall be surrendered to the Trustee (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the holder thereof or its attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the holder of such Note without service charge, a new Note or Notes, containing identical terms and conditions, of any authorized denomination as requested by such holder in aggregate principal amount equal to and in exchange for the unrepurchased portion of the principal of the Note so surrendered.

(e) On or prior to the repurchase date, the Company shall deposit with the Trustee or with a paying agent (or, if the Company is acting as its own paying agent, segregate and hold in trust as provided in Section 5.4) an amount of money sufficient to pay the Repurchase Price of the Notes that are to be repaid on the repurchase date, provided that if such payment is made on the repurchase date it must be received by the Trustee or paying agent, as the case may be, by 10:00 a.m., New York City time, on such date.

Section 16.3 Certain Definitions. For purposes of this Article XVI:

(a) the term "beneficial owner" shall be determined in accordance with Rule 13d-3 and 13d-5, as in effect on the date of the original execution of this Indenture, promulgated by the Securities and Exchange Commission pursuant to the Exchange Act;

(b) the term "person" or "group" shall include any syndicate or group which would be deemed to be a "person" under Section 13(d)(3) and 14(d) of the Exchange Act as in effect on the date of the original execution of this Indenture; and

(c) the term "Continuing Director" means at any date a member of the Company's Board of Directors (i) who was a member of such board on February 7, 1996 or (ii) who was nominated or elected by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Company's Board of Directors was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election. (Under this definition, if the current Board of Directors of the Company were to approve a new director or directors and then resign, no Change in Control would occur even though the current Board of Directors would thereafter cease to be in office.)

(d) the term "Designated Event" means a Change in Control or a Termination of Trading.

(e) the term "Change in Control" means an event or series of events as a result of which (i) any person or group is or becomes the beneficial owner of shares representing more than 50% of the combined voting power of the then- outstanding securities entitled to vote generally in elections of directors of the Company (the "Voting Stock"), (ii) approval by stockholders of the Company of any plan or proposal for the liquidation or dissolution of the Company, (iii) the Company consolidates with or merges into any other corporation, or conveys, transfers or leases all or substantially all of its assets to any person, or any other corporation merges into the Company, and, in the case of any such transaction, the outstanding common stock of the Company is changed or exchanged into other assets or securities as a result, unless the stockholders of the Company immediately before such transaction own, directly or indirectly immediately following such transaction, at least 51% of the combined voting power of the outstanding voting securities of the corporation resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock immediately before such transaction, or (iv) any time Continuing Directors do not constitute a majority of the Board of Directors of the Company (or, if applicable, a successor corporation to the Company); provided that a Change in Control shall not be deemed to have occurred if either (x) the Closing Price of the Common Stock for any five (5) Trading Days during the ten (10) Trading Days immediately preceding the Change in Control is at least equal to 105% of the Conversion Price in effect on the date on which the Change in Control occurs or (y) at least

90% of the consideration (excluding cash payments for fractional shares) in the transaction or transactions constituting the Change in Control consists of common stock traded on a United States national securities exchange or quoted on the Nasdaq National Market (or which will be so traded or quoted when issued or exchanged in connection with such Change in Control) and as a result of such transaction or transactions such Notes become convertible solely into such common stock; or

(f) a "Termination of Trading" shall have occurred if the Common Stock of the Company (or other common stock into which the Notes are then convertible) is neither listed for trading on a United States national securities exchange nor approved for trading on an established automated over-the-counter trading market in the United States.

ARTICLE XVII

MISCELLANEOUS PROVISIONS

Section 17.1 Provisions Binding on Company's Successors. All the covenants, stipulations, promises and agreements of the Company in this Indenture contained shall bind its successors and assigns whether so expressed or not.

Section 17.2 Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Company.

Section 17.3 Addresses for Notices, Etc. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Notes on the Company shall be deemed to have been sufficiently given or made, for all purposes if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed (until another address is filed by the Company with the Trustee) to NABI, 5800 Park of Commerce Blvd., N.W., Boca Raton, Florida, 33487, Attention: Chief Financial Officer. Any notice, direction, request or demand hereunder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or served by being deposited postage prepaid by registered or certified mail in a post office letter box addressed to the Corporate Trust Office, which office is, at the date as of which this Indenture is dated, located at 2 International Place, 4th Floor, Boston, Massachusetts, 02110, Attention: Corporate Trust Division (NABI, 6 1/2% Convertible Subordinated Notes due 2003).

The Trustee, by notice to the Company, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication mailed to a Noteholder shall be mailed to it by first class mail, postage prepaid, at its address as it appears on the Note register and shall be sufficiently given to it if so mailed within the time prescribed.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Section 17.4 Governing Law. This Indenture and each Note shall be deemed to be a contract made under the laws of New York, and for all purposes shall be construed in accordance with the laws of New York.

Section 17.5 Evidence of Compliance with Conditions Precedent; Certificates to Trustee. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if

any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for by or on behalf of the Company in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in such certificate or opinion is based; (3) a statement that, in the opinion of such person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 17.6 Legal Holidays. In any case where the date of maturity of interest on or principal of the Notes or the date fixed for redemption of any Note will not be a Business Day, then payment of such interest on or principal of the Notes need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period from and after such date.

Section 17.7 No Security Interest Created. Nothing in this Indenture or in the Notes, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation, as now or hereafter enacted and in effect, in any jurisdiction.

Section 17.8 Trust Indenture Act. This Indenture is hereby made subject to, and shall be governed by, the provisions of the Trust Indenture Act required to be part of and to govern indentures qualified under the Trust Indenture Act; provided, however, that, unless otherwise required by law, notwithstanding the foregoing, this Indenture and the Notes issued hereunder shall not be subject to the provisions of subsections (a)(1), (a)(2), and (a)(3) of Section 314 of the Trust Indenture Act as now in effect as hereafter amended or modified; provided further that this Section 17.8 shall not require that this Indenture or the Trustee be qualified under the Trust Indenture Act prior to the time such qualification is in fact required under the terms of the Trust Indenture Act, nor shall it constitute any admission or acknowledgment by any party hereto that any such qualification is required prior to the time such qualification is in fact required under the terms of the Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in an indenture qualified under the Trust Indenture Act, such required provision shall control.

Section 17.9 Benefits of Indenture. Nothing in this Indenture or in the Notes, expressed or implied, shall give to any person, other than the parties hereto, any paying agent, any authenticating agent, any Note registrar and their successors hereunder, the holders of Notes and the holders of Senior Indebtedness, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 17.10 Table of Contents, Headings, Etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 17.11 Authenticating Agent. The Trustee may appoint an authenticating agent which shall be authorized to act on its behalf and subject to its direction in the authentication and delivery of Notes in connection with the original issuance thereof and transfers and exchanges of Notes hereunder, including under Sections 2.4, 2.5, 2.6, 2.7 and 3.3, as fully to all intents and purposes as though the authenticating agent had been expressly authorized by this Indenture and those Sections to authenticate and deliver Notes. For all purposes of this Indenture, the authentication and delivery of Notes by the authenticating agent shall be deemed to be authentication and delivery of such Notes "by the Trustee" and a certificate of authentication executed on behalf of the Trustee by an authenticating agent shall be deemed to satisfy any requirement hereunder or in the Notes for the Trustee's certificate of authentication. Such authenticating agent shall at all times be a person eligible to serve as trustee hereunder pursuant to Section 8.9.

Any corporation into which any authenticating agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any authenticating agent shall be a party, or any corporation succeeding to the corporate trust business of any authenticating agent, shall be the successor of the authenticating agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the parties hereto or the authenticating agent or such successor corporation.

Any authenticating agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any authenticating agent by giving written notice of termination to such authenticating agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any authenticating agent shall cease to be eligible under this Section, the Trustee shall either promptly appoint a successor authenticating agent or itself assume the duties and obligations of the former authenticating agent under this Indenture, and upon an appointment of a successor authenticating agent, if made, shall give written notice of such appointment of a successor authenticating agent to the Company and shall mail notice of such appointment of a successor authenticating agent to all holders of Notes as the names and addresses of such holders appear on the Note register.

The Trustee agrees to pay to the authenticating agent from time to time reasonable compensation for its services (to the extent pre-approved by the Company in writing), and the Trustee shall be entitled to be reimbursed for such pre-approved payments, subject to Section 8.6.

The provisions of Sections 8.2, 8.3, 8.4, 9.3 and this Section 17.11 shall be applicable to any authenticating agent.

Section 17.12 Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

State Street Bank and Trust Company hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly signed, and their respective corporate seals to be hereunto affixed and attested, all as of the date first written above.

NABI

By: /s/ Alfred J. Fernandez

Title: Senior Vice President
and Chief Financial Officer

Attest:

/s/ Constantine Alexander
- ---
[seal]

STATE STREET BANK AND TRUST COMPANY, as Trustee

By: /s/ Decker Adams

Title: Vice President

Attest:

/s/ James E. Schultz
- ---
[seal]

EXHIBIT A - FORM OF NOTE

[FORM OF FACE OF NOTE]

FORM OF LEGEND FOR GLOBAL NOTE: UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) ("INSTITUTIONAL ACCREDITED INVESTOR") OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THE NOTE EVIDENCED HEREBY IN AN OFFSHORE TRANSACTION; (2) AGREES THAT IT WILL NOT WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THE NOTE EVIDENCED HEREBY RESELL OR OTHERWISE TRANSFER THE NOTE EVIDENCED HEREBY OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF SUCH NOTE EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN INSTITUTIONAL ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THE NOTE EVIDENCED HEREBY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM SUCH TRUSTEE), (D) OUTSIDE THE UNITED STATES IN

COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (F) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER); AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTE EVIDENCED HEREBY IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO 2(E) OR 2(F) ABOVE AS A CONSEQUENCE OF WHICH THIS LEGEND IS REMOVED OR REMOVABLE, A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THE NOTE EVIDENCED HEREBY WITHIN THREE YEARS AFTER THE ORIGINAL ISSUANCE OF THE NOTE (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 2(F) ABOVE), THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE. IF THE PROPOSED TRANSFER IS PURSUANT TO CLAUSE 2(C) OR 2(E) ABOVE, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE COMPANY MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THE NOTE EVIDENCED HEREBY PURSUANT TO CLAUSE 2(F) ABOVE OR THE EXPIRATION OF THREE YEARS FROM THE ORIGINAL ISSUANCE OF THE NOTE EVIDENCED HEREBY OR UPON THE EARLIER SATISFACTION OF STATE STREET BANK AND TRUST COMPANY, AS TRUSTEE, THAT THE NOTE HAS BEEN OR IS BEING TRANSFERRED PURSUANT TO CLAUSE 2(E) ABOVE OR OTHERWISE IN A TRANSACTION AS A CONSEQUENCE OF WHICH UNDER THE SECURITIES ACT THIS RESTRICTIVE LEGEND MAY BE REMOVED (OTHER THAN A TRANSFER PURSUANT TO 2(D) ABOVE) AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

No. ---------- $ ----------

NABI

6 1/2% CONVERTIBLE SUBORDINATED NOTE DUE 2003

NABI, a corporation duly organized and validly existing under the laws of the State of Delaware (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received hereby promises to pay to _____, or registered assigns, the principal sum of_____ Dollars on February 1, 2003, and to pay interest on said principal sum semi-annually on February 1 and August 1 of each year, commencing August 1, 1996, at the rate per annum specified in the title of this Note, accrued from the February 1 or August 1, as the case may be, next preceding the date of this Note to which interest has been paid or duly provided for, unless the date of this Note is a date to which interest has been paid or duly provided for, in which case interest shall accrue from the date of this Note, or unless no interest has been paid or duly provided for on this Note, in which case interest shall accrue from February 7, 1996, until payment of said principal sum has been made or duly provided for. Notwithstanding the foregoing, if the date hereof is after any January 15 or July 15, as the case may be, and before the following February 1 or August 1, this Note shall bear interest from such February 1 or August 1, respectively; provided, however, that if the Company shall default in the payment of interest due on such February 1 or August 1, then this Note shall bear interest from the next preceding February 1 or August 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for on this Note, from February 7, 1996. The interest so payable on any February 1 or August 1 will be paid to the person in whose name this Note (or one or more Predecessor Notes) is registered at the close of business on the record date, which shall be the January 15 or July 15 (whether or not a Business Day) next preceding such February 1 or August 1, respectively, as provided in the Indenture; provided that any such interest not punctually paid or duly provided for shall be payable as provided in the Indenture. Payment of the principal of and interest accrued on this Note shall be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, or, at the option of the holder of this Note, at the Corporate Trust Office, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts; provided, however, that at the option of the Company, payment of interest may be made by check mailed to the registered address of the person entitled thereto.

Reference is made to the further provisions of this Note set forth on the reverse hereof, including, without limitation, provisions subordinating the payment of principal of and premium, if any, and interest on this Note to the prior payment in full of all Senior Indebtedness as defined in the Indenture and provisions giving the holder of this Note the right to convert this Note into Common Stock of the Company on the terms and subject to the limitations referred to on the reverse hereof and as more fully specified in the Indenture. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be construed in accordance with and governed by the laws of said State.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by the Trustee or a duly authorized authenticating agent under the Indenture.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed under its corporate seal.

NABI

Dated: ----------

By: ----------
Title:

Attest:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-named Indenture.

STATE STREET BANK AND TRUST COMPANY,
as Trustee

By: ----------
Authorized Signatory

[FORM OF REVERSE OF NOTE]

NABI

6 1/2% CONVERTIBLE SUBORDINATED NOTE DUE 2003

This Note is one of a duly authorized issue of Notes of the Company, designated as its 62% Convertible Subordinated Notes due 2003 (herein called the "Notes"), limited to the aggregate principal amount of $80,500,000, all issued or to be issued under and pursuant to an Indenture dated as of February 1, 1996 (herein called the "Indenture"), between the Company and State Street Bank and Trust Company (herein called the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Notes.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing, the principal of and accrued interest on all Notes may be declared, and upon said declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than a majority of the aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Notes; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Note, or reduce the rate or extend the time of payment of interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or reduce any amount payable on redemption or repurchase thereof, impair, or change in any respect adverse to the holder of Notes, the obligation of the Company to repurchase any Note at the option of the holder upon the happening of a Designated Event, or impair or adversely affect the right of any Noteholder to institute suit for the payment thereof, or make the principal thereof or interest or premium, if any, thereon payable in any coin or currency other than that provided in the Notes, or modify the provisions of the Indenture with respect to the subordination of the Notes in a manner adverse to the Noteholders, or impair, or change in any respect adverse to the holders of the Notes, the right to convert the Notes into Common Stock subject to the terms set forth in the Indenture, including Section 15.6 thereof, without the consent of the holder of each Note so affected or (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding. It is also provided in the Indenture that, prior to any declaration accelerating the maturity of the Notes, the holders of a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all of the Notes waive any past default or Event of Default under the Indenture and its consequences except a default in the payment of interest or any premium on or

the principal of or any redemption price or repurchase price of any of the Notes or a failure by the Company to convert any Notes into Common Stock of the Company. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or substitution hereof, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

The indebtedness evidenced by the Notes is, to the extent and in the manner provided in the Indenture, expressly subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness of the Company, as defined in the Indenture, whether outstanding at the date of the Indenture or thereafter incurred, and this Note is issued subject to the provisions of the Indenture with respect to such subordination. Each holder of this Note, by accepting the same, agrees to and shall be bound by such provisions and authorizes the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination so provided and appoints the Trustee his attorney in fact for such purpose.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the place, at the respective times, at the rate and in the coin or currency herein prescribed.

Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Notes are issuable in registered form without coupons in denominations of $1,000 principal amount and integral multiples thereof. At the office or agency of the Company referred to on the face hereof, and in the manner and subject to the limitations provided in the Indenture, without payment of any service charge but with payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration or exchange of Notes, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations.

The Notes will not be redeemable at the option of the Company prior to February 4, 1999. On or after such date and prior to maturity the Notes may be redeemed at the option of the Company as a whole, or from time to time in part, upon mailing a notice of such redemption not less than 20 nor more than 60 days before the date fixed for redemption to the holders of Notes at their last registered addresses, all as provided in the Indenture, at 100% of the principal amount thereof, together in each case with accrued interest to, but excluding, the date fixed for redemption; provided that if the date fixed for redemption is a February 1 or August 1, then the interest payable on such date shall be paid to the holder of record on the next preceding January 15 or July 15, respectively.

The Notes are not subject to redemption through the operation of any sinking fund.

Upon the occurrence of a "Designated Event" prior to February 1, 2003, the Noteholder has the right, at such holder's option, to require the Company to repurchase all or any portion of such holder's Notes on the 40th day after notice of such Designated Event at a price equal to 100% of the principal amount of the Notes, together in each case with accrued interest to, but excluding, the date fixed for redemption; provided that if such repurchase date is February 1 or August 1, then the interest payable on such date shall be paid to the holder of record of the Note on the next preceding January 15 or July 15, respectively. The Company shall mail to all holders of record of the Notes a notice of the occurrence of a Designated Event and of the repurchase right arising as a result thereof on or before 15 calendar days after the occurrence of such Designated Event.

Subject to the provisions of the Indenture, the holder hereof has the right, at its option, at any time after 60 days following the latest date of original issuance of the Notes and prior to the close of business on February 1, 2003, or, as to all or any portion hereof called for redemption, prior to the close of business on the Business Day next preceding the date fixed for redemption (unless the Company shall default in payment due upon redemption), to convert the principal hereof or any portion of such principal which is $1,000 or an integral multiple thereof, into that number of fully paid and non-assessable shares of the Company's Common Stock, as said shares shall be constituted at the date of conversion, obtained by dividing the principal amount of this Note or portion thereof to be converted by the conversion price of $14 or such conversion price as adjusted from time to time as provided in the Indenture, upon surrender of this Note, together with a conversion notice as provided in the Indenture and this Note, to the Company at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, or at the option of such holder, the Corporate Trust Office, and, unless the shares issuable on conversion are to be issued in the same name as this Note, duly endorsed by, or accompanied by instruments of transfer in form satisfactory to the Company duly executed by, the holder or by his duly authorized attorney. No adjustment in respect of interest or dividends will be made upon any conversion; provided, however, that if this Note shall be surrendered for conversion during the period from the close of business on any record date for the payment of interest through the close of business on the Business Day next preceding the following interest payment date, this Note (unless it or the portion being converted shall have been called for redemption during the period from the close of business on any record date through the close of business on the Business Day next preceding the following interest payment date) must be accompanied by an amount, in funds acceptable to the Company, equal to the interest otherwise payable on such interest payment date on the principal amount being converted. No fractional shares of Common Stock will be issued upon any conversion, but an adjustment in cash will be paid to the holder, as provided in the Indenture, in respect of any fraction of a share which would otherwise be issuable upon the surrender of any Note or Notes for conversion.

Any Notes called for redemption, unless surrendered for conversion on or before the close of business on the date fixed for redemption, may be deemed to be purchased from the holder of such Notes at an amount equal to the applicable redemption price, together with accrued interest to the date fixed for redemption, by one or more investment bankers or other purchasers who may agree with the Company to purchase such Notes from the holders thereof and convert them into

Common Stock of the Company and to make payment for such Notes as aforesaid to the Trustee in trust for such holders.

Upon due presentment for registration of transfer of this Note at the office or agency of the Company in the Borough of Manhattan, The City of New York, or at the option of the holder of this Note, at the Corporate Trust Office, a new Note or Notes of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange thereof, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company, the Trustee, any authenticating agent, any paying agent, any conversion agent and any Note registrar may deem and treat the registered holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon made by anyone other than the Company or any Note registrar), for the purpose of receiving payment hereof, or on account hereof, for the conversion hereof and for all other purposes, and neither the Company nor the Trustee nor any other authenticating agent nor any paying agent nor any other conversion agent nor any Note registrar shall be affected by any notice to the contrary. All payments made to or upon the order of such registered holder shall, to the extent of the sum or sums paid, satisfy and discharge liability for monies payable on this Note.

No recourse for the payment of the principal of or any premium or interest on this Note, or for any claim based hereon or otherwise in respect hereof, and no recourse under or upon any obligation, covenant or agreement of the Company in the Indenture or any indenture supplemental thereto or in any Note, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, employee, agent, officer, director or subsidiary, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

Terms used in this Note and defined in the Indenture are used herein as therein defined.

ABBREVIATIONS

The following abbreviations, when used in the inscription of the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT -_____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act
_____
(State)

Additional abbreviations may also be used though not in the above list.

[FORM OF CONVERSION NOTICE]

CONVERSION NOTICE

TO: NABI

The undersigned registered owner of this Note hereby irrevocably exercises the option to convert this Note, or the portion hereof (which is $1,000 principal amount or an integral multiple thereof) below designated, into shares of Common Stock in accordance with the terms of the Indenture referred to in this Note, and directs that the shares issuable and deliverable upon such conversion, together with any check in payment for fractional shares and any Notes representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares or any portion of this Note not converted are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Any amount required to be paid to the undersigned on account of interest accompanies this Note.

Dated:
--- ---

--- Signature(s)

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or Notes to be delivered, other than to and in the name of the registered holder.

- ---
Signature Guarantee

Fill in for registration of shares if to be issued, and Notes if to be delivered, other than to and in the name of the registered holder:

- ----------
(Name)

- ----------
(Street Address)

- ----------
(City, State and Zip Code)

Please print name and address

Principal amount to be converted (if less than all):

$,000

Social Security or Other Taxpayer Identification Number

[FORM OF OPTION TO ELECT REPAYMENT
UPON A DESIGNATED EVENT]

TO: NABI

The undersigned registered owner of this Note hereby acknowledges receipt of a notice from NABI (the "Company") as to the occurrence of a Designated Event with respect to the Company and requests and instructs the Company to repay the entire principal amount of this Note, or the portion thereof (which is $1,000 principal amount or an integral multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Note, together with accrued interest to, but excluding, such date, to the registered holder hereof.

Dated: ----------

Signature(s)

Social Security or Other Taxpayer Identification Number

Principal amount to be repaid (if less than all): $,000

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

[FORM OF ASSIGNMENT]

For value received_____hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or Taxpayer Identification Number of assignee) the within Note, and hereby irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the within Note occurring within three years of the original issuance of such Note (unless such Note is being transferred pursuant to a registration statement that has been declared effective under the Securities Act), the undersigned confirms that such Note is being transferred:

/ / To NABI or a subsidiary thereof; or

/ / Pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended; or

/ / To an Institutional Accredited Investor pursuant to and in compliance with the Securities Act of 1933, as amended; or

/ / Pursuant to and in compliance with Regulation S under the Securities Act of 1933, as amended; or

/ / Pursuant to and in compliance with Rule 144 under the Securities Act of 1933, as amended;

and unless the box below is checked, the undersigned confirms that such Note is not being transferred to an "affiliate" of the Company as defined in Rule 144 under the Securities Act of 1933, as amended (an "Affiliate"):

/ / The transferee is an Affiliate of the Company.

Dated:

- ---

- ---
Signature(s)

Signature(s) must be guaranteed by an eligible Guarantor Institution (banks, stock brokers, savings and loan associations and credit unions) with membership in an approved signature guarantee medallion program pursuant to Securities and Exchange Commission Rule 17Ad-15 if shares of Common Stock are to be issued, or Notes to be delivered, other than to and in the name of the required holder.

- ---
Signature Guarantee

NOTICE: The signature on the conversion notice, the option to elect repurchase upon a Designated Event or the assignment must correspond with the name as written upon the face of the Note in every particular without alteration or enlargement or any change whatever.

EXHIBIT 4.3

6 1/2% CONVERTIBLE SUBORDINATED NOTES DUE 2003

REGISTRATION RIGHTS AGREEMENT

DATED AS OF FEBRUARY 1, 1996

BY AND AMONG

NABI
AS THE COMPANY

AND

ROBERTSON, STEPHENS & COMPANY LLC

AND

RAYMOND JAMES & ASSOCIATES, INC.
AS INITIAL PURCHASERS

This Registration Rights Agreement is made and entered into as of February 1, 1996, by and among NABI, a Delaware corporation (the "Company"), and Robertson, Stephens & Company LLC and Raymond James & Associates, Inc. (the "Initial Purchasers") who have purchased or have the right to purchase up to $80,500,000 in aggregate principal amount of 6 1/2% Convertible Subordinated Notes due 2003 (the "Notes") of the Company pursuant to the Purchase Agreement (as such term is defined below).

This Agreement is made pursuant to the Purchase Agreement, dated February 1, 1996, among the Company and the Initial Purchasers (the "Purchase Agreement"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide the registration rights provided for in this Agreement to the Initial Purchasers and their respective direct and indirect transferees (i) for the benefit of the Initial Purchasers, (ii) for the benefit of the holders from time to time of the Notes (including the Initial Purchasers) and the holders from time to time of the Common Stock issuable or issued upon conversion of the Notes and (iii) for the benefit of the securities constituting the Transfer Restricted Securities. The execution of this Agreement is a condition to the closing of the transactions contemplated by the Purchase Agreement.

The parties hereby agree as follows:

Definitions. As used in this Agreement, the following terms shall have the following meanings:

Advice: As defined in the last paragraph of Section 2(d) hereof.

Affiliate: An affiliate of any specified person shall mean any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, "control," when used with respect to any person, means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing.

Agreement: This Registration Rights Agreement, as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof.

Business Day: Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York, New York are authorized or obligated by law or executive order to close.

Closing Date: February 7, 1996.

Common Stock: Common Stock, $.10 par value per share, of the Company and any other shares of common stock as may constitute "Common Stock" for purposes of the Indenture, in each case, as issuable or issued upon conversion of the Notes.

Company: NABI, a Delaware corporation, and any successor corporation thereto.

controlling person: As defined in Section 6(a) hereof.

Damages Payment Date: Each of the semi-annual interest payment dates provided in the Indenture.

Effectiveness Period: As defined in Section 2(a) hereof.

Effectiveness Target Date: The 120th day following the Closing Date.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the SEC pursuant thereto.

Filing Date: The 60th day after the Closing Date.

Holder: Each owner of any Transfer Restricted Securities.

Indemnified Person: As defined in Section 6(a) hereof.

Indenture: The Indenture, dated as of the date hereof, between the Company and the Trustee thereunder, pursuant to which the Notes are being issued, as amended, modified or supplemented from time to time in accordance with the terms thereof.

Initial Purchasers: As defined in the first paragraph hereof.

Liquidated Damages: As defined in Section 3(a) hereof.

Notes: The $70,000,000 aggregate principal amount of 6 1/2% Convertible Subordinated Notes due 2003 of the Company being issued pursuant to the Indenture (together with the up to $10,500,000 aggregate principal amount of such Notes, if, and to the extent the Initial Purchasers' over allotment option is exercised).

Proceeding: An action, claim, suit or proceeding (including, without limitation, an investigation or partial proceeding, such as disposition), whether commenced or threatened.

Prospectus: The prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the resale of any of the Transfer Restricted Securities covered by such Registration Statement, and all other amendments and supplements to any such prospectus, including post-effective amendments, and all materials incorporated by reference or deemed to be incorporated by reference, if any, in such prospectus.

Purchase Agreement: As defined in the second paragraph hereof.

Record Holder: (i) with respect to any Damages Payment Date relating to any Note as to which any such Liquidated Damages have accrued, the registered Holder of such Note on the record date with respect to the interest payment date under the Indenture on which such Damages Payment Date shall occur and (ii) with respect to any Damages Payment Date relating to any Common Stock as to which any such Liquidated Damages have accrued, the registered Holder of such Common Stock 15 days prior to the next succeeding Damages Payment Date.

Registration Default: As defined in Section 3(a) hereof.

Registration Statement: Any registration statement of the Company filed with the SEC pursuant to the Securities Act that covers the resale of any of the Transfer Restricted Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference, if any, in such registration statement.

Rule 144: Rule 144 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule or regulation.

Rule 144A: Rule 144A promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule or regulation.

Rule 158: Rule 158 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule or regulation.

Rule 174: Rule 174 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC as a replacement thereto having substantially the same effect as such Rule.

Rule 415: Rule 415 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule or regulation.

Rule 424: Rule 424 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule or regulation.

SEC: The Securities and Exchange Commission.

Securities Act: The Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

Shelf Registration Statement: As defined in Section 2 hereof.

Special Counsel: Any special counsel to the holders of Transfer Restricted Securities, for which holders of Transfer Restricted Securities will be reimbursed pursuant to Section 5 hereof.

TIA: The Trust Indenture Act of 1939, as amended.

Transfer Restricted Securities: The Notes and the shares of Common Stock into which the Notes are converted or convertible (including any shares of Common Stock issued or issuable thereon upon any stock split, stock combinations, stock dividend or the like), upon original issuance thereof, and at all times subsequent thereto, and associated related rights, if any, until, in the case of any such Note or share (and associated rights) (i) the date on which the resale thereof has been registered effectively pursuant to the Securities Act and disposed of in accordance with the Registration Statement relating thereto, (ii) the date on which either such Note or the shares of Common Stock issued upon conversion of such Note are distributed to the public pursuant to Rule 144 (or any similar provisions then in effect) or are saleable pursuant to Rule 144(k) promulgated by the SEC pursuant to the Securities Act or (iii) the date on which it ceases to be outstanding, whichever date is earliest.

Trustee: The Trustee under the Indenture.

Underwritten registration or underwritten offering: A registration in connection with which securities of the Company are sold to an underwriter for reoffering to the public pursuant to an effective Registration Statement.

References herein to the term "Holders of a majority in aggregate principal amount of Transfer Restricted Securities" or words to a similar effect shall mean, with respect to any request, notice, demand, objection or other action by the holders of Transfer Restricted Securities hereunder or pursuant hereto (each, an "Act"), registered holders of a number of shares of then outstanding Common Stock constituting Transfer Restricted Securities and an aggregate principal amount of then outstanding Notes constituting Transfer Restricted Securities, such that the sum of such shares of Common Stock and the shares of Common Stock issuable upon conversion of such Notes constitute in excess of 50% of the sum of all of the then outstanding shares of Common Stock constituting Transfer Restricted Securities and the number of shares of Common Stock issuable upon conversion of then outstanding Notes constituting Transfer Restricted Securities. For purposes of the immediately preceding sentence, (i) any Holder may elect to take any Act with respect to all or any portion of Transfer Restricted Securities held by it and only the portion as to which such Act is taken shall be included in the numerator of the fraction described in the preceding sentence and (ii) Transfer Restricted Securities owned, directly or indirectly, by the Company or its Affiliates shall be deemed not to be outstanding.

2. Shelf Registration Statement

3. The Company agrees to file with the SEC as soon as practicable after the Closing Date, but in no event later than the Filing Date, a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Transfer Restricted Securities (the "Shelf Registration Statement"). The Shelf Registration Statement shall be on Form S-3 under the Securities Act or another appropriate form selected by the Company permitting registration of such Transfer Restricted Securities for resale by the Holders in the manner or manners reasonably designated by them (including, without limitation, one or more underwritten offerings). The Company shall not permit any securities other than the Transfer Restricted Securities to be included in the Shelf Registration Statement. The Company shall use its best efforts to cause the Shelf Registration Statement to be declared effective pursuant to the Securities Act as promptly as practicable following the filing thereof, but in no event later than the Effectiveness Target Date, and to keep the Shelf Registration Statement continuously effective under the Securities Act for 36 months after the date on which all the Notes are sold (including those sold pursuant to the over-allotment option granted to the Initial Purchasers in the Purchase Agreement) to the Initial Purchasers (subject to extension pursuant to Sections 2(b) and 2(d) hereof) (the "Effectiveness Period"), or such shorter period ending when there cease to be outstanding any Transfer Restricted Securities.

4. Supplements and Amendments. The Company shall use its reasonable efforts to keep the Shelf Registration Statement continuously effective by supplementing and amending the Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration Statement, if required by the Securities Act, or if reasonably requested by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities or by any underwriter of such Transfer Restricted Securities; provided that the Effectiveness Period shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements of Rule 174 and as otherwise provided herein.

5. Selling Securityholder Information. Each Holder of Transfer Restricted Securities as to which any registration is being effected shall furnish to the Company such information regarding the distribution of such Transfer Restricted Securities as is required by law to be disclosed in the applicable Registration Statement (the "Requisite Information") prior to effecting any sale pursuant to such Registration Statement.

The Company shall file, within two Business Days of the receipt of notice from any Holder which includes the Requisite Information with respect to such Holder, a prospectus supplement pursuant to Rule 424 or otherwise amend or supplement such Registration Statement to include in the Prospectus the Requisite Information as to such Holder (and the Transfer Restricted Securities held by such Holder), and the Company shall provide such Holder and the Special Counsel within two Business Days of such notice with a copy of such Prospectus as so amended or supplemented containing the Requisite Information in order to permit such holder to comply with the Prospectus delivery requirements of the Securities Act in a timely manner with respect to any proposed disposition of such Holder's Transfer Restricted Securities.

If any such Registration Statement refers to any Holder by name or otherwise as the holder of any securities of the Company, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance reasonably satisfactory to such Holder, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such Holder by name or otherwise is not required by the Securities Act or any similar Federal statute then in force, the deletion of the reference to such Holder in the Registration Statement at any time subsequent to the time that such reference ceases to be required.

6. Certain Notices; Suspension of Sales. Each Holder of Transfer Restricted Securities agrees by acquisition of such Transfer Restricted Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(c)(ii), 4(c)(iii), 4(c)(v) or 4(c)(vi) hereof, such Holder will forthwith discontinue disposition of such Transfer Restricted Securities covered by such Registration

Statement or Prospectus (other than in transactions exempt from the registration requirements under the Securities Act) until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 4(i) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus. If the Company shall give any such notice, the Effectiveness Period shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each Holder shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 4(i) hereof or (y) the Advice, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus.

7. Liquidated Damages

8. The Company and the Initial Purchasers agree that the Holders of Transfer Restricted Securities will suffer damages if the Company fails to fulfill its obligations pursuant to Section 2 hereof and that it would not be possible to ascertain the extent of such damages. Accordingly, the Company hereby agrees to pay liquidated damages ("Liquidated Damages") to each Holder of Transfer Restricted Securities under the circumstances and to the extent set forth below:

9. if the Shelf Registration Statement has not been filed with the SEC on or prior to the Filing Date; or

10. if the Shelf Registration Statement is not declared effective by the SEC on or prior to the Effectiveness Target Date; or

11. if the Shelf Registration Statement has been declared effective by the SEC and such Shelf Registration Statement ceases to be effective or usable at any time during the Effectiveness Period (without being succeeded on the same day immediately by a post-effective amendment to such Registration Statement that cures such failure and that is itself immediately declared effective) for a period of time which shall exceed 45 days in the aggregate in any three month period or 90 days in the aggregate per year;

(any of the foregoing, a "Registration Default"). In the event of any such Registration Default, the Company shall pay Liquidated Damages to each Holder of Transfer Restricted Securities during the first 90-day period immediately following the occurrence of such Registration Default in an amount equal to $.05 per week per $1,000 principal amount of Notes and, if applicable, $.01 per week per share (subject to adjustment in the event of stock splits, stock recombinations, stock dividends and the like) of Common Stock constituting Transfer Restricted Securities held by such holder for each week or portion thereof that the Registration Default continues. The amount of such Liquidated Damages will increase by an additional $.05 per week per $1,000 principal amount of Notes and $.01 per week per share (subject to adjustment as set forth above) of Common Stock constituting Transfer Restricted Securities for each subsequent 90-day period until all Registration Defaults have been cured; provided, however, that Liquidated Damages shall not at any time exceed $.25 per week per $1,000 principal amount of Notes and $.05 per week per share (subject to adjustment as set forth above) of Common Stock constituting Transfer Restricted Securities. Following the cure of all Registration Defaults relating to any Transfer Restricted Securities, the accrual of Liquidated Damages with respect to such Transfer Restricted Securities will cease (without in any way limiting the effect of any subsequent Registration Default). A Registration Default under clause (i) above shall be cured on the date that the Shelf Registration Statement is filed with the SEC; a Registration Default under clause (ii) above shall be cured on the date that the Shelf Registration Statement is declared effective by the SEC; and a Registration Default under clause (iii) above shall be cured on the date the Shelf Registration Statement is declared effective or usable.

12. The Company shall notify the Trustee within one Business Day after each and every date on which a Registration Default occurs. Liquidated Damages shall be paid by the Company to the Record Holders on each Damages Payment Date by wire transfer of immediately available funds to the accounts specified by them or by mailing checks to their registered addresses as they appear in the Note register (as defined in the Indenture), in the case of the Notes, and in the register of the Company for the Common Stock, in the case of the Common Stock, if

no such accounts have been specified on or before the Damage Payment Date; provided, however, that any Liquidated Damages accrued with respect to any Note or portion thereof called for redemption on a redemption date, repurchased in connection with a Repurchase Event (as defined in the Indenture) on a repurchase date, or converted into Common Stock on a conversion date prior to the Damages Payment Date, shall, in any such event, be paid instead to the holder who submitted such Note or portion thereof for redemption, repurchase or conversion on the applicable redemption date, repurchase date or conversion date, as the case may be, on such date (promptly following the conversion date, in the case of conversion of a Note). Each obligation to pay Liquidated Damages shall be deemed to commence accruing on the date of the applicable Registration Default and to cease accruing when all Registration Defaults have been cured. In no event shall the Company be required to pay Liquidated Damages in excess of the applicable maximum weekly amount set forth above, regardless of whether one or multiple Registration Defaults exist.

13. All of the Company's obligations set forth in this Section 3 which are unsatisfied to any extent with respect to any Transfer Restricted Securities at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such security have been satisfied in full (notwithstanding the earlier termination of this Agreement).

14. Any payments due and payable pursuant to this Section 3 with respect to any Notes shall be subject to the provisions of Article IV of the Indenture as if such payments were additional interest on the Notes.

15. Registration Procedures. In connection with the Company's registration obligations hereunder, the Company shall effect such registrations on the appropriate form selected by the Company available for the sale of the Transfer Restricted Securities to permit the sale of Transfer Restricted Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

16. No fewer than five Business Days prior to the initial filing of a Registration Statement or Prospectus and no fewer than two Business Days prior to the filing of any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), furnish to the registered (as of the most recent reasonably practicable date which shall not be more than two Business Days prior to the date such notice is personally delivered, delivered to a next-day courier, deposited in the mail or telecopied, as the case may be) Holders of the Transfer Restricted Securities, Special Counsel and the managing underwriters, if any, copies of all such documents proposed to be filed, which documents (including those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, Special Counsel and such underwriters, if any, and cause the officers and directors of the Company, counsel to the Company and independent certified public accountants to the Company to respond to such inquiries as shall be necessary in connection with such Registration Statement, in the opinion of respective counsel to such Holders and such underwriters, to conduct a reasonable investigation within the meaning of the Securities Act; provided that the Company shall not be deemed to have kept a Registration Statement effective during the applicable period if it voluntarily takes or fails to take any action that results in selling Holders of the Transfer Restricted Securities covered thereby not being able to sell such Transfer Restricted Securities pursuant to Federal securities laws during that period (and the time period during which such Registration Statement is required to remain effective hereunder shall be extended by the number of days during which such selling Holders of Transfer Restricted Securities are not able to sell Transfer Restricted Securities). The Company shall not file any such Registration Statement or related Prospectus or any amendments or supplements thereto to which the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities, Special Counsel, or the managing underwriters, if any, shall reasonably object on a timely basis;

17. Prepare and file with the SEC such amendments, including post-effective amendments, to each Registration Statement as may be necessary to keep such Registration Statement continuously effective for the applicable time period set forth in Section 3(a) hereof; cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act and the Exchange Act with respect to the disposition of all securities covered by such Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Registration Statement as so amended or in such Prospectus as so

supplemented (including, without limitation, the filing of any Prospectus supplement pursuant to Rule 424 in order to add or change any selling security holder information (including any such supplements or amendments pursuant to Section 2(c) hereof, provided such holder of Transfer Restricted Securities to which such change applies complies with the information requirements of the first or second paragraph of Section 2(c) hereof));

18. Notify the registered (as of the most recent reasonably practicable date which shall not be more than two Business Days prior to the date such notice is personnally delivered, delivered to a next-day courier, deposited in the mail or telecopied, as the case may be) Holders of Transfer Restricted Securities to be sold or Special Counsel and the managing underwriters, if any, promptly (and in the case of an event specified by clause (i)(A) of this paragraph in no event fewer than two Business Days prior to such filing), and (if requested by any such person), confirm such notice in writing, (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment is proposed to be filed, and, (B) with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request of the SEC or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or for additional information related thereto, (iii) of the issuance by the SEC, any state securities commission, any other governmental agency or any court of any stop order, order or injunction suspending or enjoining the use or the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) if at any time any of the representations and warranties of the Company contained in any agreement (including any underwriting agreement) contemplated by Section 4(m) hereof are not true and correct in all material respects, (v) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Transfer Restricted Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, and (vi) of the existence of any fact and the happening of any event that makes any statement made in such Registration Statement or related Prospectus untrue in any material respect, or that requires the making of any changes in such Registration Statement or Prospectus so that in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and that, in the case of the Prospectus, such Prospectus will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

19. Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of any order enjoining or suspending the use or effectiveness of a Registration Statement or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Transfer Restricted Securities for sale in any jurisdiction, at the earliest practicable moment;

20. If requested by the managing underwriters, if any, or the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities being sold in connection with such offering, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriters, if any, and such Holders agree should be included therein, and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment; provided, however, that the Company shall not be required to take any action pursuant to this Section 4(e) that would, in the opinion of counsel for the Company, violate applicable law;

21. Furnish to each Holder who so requests, Special Counsel and each managing underwriter, if any, without charge, at least one conformed copy of each Registration Statement and each amendment thereto, including financial statements (but excluding schedules, all documents incorporated or deemed to be incorporated therein by reference and all exhibits, unless requested in writing by such Holder, counsel or managing underwriter);

22. Deliver to each Holder, Special Counsel, and the underwriters, if any, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto to such persons who reasonably request; and, unless the Company shall have given notice to such Holder pursuant to Section 4(c)(vi), the Company hereby consents to the use of such Prospectus and each amendment or supplement

thereto by each of the selling Holders of Transfer Restricted Securities and the underwriters, if any, in connection with the offering and sale of the Transfer Restricted Securities covered by such Prospectus and any amendment or supplement thereto, provided that no Holder shall be entitled to use the Prospectus unless and until such Holder shall have furnished to the Company any required information pursuant to the first or second paragraph of Section 2(c) hereof;

23. Prior to any public offering of Transfer Restricted Securities, use its best efforts to register or qualify, or cooperate with the Holders of Transfer Restricted Securities to be sold or tendered for, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of, such Transfer Restricted Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder or underwriter reasonably requests in writing, keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and do any and all other acts or things necessary legally to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or subject the Company to any tax in any such jurisdiction where it is not then so subject;

24. In connection with any sale or transfer of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders and the managing underwriters, if any, to (A) facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold, which certificates shall not bear any restrictive legends, shall bear a CUSIP number different from the CUSIP number for the Transfer Restricted Securities and shall be in a form eligible for deposit with The Depository Trust Company and (B) enable such Transfer Restricted Securities to be in such denominations and registered in such names as the managing underwriters, if any, or Holders may request at least two Business Days prior to any sale of Transfer Restricted Securities;

25. Use its best efforts to cause the offering of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities within the United States, except as may be required as a consequence of the nature of such selling Holder's business, in which case the Company will cooperate in all reasonable respects with the filing of such Registration Statement and the granting of such approvals as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Transfer Restricted Securities; provided, however, that the Company shall not be required to register the Transfer Restricted Securities in any jurisdiction that would subject it to general service of process in any such jurisdiction where it is not then so subject or subject the Company to any tax in any such jurisdiction where it is not then so subject or to require the Company to qualify to do business in any jurisdiction where it is not then so qualified;

26. Upon the occurrence of any event contemplated by Section 4(c)(vi) hereof, as promptly as practicable, prepare a supplement or amendment, including, if appropriate, a post-effective amendment, to each Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

27. Prior to the effective date of the first Registration Statement relating to the Transfer Restricted Securities, to provide a CUSIP number for the Transfer Restricted Securities to be sold pursuant to the Registration Statement;

28. Enter into such agreements (including an underwriting agreement in form, scope and substance to is customary in underwritten offerings) reasonably satisfactory to the Company and take all such other reasonable actions in connection therewith (including those reasonably requested by the managing underwriters, if any, or the

Holders of a majority in aggregate principal amount of the Transfer Restricted Securities being sold) in order to expedite or facilitate the disposition of such Transfer Restricted Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration, (i) make such representations and warranties to the Holders of such Transfer Restricted Securities and the underwriters, if any, with respect to the business of the Company and its subsidiaries (including with respect to businesses or assets acquired or to be acquired by any of them), and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and reasonably acceptable to the Company, and confirm the same if and when requested; (ii) seek to obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and Special Counsel to the Holders of the Transfer Restricted Securities being sold, addressed to each selling Holder of Transfer Restricted Securities and each of the underwriters, if any, covering the matters customarily covered in opinions requested in underwritten offerings (including any such matters as may be reasonably requested by such Special Counsel and underwriters); (iii) use all reasonable efforts to obtain customary "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data is, or is required to be, included in the Registration Statement), addressed (where reasonably possible) to each selling Holder of Transfer Restricted Securities and each of the underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings; (iv) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures no less favorable to the selling Holders of Transfer Restricted Securities and the underwriters, if any, than those set forth in Section 6 hereof (or such other provisions and procedures acceptable to Holders of a majority in aggregate principal amount of the Transfer Restricted Securities covered by such Registration Statement and the managing underwriters); and (v) deliver such documents and certificates as may be reasonably requested by the Holders of majority in aggregate principal amount of the Transfer Restricted Securities being sold, their Special Counsel or the managing underwriters, if any, to evidence the continued validity of the representations and warranties made pursuant to clause (i) of this Section 4(m) and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company;

29. Make available for inspection by a representative of the Holders of Transfer Restricted Securities being sold, any underwriter participating in any such disposition of Transfer Restricted Securities, if any, and any attorney, consultant or accountant retained by such selling Holders or underwriter, at the offices where normally kept, during reasonable business hours, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries as they may reasonably request (including with respect to business and assets acquired or to be acquired to the extent that such information is available to the Company), and cause the officers, directors, agents and employees of the Company and its subsidiaries (including with respect to business assets acquired or to be acquired to the extent that such information is available to the Company) to supply all information in each case reasonably requested by any such representative, underwriter, attorney, consultant or accountant in connection with such Registration Statement, provided, however, that such persons shall first agree in writing with the Company that any information that is reasonably and in good faith designated by the Company in writing as confidential at the time of delivery of such information shall be kept confidential by such persons, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities, (ii) disclosure of such information is required by law (including any disclosure requirements pursuant to Federal securities laws in connection with the filing of any Registration Statement or the use of any prospectus referred to in this Agreement), (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard by any such person or (iv) such information becomes available to any such person from a source other than the Company and such source is not bound by a confidentiality agreement.

30. Cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement relating to the Transfer Restricted Securities; and in connection therewith, cooperate with the Trustee under the Indenture and the holders of the Transfer Restricted Securities to effect such changes to the

Indenture, if any, as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute, and use its reasonable best efforts to cause such trustee to execute, all customary documents as may be required to effect such changes, and all other forms and documents (including the Form T-1) required to be filed with the SEC to enable the Indenture to be so qualified under the TIA in a timely manner.

31. Comply with applicable rules and regulations of the SEC and make generally available to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act), no later than 45 days after the end of any 12-month period (or 90 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Transfer Restricted Securities are sold to underwriters in a firm commitment or best efforts underwritten offering and (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter after the effective date of a Registration Statement, which statement shall cover said period, consistent with the requirements of Rule 158; and

32. (i) list all Common Stock covered by such Registration Statement on any securities exchange on which the Common Stock is then listed or (ii) authorize for quotation on the National Association of Securities Dealers Automated Quotation System ("Nasdaq") or the National Market System of Nasdaq all Common Stock covered by such Registration Statement if the Common Stock is then so authorized for quotation.

33. Registration Expenses

34. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by it whether or not any Registration Statement is filed or becomes effective and whether or not any securities are issued or sold pursuant to any Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filings fees (including without limitation, fees and expenses (A) with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (B) in compliance with securities or Blue Sky laws (including, without limitation and in addition to that provided for in (b) below, fees and disbursements of counsel for the underwriters or Special Counsel for the Holders in connection with Blue Sky qualifications of the Transfer Restricted Securities and determination of the eligibility of the Transfer Restricted Securities for investment under the laws of such jurisdictions as the managing underwriters, if any, or Holders of a majority in aggregate principal amount of Transfer Restricted Securities, may designate)), (ii) printing expenses (including, without limitation, expenses of printing certificates for Transfer Restricted Securities in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses if the printing of Prospectuses is required by the managing underwriters, if any, or by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in or tendered for in connection with any Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company and Special Counsel for the Holders (plus any local counsel, deemed appropriate by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities) in accordance with the provisions of Section 5(b) hereof, (v) fees and disbursements of all independent certified public accountants referred to in Section 4(m)(iii) (including, without limitation, the expenses of any special audit and "cold comfort" letters required by or incident to such performance), (vi) Securities Act liability insurance, if the Company so desires such insurance, and (vii) fees and expenses of all other persons retained by the Company. In addition, the Company shall pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of an annual audit, and the fees and expenses incurred in connection with the listing of the securities to be registered on any securities exchange. Notwithstanding the foregoing or anything in this Agreement to the contrary, each Holder shall pay all underwriting discounts and commissions of any underwriters with respect to any Transfer Restricted Securities sold by it.

35. In connection with any registration hereunder, the Company shall reimburse the Holders of the Transfer Restricted Securities being registered or tendered for in such registration for the fees and disbursements of not more than one firm of attorneys representing the selling Holders (in addition to any local counsel), which firm shall be chosen by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities. Wilson Sonsini Goodrich & Rosati, P.C., shall be Special Counsel for all purposes hereof unless and until another

Special Counsel shall have been selected by a majority in aggregate principal amount of the Transfer Restricted Securities and notice hereof shall have been given to the Company.

36. Indemnification

37. The Company agrees to indemnify and hold harmless (i) each of the Initial Purchasers, (ii) each Holder of Transfer Restricted Securities, (iii) each person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any of the foregoing (any of the persons referred to in this clause (iii) being hereinafter referred to as a "controlling person"), and (iv) the respective officers, directors, partners, employees, representatives and agents of the Initial Purchasers, each Holder of Transfer Restricted Securities, or any controlling person (any person referred to in clause (i), (ii), (iii) or (iv) may hereinafter be referred to as an "Indemnified Person"), from and against any and all losses, claims, damages, liabilities, expenses and judgments caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or form of Prospectus or in any amendment or supplement thereto or in any preliminary Prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except insofar as such losses, claims, damages, liabilities, expenses or judgments are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Indemnified Person furnished in writing to the Company by or on behalf of such Indemnified Person expressly for use therein; provided that the foregoing indemnity with respect to any preliminary Prospectus shall not inure to the benefit of any Indemnified Person from whom the person asserting such losses, claims, damages, liabilities, expenses and judgments purchased securities if such untrue statement or omission or alleged untrue statement or omission made in such preliminary Prospectus is eliminated or remedied in the Prospectus and a copy of the Prospectus shall not have been furnished to such person in a timely manner due to the wrongful action or wrongful inaction of such Indemnified Person, whether as a result of negligence or otherwise.

38. In case any action shall be brought against any Indemnified Person, based upon any Registration Statement or any such Prospectus or any amendment or supplement thereto and with respect to which indemnity may be sought against the Company, such Indemnified Person shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Person and payment of all fees and expenses. Any Indemnified Person shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person, unless (i) the employment of such counsel shall have been specifically authorized in writing by the Company, (ii) the Company shall have failed to assume the defense and employ counsel or (iii) such Indemnified Person or Persons shall have been advised by counsel that there may be a conflict between the positions of the indemnifying party or parties and of the indemnified party or parties in conducting the defense of such action or proceeding or that there may be legal defenses available to such Indemnified Person or Persons different from or in addition to those available to the indemnifying party or parties (in which case the Company shall not have the right to assume the defense of such action on behalf of such Indemnified Person, it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all such Indemnified Persons, which firm shall be designated in writing by such Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred). The Company shall not be liable for any settlement of any such action effected without its written consent but if settled with the written consent of the Company, the Company agrees to indemnify and hold harmless any Indemnified Person from and against any loss or liability by reason of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

39. In connection with any Registration Statement in which the Holder of Transfer Restricted Securities is participating, such Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers and any person controlling the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to each Indemnified Person but only with reference to information relating to such Indemnified Person furnished in writing by or on behalf of such Indemnified Person expressly for use in such Registration Statement. In case any action shall be brought against the Company, any of its directors, any such officer or any person controlling the Company based on such Registration Statement and in respect of which indemnity may be sought against any Indemnified Person, the Indemnified Person shall have the rights and duties given to the Company (except that if the Company shall have assumed the defense thereof, such Indemnified Person shall not be required to do so, but may employ separate counsel therein and participate in defense thereof but the fees and expenses of such counsel shall be at the expense of such Indemnified Person), and the Company, its directors, any such officers and any person controlling the Company shall have the rights and duties given to the Indemnified Person by Section 6(b) hereof.

40. If the indemnification provided for in this Section 6 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities, expenses or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, expenses and judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and each Indemnified Person on the other hand from the offering of the Transfer Restricted Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and each such Indemnified Person in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, expenses or judgments, as well as any other relevant equitable considerations. The relative fault of the Company and each such Indemnified Person shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Company or such Indemnified Person and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 6(d) were determined by pro rata allocation (even if the Indemnified Person were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities, expenses or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6, no Indemnified Person shall be required to contribute any amount in excess of the amount by which the total net profit received by it in connection with the sale of the Transfer Restricted Securities pursuant to this Agreement exceeds the amount of any damages which such Indemnified Person has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Indemnified Persons' obligations to contribute pursuant to this Section 6(d) are several in proportion to the respective amount of Transfer Restricted Securities included in and sold pursuant to any such Registration Statement by each Indemnified Person and not joint.

41. Rules 144 and 144A

The Company shall use its best efforts to file the reports required to be filed by it under the Securities Act and the Exchange Act in a timely manner and, if at any time it is not required to file such reports but in the past had been required to or did file such reports, it will, upon the request of any Holder, make available other information as required by, and so long as necessary to permit sales of, its Transfer Restricted Securities pursuant to Rule 144 and Rule 144A . Notwithstanding the foregoing, nothing in this Section 7 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

42. Underwritten Registrations

If any of the Transfer Restricted Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will administer the offering will be investment bankers of recognized national standing selected by the Holders of a majority in aggregate principal amount of such Transfer Restricted Securities included in such offering, subject to the consent of the Company (which will not be unreasonably withheld or delayed).

No person may participate in any underwritten registration hereunder unless such person (i) agrees to sell such person's Transfer Restricted Securities on the basis reasonably provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

43. Miscellaneous

44. Remedies. In the event of a breach by the Company, or by a holder of Transfer Restricted Securities, of any of their obligations under this Agreement, each holder of Transfer Restricted Securities or the Company, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each holder of Transfer Restricted Securities agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agree that, in the event of any action for specific performance in respect of such breach, they shall waive the defense that a remedy at law would be adequate.

45. No Inconsistent Agreements. The Company shall not enter into any agreement with respect to its securities that is inconsistent with the rights granted to the holders of Transfer Restricted Securities in this Agreement or otherwise conflicts with the provisions hereof. The Company is not currently a party to any agreement granting any registration rights with respect to any of its securities to any person which conflicts with the Company's obligations hereunder or gives any other party the right to include any securities in any Registration Statement filed pursuant hereto, except for such rights and conflicts as have been irrevocably waived. Without limiting the generality of the foregoing, without the written consent of the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities, the Company shall not grant to any person the right to request it to register any of its securities under the Securities Act unless the rights so granted are subject in all respect to the prior rights of the holders of Transfer Restricted Securities set forth herein, and are not otherwise in conflict or inconsistent with the provisions of this Agreement.

46. No Adverse Action Affecting the Transfer Restricted Securities. The Company will not take any action with respect to the Transfer Restricted Securities which would adversely affect the ability of any of the Holders of Transfer Restricted Securities to include such Transfer Restricted Securities in a registration undertaken pursuant to this Agreement.

47. No Piggyback on Registrations. The Company shall not grant to any of its security holders (other than the Holders of Transfer Restricted Securities in such capacity) the right to include any of its securities in any Shelf Registration Statement other than Transfer Restricted Securities.

48. Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof, may not be given, without the written consent of the Holders of a majority of the then outstanding Transfer Restricted Securities on a fully converted basis; provided, however, that, for the purposes of this Agreement, Transfer Restricted Securities that are owned, directly or indirectly, by either the Company or an Affiliate of the Company are not deemed outstanding. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders of Transfer Restricted Securities whose securities are being sold pursuant to a Registration Statement and that does not directly or indirectly affect the rights of other Holders of Transfer Restricted Securities may be given by Holders of a majority of the Transfer Restricted Securities (on a fully converted basis) being sold by such Holders pursuant to such Registration Statement; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

49. Notices. All notices and other communications provided for herein shall be made in writing by hand-delivery, next day air courier, certified first-class mail, return receipt requested or telecopy:

50. if to a Holder of Transfer Restricted Securities, to the address of such Holder as it appears in the Note or Common Stock register of the Company, as applicable; and

51. if to the Company, to:

NABI
5800 Park of Commerce Boulevard, N.W.
Boca Raton, Florida 33487
Attention: Al Fernandez
Telecopy No.: (407) 989-5800

with a copy to:

Nutter, McClennen & Fish
One International Place
Boston, Massachusetts 02110-2699
Attention: Constantine Alexander, Esq.
Telecopy No: (617) 973-9748

52. if to the Special Counsel, to:

Wilson, Sonsini, Goodrich & Rosati, P.C.
650 Page Mill Road
Palo Alto, California 94304-1050
Attention: John A. Fore, Esq.
Telecopy No.: (415) 493-6811

or such other Special Counsel at such other address and telecopy number as a majority in aggregate principal amount of the Transfer Restricted Securities shall have given notice to the Company as contemplated by Section 5(b) hereof.

Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given, when delivered by hand, if personally delivered; one Business Day after being timely delivered to a next-day air courier, five Business Days after being deposited in the mail, postage prepaid, if mailed; and when receipt is acknowledged by the recipient's telecopier machine, if telecopied.

53. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each existing and future Holder of Transfer Restricted Securities. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder of Transfer Restricted Securities, other than by operation of law pursuant to a merger or consolidation to which the Company is a party. In the event the Notes become convertible into common stock of another person pursuant to Section 1506 of the Indenture, the Company shall cause such person to assume the Company's obligations hereunder.

54. Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.

55. Governing Law; Submission to Jurisdiction

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE COMPANY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. THE COMPANY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

56. Severability. The remedies provided herein are cumulative and not exclusive of any remedies provided by law. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

57. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. All references made in this Agreement to "Section" and "paragraph" refer to such Section or paragraph of this Agreement, unless expressly stated otherwise.

58. Attorneys' Fees. In any action or proceeding brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the prevailing party, as determined by the court, shall be entitled to recover its reasonable attorneys' fees in addition to any other available remedy.

59. Warrant Registration Rights. The Company agrees that it shall not issue any warrants under that certain Series A, B and C Warrant Agreement, dated as of December 20, 1995, between the Company and Nationsbank, N.A. (the "Nationsbank Agreement") unless the parties thereto shall waive any rights which any party may have under the Nationsbank Agreement with respect to the filing or effectiveness of the Registration Statement(s) contemplated by this Agreement, or the sale of securities of NABI thereunder, including without limitation notice of, and piggyback rights with respect to, such Registration Statement(s).

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed as of the date first written above.

NABI

By: /s/ Alfred J. Fernandez

Title: Senior Vice President and Chief Financial Officer

The foregoing Registration Rights Agreement is hereby confirmed and agreed to as of the date first above written:

ROBERTSON, STEPHENS & COMPANY LLC
RAYMOND JAMES & ASSOCIATES, INC.

BY ROBERTSON, STEPHENS & COMPANY LLC
BY ROBERTSON, STEPHENS & COMPANY, INC.

By: /s/ Brendan Dyson

Authorized Signatory

Acting on behalf of itself and the other Initial Purchaser

EXHIBIT 10.4

AMENDMENT NOS. 3 AND 4 TO

THIRD AMENDED AND RESTATED REVOLVING

CREDIT TERM LOAN AND REIMBURSEMENT AGREEMENT

CONSOLIDATED AMENDMENT NO. 3
TO THIRD AMENDED AND RESTATED REVOLVING CREDIT,
TERM LOAN AND REIMBURSEMENT AGREEMENT
AND
SECURITY AGREEMENT

THIS AMENDMENT NO. 3 TO THIRD AMENDED AND RESTATED REVOLVING CREDIT, TERM LOAN AND REIMBURSEMENT AGREEMENT (this "Amendment Agreement") is made and entered into as of the 29th day of November, 1995 among:

NORTH AMERICAN BIOLOGICALS, INC., a Delaware corporation ("Borrower"); and

NATIONSBANK OF FLORIDA, NATIONAL ASSOCIATION, a national banking association in its capacity as a lender (the "Lender") and as agent for the Lender (the "Agent");

WITNESSETH:

WHEREAS, the Borrower, the Lender and the Agent have entered into a Third Amended and Restated Revolving Credit, Term Loan and Reimbursement Agreement dated as of December 1, 1994, as amended hereby (the "Agreement") pursuant to which the Lender agreed to make a revolving credit loan and a term loan to the Borrower and to issue certain letters of credit on behalf of the Borrower (the "Loans");

WHEREAS, the Borrower has requested that (i) the amount available under the Revolving Credit Facility be increased from $18,000,000 to $27,000,000, (ii) the existing Term Loan be prepaid by a portion of the increased amount of the Revolving Credit Facility, (iii) a New Term Loan be extended in the amount of $10,000,000, (iv) the Agent and the Lender consent to a merger of Univax Biologics, Inc. into the Borrower and (v) the Agreement be amended in the manner set forth herein and the Lender is willing to agree to such amendment;

WHEREAS, the Loans have been secured by the Borrower's granting a security interest to the Agent in certain collateral pursuant to the Security Agreement, which the Borrower has agreed to amend in the manner set forth in this Amendment Agreement; and

WHEREAS, the Loans have been guaranteed by Guarantors pursuant to certain Guaranties and the obligation of the Guarantors under such Guaranties have been secured by the granting to the Agent by certain Guarantors of a security interest in collateral pursuant to the Guarantor Security Agreement, which the Guarantors have agreed to amend in the manner set forth in this Amendment Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, the parties hereto do hereby agree as follows:

1. Definitions. Any capitalized terms used herein without definition shall have the meaning set forth in the Agreement. The term "Agreement" as used herein and in the Agreement and other Loan Documents shall mean the Agreement as hereby amended.

2. Amendments. Subject to the terms and conditions set forth herein, the Agreement is hereby amended as follows:

(a) the definition of Applicable Interest Addition is amended and restated as follows:

"Applicable Interest Addition" means for each Floating Rate Loan or LIBOR Loan that percent per annum set forth below:

Interest Addition

REVOLVING LOAN		TERM LOAN	
FLOATING RATE LOAN	LIBOR LOAN	FLOATING RATE LOAN	LIBOR LOAN
1.50%	2.75%	1.50%	2.75%

Beginning with the fiscal quarter ending on March 31, 1996, the Applicable Interest Addition shall be adjusted based on the Borrower's Consolidated Interest Coverage Ratio and its Consolidated Leverage Ratio as of the last day of each fiscal quarter (each such date, an "Effective Date") as follows:

RATIOS		INTEREST ADDITION	
CONSOLIDATED LEVERAGE RATIO	CONSOLIDATED INTEREST COVERAGE RATIO	LIBOR LOAN	FLOATING RATE LOAN
Less than 1.50 to 1.00	Greater than or equal to 3.00 to 1.00	1.50 %	0%
Greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00	Greater than or equal to 2.5 to 1.00 but less than 3.0 to 1.00	2.00 %	.75%
Greater than or equal to 2.00 to 1.00 but less than 3.00 to 1.00	Greater than or equal to 1.50 to 1.00 but less than 2.50 to 1.00	2.25 %	1.00%
Greater than or equal to 3.00 to 1.00 but less than 4.00 to 1.00	Greater than or equal to 1.00 to 1.00 but less than 1.50 to 1.00	2.50 %	1.25%

RATIOS		INTEREST ADDITION	
CONSOLIDATED LEVERAGE RATIO	CONSOLIDATED INTEREST COVERAGE RATIO	LIBOR LOAN	FLOATING RATE LOAN
Greater than or equal to 4.00 to 1.00 but less than or equal to 5.00 to 1.00	Greater than or equal to .65 to 1.00 but less than 1.00 to 1.00	2.75%	1.50%

Such adjustments shall be effective as to any Loan as of the first day next following each date on which the Borrower delivers its Compliance Certificate in accordance with the terms of the Agreement.

In the event that the calculation of the ratios stated above place the Borrower on separate tiers or levels for purposes of determining the Interest Addition, the tier resulting in the higher Interest Addition shall be used.

(b) A new definition of "Maintenance Capital Expenditures" is added to Section 1.01 as follows:

"Maintenance Capital Expenditures" means any Capital Expenditure except Capital Expenditures in connection with the following: (i) renovation of plasma collection centers, (ii) acquisitions of plasma collection centers otherwise permitted by this Agreement, (iii) financial, inventory and donor management information systems and (iv) phases 1 and 2 of the Immunoglobulin Facility.

(c) A definition of "Consolidated EBIT" is added to Section 1.01 as follows:

"Consolidated EBIT" means, with respect to the Borrower and its Subsidiaries for any period of computation thereof, the sum of, without duplication, (i) Consolidated Net Income, plus (ii) Consolidated Interest Expense accrued during such period, plus (iii) taxes on income accrued during such period, all determined on a consolidated basis in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis.

(d) The definition of "Consolidated Fixed Charge Ratio" is amended and restated as follows:

"Consolidated Fixed Charge Ratio" means, with respect to the Borrower and its Subsidiaries, the ratio of (i) Consolidated EBITDA plus Lease Expense accrued during the applicable period minus Maintenance Capital Expenditures to (ii) Consolidated Fixed Charges calculated (x) on a cumulative basis from January 1, 1996 for each quarter through September 30, 1996 and (y) thereafter for the Four-Quarter Period ending on the date of determination thereof.

(e) The definition of "Consolidated Interest Coverage Ratio" is amended and restated as follows:

"Consolidated Interest Coverage Ratio" means, with respect to the Borrower and its Subsidiaries, the ratio of (a) Consolidated Net Income plus to the extent deducted in determining Consolidated Net Income (i) taxes based on income, and (ii) Consolidated Interest Expense to (b) Consolidated Interest Expense less Consolidated Imputed Interest; which ratio shall be calculated (i) for each fiscal quarter ending on March 31, 1996, June 30, 1996 and September 30, 1996 based on the annualized operations of the Borrower and its Subsidiaries for the period beginning January 1, 1996 and ending as of the end of each first, second and third quarter period, as the case may be, and (ii) after September 30, 1996 for the Four-Quarter Period ending on the date of computation.

(f) The definition of "Consolidated Leverage Ratio" is amended and restated as follows:

"Consolidated Leverage Ratio" means, with respect to the Borrower and its Subsidiaries, the ratio of Consolidated Funded Indebtedness plus Outstanding Letters of Credit to Consolidated EBITDA (i) for each fiscal quarter ending on March 31, 1996, June 30, 1996 and September 30, 1996 based on the annualized operations of the Borrower and its Subsidiaries for the period beginning January 1, 1996 and ending as of the end of each first, second and third quarter period, as the case may be, and (ii) after September 30, 1996 for the Four-Quarter Period ending on the date of computation.

(g) The definition of "Consolidated Net Income" is amended and restated as follows:

"Consolidated Net Income" means, for any period of computation thereof, the gross revenues from operations of the Borrower and its Subsidiaries less all operating and non-operating expenses of the Borrower and its Subsidiaries including taxes on income (excluding, however, up to $5 million of non-cash expense/charges associated with the amortization and/or writeoff of debt discount and/or intangible assets related to the issuance of warrants pursuant to the Junior Capital Facility), all determined on a consolidated

basis in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis; but excluding as income: (i) net gains on the sale, conversion or other disposition of capital assets, (ii) net gains on the acquisition, retirement, sale or other disposition of capital stock and other securities of the Borrower or its Consolidated Subsidiaries, (iii) net gains on the collection of proceeds of life insurance policies, (iv) any write-up of any asset (excluding adjustments to Inventory in the normal course of business in order to reflect actual costs or capitalization of items that had been previously expensed), and (v) any other net gain or credit of an extraordinary nature as determined in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis;

(h) A definition of "Consolidated R&D Expenses" is added to Section 1.01 as follows:

"Consolidated R&D Expenses" means consolidated research and development expenses of the Borrower and its Subsidiaries all determined in accordance with Generally Accepted Accounting Principles applied on a Consistent Basis.

(i) A definition of "Junior Capital Facility" is added to Section 1.01 as follows:

"Junior Capital Facility" means (a) the sale or exchange of equity securities, (b) the extension of credit to the Borrower and its Subsidiaries from a financial institution mutually acceptable to the Borrower and the Agent or (c) a combination of (a) and (b) above, all aggregating at least $20,000,000, which as to extensions of credit shall be subordinate to any extensions of credit under this Agreement on terms and conditions acceptable to the Agent and the Required Lender.

(j) The definition of "Revolving Credit Notes" is amended by changing the date "July 27, 1995" to "November 29, 1995."

(k) The definition of "Stated Termination Date" is amended by changing the date "January 1, 1998" to "December 31, 1998."

(l) The definition of "Term Loan" is amended by changing the amount "$11,00,000" to "$10,000,000.".

(m) The definition of "Term Loan Maturity Date" is amended and restated as follows:

"Term Loan Maturity Date" means the earlier to occur of (i) the funding of at least $10,000,000 of the Junior Capital Facility and (ii) the close of business on February 15, 1996; provided that in the event that less than $10,000,000 of the Junior Capital Facility is funded prior to the close of business on February 15, 1996, the Borrower shall apply the proceeds of such partial funding to prepayment of the Term Loan on the date of receipt of such proceeds.

(n) The definition of "Term Note" is amended by changing (i) the date "January 27, 1994" to "November 29, 1995" and (ii) the amount "$11,000,000" to "$10,000,000".

(o) The definition of "Total Revolving Credit Commitment" is hereby amended and restated as follows:

"Total Revolving Credit Commitment" means an amount equal to $27,000,000, as reduced from time to time in accordance with Section 2.09.

(p) Section 2.02 is amended by changing (i) the term "Closing Date" to "November 29, 1995" and (ii) the amount "$11,000,000" to "$10,000,000."

(q) Section 2.05(b) is amended and restated as follows:

With respect to the Term Loan, the Borrower agrees to repay the principal in full on the Term Loan Maturity Date.

(r) Sections 8.01 through 8.05 are hereby amended and restated as follows:

8.01 Consolidated Tangible Net Worth. Permit, as at December 31, 1995, Consolidated Tangible Net Worth to be less than $33,000,000, such amount to be increased at the end of each fiscal quarter, beginning with the fiscal quarter ending March 31, 1996 by (i) 75% of Consolidated Net Income greater than zero for the immediately preceding fiscal quarter plus (ii) 100% of the proceeds (net of all expenses and underwriting

discounts and commissions) received by the Borrower or any of its Subsidiaries from the sale or exchange of equity securities excluding (x) any purchase by the Borrower or any Subsidiary of any interest in a Subsidiary, (y) sales of securities resulting from the exercise of employee or director stock options and (z) sales or exchanges of equity securities in connection with stock or asset acquisition not accounted for as a "pooling of interests."

8.02 Consolidated Interest Coverage Ratio. Permit as at the quarter ending on the dates set forth below the Consolidated Interest Coverage Ratio to be less than the ratio set forth opposite such dates, respectively:

PERIOD	RATIO
March 31, 1996	.65 to 1.00
June 30, 1996	.80 to 1.00
September 30, 1996	1.15 to 1.00
December 31, 1996	1.40 to 1.00
March 31, 1997	1.50 to 1.00
June 30, 1997	1.50 to 1.00
September 30, 1997	1.75 to 1.00
December 31, 1997	2.00 to 1.00
March 31, 1998	2.25 to 1.00
June 30, 1998	2.25 to 1.00
September 30, 1998	2.50 to 1.00
December 31, 1998	2.50 to 1.00

8.03 Consolidated Fixed Charge Ratio. Permit as at the quarters ending on the dates set forth below the Consolidated Fixed Charge Coverage Ratio to be less than the ratio set forth opposite such date, respectively.

PERIOD	RATIO
March 31, 1996	.00 to 1.00
June 30, 1996	.75 to 1.00
September 30, 1996	.90 to 1.00
December 31, 1996	1.15 to 1.00
March 31, 1997	1.00 to 1.00
June 30, 1997	1.10 to 1.00
September 30, 1997	1.15 to 1.00
December 31, 1997	1.20 to 1.00
March 31, 1998	1.25 to 1.00
June 30, 1998	1.50 to 1.00
September 30, 1998	1.75 to 1.00
December 31, 1998	2.00 to 1.00

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	5.00 to 1.00
June 30, 1996	4.75 to 1.00
September 30, 1996	4.50 to 1.00
December 31, 1996	4.25 to 1.00
March 31, 1997	4.00 to 1.00
June 30, 1997	4.00 to 1.00
September 30, 1997	3.50 to 1.00
December 31, 1997	3.50 to 1.00
March 31, 1998	3.00 to 1.00
June 30, 1998	3.00 to 1.00
September 30, 1998	2.50 to 1.00
December 31, 1998	2.50 to 1.00

8.05 Consolidated Current Ratio. Permit as at the end of any fiscal quarter the Consolidated Current Ratio to be less than 1.75 to 1.00.

(s) Section 8.06 is amended by adding a new subsection (g) to read as follows:

"(g) Indebtedness as may be permitted in connection with the Junior Capital Facility."

(t) Section 8.09(e) is amended and restated as follows:

"(e) loans and advances to (A) officers and stockholders of the Borrower or the Guarantors in an aggregate amount at any time not to exceed $750,000 and (B) Guarantors in an aggregate amount at any time not to exceed 25% of Consolidated Stockholders Equity provided that such loans and advances shall not exceed (i) in the case of any single Guarantor, 15% of Consolidated Stockholders Equity."

(u) Sections 8.17 through 8.19 are hereby added to the end of Article VIII as follows:

8.17 Minimum Quarterly Consolidated EBIT. Permit, on a noncumulative basis, Consolidated EBIT at the end of any fiscal quarter ending on the dates set forth below to be less than the amount for such quarter as shown below, respectively:

QUARTER ENDING ON	MINIMUM AMOUNT
March 31, 1996	$ 750,000
June 30, 1996	1,300,000
September 30, 1996	2,400,000
December 31, 1996	2,900,000
March 31, 1997	4,600,000
June 30, 1997	4,600,000
September 30, 1997	4,600,000
December 31, 1997	4,600,000
March 31, 1998	8,000,000
June 30, 1998	8,000,000
September 30, 1998	8,000,000
December 31, 1998	8,000,000

8.18 Maximum Quarterly Consolidated R&D Expenses. Permit Consolidated R&D Expenses to be greater than the amounts shown below (i) on a cumulative basis for the period beginning January 1, 1996 and ending on:

DATE	MAXIMUM AMOUNT
March 31, 1996	$ 7,400,000
June 30, 1996	14,700,000
September 30, 1996	20,900,000
December 31, 1996	25,600,000

(ii) on a cumulative basis for the period beginning January 1, 1997 and ending on:

DATE	MAXIMUM AMOUNT
March 31, 1997	$ 5,500,000
June 30, 1997	11,100,000
September 30, 1997	16,600,000
December 31, 1997	21,100,000

(iii) on a cumulative basis beginning January 1, 1998 and ending on:

DATE	MAXIMUM AMOUNT
March 31, 1998	$ 6,800,000
June 30, 1998	13,600,000
September 30, 1998	20,500,000
December 31, 1998	26,100,000

8.19 Maximum Capital Expenditures. Permit Capital Expenditures to be greater than the amounts shown below:

(i) on a cumulative basis beginning January 1, 1996 and ending on:

DATE	MAXIMUM AMOUNT
March 31, 1996	$ 13,000,000
June 30, 1996	20,300,000
September 30, 1996	25,700,000
December 31, 1996	29,000,000

(ii) on a cumulative basis beginning January 1, 1997 and ending on:

DATE	MAXIMUM AMOUNT
March 31, 1997	$ 5,900,000
June 30, 1997	11,800,000
September 30, 1997	17,700,000
December 31, 1997	22,600,000

(iii) on a cumulative basis beginning January 1, 1998 and ending on:

DATE	MAXIMUM AMOUNT
March 31, 1998	$ 6,100,000
June 30, 1998	12,200,000
September 30, 1998	18,300,000
December 31, 1998	23,100,000

(v) EXHIBIT B is hereby amended and restated in its entirety as set forth in the attached EXHIBIT B-1.

3. Substitute Notes. Simultaneously with the execution of this Agreement the Borrower shall cause to be executed and delivered to the Lender (i) a new Revolving Credit Note in the amount of the Total Revolving Credit Commitment which new Revolving Credit Note shall be delivered in substitution for the Revolving Credit Note issued to the Lender on July 27, 1995 and (ii) a New Term Note in the amount of the

Term Note Commitment which New Term Note shall be delivered in replacement of the Term Note issued to the Lender on January 27, 1994.

4. Guarantors. Each of the Guarantors have joined in this Agreement for the purpose not only of consenting hereto, but also for the purpose of acknowledging and agreeing that the obligations guaranteed by each of the Guarantors shall include the additional amounts made available to the Borrower under the terms of this Agreement.

5. Consent to Merger. The Agent and the Lender hereby consent to the Borrower's merger with Univax Biologics, Inc. as described in the Form S-4 Registration Statement Registration filed with the Securities and Exchange Commission and declared effective on October 26, 1995 (the "Registration Statement").

6. Security Agreements. The Borrower and the Agent agree that the Security Agreement, as defined in the Agreement, is hereby amended in order to provide that the additional indebtedness arising under the Agreement evidenced by each of (i) the Revolving Credit Note, dated as of November 29, 1995, in the principal amount of $27,000,000 and (ii) the Term Note, dated as of November 29, 1995, in the principal amount of $10,000,000 is secured by the collateral described in the Security Agreement.

The Agent and each of the Guarantors, which is a party to a Security Agreement in favor of the Agent ("Guarantor Security Agreements"), agree that such Guarantor Security Agreements are hereby amended to provide that the collateral described in the Guarantor Security Agreements shall secure the payment of all obligations guaranteed by the respective Guarantors, including the additional amounts which may be loaned to the Borrower under this Agreement.

7. Representations and Warranties. In order to induce the Agent and the Lender to enter into this Agreement, the Borrower represents and warrants to the Agent and the Lender as follows:

(a) Except as disclosed in the Registration Statement, the representations and warranties made by Borrower in Article VI of the Agreement are true in all material respects on and as of the date hereof;

(b) There has been no material adverse change in the condition, financial or otherwise, of the Borrower and its Subsidiaries, taken as a whole, since the date of the most recent financial reports of the Borrower received by the Agent and the Lender under Section 6.01(f) of the Agreement, other than changes in the ordinary course of business;

(c) The business and properties of the Borrower and its Subsidiaries, taken as a whole, are not, and since the date of the most recent financial report of the Borrower and its Subsidiaries received by the Agent and the Lender under Section 6.01(f) of the Agreement, have not been adversely affected in any substantial way as the result of any fire,explosion, earthquake, accident, strike, lockout, combination of workers, flood, embargo, riot, activities of armed forces, war or acts of God or the public enemy, or cancellation or loss of any major contracts; and

(d) No event has occurred and no condition exists which, upon the consummation of the transaction contemplated hereby, constituted a Default or an Event of Default on the part of the Borrower under the Agreement either immediately or with the lapse of time or the giving of notice, or both.

8. Further Agreements; Conditions to Funding of Term Loan. The Borrower shall deliver, or cause to be delivered to the Agent, the following:

(i) Resolutions of the Board of Directors of Borrower and each Subsidiary with respect to the approval of this Amendment Agreement and the transactions contemplated hereby;

(ii) a substitute Revolving Credit Note in the form of Exhibit F to the Agreement with appropriate insertions of amount, date and payee;

(iii) a substitute Term Note in the form of Exhibit G to the Agreement with appropriate insertions of amount, date and payee;

(iv) a certificate of the Secretary or Assistant Secretary of the Borrower as to Charter, Bylaws, Resolutions and incumbency of officers executing this Amendment Agreement and the Revolving Credit Note;

(v) such other instruments and documents as the Agent may reasonably request;

(vi) receipt by the Agent and the Lender of all fees payable to the Agent and the Lender;

(vii) a commitment letter from a financial institution acceptable to the Agent which provides for the extension of the Junior Capital Facility (the Agent hereby acknowledges that NationsBanc Capital Markets, Inc. is acceptable to the Agent);

(viii) an opinion of counsel to the Borrower with respect to the authorization, execution, binding effect and enforceability of this Amendment and the substitute notes against the Borrower substantially consistent as to form and scope with the Borrower's counsel previously delivered in connection with the execution and delivery of the Agreement; and

(ix) an as-built appraisal with respect to the Immunoglobulin Facility from a qualified appraiser reasonably acceptable to the Agent.

With respect to items (i), (iv) and (viii) above, the Borrower shall deliver these items on or before December 13, 1995. With respect to item (ix) above, the Borrower shall deliver such item on or before January 15, 1996. Failure to so deliver these items shall constitute an Event of Default under the Agreement.

As a condition to the funding of the Term Loan, the Borrower shall have executed the definitive agreements contemplated by the Junior Capital Facility.

9 Miscellaneous.

(a) All instruments and documents incident to the consummation of the transactions contemplated hereby shall be reasonably satisfactory in form and substance to the Agent and its counsel.

(b) This Agreement sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter. No promise, conditions, representation or warranty, express or implied, not herein set forth shall bind any party hereto, and no one of them has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as in this Agreement otherwise expressly stated, no representations, warranties or commitments, express or implied, have been made by any other party to the other. None of the terms or conditions of this Agreement may be changed, modified, waived or canceled orally or otherwise, except by writing, signed by all the parties hereto, specifying such change, modification, waiver or cancellation of such terms or conditions, or of any preceding or succeeding breach thereof.

(c) Except as hereby specifically amended, modified or supplemented, the terms of the Agreement and all of the other Loan Documents are hereby confirmed and ratified in all respects and shall remain in full force and effect according to their respective terms.

[Signature page follows.]

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

WITNESS:
/s/
/s/

BORROWER:
NORTH AMERICAN BIOLOGICALS, INC.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: V.P., Finance and CFO

GUARANTORS:

WITNESS:
/s/
/s/

PREMIER BIORESOURCES, INC.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: President and Treasurer

WITNESS:
/s/
/s/

NBI FOREIGN SALES, LTD.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: President and CEO

WITNESS:
/s/
/s/

BIOMUNE CORPORATION
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Treasurer

WITNESS:
/s/
/s/

BIOPLAS GmbH
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Managing Director

WITNESS:
/s/
/s/

NABI FINANCE, INC.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: President

WITNESS:
/s/
/s/

NABITECH, INC.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: VP and Assistant Secretary

WITNESS:
/s/
/s/

N.A.B.I. BIOMEDICAL GmbH
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Managing Director

WITNESS:
/s/
/s/

NORTH AMERICAN BIOLOGICALS GmbH
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Managing Director

LENDER:

WITNESS:
/s/
/s/

NATIONS BANK OF FLORIDA, NATIONAL ASSOCIATION
By: /s/ Allison Freeland
Name: Allison Freeland
Title: Vice President

AGENT:

WITNESS:
/s/
/s/

NATIONS BANK OF FLORIDA, NATIONAL ASSOCIATION
By: /s/ Allison Freeland
Name: Allison Freeland
Title: Vice President

EXHIBIT B-1

APPLICABLE COMMITMENT PERCENTAGES

REVOLVING LOAN

LENDER	TERM LOAN COMMITMENT	DIRECT PAY LC COMMITMENT	COMMITMENT (INCLUDING SWING LINE LOANS)	APPLICABLE COMMITMENT PERCENTAGE
NationsBank of Florida, N.A.	$10,000,000	$18,175,000	$27,000,000	100%

AMENDMENT NO. 4
TO THIRD AMENDED AND RESTATED REVOLVING CREDIT,
TERM LOAN AND REIMBURSEMENT AGREEMENT

THIS AMENDMENT NO. 4 TO THIRD AMENDED AND RESTATED REVOLVING CREDIT, TERM LOAN AND REIMBURSEMENT AGREEMENT (this "Amendment Agreement") is made and entered into as of the 20th day of December, 1995 among:

NORTH AMERICAN BIOLOGICALS, INC., a Delaware corporation ("Borrower"); and

NATIONSBANK OF FLORIDA, NATIONAL ASSOCIATION, a national banking association in its capacity as a lender (the "Lender") and as agent for the Lender (the "Agent");

WITNESSETH:

WHEREAS, the Borrower, the Lender and the Agent have entered into a Third Amended and Restated Revolving Credit, Term Loan and Reimbursement Agreement dated as of December 1, 1994, as amended hereby (the "Agreement") pursuant to which the Lender agreed to make a revolving credit loan and a term loan to the Borrower and to issue certain letters of credit on behalf of the Borrower (the "Loans");

WHEREAS, the Borrower, the Lender and the Agent have agreed to further amend the Agreement in the manner set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and the fulfillment of the conditions set forth herein, the parties hereto do hereby agree as follows:

1. Definitions. Any capitalized terms used herein without definition shall have the meaning set forth in the Agreement. The term "Agreement" as used herein and in the Agreement and other Loan Documents shall mean the Agreement as hereby amended.

2. Amendments. Subject to the terms and conditions set forth herein, the Agreement is hereby amended as follows:

(a) Section 8.12 of the Agreement is amended and restated as follows:

8.12. Change in Control. Cause, suffer or permit any of the following events: (a) the liquidation or dissolution of, or sale of all or substantially all of the assets of, the Borrower; (b) the acquisition by any "Person" or related group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision to either of the foregoing, including any "group" acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act) in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), of Common Stock representing more than 35% of the total voting power entitled to vote in the election of the Board of Directors of the Borrower or such other Person surviving the transaction; or (c) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Borrower (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Borrower was approved by a vote of 66 2/3% of the directors of the Borrower then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Borrower then in office.

3. Guarantors. Each of the Guarantors have joined in this Agreement for the purpose of consenting hereto.

4. Miscellaneous.

(a) All instruments and documents incident to the consummation of the transactions contemplated hereby shall be reasonably satisfactory in form and substance to the Agent and its counsel.

(b) This Agreement sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter. No promise, conditions, representation or warranty, express or implied, not herein set forth shall bind any party hereto, and no one of them has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as in this Agreement otherwise expressly stated, no representations, warranties or commitments, express or implied, have been made by any other party to the other. None of the terms or conditions of this Agreement may be changed, modified, waived or canceled orally or otherwise, except by writing, signed by all the parties hereto, specifying such change, modification, waiver or cancellation of such terms or conditions, or of any preceding or succeeding breach thereof.

(c) Except as hereby specifically amended, modified or supplemented, the terms of the Agreement and all of the other Loan Documents are hereby confirmed and ratified in all respects and shall remain in full force and effect according to their respective terms.

IN WITNESS WHEROF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

BORROWER:

WITNESS:
/s/
/s/

NORTH AMERICAN BIOLOGICALS, INC.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

GUARANTORS:

WITNESS:
/s/
/s/

PREMIER BIORESOURCES, INC.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

WITNESS:
/s/
/s/

NBI FOREIGN SALES, LTD.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

WITNESS:
/s/
/s/

BIOMUNE CORPORATION
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

WITNESS:
/s/
/s/

BIOPLAS GmbH
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

WITNESS:
/s/
/s/

NABI FINANCE, INC.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

WITNESS:
/s/
/s/

NABITECH, INC.
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

WITNESS:
/s/
/s/

N.A.B.I. BIOMEDICAL GmbH
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

WITNESS:
/s/
/s/

NORTH AMERICAN BIOLOGICALS GmbH
By: /s/ Alfred J. Fernandez
Name: Alfred J. Fernandez
Title: Senior Vice President & CFO

LENDER:

WITNESS:
/s/
/s/

NATIONS BANK OF FLORIDA, NATIONAL ASSOCIATION
By: /s/ Allison Freeland
Name: Allison Freeland
Title: Vice President

AGENT:

WITNESS:
/s/
/s/

NATIONS BANK OF FLORIDA, NATIONAL ASSOCIATION
By: /s/ Allison Freeland
Name: Allison Freeland
Title: Vice President

EXHIBIT 10.18

EMPLOYMENT AGREEMENT

EFFECTIVE DECEMBER 1, 1995

BETWEEN NABI AND ROBERT B. NASO

NORTH AMERICAN BIOLOGICALS, INC.
5800 PARK OF COMMERCE BOULEVARD, N.W.
BOCA RATON, FLORIDA 33487

EFFECTIVE AS OF DECEMBER 1, 1995

Robert B. Naso
8630 Rock Haven Drive
Gaithersburg, Maryland 20882

Dear Bob:

You have agreed to serve as a Senior Vice President Research & Development, and General Manager, Rockville Operations, of North American Biologicals, Inc. ("NABI"). The following are the terms of such employment:

1. TERM: You will serve as a Senior Vice President Research & Development, and General Manager, Rockville Operations, of NABI, a period beginning as of the date hereof and ending on July 31, 1998, unless your employment is sooner terminated as provided below (the "Employment Period").

2. SALARY: Your salary will be $170,000 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by NABI's Board of Directors.

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

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 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 earn three (3) weeks vacation per year.

6. DUTIES AND EXTENT OF SERVICES:

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

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

7. TERMINATION:

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon thirty (30) days' prior written notice to NABI. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that 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 "Option"), 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, customers 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 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 service 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 having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interest of NABI, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of NABI, their officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section or Section 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 provisions 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.

NORTH AMERICAN BIOLOGICALS, INC.
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/ Robert B. Naso
- ---
Robert B. Naso
8630 Rock Haven Drive
Gaithersburg, Maryland 20882

EXHIBIT 10.19

EMPLOYMENT AGREEMENT

EFFECTIVE DECEMBER 1, 1995

BETWEEN NABI AND THOMAS P. STAGNARO

NORTH AMERICAN BIOLOGICALS, INC.
5800 PARK OF COMMERCE BOULEVARD, N.W.
BOCA RATON, FLORIDA 33487

EFFECTIVE AS OF DECEMBER 1, 1995

Thomas P. Stagnaro
2435 N.W. 53rd Street
Boca Raton, Florida 33496

Dear Tom:

You have agreed to serve as a Senior Executive Vice President of North American Biologicals, Inc. ("NABI"). The following are the terms of such employment:

1. TERM: You will serve as a Senior Executive Vice President of NABI, a period beginning as of the date hereof and ending on July 31, 1998, unless your employment is sooner terminated as provided below (the "Employment Period").

2. SALARY: Your salary will be $220,000 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by NABI's Board of Directors.

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

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 earn four (4) weeks vacation per year.

6. DUTIES AND EXTENT OF SERVICES:

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

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

7. TERMINATION:

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon thirty (30) days' prior written notice to NABI. Any termination pursuant to this Section 7(A)

shall not affect any bonus compensation applicable to the year of such termination, provided that nay 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 insuance, 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 wihin 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, customers lists, and other information relating to their prsent 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.

(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 competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or ares of restiction 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 Sections, 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 numbers 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.

NORTH AMERICAN BIOLOGICALS, INC.
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/ Thomas P. Stagnaro
- ---
Thomas P. Stagnaro
2435 N.W. 53rd Street
Boca Raton, Florida 33496

EXHIBIT 10.20

SEPARATION AGREEMENT

EFFECTIVE JANUARY 5, 1996

BETWEEN

NABI

AND

RAJ KUMAR

January 5, 1996

Raj Kumar, D.Sc.
3858 Pine Lake Drive
Fort Lauderdale, FL 33332

Dear Raj:

The following sets forth our agreement regarding your separation from NABI:

1. Your separation is effective January 12, 1996. As of that date, you will be available as an internal consultant through 1996 on an as-needed basis. The severance package will be deemed to include compensation for these services, and you shall receive no additional compensation for performing services for NABI.

2. Effective January 1, 1996, you will receive an annual stipend of $186,000, payable bi-weekly during 1996 and 1997. In addition, for 1996 and 1997, you will receive an auto allowance of not less than $900.00 per month, participation in NABI's medical/dental and life insurance, executive long-term disability program, 401K program, and other appropriate benefit programs (all to the extent permitted by these programs) as determined by the Company.

3. For 1995, you will receive a cash bonus as per the guidelines of NABI's VIP Management Incentive Program.

4. All the stock options granted to you as of January 12, 1996, will vest as of that date and will be exercisable at any time up through December 31, 1997. No stock options shall be exercisable beyond the original option expiration date. As you will no longer be an officer of NABI, you will not be subject to restrictions of Rule 144 as NABI officers are from time to time restricted.

5. Through 1996 and 1997, you agree to abide by the Confidentiality and Non-Competition clauses in your Employment Agreement that was effective April 1, 1992 (attached).

If you agree with the foregoing, please sign and date the enclosed copy of this letter and return it to me not later than January 11, 1996.

Sincerely,

NORTH AMERICAN BIOLOGICALS, INC.

/s/ John C. Carlisle

John C. Carlisle
Senior Executive Vice President

AGREED TO: DATE:

/s/ Raj Kumar January 5, 1996

Raj Kumar

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

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

SUBSIDIARIES	STATE OR NATION OF INCORPORATION
NABI Foreign Sales, Ltd.	Barbados, West Indies
BioMune Corporation	Delaware
Premier BioResources, Inc.	Texas
NABI Finance, Inc.	Delaware
North American Biologicals GmbH	Germany
BIOPLAS GmbH	Germany
N.A.B.I. BioMedical GmbH.	Germany
Univax Plasma, Inc.	Delaware

EXHIBIT 23

CONSENT OF

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statements on Form S-3 (No. 33-10148, No. 33-24117, No. 33-47239 and No. 33-75868) 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 (formerly North American Biologicals, Inc.) of our report dated February 27, 1996, appearing in this Form 10-K.

PRICE WATERHOUSE LLP

Miami, Florida
March 28, 1996

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1995 AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000
U.S. DOLLARS

YEAR	
	DEC-31-1995
	JAN-01-1995
	DEC-31-1995
	1
	3,991
	0
	28,213
	0
	22,646
	57,230
	42,697
	0
	137,975
	42,540
	42,894
	0
	0
	3,394
	66,048
	137,975
	201,964
	201,964
	152,148
	152,148
	59,489
	0
	1,931
	(10,874)
	6,687
	(17,561)
	0
	0
	0
	(17,561)
	(0.52)
	0

Receivables, Inventory and PP&E represent net amounts.
Loss provision included in other expenses.