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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 26, 2004

OR

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

For the transition period from _____ to _____.

Commission File Number: 000-04829

Nabi Biopharmaceuticals
(Exact name of registrant as specified in its charter)

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

5800 Park of Commerce Boulevard N.W., Boca Raton, FL 33487
(Address of principal executive offices, including zip code)

(561) 989-5800
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). ☒ Yes ☐ No

The number of shares outstanding of the registrant's common stock, par value $0.10 per share, at July 27, 2004 was 58,333,378 shares.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except for share and per share amounts)	(UNAUDITED) June 26, 2004	December 27, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 117,002	$ 115,756
Trade accounts receivable, net	45,045	37,062
Inventories, net	22,326	23,483
Prepaid expenses and other current assets	7,658	10,284
Total current assets	192,031	186,585
Property, plant and equipment, net	102,690	101,831
Other assets:		
Intangible assets, net	93,313	94,991
Other, net	1,930	3,894
Total assets	$ 389,964	$ 387,301
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 16,429	$ 10,874
Accrued expenses	31,676	23,956
Current portion of notes payable, PhosLo acquisition, net	8,280	4,226
Total current liabilities	56,385	39,056
Notes payable, PhosLo acquisition, less current portion, net	15,614	23,167
Other liabilities	8,569	5,762
Total liabilities	80,568	67,985
Stockholders' equity:		
Convertible preferred stock, par value $.10 per share: 5,000,000 shares authorized; no shares outstanding	—	—
Common stock, par value $.10 per share: 125,000,000 and 75,000,000 shares authorized; and, 59,133,213 and 57,772,302 shares issued as of June 26, 2004 and December 27, 2003, respectively	5,913	5,773
Capital in excess of par value	310,320	297,909
Treasury stock, 803,811 and 800,315 shares as of June 26, 2004 and December 27, 2003, respectively, at cost	(5,296)	(5,240)
(Accumulated deficit) retained earnings	(1,542)	20,874
Other accumulated comprehensive income	1	—
Total stockholders' equity	309,396	319,316
Total liabilities and stockholders' equity	$ 389,964	$ 387,301

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(In thousands, Except Per Share Data)	For the Three Months Ended		For the Six Months Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Sales	$ 47,992	$ 34,649	$ 94,341	$ 86,160
Costs and expenses:				
Costs of products sold	17,339	15,726	37,539	46,680
Royalty expense	6,018	4,384	9,593	8,299
Gross Margin	24,635	14,539	47,209	31,181
Selling, general and administrative expense	14,481	12,698	26,837	22,837
Research and development expense	16,903	5,936	28,331	11,730
Amortization of intangible assets	2,167	87	4,320	168
Other operating expense, principally freight	130	88	193	197
Operating loss	(9,046)	(4,270)	(12,472)	(3,751)
Interest income	347	164	683	370
Interest expense	(318)	(62)	(1,808)	(63)
Other income, net	12	9	10	18
Loss before (provision) benefit for income taxes	(9,005)	(4,159)	(13,587)	(3,426)
(Provision) benefit for income taxes	(8,573)	1,160	(8,830)	976
Net loss	$ (17,578)	$ (2,999)	$ (22,417)	$ (2,450)
Basic and diluted loss per share	$ (0.30)	$ (0.08)	$ (0.38)	$ (0.06)
Basic and diluted weighted average shares outstanding	58,835	39,138	58,398	39,050

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	(UNAUDITED) For the Six Months Ended June 26, 2004	June 28, 2003
Cash flow from operating activities:		
Net loss	$ (22,417)	$ (2,450)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	9,569	5,319
Provision for doubtful accounts	378	(3)
Provision for slow moving or obsolete inventory	517	707
Write-off of loan origination fees	539	—
Gain on sale of assets	(119)	—
Non-cash compensation	578	640
Write-off of obsolete fixed assets	146	21
Deferred income taxes	5,052	—
Tax benefit from stock options exercised	3,777	—
Changes in assets and liabilities:		
Trade accounts receivable	(8,360)	13,861
Inventories	596	(5,625)
Prepaid expenses and other current assets	2,238	324
Other assets	(31)	(1,027)
Accounts payable and accrued liabilities	12,755	(11,062)
Total adjustments	27,635	3,155
Net cash provided by operating activities	5,218	705
Cash flow from investing activities:		
Proceeds from sales of assets	179	—
Capital expenditures	(5,579)	(1,512)
Expenditures for Manufacturing Rights	(2,642)	(2,886)
Net cash used in investing activities	(8,042)	(4,398)
Cash flow from financing activities:		
Payment of notes payable, PhosLo acquisition	(4,083)	—
Borrowings under debt agreement	—	10,000
Proceeds from exercise of employee stock options	8,153	567
Net cash provided by financing activities	4,070	10,567
Net increase in cash and cash equivalents	1,246	6,874
Cash and cash equivalents at beginning of period	115,756	51,737
Cash and cash equivalents at end of period	$ 117,002	$ 58,611

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 OVERVIEW

We apply our knowledge of the human immune system to develop and commercialize products that address serious, unmet medical needs. Our focus is in the areas of infectious, autoimmune and addictive diseases. In addition to four marketed products (PhosLo®, Nabi-HB®, WinRho SDF® and Aloprim™), we have four products in clinical trials. We expect to file a Marketing Authorization Approval, or MAA, for StaphVAX® in the European Union, or EU, in the fourth quarter of 2004 based on existing clinical data. For U.S. licensure, we have advanced StaphVAX to a confirmatory Phase III clinical trial and anticipate completing enrollment in this trial in the third quarter of 2004. We anticipate filing a Biologics License Application, or BLA, for StaphVAX in the fourth quarter of 2005. StaphVAX is designed to prevent the most dangerous and prevalent strains of Staph aureus bacterial infections, which are a major cause of hospital and community-acquired infections. Staph aureus bacteria are becoming increasingly resistant to antibiotics. Our other products in development are Altastaph™, an antibody based product for prevention and treatment of Staph aureus infections, Civacir™, an antibody based product for preventing hepatitis C re-infection in liver transplant patients and NicVAX™, a vaccine for nicotine addiction. Altastaph and NicVAX are currently in Phase II clinical trials. Civacir has completed a Phase I/II clinical trial. We have a state-of-the-art fractionation facility for the manufacture of Nabi-HB and our investigational antibody products, Altastaph and Civacir, and for contract manufacturing. In addition, we have commenced construction of an internal vaccine manufacturing facility within our Boca Raton, Florida plant for the manufacture of StaphVAX, NicVAX and our other vaccines in pre-clinical development. We are also developing contract manufacturing capacity at Cambrex Bio Science Baltimore, Inc., or Cambrex Bio Science, so that Cambrex Bio Science can manufacture StaphVAX for us. Our supply contract with the manufacturer of Autoplex T ended on May 11, 2004. Future sales of Autoplex T will be limited to inventory on hand at June 26, 2004. We also collect specialty and non-specific antibodies for use in our products and supply pharmaceutical and diagnostic customers our excess production for the subsequent manufacture of their products.

Our corporate headquarters is in Boca Raton, Florida and we maintain our research and development facilities in Rockville, Maryland. We have established wholly owned subsidiaries in Ireland and Luxembourg for the purpose of facilitating the regulatory approval, sales and marketing of our products in Europe.

The condensed consolidated financial statements include the accounts of Nabi Biopharmaceuticals and its subsidiaries. All significant intercompany accounts and transactions were eliminated during consolidation. These statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the year ended December 27, 2003.

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly our consolidated financial position as of June 26, 2004 and December 27, 2003, the consolidated results of our operations for the three and six months ended June 26, 2004 and June 28, 2003 and our cash flows for the six months then ended. The interim results of operations are not necessarily indicative of the results that may occur for the full fiscal year.

NOTE 2 ACCOUNTING POLICIES

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation: Certain items in the 2003 consolidated financial statements have been reclassified to conform to the current year’s presentation.

New accounting pronouncements: In January 2003, the Financial Accounting Standards Board, or FASB, issued Interpretation No. 46, *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*, or FIN 46. FIN 46 addresses the consolidation of entities whose equity holders have either (a) not provided sufficient equity at risk to allow the entity to finance its own activities or (b) do not possess certain characteristics of a controlling financial interest. FIN 46 requires the consolidation of these entities, known as variable interest entities, or VIE's, by the primary beneficiary entity. The primary beneficiary is the entity, if any, that is subject to a majority of the risk of loss from the VIE's activities, entitled to receive a majority of the VIE's residual returns, or both. FIN 46 applies immediately to variable interests in VIEs created or obtained after January 31, 2003. As amended by FASB Staff Position No. FIN 46-6, FIN 46 is effective for variable interests in a VIE created before February 1, 2003 at the end of the first interim or annual period ending after December 15, 2003 (the end of fiscal 2003, December 27, 2003, for us). We have no interests in VIEs and accordingly, the adoption of FIN 46 had no impact on our financial statements.

In May 2003, the FASB issued Statement of Financial Accounting Standards, or SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 establishes standards for how companies classify and measure certain financial instruments with characteristics of both liabilities and equity. It requires companies to classify a financial instrument that is within its scope as a liability, or an asset, in some circumstances. SFAS No. 150 is effective beginning with the second quarter of fiscal 2004. We do not currently have financial instruments with characteristics of both liabilities and equity, and therefore, the adoption of SFAS No. 150 did not have an impact on our financial condition, results of operations or cash flows.

Comprehensive Loss: The Company follows SFAS No. 130, *Reporting Comprehensive Income*, which computes comprehensive income as the total of net income and all other changes in shareholders' equity. For the three and six months ended June 26, 2004, comprehensive loss included our net loss and the effect of foreign currency translation adjustments. As of June 26, 2004, $1 thousand of foreign currency gain was included on our balance sheet in addition to net loss.

Stock-Based Compensation: On December 31, 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation – Transition and Disclosure.* This Statement amends SFAS No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of that Statement to require prominent disclosure about the effects on reported net loss of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, this Statement amends Accounting Principles Board, or APB Opinion No. 28, *Interim Financial Reporting*, to require disclosure about those effects in interim financial information. We continue to account for stock-based compensation based on the provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees.*

The following table summarizes our results as if we had recorded stock-based compensation expense for the three months and six months ended June 26, 2004 and June 28, 2003, respectively, based on the provisions of SFAS No. 123, as amended by SFAS No. 148:

(In thousands, except per share amounts)	For the Three Months Ended June 26, 2004	For the Three Months Ended June 28, 2003
Net loss:		
As reported	$ (17,578)	$ (2,999)
Add: Stock-based employee compensation expense included in reported net loss, net of tax	31	300
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(1,096)	(2,192)
Pro forma	$ (18,643)	$ (4,891)
Basic and diluted loss per share:		
As reported	$ (0.30)	$ (0.08)
Add: Stock-based employee compensation expense included in reported net loss, net of tax	—	0.01
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(0.02)	(0.06)
Pro forma	$ (0.32)	$ (0.13)

(In thousands, except per share amounts)	For the Six Months Ended June 26, 2004	For the Six Months Ended June 28, 2003
Net loss:		
As reported	$ (22,417)	$ (2,450)
Add: Stock-based employee compensation expense included in reported net loss, net of tax	128	300
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(2,194)	(2,952)
Pro forma	$ (24,483)	$ (5,102)
Basic and diluted loss per share:		
As reported	$ (0.38)	$ (0.06)
Add: Stock-based employee compensation expense included in reported net loss, net of tax	—	0.01
Deduct: Total stock-based employee compensation expense determined under fair value based method, net of tax	(0.04)	(0.08)
Pro forma	$ (0.42)	$ (0.13)

NOTE 3 INVENTORIES

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

(In thousands)	June 26, 2004	December 27, 2003
Finished goods	$ 15,028	$ 12,746
Work in process	6,424	9,955
Raw materials	874	782
Total	$ 22,326	$ 23,483

Work in process inventory includes $1.9 million of inventory related to StaphVAX that is not yet FDA approved.

NOTE 4 LOSS PER SHARE

Basic loss per share is computed by dividing our net loss by the weighted average number of shares outstanding during the period. When the effects are not anti-dilutive, diluted earnings per share is computed by dividing our net income by the weighted average number of shares outstanding and the impact of all dilutive potential common shares, primarily stock options. The dilutive impact of stock options is determined by applying the “treasury stock” method.

A total of 2,404,981 and 1,056,146 common stock equivalents have been excluded from the calculation of net loss per share in the three months ended June 26, 2004 and June 28, 2003, respectively, because their inclusion would be anti-dilutive. In addition, a total of 2,453,736 and 903,309 common stock equivalents have been excluded from the calculation of net loss per share in the six months ended June 26, 2004 and June 28, 2003, respectively, because their inclusion would be anti-dilutive

NOTE 5 OPERATING SEGMENT INFORMATION

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

	For the Three Months Ended		For the Six Months Ended	
(In thousands)	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Sales:				
Biopharmaceutical products	$ 36,296	$ 21,993	$ 70,231	$ 44,653
Antibody products	11,696	12,656	24,110	41,507
Total	$ 47,992	$ 34,649	$ 94,341	$ 86,160
Gross Margin:				
Biopharmaceutical products	$ 23,199	$ 12,885	$ 44,758	$ 28,352
Antibody products	1,436	1,654	2,451	2,829
Total	$ 24,635	$ 14,539	$ 47,209	$ 31,181
Operating (loss) income:				
Biopharmaceutical products	$ (8,593)	$ (2,411)	$ (11,050)	$ 325
Antibody products	(453)	(1,859)	(1,422)	(4,076)
Total	$ (9,046)	$ (4,270)	$ (12,472)	$ (3,751)

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

(In thousands)	For the Three Months Ended		For the Six Months Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Operating loss:				
U.S.	$ (8,077)	$ (4,270)	$ (11,262)	$ (3,751)
Ex-U.S.	(969)	—	(1,210)	—
Total	$ (9,046)	$ (4,270)	$ (12,472)	$ (3,751)

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

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

(In thousands)	For the Three Months Ended		For the Six Months Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Reportable segment operating loss	$ (9,046)	$ (4,270)	$ (12,472)	$ (3,751)
Unallocated interest income	347	164	683	370
Unallocated interest expense	(318)	(62)	(1,808)	(63)
Unallocated other income, net	12	9	10	18
Loss before (provision) benefit for income taxes	$ (9,005)	$ (4,159)	$ (13,587)	$ (3,426)

NOTE 6 STOCK OPTIONS AND WARRANTS

The following table summarizes the stock option activity under our 2004 Stock Plan for Non-Employee Directors, our 2000 Equity Incentive Plan and our 1998 Non-Qualified Employee Stock Option Plan for the six months ended June 26, 2004 and the year ended December 27, 2003.

	Options	Exercise Price per Share	Weighted Average Exercise Price
	In thousands		
Balance at December 28, 2002	7,991	$ 1.63 - $ 13.75	$ 6.51
Granted	1,937	5.09 - 11.25	6.00
Exercised	(1,808)	1.63 - 11.13	4.46
Canceled	(1,003)	2.88 - 13.75	8.22
Balance at December 27, 2003	7,117	2.63 - 13.75	6.68
Granted	1,806	13.13 - 17.15	15.02
Exercised	(1,284)	2.69 - 13.75	6.36
Canceled	(98)	4.69 - 14.85	8.28
Balance at June 26, 2004	7,541	$ 2.69 - $17.15	$ 8.72

	Outstanding			Exercisable	
Exercise Price Range	Options (In thousands)	Average Years Remaining	Average Exercise Price	Options (In thousands)	Average Exercise Price
$ 2.63 - $ 4.25	620	4.3	$ 3.08	618	$ 3.07
$ 4.35 - $ 7.61	3,673	6.9	5.99	2,484	6.10
$ 8.00 - $11.25	1,240	6.6	9.62	788	9.76
$ 13.13 - $17.15	2,008	8.8	14.88	232	13.82
Total	7,541			4,122	

On April 15, 2004, the holder of a warrant to purchase 133,333 shares of our common stock at $7.50 per share exercised the warrant using the net exercise provision of the warrant. As a result of the net exercise, we issued 74,070 shares of our common stock to the holder of the warrant. The warrant had been issued in conjunction with the private placement of common stock in 2000 from which we realized $9.3 million, net of issuance costs. As of June 26, 2004, we had no outstanding warrants to purchase our common stock.

NOTE 7 TREASURY STOCK

In separate transactions on April 5, 2004, June 19, 2003 and February 24, 2003, a former officer of the Company exercised stock options for 6,250, 355,735 and 67,627 shares of our common stock, respectively. In addition, on May 6, 2003, a member of our Board of Directors exercised stock options for 4,500 shares of our common stock. The purchases were paid for by delivery of 3,496 shares of common stock, 190,683 shares of common stock, 38,358 shares of common stock and 2,371 shares of common stock, respectively, valued at $0.1 million, $1.4 million, $0.2 million and $16 thousand for the respective transactions. In each of the transactions, the former officer and the member of our Board of Directors had acquired the shares delivered more than six months earlier. These shares have been accounted for as treasury stock.

On September 19, 2001, our Board of Directors approved the buy back of up to $5.0 million of our common stock in the open market or in privately negotiated transactions. Repurchases will allow us to have treasury stock available to support our stock option and stock purchase programs. During the first six months of 2004 and 2003 we did not purchase any shares of our common stock under this program. We have acquired 345,883 shares of our common stock for a total of $1.9 million since the inception of this buy back program. Repurchased shares have been accounted for as treasury stock.

NOTE 8 INTANGIBLE ASSETS

The components of our intangible assets are as follows:

(In thousands)	June 26, 2004	December 27, 2003
PhosLo related:		
Trademark/tradename	$ 1,423	$ 1,423
Tablet patent	11,381	11,381
Gelcap patent	80,680	80,680
Customer relationships	2,337	2,337
Covenant not to compete	508	508
Manufacturing Right - Cambrex	2,966	323
Other intangible assets	3,639	3,639
Total intangible assets	102,934	100,291
Less accumulated amortization	(9,621)	(5,300)
Total	$ 93,313	$ 94,991

On August 4, 2003, we acquired the worldwide rights to PhosLo. See Note 10. Under the terms of the acquisition, we purchased patent rights, trade secrets, the PhosLo trademarks, regulatory approvals and licenses, certain customer and regulatory data and finished product inventory. All assets purchased, except for inventory, have been recorded at their estimated fair value, adjusted by a pro rata portion of the excess of purchase price, and are included in intangible assets.

The estimated remaining useful lives of the PhosLo related intangible assets are as follows:

	Estimated Remaining Useful Life
PhosLo Intangibles:	
Trademark/tradename	16.8 years
Tablet patent	2.8 years
Gelcap patent	16.8 years
Customer relationships	4.1 years
Covenant not to compete	14.1 years

In October 2003, we entered into a contract manufacturing agreement with Cambrex Bio Science to acquire the right to commercial manufacturing capacity for StaphVAX. Vaccine manufactured at Cambrex Bio Science will be used to support our MAA for StaphVAX in the EU that we expect to file by the end of 2004. During the six months ended June 26, 2004, we capitalized as a manufacturing right $2.6 million of costs paid to Cambrex to ready its facility to manufacture StaphVAX in future periods.

NOTE 9 RELATED PARTY TRANSACTIONS

In October 2001, we engaged Stonebridge Associates, LLC, or Stonebridge, an investment bank, the president of which is a member of our Board of Directors, to provide financial advisory services in connection with our review and implementation of a corporate expansion strategy. The agreement, as amended in October 2002, provided for a monthly retainer of $30 thousand plus hourly charges. If the engagement resulted in transactions by us involving aggregate consideration paid in excess of a specified level, Stonebridge would receive additional fees based upon the consideration paid. Stonebridge acted as our financial adviser in connection with our acquisition of the worldwide rights to PhosLo in August 2003 and received a fee of approximately $0.3 million for its services upon consummation of this transaction. See Note 10. We believe that the terms of the engagement of Stonebridge were no less favorable to us than would have been obtained from an unrelated party. Upon successful completion of the PhosLo transaction, we concluded our agreement with Stonebridge, although we continue to be obligated to pay Stonebridge a fee under certain circumstances. We did not incur any fees to Stonebridge in the six months ended June 26, 2004.

NOTE 10 PRODUCT ACQUISITION

On August 4, 2003, we acquired the worldwide rights to PhosLo from Braintree Laboratories, Inc., or Braintree. PhosLo is currently approved in the U.S. for the control of elevated blood phosphate levels, or hyperphosphatemia, in patients with end-stage kidney (renal) failure. Under the terms of the agreement, we acquired the worldwide rights to PhosLo for payment of $60.3 million in cash, issuance of 1.5 million shares of our common stock at the closing date valued at $8.4 million and the payment of $30.0 million in cash over the period ending March 1, 2007. In addition, we paid total professional fees and closing costs of $0.9 million in connection with the acquisition. The discounted value of the future payment obligation on June 26, 2004 was $23.9 million and has been reported as Notes Payable, PhosLo acquisition, net. The future payment obligation was discounted at 4.5%, our estimated rate of interest under our credit facility in effect on August 4, 2003, the date of the closing of the agreement. Braintree will continue to manufacture the product for us under a long-term manufacturing agreement. Stonebridge, an investment banking firm, the president of which is a member of our Board of Directors, acted as our financial adviser in connection with the acquisition of PhosLo and received a fee of approximately $0.3 million for its services upon consummation of this transaction. See Note 9.

The following table reconciles the notes payable related to the acquisition of PhosLo:

In thousands	June 26, 2004	December 27, 2003
Notes payable, PhosLo acquisition, net: Notes payable, PhosLo acquisition	$23,894	$ 27,393
Less: Current maturities	(8,280)	(4,226)
Notes payable, PhosLo acquisition long-term	$15,614	$ 23,167

NOTE 11 CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND CAPITAL COMMITMENTS

In May 2004 we entered into an agreement to construct commercial scale vaccine manufacturing facility in available space within our Boca Raton, Florida manufacturing plant. Under the terms of the agreement, we have a remaining commitment of $13.3 million as of June 26, 2004. As of June 26, 2004, we have incurred $1.9 million to construct this vaccine manufacturing facility.

In October 2003, we entered into an agreement to have StaphVAX manufactured for us at Cambrex Bio Science for up to ten years. Under the terms of the agreement we have a remaining commitment to pay

$1.5 million at June 26, 2004, including costs to acquire the right to future commercial manufacturing capacity for StaphVAX and activities related to the transfer of the StaphVAX manufacturing process to Cambrex Bio Science. Through June 26, 2004, we had incurred $8.2 million under this agreement, of which $3.0 million has been recorded as acquisition of a Manufacturing Right asset. See Note 8.

We are a party to litigation in the ordinary course of business. We do not believe that any such litigation will have a material adverse effect on our business, financial position or results of operations.

NOTE 12 CREDIT FACILITY

On March 26, 2004, we terminated our credit agreement with Wells Fargo Foothill, Inc., part of Wells Fargo & Company. The credit agreement had an original term through June 2006. As a result of terminating the credit agreement we incurred an early termination penalty of $0.6 million that has been included in interest expense in the accompanying statement of operations for the six-month period ended June 26, 2004. By terminating the credit agreement we are avoiding unused credit fees and other credit charges that would have been incurred during the remaining term of the agreement through June 2006. In addition, included in interest expense in the accompanying statement of operations for the six-month period ended June 26, 2004, is the write-off of previously capitalized loan origination fees of approximately $0.5 million recorded at the time of entering into the credit agreement.

NOTE 13 INCOME TAXES

During the second quarter of 2004, as part of our planned expansion into European markets, we entered into an agreement to license StaphVAX and PhosLo product rights in the EU to a Nabi Biopharmaceuticals subsidiary. The value of the licenses was either developed by us through our research and development activities to date or acquired by us in a product acquisition. In recognition of the value of the product rights developed and acquired by us, we will realize a gain of approximately $55 million in the U.S. for income tax purposes in 2004 and expect to generate future license use fees based on net sales following product licensure in the EU. For the quarter and six-month periods ended June 26, 2004, we have recorded income tax expense of $8.6 million and $8.8 million, respectively, as a result of this taxable gain. Although on a generally accepted accounting principle basis we reported a consolidated operating loss during the quarter and six month period ended June 26, 2004 and anticipate reporting a loss for the remainder of the year, we nevertheless expect to incur income tax expense due to this taxable gain.

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

In thousands	June 26, 2004	December 27, 2003
Deferred tax assets:		
Net operating loss carryforwards	$ 3,766	$ 8,663
Capitalized research and development	315	724
Research and development tax credit	10,867	10,754
Inventory reserve and capitalization	2,565	2,424
Amortization	2,606	1,751
Bad debt reserve	209	239
Depreciation	1,296	1,296
Alternative minimum tax credit	900	900
Deferred income	5	5
Accrued retirement	1,047	1,477
Other	761	880
Deferred tax assets	24,337	29,113
Deferred tax liabilities:		
Depreciation	(16,950)	(17,511)
Other	(4,794)	(3,957)
Deferred tax liabilities	(21,744)	(21,468)
Net deferred tax assets	$ 2,593	$ 7,645

The above reduction of deferred tax assets from net operating loss carryforwards is due to the use of such assets to offset the gain from the license of intangible assets to our subsidiary in June 2004.

We have net operating loss carryforwards of approximately $6.8 million that expire at various dates through 2023. All of the net operating loss carryforwards are related to the exercise of employee stock options, and we will record a tax benefit of approximately $2.5 million through capital in excess of par value in future periods if such net operating loss carryforwards are realized.

We have research and development tax credit carryforwards of $11.0 such million that expire in varying amounts through 2023. We have alternative minimum tax credit carryforwards of $0.9 million that are available to offset future regular tax liabilities, and do not expire.

NOTE 14 SUPPLEMENTAL CASH FLOW INFORMATION

(In thousands)	For the Six Months Ended June 26, 2004	For the Six Months Ended June 28, 2003
Interest paid	$ 611	$ 3
Income taxes paid (refunded)	$ 72	$ (441)
Supplemental non-cash financing and investing activities:		
Warrants exercised in exchange for common stock	$ 1,000	—
Stock options exercised in exchange for common stock	$ 101	$ 1,629

NOTE 15 SUBSEQUENT EVENT

In a transaction dated June 29, 2004, we exercised our right under our distribution agreement to acquire Aloprim from DSM Pharmaceuticals, Inc., or DSM. We paid a total of $1.0 million for the acquisition of Aloprim. Under terms of the agreement we paid approximately $0.8 million for the Aloprim product license at the closing of the purchase. We had previously paid $0.2 million in the fourth quarter of 2003. As a result of acquiring the Aloprim product license, future product royalties will be reduced to 15% of net sales for five years. Previously, we were obligated to share net profits, as defined, equally with DSM from net sales of Aloprim up to $4.0 million and to pay DSM 40% of net profits from net sales in excess of $4.0 million. In conjunction with acquiring Aloprim, we entered into a manufacturing agreement with DSM for DSM to continue to supply product to us for a term of up to five years.

On July 15, 2004, we were informed by Cangene Corporation that it will not renew the WinRho SDF license and distribution agreement with us at its expiration in March 2005. We will continue to distribute WinRho SDF exclusively in the U.S. through March 2005.

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

The following is a discussion and analysis of the major factors contributing to our financial condition and results of operations for the three and six months ended June 26, 2004 and June 28, 2003. The discussion and analysis should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto.

RESULTS OF OPERATIONS

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

(In thousands, except percentages)	For the Three Months Ended June 26, 2004		June 28, 2003	
Biopharmaceutical products:				
-PhosLo	$ 7,793	16.2 %	$ —	— %
-Nabi-HB	9,916	20.7	7,139	20.6
-WinRho SDF	17,280	36.0	12,792	36.9
-Other biopharmaceuticals	1,307	2.7	2,062	6.0
Biopharmaceutical subtotal	36,296	75.6	21,993	63.5
Antibody products:				
-Non-specific antibodies	4,948	10.3	6,261	18.1
-Specialty antibodies	6,748	14.1	6,395	18.4
Antibody subtotal	11,696	24.4	12,656	36.5
Total	$ 47,992	100.0 %	$ 34,649	100.0 %

(In thousands, except percentages)	For the Six Months Ended June 26, 2004		June 28, 2003	
Biopharmaceutical products:				
-PhosLo	$ 19,130	20.3 %	$ —	— %
-Nabi-HB	21,134	22.4	17,403	20.2
-WinRho SDF	26,602	28.1	24,112	28.0
-Other biopharmaceuticals	3,365	3.6	3,138	3.6
Biopharmaceutical subtotal	70,231	74.4	44,653	51.8
Antibody products:				
-Non-specific antibodies	11,091	11.8	29,029	33.7
-Specialty antibodies	13,019	13.8	12,478	14.5
Antibody subtotal	24,110	25.6	41,507	48.2
Total	$ 94,341	100.0 %	$ 86,160	100.0 %

FOR THE THREE MONTHS ENDED JUNE 26, 2004 AND JUNE 28, 2003

Sales. Total sales for the second quarter of 2004 were $48.0 million compared to $34.6 million for the second quarter of 2003, an increase of 39%.

Biopharmaceutical sales were a record level of $36.3 million in the second quarter of 2004 compared to $22.0 million for the second quarter of 2003, an increase of 65%.

PhosLo® (calcium acetate). For the second quarter of 2004 sales of PhosLo were $7.8 million. Because we acquired PhosLo in August 2003, there were no PhosLo sales for the comparable period in 2003. Based on our review of third party generated patient prescription and wholesaler inventory data for PhosLo, we believe that prescriptions of PhosLo continue to increase relative to the competing therapy for hyperphosphatemia, or elevated blood phosphate levels, in end-stage renal disease patients. Based on increasing demand for PhosLo Gelcap and Tablet formulations, inventory levels of PhosLo at our leading wholesaler customers have decreased by approximately one month since the end of the first quarter. Sales of PhosLo also benefited from a price increase that went into effect in January 2004.

Nabi-HB® [Hepatitis B Immune Globulin (Human)]. Sales of Nabi-HB increased 39% compared to the second quarter of 2003. Sales of Nabi-HB are closely correlated with the number of hepatitis B liver transplants in the U.S. Internally generated data indicates that in the year-to-date period ended May 2004, the most recent data available, liver transplants for hepatitis B patients have increased from the corresponding period in 2003. Our unit sales of Nabi-HB to date in 2004 are in line with the year-to-date increase in liver transplants for hepatitis B patients. In addition, sales of Nabi-HB have benefited from increased pricing that went into effect at the beginning of the year.

WinRho SDF® [Rh_o(D) Immune Globulin Intravenous (Human)]. Sales of WinRho SDF increased 35% as compared to the second quarter of 2003. Based on internally generated patient use data, we believe year-to-date 2004 patient demand for WinRho SDF has remained essentially even with 2003 levels. Sales were below patient demand in the first quarter of 2004 as our customers reduced inventories. Year-to-date 2004 unit sales of WinRho SDF are approximately equal to 2003 levels. Sales of WinRho SDF have benefited from a price increase and a new contracting strategy that went into effect in January 2004. Our right to distribute WinRho SDF will end in March 2005.

Other biopharmaceutical products. Other biopharmaceutical products primarily include Aloprim™ [(Allopurinol sodium) for injection] and contract manufacturing revenue. Sales of Aloprim in the second quarter of 2003 benefited from receipt of product to fill back orders. As a result, sales of Aloprim were lower in the second quarter of 2004 compared to the second quarter of 2003. Our supply contract with the manufacturer of Autoplex T (Anti-Inhibitor Coagulant Complex, Heat Treated) ended on May 11, 2004. Future sales of Autoplex T will be limited to sales from existing inventories. We are working with physicians to ensure an orderly transition of patients from Autoplex T to alternative treatments. As a result, our sales of this product will end once our existing inventories have been exhausted or patients have been successfully transitioned to an alternative therapy.

Total antibody sales for the second quarter of 2004 were $11.7 million compared to $12.7 million for the second quarter of 2003.

Non-specific antibody sales. Sales of non-specific antibodies for the second quarter of 2004 were $4.9 million compared to $6.3 million for the second quarter of 2003. The decrease in non-specific antibodies reflects lower production levels of non-specific antibodies.

Specialty antibody sales. Specialty antibody sales were $6.7 million in the second quarter of 2004 compared to $6.4 million in the second quarter of 2003, primarily reflecting increased sales of rabies

antibodies offset by lower sales of tetanus antibodies. We have a contractual commitment to supply substantial quantities of Rh_oD antibodies at a low margin through 2004 to the purchaser of the majority of our antibody collection and laboratory testing business. This commitment limits our ability to sell these antibodies to other customers.

Gross margin. Gross margin for the second quarter of 2004 was $24.6 million, or 51% of sales, compared to $14.5 million, or 42% of sales, for the second quarter of 2003. The increase in gross margin for the second quarter of 2004 is primarily the result of increased sales of our higher margin biopharmaceutical products, principally PhosLo, Nabi-HB and WinRho SDF. Gross margin for each of the second quarters of 2004 and 2003 further benefited from non-performance penalty payments from the manufacturer of Autoplex T of $0.5 million and $1.8 million, respectively. The second quarter of 2004 is the final quarter we will receive a non-performance penalty from the manufacturer of Autoplex T as a result of the conclusion of our supply contract on May 11, 2004. In addition, during the second quarter of 2004 gross margin included excess plant capacity expense of $1.6 million reflecting the level of utilization of our Boca Raton, Florida manufacturing plant in the quarter. This compares to $1.8 million of excess plant capacity expense in the second quarter of 2003.

Royalty expense for the second quarter of 2004 was $6.0 million, or 17% of biopharmaceutical sales, compared to $4.4 million, or 20% of biopharmaceutical sales, for the second quarter of 2003. Although total royalty expense increased over 2003, due to higher sales of WinRho SDF, royalty expense as a percentage of biopharmaceutical sales decreased reflecting the increase in total biopharmaceutical sales, primarily sales of PhosLo for which we pay no royalties, during the second quarter of 2004.

Selling, general and administrative expense. Selling, general and administrative expenses were $14.5 million for the second quarter of 2004 compared to $12.7 million for the second quarter of 2003. Increased selling, general and administrative expenses were primarily related to selling and marketing expense for PhosLo that we acquired in August 2003, and initial commercialization activities in Europe. Selling, general and administrative expense in the second quarter of 2003 included a $3.3 million charge related to the retirement of our former chief executive officer.

Research and development expense. Research and development expense was $16.9 million for the second quarter of 2004 compared to $5.9 million for the second quarter of 2003, an almost threefold increase. Consistent with the strategic focus of our research and development activities, 74% of research and development expense in the second quarter of 2004 was to support activity under our Gram-positive infections program. Clinical trial expense for the confirmatory Phase III clinical trial of StaphVAX® (*Staphylococcus aureus* Polysaccharide Conjugate Vaccine) initiated in late September 2003 increased substantially during the second quarter of 2004 as enrollment in the trial increased. There were no Phase III clinical trial costs in the second quarter of 2003. Enrollment in this trial is expected to be completed in the third quarter of 2004 and the trial is expected to be completed in the third quarter of 2005. In June 2004, we initiated an immunogenicity trial of StaphVAX in cardiovascular surgery patients as part of our strategy to broaden the potential patient population who would benefit from StaphVAX. The goal of this trial is to provide evidence that a vaccine against Staph aureus bacterial infections can raise high levels of antibodies capable of providing protection in patients at-risk for these infections. Also under the StaphVAX program, we incurred expenses related to establishing commercial scale manufacture of StaphVAX Cambrex Bio Science Baltimore Inc., or Cambrex Bio Science, and the manufacture of StaphVAX consistency lots at Cambrex Bio Science's site. These expenses will continue for the remainder of 2004.

During the second quarter of 2004, we also incurred costs from an ongoing Phase II clinical trial of Altastaph™ [*Staphylococcus aureus* Immune Globulin (Human)] being conducted under an agreement with Duke University, in approximately 200 very low birth weight newborns. During the second quarter of 2003, we incurred costs from this trial, although at a lower level. We expect to report results from this trial in the second half of 2004.

In addition, we continued to incur costs from an ongoing Phase II clinical trial of NicVAX™ (Nicotine Conjugate Vaccine) in smokers in the U.S. is currently underway and fully enrolled. During the second quarter of 2003, we also incurred costs from this trial, although at a lower level. We expect to report results from this trial in the second half of 2004.

During the second quarter of 2004, we initiated a Phase IV clinical trial in support of PhosLo entitled the PRECISE study, which will continue through 2005. Cardiac health problems are a major cause

of death in kidney disease patients. Training and education recommendations issued by the American Society of Nephrology in their NEPHSAP publication during the first quarter of 2004 clearly focus on three factors for the benefit of the patient's cardiac health: the control of serum phosphate, calcium phosphate product and lipid levels in the blood. Because of these recommendations, we initiated the PRECISE study to evaluate the use of PhosLo with a lipid-lowering agent to optimize cardiac health by successfully managing all three of these factors. Preliminary data evaluating serum levels is expected to be available later this year. Data evaluating arterial calcification using electron beam computer tomography, or EBCT, is expected in 2005. In addition, in line with the recommendations in the Kidney Disease Outcomes Quality Initiative, or K/DOQI, guidelines issued by the National Kidney Foundation that pre-dialysis chronic kidney disease, or CKD, patients may benefit from phosphate binder therapy, we expect to initiate a study using PhosLo in CKD patients in the second half of 2004.

Research and development activities in the second quarter of 2004 included costs to prepare materials for submitting MAAs for PhosLo and Nabi-HB Intravenous to European authorities in 2004. The MAA for Nabi-HB Intravenous was submitted to the Paul Erlich Institute in Germany on June 24, 2004, and has been accepted for review. This submission was filed through the Mutual Recognition Procedure, which targets initial approval in one country. Once approved in Germany, the dossier can then be used to seek approval in additional countries selected by us within the European Union, or EU, on a shortened timeline. In addition, this filing was constructed in the Central Technical Document format, an international format that can be used in submissions to many additional countries worldwide without major modifications. The MAA for PhosLo is expected to be submitted to European authorities in the second half of 2004.

As a result of the activities described above, research and development expense for fiscal 2004 will increase from fiscal 2003.

Amortization of intangible assets. Amortization expense was $2.2 million for the second quarter of 2004 compared to $0.1 million for the second quarter of 2003. The increase in 2004 is due to amortization of the intangible assets recorded as part of the acquisition of PhosLo.

Interest income. Interest income for the second quarter of 2004 was $0.3 million compared to $0.2 million for the comparable period of 2003. Interest income is earned from investing cash and cash equivalents on hand in money market funds and auction rate securities with maturities of three months or less. The increase in interest income reflects additional cash and cash equivalents available for investment.

Interest expense. Interest expense for the second quarter of 2004 was $0.3 million compared to $0.1 million of interest expense reported for the second quarter of 2003. Interest expense was primarily the result of amortization of the discount on the notes payable entered into in connection with the acquisition of PhosLo in August 2003.

Other factors. The provision for income taxes was $8.6 million for the second quarter of 2004, compared to a benefit of $1.2 million for the second quarter of 2003. As a result of licensing the right to market StaphVAX and PhosLo in the EU to our ex-U.S. subsidiary and in recognition of the value of the product rights developed and acquired by us, we realized a gain for U.S. tax reporting purposes of approximately $55 million. Although we recognized a consolidated operating loss on a generally accepted accounting principle, or GAAP, basis during the current quarter and anticipate reporting a similar loss for the full year, we nevertheless expect to incur income tax expense due to the U.S. taxable gain arising from licenses of these product rights to our non-U.S. subsidiary. We anticipate realizing deferred tax assets related to net operating loss carryforwards incurred in prior periods to offset cash payments for the reported U.S. taxable gain in 2004.

FOR THE SIX MONTHS ENDED JUNE 26, 2004 AND JUNE 28, 2003

Sales. Total sales for the first six months of 2004 were $94.3 million compared to $86.2 million for the first six months of 2003, an increase of 9%.

Biopharmaceutical sales were $70.2 million for the first six months of 2004 compared to $44.7 million for the first six months of 2003, an increase of 57%.

PhosLo. Sales of PhosLo for the first six months of 2004 were $19.1 million. Because we acquired PhosLo in August 2003, there were no PhosLo sales for the comparable period in August 2003. Sales of PhosLo benefited from increased capacity for the manufacture of PhosLo Gelcaps that came on line in the first six months of 2004 that allowed us to meet customer demand for this formulation. Based on our review of third party generated patient prescription and wholesaler inventory data for PhosLo, we believe that prescriptions of PhosLo continue to increase relative to the competing therapy for hyperphosphatemia in end-stage renal disease patients. Sales of PhosLo also benefited from a price increase that went into effect in January 2004.

Nabi-HB. Sales of Nabi-HB increased 21% compared to the first six months of 2003. Sales of Nabi-HB benefited from an initial buy-in of product from a new contract entered into during the first quarter of 2004 with Novation LLC, or Novation. Under the terms of the agreement, we will supply finished Nabi-HB product to Novation for distribution through their Novaplus® Private Label Program. Sales of Nabi-HB are closely correlated with the number of hepatitis B liver transplants in the U.S. Internally generated data indicates that liver transplants for hepatitis B patients in the year to date period ended May 2004 have increased from the corresponding period in 2003. In line with year-to-date increases in liver transplants for hepatitis B patients, customers have increased. In addition, sales of Nabi-HB in 2004 have benefited from increased pricing that went into effect at the beginning of the year.

WinRho SDF. Sales of WinRho SDF increased 10% as compared to the first six months of 2003. Based on internally generated estimates, we believe patient demand for WinRho SDF the first six months of 2004 has remained essentially even with 2003 levels. Increased sales of WinRho SDF for the first six months of 2004 fully reflect the benefit of a price increase and a new contracting strategy that went into effect in January 2004. Our right to distribute WinRho SDF will end in March 2005.

Other biopharmaceutical products. Other biopharmaceutical products primarily include Aloprim and Autoplex T and contract manufacturing. Sales of Aloprim were consistent in the first six months of each of 2004 and 2003. Our contract with the manufacturer of Autoplex ended on May 11, 2004. Future sales of Autoplex T will be limited to sales from existing inventories. We are working with physicians treating Autoplex T patients to ensure an orderly transition of patients from Autoplex T to alternative treatments. As a result, our sales of this product will end once our existing inventories have been exhausted or patients have been successfully transitioned to an alternative therapy.

Total antibody sales for the first six months of 2004 were $24.1 million compared to $41.5 million for the first six months of 2003.

Non-specific antibody sales. Sales of non-specific antibodies for the first six months of 2004 were $11.1 million compared to $29.0 million for the first six months of 2003. Non-specific antibody sales decreased due to the impact of completing our obligations in April 2003 under a single contract retained by us following the sale of the majority of our antibody collection business and testing laboratory in September 2001. The purchaser of the majority of the antibody collection business and testing laboratory supplied us with non-specific antibodies to fulfill this obligation at the selling price under this contract. As a result, we did not record any margin under this contract. We reported sales under this arrangement because we retained the risk of credit loss associated with this customer. There were no such non-specific antibody sales in the first six months of 2004 and $18.5 million in the first six months of 2003. Non-specific antibody sales from our antibody collection centers were $11.1 million in the first six months of 2004 compared to $10.5 million in the first six months of 2003 reflecting increased production levels and unit sales in the first six months of 2004.

Specialty antibody sales. Specialty antibody sales were $13.0 million in the first six months of 2004 compared to $12.5 million in the first six months of 2003, primarily reflecting increased sales of rabies antibodies partially offset by decreased tetanus antibody sales. We have a contractual commitment to supply substantial quantities of Rh_0D antibodies at a low margin through 2004 to the purchaser of the majority of our antibody collection and laboratory testing business. This commitment limits our ability to sell these antibodies to other customers.

Gross margin. Gross margin for the first six months of 2004 was $47.2 million, or 50% of sales compared to $31.2 million, or 36% of sales for the first six months of 2003. The increase in gross margin for the first six months of 2004 is principally the result of the increased sales of our higher margin biopharmaceutical products, primarily sales of PhosLo and Nabi-HB. Gross margin for each of the first six months of 2004 and 2003 further benefited from non-performance penalty payments from the manufacturer of Autoplex T of $2.0 million and $4.3 million, respectively. The second quarter of 2004 is the final quarter in which we will receive a non-performance penalty from the manufacturer of Autoplex T as a result of the conclusion of our supply contract on May 11, 2004. In addition, during the first six months of 2004, gross margin included excess plant capacity expense of $5.1 million resulting from decreased utilization of our Boca Raton, Florida manufacturing plant in the first six months of 2004, compared to $1.8 million excess capacity expense for the first six months of 2003. The increase in excess capacity was expected as the manufacturing plant underwent minor modifications to comply with European Union, or EU, regulations in the first quarter of 2004, limiting manufacturing activities in that period.

Royalty expense for the first six months of 2004 was $9.6 million, or 14% of biopharmaceutical sales, compared to $8.3 million, or 19% of biopharmaceutical sales, for the first six months of 2003. The decrease in royalty expense as a percentage of biopharmaceutical sales primarily reflects the increase in total biopharmaceutical sales, primarily sales of PhosLo for which we pay no royalties, during the first six months of 2004.

Selling, general and administrative expense. Selling, general and administrative expenses were $26.8 million for the first six months of 2004 compared to $22.8 million for the first six months of 2003. Increased selling, general and administrative expenses were primarily related to selling and marketing expense for PhosLo that we acquired in August 2003 and initial commercialization activities in Europe. Selling, general and administrative expenses in the first six months of 2003 included a $3.3 million expense related to the retirement of our former chief executive officer.

Research and development expense. Research and development expense was $28.3 million for the first six months of 2004 compared to $11.7 million for the first six months of 2003. Consistent with the strategic focus of our research and development activities, 76% of research and development expense in the first six months of 2004 was incurred to support activity under our Gram-positive infections program. Clinical trial expense for the confirmatory Phase III clinical trial of StaphVAX initiated in late September 2003 increased substantially during the second quarter of 2004 as enrollment in the trial increased. There were no Phase III clinical trial costs in the first six months of 2003. Enrollment in this trial is expected to be completed in the third quarter of 2004 and the trial is expected to be completed in the third quarter of 2005. In June 2004 we initiated an immunogenicity trial of StaphVAX in cardiovascular surgery patients as part of our strategy to broaden the potential patient population who would benefit from StaphVAX. The goal of this trial is to provide evidence that a vaccine against Staph aureus bacterial infections can raise high levels of antibodies capable of providing protection in patients at-risk for these infections. Patients are put at-risk for developing staph infections as a complication of being hospitalized or treated in medical facilities such as nursing homes and dialysis centers. Also under the StaphVAX program, we incurred expenses related to establishing commercial scale manufacture of StaphVAX Cambrex Bio Science and the manufacture of StaphVAX consistency lots at Cambrex Bio Science’s site. These expenses will continue for the remainder of 2004.

During the second quarter of 2004, we also incurred costs from an ongoing Phase II clinical trial of Altastaph being conducted under an agreement with Duke University in approximately 200 very low birth weight newborns. During the first six months of 2003, we incurred costs from this trial, although at a lower level. We expect to report results from this trial in the second half of 2004.

In addition, we continued to incur costs from an ongoing Phase II clinical trial of NicVAX in smokers in the U.S. We also incurred costs during the first six months of 2003 from this trial, although at a lower level. We expect to report results from this trial in the second half of 2004. This clinical trial has been substantially funded by our grant from the National Institute of Drug Abuse.

During the second quarter of 2004 we initiated a Phase IV clinical trial in support of PhosLo, titled the PRECISE study, which will continue through 2005. Cardiac health problems are a major cause of death in kidney disease patients. Training and education recommendations issued by the American Society of Nephrology in their NEPHSAP publication during the first quarter of 2004 clearly focuses on three factors for the benefit of the patient's cardiac health: the control of serum phosphate, calcium phosphate product and lipid levels in the blood. Because of these recommendations, we initiated the PRECISE study to evaluate the use of PhosLo with a lipid-lowering agent to optimize cardiac health by successfully managing all three of these factors. Preliminary data evaluating serum levels is expected to be available later this year. Data evaluating arterial calcification using electron beam computer tomography, or EBCT, is expected in 2005. In addition, in line with the recommendations in the K/DOQI guidelines issued by the National Kidney Foundation that pre-dialysis chronic kidney disease, CKD patients may benefit from phosphate binder therapy, we expect to initiate a study using PhosLo in CKD patients in the second half of 2004.

Research and development activities in the first six months of 2004 further included costs to support our Nabi-HB Intravenous Biologics License Application filed with the FDA and preparation of materials for submitting MAA's for PhosLo and Nabi-HB to European authorities in 2004. The MAA for Nabi-HB Intravenous was submitted to the Paul Erlich Institute in Germany on June 24, 2004 and has been accepted for review. This submission was filed through the Mutual Recognition Procedure, which targets initial approval in one country. Once approved in Germany, the dossier can then be used to seek approval in additional countries selected by us within the EU on a shortened timeline. In addition, this filing was constructed in the Central Technical Document format, an international format that can be used in submissions to many additional countries worldwide without major modifications. The MAA for PhosLo is expected to be submitted to European authorities in the second half of 2004.

As a result of the activities described above, research and development expense for fiscal 2004 will increase from fiscal 2003.

Amortization of intangible assets. Amortization expense was $4.3 million for the first six months of 2004 compared to $0.2 million for the first six months of 2003. The increase in 2004 is due to amortization of the intangible assets recorded as part of the acquisition of PhosLo.

Interest income. Interest income for the first six months of 2004 was $0.7 million compared to $0.4 million for the comparable period of 2003. Interest income is earned from investing cash and cash equivalents on hand in money market funds and auction rate securities with maturities of three months or less. The increase in interest income reflects additional cash and cash equivalents available for investment.

Interest expense. Interest expense for the first six months of 2004 was $1.8 million compared to $0.1 million of interest expense reported for the first six months of 2003. Effective March 26, 2004 we terminated our credit agreement with Wells Fargo Foothill, Inc. in order to avoid future costs for unused credit fees and other service charges. As a result of terminating the credit agreement, we incurred an early termination fee of $0.6 million and wrote off previously capitalized loan origination costs of $0.5 million. In addition, interest expense included $0.6 million for amortization of the discount on the notes payable entered into in connection with the acquisition of PhosLo.

Other factors. The provision for income taxes was $8.8 million for the first six months of 2004, compared to a benefit of $1.0 million for the first six months of 2003. As a result of licensing the right to market StaphVAX and PhosLo in the EU to our ex-U.S. subsidiary and in recognition of the value of the product rights developed and acquired by us, we realized a gain for U.S. tax reporting purposes of approximately $55 million. Although we recognized a consolidated operating loss on a GAAP basis during the first six months and anticipate a loss for the full year, we nevertheless expect to incur income tax expense due to the U.S. taxable gain arising from licenses of these product rights to our non-U.S. subsidiary. We anticipate realizing deferred tax assets related to net operating loss carryforwards incurred in prior periods to offset cash payment for the reported U.S. taxable gain in 2004.

LIQUIDITY AND CAPITAL RESOURCES

Cash provided by operations for the six months ended June 26, 2004 was $5.2 million. Our cash and cash equivalents at June 26, 2004 were $117.0 million compared to $115.8 million at December 27, 2003.

In conjunction with the acquisition of PhosLo in August 2003, we entered into an obligation to pay the seller $30.0 million over the period ending March 1, 2007. As of June 26, 2004, our remaining obligation, net of discount, was $23.9 million. During the first six months of 2004, we repaid approximately $4.1 million of this obligation.

In May 2004 we entered into an agreement to construct commercial scale vaccine manufacturing facility and equipment in available space within our Boca Raton, Florida manufacturing plant. Under the terms of the agreement, we have a remaining commitment of $13.3 million as of June 26, 2004. To date, we have incurred $1.9 million to construct this vaccine manufacturing facility. We anticipate the total cost for the facility, including equipment to be approximately $18 to $20 million.

Under terms of an agreement entered into in October 2003 with Cambrex Bio Science, at June 26, 2004 we have a remaining commitment of $1.5 million including costs to acquire the rights to future commercial manufacturing capacity for StaphVAX at Cambrex Bio Science’s facility and to transfer commercial scale manufacture of StaphVAX to this facility. Through June 26, 2004, we have incurred $8.2 million in costs, of which $3.0 million has been capitalized as a Manufacturing Right and included in intangible assets.

Capital expenditures were $5.6 million for the first six months of 2004. Our capital expenditures are expected to total approximately $25 million for the full year 2004, including a total of approximately $18 to $20 million to develop a vaccine manufacturing facility within available space at our manufacturing plant in Florida.

In connection with an agreement related to the retirement of our former chief executive officer, as of June 26, 2004 we have an obligation of $2.4 million in cash payments through December 2006. The current portion of this obligation is recorded in accrued expenses and the long-term portion is included in other liabilities at June 26, 2004.

During the first six months of 2004, we received $8.2 million from the exercise of employee stock options.

In the first quarter of 2004, we ended our credit facility with Wells Fargo Foothill, part of Wells Fargo & Company.

On September 19, 2001, our Board of Directors approved the expenditure of up to $5.0 million to repurchase shares of our common stock in the open market or in privately negotiated transactions. Repurchases will allow us to have treasury stock available to support our stock option and stock purchase programs. We acquired no shares under this program during the first six months of 2004. We will evaluate market conditions in the future and make decisions to repurchase additional shares of our common stock on a case-by-case basis in accordance with our Board of Directors’ approval. We have acquired 345,883 shares of our common stock for a total of $1.9 million since the inception of this buy back program.

We believe that cash flow from operations and cash and cash equivalents on hand will be sufficient to meet our anticipated cash requirements for operations for at least the next twelve months.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Nabi Biopharmaceuticals and all wholly owned subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

Intangible Assets

On August 4, 2003, we acquired the worldwide rights to PhosLo. Under the terms of this agreement, we purchased patent rights, trade secrets, the PhosLo trademarks, regulatory approvals and licenses, certain customer and regulatory data and finished product inventory. All assets purchased, except for inventory, have been recorded at their estimated fair value, adjusted by a pro rata portion of the excess of purchase price, and are included in intangible assets. Management estimates the remaining useful lives of the acquired intangible assets are as follows:

(Dollars in Thousands)	June 26, 2004	Estimated Remaining Useful Life
PhosLo Intangibles		
Trademark/tradename	$ 1,423	16.8 years
Tablet patent	11,381	2.8 years
Gelcap patent	80,680	16.8 years
Customer relationships	2,337	4.1 years
Covenant not to compete	508	14.1 years
PhosLo Related Intangible Assets	96,329	
Less accumulated amortization	(7,565)	
Total PhosLo Related Intangible Assets	$ 88,764	

The trademark/tradename and gelcap patents' useful lives are estimated to be the remaining life of the gelcap patent based on our assessment of the market for phosphate binders to treat hyperphosphatemia in end stage renal failure patients and competitive therapies, forecasted growth in the number of patients and trends in patient care. The tablet patent's useful life is estimated as the remaining life for the tablet patent based on the direct competitive benefits derived from the patent. The covenant not-to-compete is based on Braintree Laboratories, Inc.'s contractual agreement not to compete directly in the dialysis market for a period of 15 years following the closing of the transaction. We have established a useful life of 5 years following the closing of the transaction for customer relationships based on our review of the time that would be required by us to establish markets and customer relationships within the nephrology and dialysis market place. In future periods, if we assess that circumstances have resulted in changes to the carrying value of the intangible assets or their estimated useful lives, we will record those changes in the period of that assessment.

Manufacturing Right

In October 2003, we established a contract manufacturing relationship with Cambrex Bio Science Baltimore, Inc. Under our agreement with Cambrex Bio Science, we are committed to make future payments to acquire the right to commercial manufacturing capacity for StaphVAX vaccine. As these payments are made, we intend to record a Manufacturing Right on our balance sheet, which we will amortize over the future period of commercial manufacture of StaphVAX at Cambrex Bio Science's facility. If we determine that the manufacture of StaphVAX will not occur at Cambrex Bio Science's facility, we will write off this Manufacturing Right in the period of that determination. As of June 26, 2004, we have recorded $3.0 million as a Manufacturing Right included in intangible assets, including $2.6 million during the first six months of 2004.

Property, Plant and Equipment and Depreciation

We incurred total costs of $90.3 million to construct our biopharmaceutical manufacturing facility in Boca Raton, Florida. We received approval from the FDA to manufacture our antibody-based biopharmaceutical product, Nabi-HB, at this facility in October 2001. In constructing the facility we incurred approximately $26.8 million in direct costs of acquiring the building, building systems, manufacturing equipment and computer systems. We also incurred a total of $63.5 million of costs related to validation of the facility to operate in an FDA approved environment and capitalized interest. Costs related to validation and capitalized interest have been allocated to the building, building systems, manufacturing equipment and computer systems. Buildings and building systems are depreciated on a straight-line basis over 39 years and 20 years, respectively, the estimated useful lives of these assets. The specialized manufacturing equipment and computer systems are depreciated using the units-of-production method of depreciation subject to a minimum level of depreciation based on straight-line depreciation. The units-of-production method of depreciation is based on management's estimate of production levels. Management believes the units-of-production method is appropriate for these specialized assets. Use of the units-of-production method of depreciation may result in significantly different financial results of operation than straight-line depreciation in periods of lower than average or higher than average production levels. However, this differential is limited in periods of lower than average production, as we record a minimum of 60% of the depreciation that would have otherwise been recorded had we used the straight-line method. In the first six months of 2004, we recorded additional depreciation of $1.5 million under this policy, including $0.6. million in the second quarter of 2004. For the comparable periods of 2003, we recorded additional depreciation of $1.0 million and $0.7 million, respectively.

Accounts Receivable and Revenue Recognition

In the first six months of 2004 and 2003, we had biopharmaceutical product sales of $70.2 million and $44.7 million, respectively. At June 26, 2004 and December 27, 2003 we had $45.0 million and $37.1 million, respectively, of accounts receivable including $37.1 million and $29.6 million, respectively, from biopharmaceutical sales. Our primary customers for biopharmaceutical products are pharmaceutical wholesalers. In accordance with our revenue recognition policy, revenue from biopharmaceutical product sales is recognized when title and risk of loss are transferred to the customer. Reported sales are net of estimated customer prompt pay discounts, contractual allowances in accordance with managed care agreements, government payer rebates, customer returns of PhosLo and other wholesaler fees. At June 26, 2004 and December 27, 2003, we had $9.5 million and $7.3 million, respectively, recorded in accrued expenses related to these obligations.

Inventory and Reserves for Slow Moving or Obsolete Inventory

At June 26, 2004 and December 27, 2003, we had inventory on hand of $22.3 million and $23.5 million respectively. In the six months ended June 26, 2004, we recorded a provision for an inventory valuation allowance of $0.5 million. For the comparable period of 2003 we recorded a provision for an inventory valuation allowance of $0.7 million. We review inventory on hand at each reporting period to assess that inventory is stated at the lower of cost or market and that inventory on hand is saleable. Our assessment of inventory includes review of selling price compared to inventory carrying cost, recent sales trends, our expectations for sales trends in future periods and product shelf life expiration. Based on these assessments, we provide for an inventory valuation allowance in the period in which the requirement is identified.

Income Taxes

We follow Statement of Financial Accounting Standards, or SFAS No. 109, *Accounting for Income Taxes*, which requires, among other things, recognition of future tax benefits and liabilities measured at enacted rates attributable to temporary differences between financial statement and income tax bases of assets and liabilities and to tax net operating loss carryforwards to the extent that realization of these benefits is more likely than not. We periodically evaluate the realizability of our net deferred tax assets. Due to our planned European expansion, we have recognized our tax assets for the future use of net operating loss carryforwards and research and development tax credits that we have determined to be realizable. In

future periods, if circumstances change we may have to record valuation allowances against some, or all, of our deferred tax assets. We recorded a tax provision for income taxes of $8.8 million for the six months ended June 26, 2004 to reflect the impact of generating a taxable gain in the U.S. related to the transfer of certain rights to market our products StaphVAX and PhosLo in EU markets offset by utilization of research and development tax credits and the reversal of certain other deferred tax items.

NEW ACCOUNTING PRONOUNCEMENTS

In January 2003, the Financial Accounting Standards Board, or FASB, issued Interpretation No. 46, *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*, or FIN 46. FIN 46 addresses the consolidation of entities whose equity holders have either (a) not provided sufficient equity at risk to allow the entity to finance its own activities or (b) do not possess certain characteristics of a controlling financial interest. FIN 46 requires the consolidation of these entities, known as variable interest entities, or VIE's, by the primary beneficiary entity. The primary beneficiary is the entity, if any, that is subject to a majority of the risk of loss from the VIE's activities, entitled to receive a majority of the VIE's residual returns, or both. FIN 46 applies immediately to variable interests in VIEs created or obtained after January 31, 2003. As amended by FASB Staff Position No. FIN 46-6, FIN 46 is effective for variable interests in a VIE created before February 1, 2003 at the end of the first interim or annual period ending after December 15, 2003 (the end of fiscal 2003, December 27, 2003, for us). We have no interests in VIEs and accordingly, the adoption of FIN 46 had no impact on our financial statements.

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 establishes standards for how companies classify and measure certain financial instruments with characteristics of both liabilities and equity. It requires companies to classify a financial instrument that is within its scope as a liability, or an asset, in some circumstances. SFAS No. 150 is effective beginning with the second quarter of fiscal 2004. We do not currently have financial instruments with characteristics of both liabilities and equity, and therefore, the adoption of SFAS No. 150 did not have an impact on our financial condition, results of operations or cash flows.

FORWARD LOOKING STATEMENTS

The part of this Quarterly Report on Form 10-Q captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains certain forward-looking statements, which involve risks and uncertainties. These statements are based on current expectations, estimates and projections about the industries in which we operate, management's beliefs and assumptions made by management. Readers should refer to a discussion under "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 27, 2003 concerning certain factors that could cause our actual results to differ materially from the results anticipated in such forward-looking statements. Said discussion and Risk Factors are hereby incorporated by reference into this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not engage in trading market risk sensitive instruments or purchasing hedging instruments or "other than trading" instruments that are likely to expose us to significant market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk.

Foreign Currency Exchange Risk. We have two wholly owned Irish subsidiaries and one Luxembourg subsidiary. During the six months ended June 26, 2004, we did not record any sales by our foreign subsidiaries. One subsidiary incurred expenses during this period, primarily relating to our initial activities to obtain regulatory approval in the EU for our pipeline products and products that we currently market in the U.S. If the U.S. dollar weakens relative to a foreign currency, any losses generated in the foreign currency will, in effect, increase when converted into U.S. dollars and vice versa. We do not speculate in the foreign exchange market and do not manage exposures that arise in the normal course of business related to fluctuations in foreign currency exchange rates by entering into offsetting positions through the use of foreign exchange forward contracts. We also do not engage in derivative activities.

Interest Rate Risk. At June 26, 2004, we had cash equivalents in the amount of $117.0 million. We also had net notes payable for the acquisition of PhosLo of $23.9 million. Cash equivalents consist of money market funds and auction rate securities with maturities of three months or less placed with major financial institutions.

Our exposure to interest rate risk relates to our borrowings and to our cash and investments. The notes payable related to the PhosLo acquisition were discounted at our estimated interest rate under our credit facility on August 4, 2003, the date of the closing agreement. We maintain an investment portfolio of money market funds, qualified purchaser funds, and auction rate securities. The securities in our investment portfolio are not leveraged, and are, due to their very short-term nature, subject to minimal interest rate risk. We currently do not hedge interest rate exposure. Because of the short-term maturities of our investments, we do not believe that a change in interest rates would have a significant negative impact on the value of our investment portfolio.

The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we invest our excess cash in debt instruments of the U.S. Government and its agencies, bank obligations, repurchase agreements and high-quality corporate issuers, and, by policy, restrict our exposure to any single corporate issuer by imposing concentration limits. To minimize the exposure due to adverse shifts in interest rates, we maintain investments at an average maturity of generally less than one month. The table below presents the principal amount and weighted-average interest rate for our investment and debt portfolio:

(In millions, except for percentages)	Estimated Fair Value at June 26, 2004
Assets:	
Cash equivalents	$ 117.0
Average interest rate	1.2%
Liabilities:	
Notes payable	$ 23.9
Average interest rate	4.5%

Item 4. Controls and Procedures

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as of June 26, 2004. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 26, 2004. There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended June 26, 2004 that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to litigation in the ordinary course of business. We do not believe that any such litigation will have a material adverse effect on our business, financial position or results of operations.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The following table provides information about purchases by Nabi Biopharmaceuticals during the quarter ended June 26, 2004, of our equity securities that are registered pursuant to Section 12 of the Exchange Act:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid per share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
3/28/04-4/24/04	62,759	$ 16.83	0	$ 3.1 million
4/25/04-5/29/04	0	N/A	0	$ 3.1 million
5/30/04-6/26/04	0	N/A	0	$ 3.1 million
Total:	62,759	$ 16.83	0	$ 3.1 million

(1) We repurchased 3,496 shares of our common stock in connection with a “stock-for-stock” exercise by a former officer of Nabi Biopharmaceuticals to pay the exercise price of an option and withholding taxes. We also may be deemed to have repurchased 59,263 shares of our common stock pursuant to a “net” exercise by a holder of a warrant to purchase shares of our common stock.

(2) On September 19, 2001, our Board of Directors approved the buy back of up to $5.0 million of our common stock in the open market or in privately negotiated transactions. We have acquired 345,883 shares of our common stock for a total of $1.9 million since the inception of the buy back program. Repurchased shares have been accounted for as treasury stock.

In connection with the net exercise of the warrant mentioned in note 1 above, we issued 74,070 shares of our common stock. The warrant holder who purchased the shares was the placement agent in our July 2000 private placement of shares of our common stock. The sale of the warrant shares was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof and Regulation D.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

The following matters were approved at our annual stockholder's meeting, which was held on May 14, 2004.

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

Name of Director	For	Authority Withheld
David L. Castaldi	47,626,467	4,228,902
Geoffrey F. Cox, Ph.D.	49,241,603	2,613,766
George W. Ebright	48,109,124	3,746,245
Richard A. Harvey, Jr.	49,844,480	2,010,889
Linda Jenckes	49,220,073	2,635,296
Thomas H. McLain	49,855,766	1,999,603
Stephen G. Sudovar	48,758,986	3,096,393

B. For the proposal to approve an amendment to the Company's Restated Certificate of Incorporation:

For	Against	Abstain
45,770,421	6,005,882	79,066

C. For the proposal to approve an amendment to the Company's 2000 Equity Incentive Plan:

For	Against	Abstain
20,483,469	19,047,893	147,955

D. For the proposal to approve the 2004 Stock Plan for Non-Employee Directors:

For	Against	Abstain
31,199,708	8,337,287	142,328

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

3.1 Restated Certificate of Incorporation of Nabi Biopharmaceuticals, as amended

10.1 Nabi Biopharmaceuticals 2000 Equity Incentive Plan, as amended (incorporated by reference to Nabi's Proxy Statement dated May 14, 2004)

10.2 Nabi Biopharmaceuticals 2004 Stock Plan for Non-Employee Directors (incorporated by reference to Nabi's Proxy Statement dated May 14, 2004)

31.1 Rule 13a-14(a)/15d-14(a) Certification

31.2 Rule 13a-14(a)/15d-14(a) Certification

32.1 Section 1350 Certification

(b) Reports on Form 8-K:

On April 21, 2004, we furnished a current report on Form 8-K, reporting under Item 12. "Results of Operations and Financial Condition."

SIGNATURES

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

Nabi Biopharmaceuticals

Date: July 28, 2004

By: /s/ Mark L. Smith

Mark L. Smith
Senior Vice President, Finance,
Chief Financial Officer,
Chief Accounting Officer and Treasurer

Exhibit Index

Exhibit No.	Description
3.1	Restated Certificate of Incorporation of Nabi Biopharmaceuticals, as amended
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32.1	Section 1350 Certification

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 holders 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

Alfred J. Fernandez, Senior Vice President
and Chief Financial Officer

Attest:

/s/ Constantine Alexander

Secretary

CERTIFICATE OF DESIGNATIONS

of

SERIES ONE PREFERRED STOCK

of

NABI

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

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

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

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

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

Section 2. Dividends and Distributions.

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

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

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

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

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

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

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

Section 4. Certain Restrictions.

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

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

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

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

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

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

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

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

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

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

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

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

Section 8. No Redemption. The shares of Series One Preferred Stock shall not be redeemable.

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

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

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by its Senior Vice President and Chief Financial Officer, and attested by its Secretary, this 27th day of August 1997.

/s/ Alfred J. Fernandez

Alfred J. Fernandez
Senior Vice President and
Chief Financial Officer

Attest:

/s/ Constantine Alexander

Secretary

CERTIFICATE OF OWNERSHIP

MERGING

IBAN Corp.

INTO

NABI

*****

NABI, a corporation organized and existing under the laws of Delaware,

DOES HEREBY CERTIFY:

FIRST: That this corporation was incorporated on the 14th day of March, 1969, pursuant to the General Corporation Law of the State of Delaware.

SECOND: That this corporation owns all of the outstanding shares of the capital stock of IBAN Corp., a corporation incorporated on the 29th day of April, 1997, pursuant to the General Corporation Law of the State of Delaware.

THIRD: That this corporation, by the following resolutions of its Board of Directors, duly adopted at a meeting held on the 24th day of November, 1997, determined to and did merge into itself said IBAN Corp.:

RESOLVED, that NABI merge, and it hereby does merge into itself, IBAN Corp. and assumes all its obligations;

FURTHER RESOLVED, that the merger shall be effective upon the date of filing with the Secretary of State of Delaware; and

FURTHER RESOLVED, that this corporation change its corporate name by changing Article First of the Certificate of Incorporation of this corporation to read as follows:

"Article First. The name of the corporation is Nabi."

IN WITNESS WHEREOF, said NABI has caused this Certificate to be signed by Constantine Alexander, its Secretary, this 26th day of November, 1997.

NABI

By: /s/ Constantine Alexander

Constantine Alexander
Its Secretary

CERTIFICATE OF OWNERSHIP AND MERGER

MERGING

NABI SUBSIDIARY CORP.

WITH AND INTO

NABI

(Pursuant to Section 253 of the General
Corporation Law of Delaware)

Nabi, a Delaware corporation (the "Corporation"), does hereby certify:

1. That the Corporation is incorporated pursuant to the General Corporation Law of Delaware.

2. That the Corporation owns all of the outstanding shares of each class of capital stock of Nabi Subsidiary Corp., a Delaware corporation.

3. That the Corporation, by the following resolutions of its board of directors, duly adopted on the 1st day of March, 2002, determined to merge into itself Nabi Subsidiary Corporation on the conditions set forth in such resolutions:

RESOLVED: That the Corporation merge into itself its subsidiary, Nabi Subsidiary Corp., and assume all of said subsidiary's liabilities and obligations (the "Merger"); that the Corporation shall be the surviving corporation in the Merger; that the Merger shall be effective at 5:00 PM EST on March 4, 2002; that Article First of the Corporation's Restated Certificate of Incorporation shall be amended by deleting said article in its entirety and inserting in lieu thereof the following: "The name of the Corporation is Nabi Biopharmaceuticals."; and

RESOLVED: That any and all officers of the Corporation be and they hereby are directed to make, execute and acknowledge a Certificate of Ownership and Merger setting forth a copy of the resolution to merge said Nabi Subsidiary Corp. into the Corporation and to assume said subsidiary's liabilities and obligations and the date of adoption thereof and to file the same in the office of the Secretary of State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Ownership and Merger this 1st day of March, 2002.

NABI

By: /s/ Mark L. Smith

Name: Mark L. Smith
Title: Chief Financial Officer, Senior Vice President of Finance, and Treasurer

CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF INCORPORATION OF
NABI BIOPHARMACEUTICALS

Nabi Biopharmaceuticals, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. That at a meeting of the Board of Directors of the Corporation resolutions were duly adopted setting forth a proposed amendment of the Restated Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED: That the Restated Certificate of Incorporation of the Corporation be amended by changing the first paragraph of Article Fourth so that, as amended, said paragraph shall be and read as follows:

"The total number of shares of all classes of stock which the Corporation shall have authority to issue is 130,000,000 shares consisting of

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

b) 125,000,000 shares of Common Stock, par value $.10 per share."

2. That thereafter, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

3. That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this certificate to be signed by its authorized officer as of May 14, 2004.

NABI BIOPHARMACEUTICALS

By: /s/ Mark L. Smith

Name: Mark L. Smith
Title: Senior Vice President, Finance, Chief Financial Officer, Chief Accounting Officer, and Treasurer

CERTIFICATIONS

Exhibit 31.1

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

I, Thomas H. McLain, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nabi Biopharmaceuticals;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

By: /s/ Thomas H. McLain

Thomas H. McLain
Chairman, Chief Executive Officer
and President

Exhibit 31.2

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

I, Mark L. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nabi Biopharmaceuticals;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2004

By: /s/ Mark L. Smith

Mark L. Smith
Senior Vice President, Finance,
Chief Financial Officer, Chief
Accounting Officer and Treasurer

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

The undersigned officers of Nabi Biopharmaceuticals (the "Company") hereby certify that, as of the date of this statement, the Company's quarterly report on Form 10-Q for the quarter ended June 26, 2004 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 and that, to the best of their knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of June 26, 2004 and the results of operations of the Company for the three and six months ended June 26, 2004.

The purpose of this certification is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002. This statement is not "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Act or any other federal or state law or regulation.

Date: July 28, 2004

By: /s/ Thomas H. McLain

Name: Thomas H. McLain
Title: Chief Executive Officer

Date: July 28, 2004

By: /s/ Mark L. Smith

Name: Mark L. Smith
Title: Chief Financial Officer