
**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 **March 29, 2008**

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
(State or other jurisdiction of
incorporation or organization)

59-1212264
(I.R.S. Employer
Identification No.)

12276 Wilkins Avenue, Rockville, MD 20852
(Address of principal executive offices, including zip code)

(301) 770-3099
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's common stock, par value \$0.10 per share, at April 25, 2008 was 51,818,457 shares.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands)

	March 29, 2008	December 29, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 197,724	\$ 217,606
Marketable securities	—	1,600
Prepaid expenses and other current assets	2,262	2,371
Assets of discontinued operations	2,381	4,616
Total current assets	202,367	226,193
Property and equipment, net	1,717	1,971
Other assets	377	379
Restricted cash related to discontinued operations	10,082	10,027
Total assets	\$ 214,543	\$ 238,570
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 2,637	\$ 3,647
Accrued expenses and other current liabilities	6,061	7,105
Current liabilities of discontinued operations	9,360	9,548
Total current liabilities	18,058	20,300
2.875% convertible senior notes, net	71,766	71,738
Total liabilities	89,824	92,038
Commitments and contingencies		
Stockholders' equity:		
Convertible preferred stock	—	—
Common stock	6,216	6,212
Capital in excess of par value	334,844	333,527
Treasury stock	(40,503)	(23,608)
Accumulated deficit	(175,838)	(169,599)
Total stockholders' equity	124,719	146,532
Total liabilities and stockholders' equity	\$ 214,543	\$ 238,570

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share amounts)

	For the Three Months Ended	
	March 29, 2008	March 31, 2007
Operating expenses:		
General and administrative expenses	\$ 5,133	\$ 8,300
Research and development expenses	3,205	6,088
Operating loss	(8,338)	(14,388)
Interest income	2,038	1,580
Interest expense	(565)	(874)
Other income (expense), net	131	(1)
Loss from continuing operations before income taxes	(6,734)	(13,683)
Income taxes	—	(190)
Loss from continuing operations	(6,734)	(13,873)
Discontinued operations:		
Net income from discontinued operations	—	3,216
Net gain (loss) on disposal of discontinued operations	494	(372)
Income from discontinued operations	494	2,844
Net loss	\$ (6,240)	\$ (11,029)
Basic and diluted (loss) income per share:		
Continuing operations	\$ (0.13)	\$ (0.23)
Discontinued operations	0.01	0.05
Basic and diluted (loss) income per share	\$ (0.12)	\$ (0.18)
Basic and diluted weighted average shares outstanding	52,973	61,258

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	For the Three Months Ended	
	March 29, 2008	March 31, 2007
Cash flow from operating activities:		
Loss from continuing operations	\$ (6,734)	\$ (13,873)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities from continuing operations:		
Depreciation and amortization	148	543
Non-cash compensation	1,307	449
Other	66	51
Changes in assets and liabilities:		
Prepaid expenses and other assets	109	35
Trade accounts payable, accrued expenses and other	(210)	(1,060)
Total adjustments	1,420	18
Net cash used in operating activities from continuing operations	(5,314)	(13,855)
Net cash provided by operating activities from discontinued operations	2,838	3,627
Net cash used in operating activities	(2,476)	(10,228)
Cash flow from investing activities:		
Purchases of marketable securities	—	(9,750)
Proceeds from sales of marketable securities	1,600	15,750
Capital expenditures	(20)	(40)
Proceeds from sales of assets	91	—
Net cash provided by investing activities from continuing operations	1,671	5,960
Net cash provided by investing activities from discontinued operations	—	2,289
Net cash provided by investing activities	1,671	8,249
Cash flow from financing activities:		
Proceeds from exercise of employee stock options	3	176
Purchase of common stock for treasury	(18,658)	—
Other financing activities	(82)	—
Net cash (used in) provided by financing activities from continuing operations	(18,737)	176
Net cash (used in) provided by financing activities from discontinued operations	(340)	239
Net cash (used in) provided by financing activities	(19,077)	415
Net decrease in cash and cash equivalents	(19,882)	(1,564)
Cash and cash equivalents at beginning of period	217,606	86,227
Cash and cash equivalents at end of period	\$ 197,724	\$ 84,663

See accompanying notes to condensed consolidated financial statements.

Nabi Biopharmaceuticals

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 COMPANY OVERVIEW

We are a biopharmaceutical company focused on the development of products that address unmet medical needs in the areas of nicotine addiction and infectious disease. We leverage our experience and knowledge in powering the human immune system to target serious medical conditions in these areas. Our lead products in development are NicVAX[®] [*Nicotine Conjugate Vaccine*], an innovative and proprietary investigational vaccine for treatment of nicotine addiction and prevention of smoking relapse, and PentaStaph[™] [*Pentavalent S.aureus Vaccine*], a new pentavalent vaccine designed to prevent *S.aureus* infections including those infections caused by the most dangerous antibiotic-resistant strains of *S.aureus*.

NicVAX and PentaStaph will require additional development, including preclinical testing and human studies for PentaStaph and additional human testing for NicVAX, as well as regulatory approvals before we can market them. We are continuing to develop NicVAX and PentaStaph while we search for partners who will assist in the further development and commercialization of NicVAX and PentaStaph.

In June 2007, we sold certain assets related to Aloprim[®] (allopurinol sodium for Injection) Product, or Aloprim, for proceeds of \$3.7 million. On December 4, 2007, we sold certain assets constituting our Biologics strategic business unit (SBU) and certain corporate shared services assets to Biotest Pharmaceuticals Corporation, or Biotest, for \$185 million in cash (\$10 million of which has been escrowed for valid indemnification claims asserted on or before April 15, 2009). Consequently, as of December 29, 2007, we had sold all of our marketed products, moved our corporate headquarters to Rockville, Maryland and focused our efforts on developing and partnering our NicVAX and PentaStaph products.

On January 22, 2008, we announced that we had retained Banc of America Securities LLC to assist with our continued exploration of the full range of strategic alternatives available to us to further enhance shareholder value. These alternatives may include, but are not limited to, licensing or development arrangements, joint ventures, strategic alliances, a recapitalization, and the sale or merger of all or part of the company.

We were incorporated in Delaware in 1969 and our operations are located in Rockville, Maryland.

NOTE 2 BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly our financial position, results of operations and cash flows. The condensed consolidated balance sheet at December 29, 2007 has been derived from audited financial statements at that date. The interim results of operations are not necessarily indicative of the results that may occur for the full fiscal year. These statements should be read in conjunction with the Consolidated Financial Statements and Notes included in our Annual Report on Form 10-K for the year ended December 29, 2007 filed with the Securities and Exchange Commission on February 28, 2008.

Principles of consolidation: The accompanying unaudited condensed consolidated financial statements include the accounts of Nabi Biopharmaceuticals and our wholly-owned subsidiaries (referred to as Nabi, the Company or We through out this report). All significant inter-company accounts and transactions are eliminated in consolidation.

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 income and expenses during the reporting period, including such amounts related to discontinued operations. Actual results could differ from those estimates.

Basis of presentation and reclassifications: Certain prior period amounts have been reclassified to conform to the current year's presentation. As discussed in Note 3, the results of operations and the assets and the liabilities related to the Biologics SBU business as well as those amounts related to the Aloprim product line have been accounted for as discontinued operations in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," or SFAS 144. Accordingly, the results of the operations related to the Biologics SBU business and to Aloprim from prior periods have been reclassified to discontinued operations. Although we have sold substantially all assets of our corporate shared services and our vaccine manufacturing plant, we continue to reflect these expenses in continuing operations because we continue to require similar functions on an ongoing basis.

Cash and cash equivalents: Cash equivalents consist of institutional money market funds with maturities of three months or less. Our cash equivalents are all valued using quoted prices in active markets for identical assets. We have investment policies and procedures that are reviewed periodically to minimize credit risk. Under our cash management system, checks issued but not presented to banks frequently result in book overdraft balances for accounting purposes that are classified within trade accounts payable in our Condensed Consolidated Balance Sheets. The amount of these checks included in trade accounts payable as of March 29, 2008 and December 29, 2007 was \$1.7 million and \$1.6 million, respectively.

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Restricted cash: Restricted cash related to discontinued operations at March 29, 2008 and December 29, 2007 of \$10.1 million and \$10.0 million, respectively, relates to cash held in escrow plus interest to support any valid indemnification claims that may be made by Biotest related to the sale of our Biologics SBU. Any remaining balance plus interest will be released to us in April 2009.

New accounting pronouncements: In September 2006, the Financial Accounting Standards Board issued SFAS No. 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. We adopted SFAS 157 beginning in the first quarter of our 2008 fiscal year and it did not have a material impact to our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities," which gives companies the option to measure eligible financial assets, financial liabilities and firm commitments at fair value (i.e., the fair value option), on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. We adopted SFAS 159 beginning in the first quarter of our 2008 fiscal year and currently have elected not to use the fair value option for any eligible financial assets or liabilities.

In March 2007, the Emerging Issues Task Force issued EITF Issue No. 06-10, "Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements," or EITF 06-10. EITF 06-10 provides guidance to help companies determine whether a liability for the postretirement benefit associated with a collateral assignment split-dollar life insurance arrangement should be recorded in accordance with either SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (if, in substance, a post-retirement benefit plan exists), or Accounting Principles Board Opinion No. 12 (if the arrangement is, in substance, an individual deferred compensation contract). EITF 06-10 also provides guidance on how a company should recognize and measure the asset in a collateral assignment split-dollar life insurance contract. EITF 06-10 is effective for fiscal years beginning after December 15, 2007. We adopted EITF 06-10 beginning in the first quarter of our 2008 fiscal year and it did not have a material impact to our financial position or results of operations.

In June 2007, the EITF issued EITF Issue 07-03, "Accounting for Advance Payments for Goods or Services to Be Used in Future Research and Development," or EITF 07-03. EITF 07-03 addresses the accounting for the non-refundable portion of a payment made by a research and development entity for future research and development activities. Under EITF 07-03, an entity is required to defer and capitalize non-refundable advance payments made for research and development activities until the related goods are delivered or the related services are performed. EITF 07-03 is effective for fiscal years beginning after December 15, 2007. We adopted EITF 07-03 beginning in the first quarter of our 2008 fiscal year and it did not have a material impact to our financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised), "Business Combinations." SFAS 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We plan to adopt SFAS 141R in the first quarter of our 2009 fiscal year and do not expect the impact to be material to our financial position or results of operations.

NOTE 3 DISCONTINUED OPERATIONS

On December 4, 2007, we sold certain assets constituting our Biologics SBU and certain corporate shared services assets to Biotest for \$185 million in cash, \$10 million of which was placed into an escrow account to support any valid indemnification claims made by Biotest on or before April 15, 2009. Included in the assets sold were Nabi-HB[®] [Hepatitis B Immune Globulin (Human)], our plasma business assets including nine FDA-certified plasma collection centers across the U.S., our state-of-the-art plasma protein production plant, and the investigational products, IVIG, Civacir[®], Anti-D and Altastaph as well as most of our corporate shared

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services assets (other than cash, cash equivalents and marketable securities) and our Boca Raton, Florida headquarters and real property. We retained all accounts receivable and the vast majority of liabilities associated with the biologics business. We recorded a net gain on this sale of \$78.4 million during the fourth quarter of 2007 in discontinued operations. In addition, under terms of our agreement with Biotest, until such time as Biotest receives FDA and applicable state regulatory licenses required to market and sell Nabi-HB it may continue to operate under Nabi's FDA Licenses and certain other regulatory permits. Further, while utilizing Nabi's licenses, pending formal receipt of their required FDA Licenses and other regulatory permits, Biotest customers for Nabi-HB are making all cash payments to Nabi which will be subsequently remitted to Biotest once the required licenses are obtained. Biotest has informed us that they are filling for the necessary licenses and regulatory permits and expect to be granted such licenses and regulatory permits in the near future. At March 29, 2008 we recorded a payable of \$5.4 million representing cash collected by us but due Biotest under this arrangement and classified the payable as current liabilities from discontinued operations.

We also entered into the following agreements with Biotest: (i) a Transition Services Agreement pursuant to which the parties agreed to provide transition services (including services related to finance, human resources, information technologies, and clinical and regulatory) to each other for a period of up to six months after closing for a price equal to 150% of direct salary costs plus out of pocket costs, except that there will be no charge for services provided by Biotest to us through February 4, 2008 (ii) a Contract Manufacturing Agreement pursuant to which Biotest will provide manufacturing and technology transfer services related to NicVAX and PentaStaph to us at cost until December 31, 2009, (iii) a Right of First Negotiation/Refusal Agreement pursuant to which we granted Biotest a right of first negotiation and a right of first refusal to obtain rights to utilize PentaStaph and to license the PentaStaph intellectual property that is necessary to enable Biotest to use PentaStaph solely for purposes relating to the production of Altastaph, and (iv) a Trademark License Agreement pursuant to which, we will license to Biotest the "Nabi-HB" marks on a worldwide, perpetual, royalty-free basis solely for Biotest's use in the promotion, distribution and sale of Nabi-HB. Under the Transition Services Agreement at March 29, 2008, Biotest owes Nabi \$0.9 million which is recorded as a current receivable from discontinued operations, and Nabi owes Biotest \$0.3 million which is recorded as a current payable from discontinued operations. The Transition Shared Services Agreement is scheduled to expire on June 4, 2008.

During the second quarter of 2007, we sold certain assets related to Aloprim to Bioniche Teoranta, for aggregate sale proceeds of \$3.7 million. Of that amount, \$1.3 million was received at closing, \$1.4 million was received in the fourth quarter of 2007 and \$1.0 million is due on December 26, 2008. The buyer also assumed the remaining commitment under our agreement with DSM Pharmaceuticals, Inc. In connection with the closing of this transaction, we recorded a gain of \$2.6 million during the second quarter of 2007 in discontinued operations. In the first three quarters of 2007 as originally reported, we did not treat Aloprim as a discontinued operation given its relative immateriality; however, in the fourth quarter of 2007, we reclassified these results to discontinued operations along with the Biologics SBU business.

During the fourth quarter of 2006, we sold certain assets related to our PhosLo operations. Under the sale agreement, we received \$65.0 million in cash at closing and we earned and collected \$10.5 million of milestone payments as of December 29, 2007. We can earn up to an additional \$10.0 million upon successful completion of additional milestones. In addition, the purchaser acquired product rights to a new product formulation under development and we are entitled to royalties on sales of the new product formulation over a base amount for 10 years after the closing date until total consideration paid in the transaction reaches \$150.0 million.

The assets and liabilities related to our Biologics SBU business, Aloprim and PhosLo have identifiable cash flows that are largely independent of the cash flows of other groups of assets and liabilities and we will not have a significant continuing involvement with the related products beyond one year after the closing of the transactions. Therefore, in accordance with SFAS 144, the accompanying unaudited condensed consolidated financial statements report the assets and liabilities, and the results of operations, related to our biologics business, Aloprim and PhosLo as discontinued operations for all periods presented.

The following table presents the major classes of assets and liabilities that have been presented as assets of discontinued operations and liabilities of discontinued operations in the accompanying unaudited condensed consolidated balance sheets:

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<u>In thousands</u>	<u>March 29, 2008</u>	<u>December 29, 2007</u>
Trade accounts receivable, net	\$ —	\$ 2,690
Accounts receivable due from Biotest	926	—
Other assets	1,455	1,926
Total current assets of discontinued operations	2,381	4,616
Restricted cash	10,082	10,027
Total assets of discontinued operations	<u>\$ 12,463</u>	<u>\$ 14,643</u>
Trade accounts payable	\$ 145	\$ 721
Accounts payable due to Biotest	5,718	295
Accrued expenses and other liabilities	3,497	8,180
Notes payable, net	—	352
Total liabilities of discontinued operations	<u>\$ 9,360</u>	<u>\$ 9,548</u>

The restricted cash balance relates to funds deposited by Biotest plus interest associated with the sale of our Biologics SBU business and is classified as long-term in our condensed consolidated balance sheet since it will not be released until 2009. The balance of other assets at March 29, 2008 and December 29, 2007 includes the remaining \$1.0 million note receivable associated with the Aloprim transaction, which is due in December 2008.

Accrued expenses and other liabilities at March 29, 2008 and December 29, 2007 include \$3.5 million and \$4.3 million, respectively, associated with sales deductions which are detailed below.

<u>(in thousands)</u>	<u>Accrued chargebacks</u>	<u>Accrued rebates</u>	<u>Accrued sales discounts</u>	<u>Other accrued sales deductions</u>	<u>Total</u>
Balance at December 29, 2007	\$ 107	\$3,063	\$ 717	\$ 426	\$4,313
Provision for sales	—	—	—	—	—
Actual credits utilized	(107)	(143)	(469)	(103)	(822)
Balance at March 29, 2008	<u>\$ —</u>	<u>\$2,920</u>	<u>\$ 248</u>	<u>\$ 323</u>	<u>\$3,491</u>

NOTE 4 INCOME (LOSS) PER SHARE

Basic net income (loss) per common share is calculated using the weighted average number of common shares outstanding during the periods, excluding unvested restricted stock. Diluted net income (loss) per common share is calculated using the weighted average number of common shares and dilutive common equivalent shares outstanding during the periods, plus the effects of an assumed conversion of the Company's Convertible Senior Notes, if dilutive, after giving effect to all adjustments that would result from such assumed conversion. In periods of net loss from continuing operations, the assumed conversion of Convertible Senior Notes and stock options are anti-dilutive. The dilutive impact of stock options and restricted stock is determined by applying the treasury stock method. A total of 150,271 and 251,190 common stock equivalents have been excluded from the calculation of diluted net loss per share in the quarters ended March 29, 2008 and March 31, 2007, respectively, because their inclusion would be anti-dilutive.

NOTE 5 COMMITMENTS AND CONTINGENCIES

During 2006, we engaged an outside consultant to assess our pricing programs under Medicare/Medicaid and other governmental pricing programs during the period from 2002 through the second quarter of 2006. In connection with this review, we identified additional liabilities related to discontinued operations for possible overbilling under Medicare/Medicaid and other governmental pricing programs, of which the remaining amounts due at each of March 29, 2008 and December 29, 2007 was approximately \$2.5 million which is included in the amounts recorded as accrued rebates. We are paying these obligations as they are rebilled to us. The calculated amount due assumes that we will be successful in rebilling ineligible entities that improperly received best prices. We believe we have properly estimated the underpaid amounts due under Medicare/Medicaid and other governmental pricing programs.

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On January 22, 2008, we announced that we had retained Banc of America Securities LLC to assist with our continued exploration of the full range of strategic alternatives available to us to further enhance shareholder value. These alternatives may include, but are not limited to, licensing or development arrangements, joint ventures, strategic alliances, a recapitalization, and the sale or merger of all or part of the company. We have agreed to pay Banc of America Securities LLC 1.1% of the value of a qualifying transaction with a minimum of \$1.8 million upon the successful completion of a strategic transaction as defined in our agreement with them.

We have agreements with certain members of our senior management that include certain cash payments and equity-based award modifications in the event of a termination of employment or a change in control of the Company.

Litigation

We are parties to legal proceedings that we believe to be ordinary, routine litigation incidental to the business of present or former operations. It is management's opinion, based on the advice of counsel, that the ultimate resolution of such litigation will not have a material adverse effect on our financial condition, results of operations or cash flows.

In September 2005, we filed a lawsuit in the United States District Court for the Southern District of Ohio against Roxane Laboratories, Inc., or Roxane, for infringement of our U.S. Patent Number 6,576,665 for PhosLo GelCaps. In May 2006, we filed an amended complaint in the lawsuit also alleging infringement of U.S. Patent No. 6,875,445. In June 2006, Roxane filed an answer and counterclaims to our amended complaint, in which it denied infringement, asserted several affirmative defenses and a counterclaim for attempted monopolization under the Sherman Act. In November 2006, we completed the sale of PhosLo and related intellectual property, including the patents which are the subject of the Roxane litigation to Fresenius. As a consequence of this sale, Fresenius assumed prosecution of the litigation and the costs associated therewith; however, we remained a defendant in the antitrust counterclaim. In April 2008 the lawsuit was settled and dismissed as to all parties. As a result of this settlement, Nabi is not required to pay any sums to the other parties.

On July 18, 2006, we commenced an arbitration proceeding against Inhibitex, Inc., or Inhibitex, with respect to claims by us against Inhibitex arising in connection with a Production Agreement between us and Inhibitex. On August 10, 2006, Inhibitex asserted certain counterclaims in the arbitration proceeding. The arbitrator dismissed Inhibitex's counterclaims at a hearing on January 30, 2007. On February 9, 2007, the arbitrator entered an award in our favor in the amount of \$4.5 million, which we recorded as income related to discontinued operations in 2006. Subsequently, we moved to confirm the award in the Supreme Court of New York and Inhibitex moved to vacate the award. On October 11, 2007, the court issued a decision denying our petition with respect to \$3.3 million in cancellation fees, but affirmed the arbitrator's award in the amount of \$1.2 million, which amount was received in January 2008. Although we have appealed the decision of the court with respect to the cancellation fees, we recorded the reversal of this income in our discontinued operations results in 2007. On January 30, 2008, the Company filed its Notice of Appeal with respect to that portion of the decision vacating the \$3.3 million portion of the award. The Company filed an appeal in February 2008.

NOTE 6 INCOME TAXES

Uncertain Income Tax Positions

We file income tax returns in the U.S. federal jurisdiction, with various states and with various foreign jurisdictions. We are subject to tax audits in all jurisdictions for which we file tax returns. Tax audits by their very nature are often complex and can require several years to complete. There are currently no tax audits that have commenced with respect to income returns in any jurisdiction.

Federal: Under the tax statute of limitations applicable to the Internal Revenue Code, we are no longer subject to U.S. federal income tax examinations by the Internal Revenue Service for years before 2003. However, because we are carrying forward income tax attributes, such as net operating losses and tax credits from 2002 and earlier tax years, these attributes can still be audited when utilized on returns filed in the future.

State: Under the statutes of limitation applicable to most state income tax laws, we are no longer subject to state income tax examinations by tax authorities for years before 2003 in states in which we have filed income tax returns. Certain states may take the position that we are subject to income tax in such states even though we have not filed income tax returns in such states and, depending on the varying state income tax statutes and administrative practices, the statute of limitations in such states may extend to years before 2003.

Foreign: We began foreign operations in 2004. We are subject to foreign tax examinations by tax authorities for all such years of operation.

Other Income Tax Disclosures

Consistent with 2007, we recorded a valuation allowance against all of our deferred tax assets at March 29, 2008. As a result of this valuation allowance, we expect our full year effective tax rate for continuing operations to be approximately 0.0%. During the fourth quarter of 2007, we recorded a gain of approximately \$78.4 million on the Biologics SBU business sale in discontinued operations, net of an estimated tax liability of approximately \$1.3 million related to federal and state alternative minimum tax.

Under Section 382 of the Internal Revenue Code of 1986, as amended, or Section 382, certain significant changes in ownership may restrict the future utilization of our tax loss carryforwards. The annual limitation is equal to the value of our stock immediately before the ownership change, multiplied by the long-term tax-exempt rate (i.e., the highest of the adjusted federal long-term rates in effect for any month in the three-calendar-month period ending with the calendar month in which the change date occurs). Based upon preliminary calculations, we estimate that the utilization of pre-Section 382 ownership change tax losses for federal income tax purposes would be limited to approximately \$14.2 million per year. As a result, federal net operating losses may expire before we are able to fully utilize them. As we have recorded a full valuation allowance against our net deferred tax assets, there is no current impact of this limitation for financial reporting purposes. A more detailed calculation will be prepared once we have taxable income reportable under federal and state laws.

NOTE 7 SUPPLEMENTAL FAIR VALUE DISCLOSURES

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. The Company has adopted the provisions of SFAS 157 as of the beginning of the first quarter of our 2008 fiscal year for financial instruments. Although the adoption of SFAS 157 did not materially impact the Company's financial position or results of operations, the Company is now required to provide additional disclosures as part of its financial statements.

SFAS 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1, defined as observable inputs such as quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than level 1 prices such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

All cash and cash equivalents are recorded at fair market value at March 29, 2008. The inputs used in measuring the fair value of these instruments are considered to be Level 1 in accordance with the SFAS 157 fair value hierarchy. The fair market values are based on period-end statements supplied by the various banks and brokers that held the majority of the Company's funds deposited in institutional money market mutual funds with the remainder held in regular interest bearing and non-interest bearing depository accounts with commercial banks.

NOTE 8 STOCK BUYBACK

On December 6, 2007, our Board of Directors approved the buyback of up to \$65.0 million of our common stock in the open market or in privately negotiated transactions. This share repurchase program includes the \$3.1 million outstanding balance from the \$5.0 million share repurchase program we announced in 2001. In the first quarter of 2008 the Company purchased 4.5 million shares at a cost of \$16.9 million with an average cost per share of \$3.72. As the purchase of treasury shares are accounted for on the trade date, the settlement of trades executed in the fourth quarter of 2007 which were settled in the first quarter of 2008 increased the cash used to purchase treasury shares in the first quarter by \$1.8 million to \$18.7 million as reported in the Condensed Consolidated Statement of Cash Flows. Since the inception of the program through March 29, 2008, we have acquired a total of 9.5 million shares for a total cost of \$35.2 million. At March 29, 2008, \$29.8 million remains available for share repurchase under the current authorization. Repurchased shares have been accounted for as treasury stock using the cost method.

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 quarters ended March 29, 2008 and March 31, 2007. The discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto.

OVERVIEW

We are a biopharmaceutical company focused on the development of products that address unmet medical needs in the areas of nicotine addiction and infectious disease. We leverage our experience and knowledge in powering the human immune system to target serious medical conditions in these areas. Our lead products in development are NicVAX[®] [*Nicotine Conjugate Vaccine*], an innovative and proprietary investigational vaccine for treatment of nicotine addiction and prevention of smoking relapse, and PentaStaph[™] [*Pentavalent S.aureus Vaccine*], a new pentavalent vaccine designed to prevent *S.aureus* infections including those infections caused by the most dangerous antibiotic-resistant strains of *S.aureus*.

NicVAX and PentaStaph will require additional development, including preclinical testing and human studies for PentaStaph and additional human testing for NicVAX, as well as regulatory approvals before we can market them. We are continuing to develop NicVAX and PentaStaph while we search for partners who will assist in the further development and commercialization of NicVAX and PentaStaph.

In June 2007, we sold certain assets related to Aloprim[®] (allopurinol sodium for Injection) Product, or Aloprim, for proceeds of \$3.7 million. On December 4, 2007, we sold certain assets constituting our Biologics Strategic Business Unit (SBU) and certain corporate shared services assets to Biotest Pharmaceuticals Corporation, or Biotest, for \$185.0 million in cash (\$10.0 million of which has been escrowed for valid indemnification claims asserted on or before April 15, 2009). Consequently, as of December 29, 2007, we had sold all of our marketed products, moved our corporate headquarters to Rockville, Maryland and focused our efforts on developing and partnering our NicVAX and PentaStaph products.

On January 22, 2008, we announced that we had retained Banc of America Securities LLC to assist with our continued exploration of the full range of strategic alternatives available to us to further enhance shareholder value. These alternatives may include, but are not limited to, licensing or development arrangements, joint ventures, strategic alliances, a recapitalization, and the sale or merger of all or part of the company.

RESULTS OF OPERATIONS

For all periods shown, the results from the Biologics SBU business, as well as Aloprim and PhosLo product lines have been reclassified as discontinued operations. Refer to Note 3 in the accompanying unaudited condensed consolidated financial statements.

FOR THE QUARTERS ENDED MARCH 29, 2008 AND MARCH 31, 2007

General and administrative expense. General and administrative expense was \$5.1 million for the first quarter of 2008 compared to \$8.3 million for the comparable 2007 period. The decrease of \$3.2 million reflects the reduced scale of our operations following the sale of our Biologics SBU and our continued efforts to reduce overall infrastructure costs. Included in the first quarter of 2007 were severance-related charges of \$1.6 million associated with the resignation of the Company's former President and Chief Executive Officer. General and administrative expenses are expected to continue to decline over the remainder of 2008 as the one-time additional costs associated with the transition of our corporate shared services functions to a smaller staff in Rockville, Maryland are expected to be completed in the second quarter of 2008.

Research and development expense. Research and development expense was \$3.2 million for the first quarter of 2008 compared to \$6.1 million for the comparable 2007 period. The decrease of \$2.9 million is primarily due to reduced overhead costs as we have re-aligned our business to focus on our remaining product candidates as well as reduced spending on NicVAX compared to the first quarter of our 2007 fiscal year. Total research and development expenses are expected to increase for the full year of 2008 as compared to 2007 with the planned initiation of our Phase III clinical program is initiated for NicVAX.

Interest income. Interest income was \$2.0 million and \$1.6 million for the first quarters of 2008 and 2007, respectively. The increase in interest income is the result of an increase in our average cash balance due to the sale of the Biologics SBU in fourth quarter of 2007 offset by generally prevailing lower interest rates for short-term money market investments in the first quarter of 2008 as compared to the first quarter of 2007.

Interest expense. Interest expense was \$0.6 million and \$0.9 million for the first quarters of 2008 and 2007, respectively. The decrease in interest expense reflects the impact of the repurchase of \$38.8 million par value Convertible Senior Notes in December 2007 at a discount of \$4.7 million.

Income taxes. During 2008 and consistent with 2007, we recorded a full valuation allowance against all net deferred tax assets. As a result of this valuation allowance, the effective tax rate for continuing operations for both years is approximately 0%. In

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connection with our adoption of FIN 48, we identified certain potential liabilities for years prior to 2007 that would have met the pre-FIN 48 accrual criteria and therefore, and we recorded a \$0.2 million adjustment through our first quarter 2007 income tax provision, as it was not material to any period impacted.

Discontinued operations

On December 4, 2007, we sold certain assets constituting our Biologics SBU and certain corporate shared services assets to Biotest for \$185.0 million in cash, \$10.0 million of which was placed into an escrow account to support any valid indemnification claims made by Biotest on or before April 15, 2009. Included in the assets sold were Nabi-HB[®] [Hepatitis B Immune Globulin (Human)], our plasma business assets including nine FDA-certified plasma collection centers across the U.S., our state-of-the-art plasma protein production plant, and the investigational products, IVIG, Civacir[®], Anti-D and Altastaph as well as most of our corporate shared services assets (other than cash, cash equivalents and marketable securities) and our Boca Raton, Florida headquarters and real property. We retained all accounts receivable and the vast majority of liabilities associated with the biologics business. We recorded a net gain on this sale of \$78.4 million during the fourth quarter of 2007 in discontinued operations. In addition, under terms of our agreement with Biotest, until such time as Biotest receives FDA and applicable state regulatory licenses required to market and sell Nabi-HB it may continue to operate under Nabi's FDA Licenses and certain other regulatory permits. Further, while utilizing Nabi's licenses, pending formal receipt of their required FDA Licenses and other regulatory permits, Biotest customers for Nabi-HB are making all cash payments to Nabi which will be subsequently remitted to Biotest once the required licenses are obtained. Biotest has informed us that they are filing for the necessary licenses and regulatory permits and expect to be granted such licenses and regulatory permits in the near future. At March 29, 2008 we recorded a payable of \$5.4 million representing cash collected by us but due Biotest under this arrangement and classified the payable as current liabilities from discontinued operations.

We also entered into the following agreements with Biotest: (i) a Transition Services Agreement pursuant to which the parties agreed to provide transition services (including services related to finance, human resources, information technologies, and clinical and regulatory) to each other for a period of up to six months after closing for a price equal to 150% of direct salary costs plus out of pocket costs, except that there will be no charge for services provided by Biotest to us through February 4, 2008 (ii) a Contract Manufacturing Agreement pursuant to which Biotest will provide manufacturing and technology transfer services related to NicVAX and PentaStaph to us at cost until December 31, 2009, (iii) a Right of First Negotiation/Refusal Agreement pursuant to which we granted Biotest a right of first negotiation and a right of first refusal to obtain rights to utilize PentaStaph and to license the PentaStaph intellectual property that is necessary to enable Biotest to use PentaStaph solely for purposes relating to the production of Altastaph, and (iv) a Trademark License Agreement pursuant to which, we will license to Biotest the "Nabi-HB" marks on a worldwide, perpetual, royalty-free basis solely for Biotest's use in the promotion, distribution and sale of Nabi-HB. Under the Transition Services Agreement at March 29, 2008, Biotest owes Nabi \$0.9 million which is recorded as a current receivable from discontinued operations, and Nabi owes Biotest \$0.3 million which is recorded as a current payable from discontinued operations. The Transition Shared Services Agreement is scheduled to expire on June 4, 2008.

During the second quarter of 2007, we sold certain assets related to Aloprim to Bioniche Teoranta, for aggregate sale proceeds of \$3.7 million. Of that amount, \$1.3 million was received at closing, \$1.4 million was received in the fourth quarter of 2007 and \$1.0 million is due on December 26, 2008. The buyer also assumed the remaining commitment under our agreement with DSM Pharmaceuticals, Inc. In connection with the closing of this transaction, we recorded a gain of \$2.6 million during the second quarter of 2007 in discontinued operations. In the first three quarters of 2007 as originally reported, we did not treat Aloprim as a discontinued operation given its relative immateriality; however, in the fourth quarter of 2007, we reclassified these results to discontinued operations along with the Biologics SBU business.

During the fourth quarter of 2006, we sold certain assets related to our PhosLo operations. Under the sale agreement, we received \$65.0 million in cash at closing and we earned and collected \$10.5 million of milestone payments as of December 29, 2007. We can earn up to an additional \$10.0 million upon successful completion of additional milestones. In addition, the purchaser acquired product rights to a new product formulation under development and we are entitled to royalties on sales of the new product formulation over a base amount for 10 years after the closing date until total consideration paid in the transaction reaches \$150 million.

The assets and liabilities related to our Biologics SBU business, Aloprim and PhosLo have identifiable cash flows that are largely independent of the cash flows of other groups of assets and liabilities and we will not have a significant continuing involvement with the related products beyond one year after the closing of the transactions. Therefore, in accordance with SFAS 144, the accompanying unaudited condensed consolidated financial statements report the assets and liabilities, and the results of operations, related to our biologics business, Aloprim and PhosLo as discontinued operations for all periods presented.

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LIQUIDITY AND CAPITAL RESOURCES

Our cash, cash equivalents and marketable securities at March 29, 2008 totaled \$197.7 million compared to \$219.2 million at December 29, 2007. This decline is primarily the result of the payment of \$18.7 million in the settlement of treasury stock purchases and the funding of our net loss of \$6.2 million during the current period.

Cash used in operating activities from continuing operations for the three months ended March 29, 2008 was \$5.3 million, compared to \$13.9 million for the three months ended March 31, 2007. The decrease in cash used was primarily associated with our reduction in operating costs. Cash provided by operating activities of discontinued operations for the three months ended March 29, 2008 was \$2.8 million which was primarily related to the \$5.4 million of cash collections from the sale of Nabi-HB which will be subsequently remitted to Biotest once Biotest obtains its own licenses as partially offset by the other payables and receivables from discontinued operations in the first quarter of 2008. See Note 3 to the condensed consolidated financial statements for more information.

Cash provided by investing activities from continuing operations for the three months ended March 29, 2008 of \$1.7 million largely consisted of net proceeds from the sale of marketable securities.

On December 6, 2007, our Board of Directors approved the buyback of up to \$65 million of our common stock in the open market or in privately negotiated transactions. This share repurchase program includes the \$3.1 million outstanding balance from the \$5.0 million share repurchase program we announced in 2001. In the first quarter of 2008 the Company purchased 4.5 million shares at a cost of \$16.9 million with an average cost per share of \$3.72. As the purchase of treasury shares are accounted for on the trade date, the settlement of trades executed in the fourth quarter of 2007 which were settled in the first quarter of 2008 increased the cash used to purchase Treasury shares in the first quarter by \$1.8 million to \$18.7 million as reported in the Condensed Consolidated Statement of Cash Flows. Since the inception of the program through March 29, 2008, we have acquired a total of 9.5 million shares for a total cost of \$35.2 million. At March 29, 2008, \$29.8 million remains available for share repurchase under the current authorization. Repurchased shares have been accounted for as treasury stock using the cost method.

On April 19, 2005, we issued \$100.0 million of Convertible Senior Notes through a private offering to qualified institutional buyers as defined under Rule 144A of the Securities Act of 1933, as amended, the Securities Act. On May 13, 2005, the initial purchasers exercised \$12.4 million of their option to purchase additional Convertible Senior Notes to cover over allotments. A \$3.4 million discount was granted to the initial purchasers and an additional \$0.3 million in deferred charges were recorded for professional fees related to the issuance. Net cash proceeds from the offering totaled \$108.7 million. In December 2007 we repurchased \$38.8 million of our Convertible Senior Notes in two transactions for a total of \$34.1 million resulting in a net gain of \$3.6 million recorded in other income. Interest on our Convertible Senior Notes is payable on each April 15 and October 15, beginning October 15, 2005. We can redeem our Convertible Senior Notes at 100% of their principal amount, plus accrued and unpaid interest, any time on or after April 18, 2010. Holders of our Convertible Senior Notes may require us to repurchase our Convertible Senior Notes for 100% of their principal amount, plus accrued and unpaid interest, on April 15, 2010, April 15, 2012, April 15, 2015 and April 15, 2020, or following the occurrence of a fundamental change as defined in the indenture agreement governing the Notes. We may continue to repurchase our Convertible Senior Notes in the open market or in privately negotiated transactions.

On December 7, 2004, we filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission. This registration statement will permit us, from time to time, to offer and sell up to \$175 million of equity or debt securities. If we elect to sell securities under this registration statement, we anticipate using net proceeds from such sales to provide additional funds for general corporate purposes, including but not limited to clinical trials, research, development and marketing expenses, and new acquisition and licensing costs.

On January 22, 2008, we announced that we had retained Banc of America Securities LLC to assist with our continued exploration of the full range of strategic alternatives available to us to further enhance shareholder value. These alternatives may include, but are not limited to, licensing or development arrangements, joint ventures, strategic alliances, a recapitalization, and the sale or merger of all or part of the company. We have agreed to pay Banc of America Securities LLC 1.1% of the value of a qualifying transaction with a minimum of \$1.8 million upon the successful completion of a strategic transaction as defined in our agreement with them.

We believe cash and cash equivalents on hand at March 29, 2008 will be sufficient to meet our anticipated cash requirements for operations and debt service for at least the next 12 months.

CRITICAL ACCOUNTING POLICIES

We believe that the following policies and estimates are critical because they involve significant judgments, assumptions and estimates. We have discussed the development and selection of our critical accounting estimates with the Audit Committee of our Board of Directors and the Audit Committee has reviewed the disclosures presented below relating to those policies and estimates.

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Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (including with respect to discontinued operations) 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.

Research and Development Expense

Except for advance payments made for services, research and development costs are expensed as incurred. We use our research and development resources, including employees, equipment and facilities, across multiple drug development programs. In circumstances where we receive grant income which is a reimbursement to research and development costs incurred, we record the income as an offset to the related expense.

Equity-Based Compensation

Effective January 1, 2006, we adopted, using the modified-prospective transition method, the fair value recognition provisions of SFAS 123R and related interpretations. SFAS 123R covers a wide range of share-based compensation arrangements including stock options, restricted share plans, and employee stock purchase plans.

In applying SFAS 123R, the value of each equity-based award is estimated on the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model takes into account volatility in the price of our stock, the risk-free interest rate, the estimated life of the equity-based award, the closing market price of our stock and the exercise price. We base our estimates of our stock price volatility on our historical stock price over the most recent period commensurate with the expected term of the equity-based award; however, this estimate is neither predictive nor indicative of the future performance of our stock. The estimates utilized in the Black-Scholes calculation involve inherent uncertainties and the application of management judgment. In addition, we are required to estimate the expected forfeiture rate and only recognize expense for those options expected to vest. We recorded \$1.3 million and \$0.4 million of stock based employee compensation expense in the quarter ended March 29, 2008 and March 31, 2007, respectively.

Liabilities of discontinued operations

We have sold a number of assets and businesses over the last several years and have, on occasion, provided indemnification for liabilities relating to product liability, and other claims. In addition, we have retained certain liabilities related to products sold through the disposal date. We have recorded reserves related to these obligations when appropriate. If actual experience deviates from our estimates, we may need to record adjustments to these liabilities in future periods. We have a \$10.1 million restricted cash balance as of March 29, 2008 which will be utilized to settle valid indemnification claims made by Biotest related to the sale of our biologics business. As of March 29, 2008, Biotest had not asserted any indemnification claims.

As of March 29, 2008, we have reserves in discontinued operations related to accrued rebates, accrued sales discounts and other accrued sales deductions of \$3.5 million. We estimate allowances for revenue dilution items using information received from third parties. Our estimates of these allowances are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates and reflect other limitations. Refer to Note 3 for further information on our reserves for sales deductions.

NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. We adopted SFAS 157 beginning in the first quarter of our 2008 fiscal year and it did not have a material impact to our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities which gives companies the option to measure eligible financial assets, financial liabilities and firm commitments at fair value (i.e., the fair value option), on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes in fair value must be recorded in earnings. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. We adopted SFAS 159 beginning in the first quarter of our 2008 fiscal year and currently have not elected to use the fair value option for any eligible financial assets or liabilities.

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In March 2007, the Emerging Issues Task Force issued Issue 06-10, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Collateral Assignment Split-Dollar Life Insurance Arrangements. EITF 06-10 provides guidance to help companies determine whether a liability for the postretirement benefit associated with a collateral assignment split-dollar life insurance arrangement should be recorded in accordance with either SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, (if, in substance, a postretirement benefit plan exists), or Accounting Principles Board Opinion No. 12 (if the arrangement is, in substance, an individual deferred compensation contract). EITF 06-10 also provides guidance on how a company should recognize and measure the asset in a collateral assignment split-dollar life insurance contract. EITF 06-10 is effective for fiscal years beginning after December 15, 2007. We adopted EITF 06-10 beginning in the first quarter of our 2008 fiscal year and it did not have a material impact to our financial position or results of operations.

In June 2007, the EITF issued Issue 07-03, Accounting for Advance Payments for Goods or Services to Be Used in Future Research and Development. EITF 07-03 addresses the accounting for the non-refundable portion of a payment made by a research and development entity for future research and development activities. Under EITF 07-03, an entity would defer and capitalize non-refundable advance payments made for research and development activities until the related goods are delivered or the related services are performed. EITF 07-03 is effective for fiscal years beginning after December 15, 2007. We adopted EITF 07-03 beginning in the first quarter of our 2008 fiscal year and it did not have a material impact to our financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised), Business Combinations. SFAS 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. We plan to adopt SFAS 141R in the first quarter of our 2009 fiscal year and do not expect the impact to be material to our future reported financial position or results of operations.

FORWARD LOOKING STATEMENTS

Statements in this Quarterly Report that are not strictly historical are forward-looking statements and include statements about products in development, clinical trials studies research and development expenditures, cash requirements and alliances and partnerships. You can identify these forward-looking statements because they involve our expectations, beliefs, projections, anticipations, or other characterizations of future events or circumstances. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that may cause actual results to differ materially from those in the forward-looking statements as a result of any number of factors. These factors include, but are not limited to, risks relating to our ability to: successfully partner with third parties to fund, develop, manufacture and/or commercialize our products in development; raise sufficient new capital resources to fully develop and commercialize our products in development; attract, retain and motivate key employees; collect further milestone and royalty payments under the PhosLo Agreement; obtain regulatory approval for our products in the U.S. or other markets; successfully contract with a third party manufacturer for the manufacture and supply of NicVAX and PentaStaph; and comply with reporting and payment obligations under government rebate and pricing programs; and raise additional capital on acceptable terms, or at all. Some of these factors are more fully discussed below. Many of these factors are more fully discussed, as are other factors, in our Annual Report on Form 10-K for the fiscal year ended December 29, 2007 filed with the Securities and Exchange Commission on February 28, 2008 and under "Risk Factors" in this Quarterly Report. We do not undertake to update any of these forward-looking statements or to announce the results of any revisions to these forward-looking statements except as required by law.

Item 4. Controls and Procedures

We sold our Biologics SBU as well as the corporate support services (including all of the finance department) which were located in Boca Raton, Florida to Biotest in December 2007, and relocated our corporate headquarters to Rockville, Maryland. As a result of this transaction and subsequent relocation, our finance and accounting staff resigned in December 2007 and our Chief Financial Officer resigned at the end of the first quarter 2008. In light of these resignations, we relied on Biotest (under the terms of our Transition Services Agreement with Biotest) and other external financial consultants to provide the majority of our internal accounting functions during the first quarter 2008. Additionally, as a result of the transaction, we implemented a new financial accounting system effective January 1, 2008.

As of the end of the period covered by this Quarterly Report, management performed, with the participation of our Chief Executive Officer, an evaluation of the effectiveness of our disclosure controls and procedures as (defined in Securities Exchange Act of 1934, as amended (the "Exchange Act"), Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to ensure

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that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer, to allow timely decisions regarding required disclosures. Based on this evaluation, management, including our Chief Executive Officer, has concluded that as of March 29, 2008, the Company's disclosure controls and procedures were effective.

Management has identified several changes in our internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during our first quarter of 2008 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting, including:

- the resignation of our Chief Financial Officer, and Controller as well as the transfer of the finance and accounting function to Rockville;
- our reliance on Biotest and other external financial consultants (including Bethesda Financial Group LLC) to provide the majority of our internal accounting functions which was caused by the resignation in December 2007 of our Boca Raton-based finance and accounting staff; and
- our implementation of a new financial accounting system.

Additionally, our procedures and internal controls over our significant financial and accounting processes, such as cash receipts and disbursements, purchases and accounts payable, marketable securities and related interest earnings, stock-based compensation, and our financial statement closing process (including the preparation and processing of journal entries), have changed, and those changes have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. We are in the process of but have not yet completed our internal documentation of all the changes in our internal controls over financial reporting.

To specifically address the changes identified in our internal controls over financial reporting as of March 29, 2008, we developed and performed additional analytical and substantive procedures during our quarter closing process. Management believes that these additional procedures provide reasonable assurance that our condensed consolidated financial statements as of and for the three-month period ended March 29, 2008, are fairly stated in all material respects in accordance with generally accepted accounting principles in the United States.

We do not expect that our disclosure controls and procedures or our internal controls over financial reporting are able to prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

We are parties to legal proceedings that we believe to be ordinary, routine litigation incidental to the business of present or former operations. It is management's opinion, based on the advice of counsel, that the ultimate resolution of such litigation will not have a material adverse effect on our financial condition, results of operations or cash flows.

In September 2005, we filed a lawsuit in the United States District Court for the Southern District of Ohio against Roxane Laboratories, Inc., or Roxane, for infringement of our U.S. Patent Number 6,576,665 for PhosLo GelCaps. In May 2006, we filed an amended complaint in the lawsuit also alleging infringement of U.S. Patent No. 6,875,445. In June 2006, Roxane filed an answer and counterclaims to our amended complaint, in which it denied infringement, asserted several affirmative defenses and a counterclaim for attempted monopolization under the Sherman Act. In November 2006, we completed the sale of PhosLo and related intellectual property, including the patents which are the subject of the Roxane litigation to Fresenius. As a consequence of this sale, Fresenius assumed prosecution of the litigation and the costs associated therewith; however, we remained a defendant in the antitrust counterclaim. In April 2008 the lawsuit was settled and dismissed as to all parties. As a result of this settlement, Nabi is not required to pay any sums to the other parties.

On July 18, 2006, we commenced an arbitration proceeding against Inhibitex, Inc., or Inhibitex, with respect to claims by us against Inhibitex arising in connection with a Production Agreement between us and Inhibitex. On August, 10, 2006, Inhibitex asserted certain counterclaims in the arbitration proceeding. The arbitrator dismissed Inhibitex's counterclaims at a

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hearing on January 30, 2007. On February 9, 2007, the arbitrator entered an award in our favor in the amount of \$4.5 million, which we recorded as income related to discontinued operations in 2006. Subsequently, we moved to confirm the award in the Supreme Court of New York and Inhibitex moved to vacate the award. On October 11, 2007, the court issued a decision denying our petition with respect to \$3.3 million in cancellation fees, but affirmed the arbitrator's award in the amount of \$1.2 million, which amount was received in January 2008. We have appealed the decision of the court with respect to the cancellation fees, however we recorded the reversal of this income in our discontinued operations results in 2007. On January 30, 2008, the Company filed its Notice of Appeal with respect to that portion of the decision vacating the \$3.3 million portion of the award. The Company filed an appeal in February 2008.

We remain committed to protecting our intellectual property and will take all appropriate steps to vigorously protect our patent rights.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors included in our 2007 Form 10-K for the year ended December 29, 2007 filed on February 28, 2008.

Item 5. Other Information

On May 7, 2008, the Board of Directors appointed Raafat Fahim, Ph.D. as the Company's acting Chief Financial Officer. Dr. Fahim also serves as the Company's President, Chief Executive Officer and Director. As previously disclosed, the Company's previous Chief Financial Officer, Jordan Siegel, resigned effective March 28, 2008. The Company expects Dr. Fahim to continue to serve as acting Chief Financial Officer until a permanent Chief Financial Officer is selected and appointed by the Board of Directors.

Item 6. Exhibits

- 10.1 Employment Agreement between Nabi Biopharmaceuticals, Inc. and Raafat Fahim dated January 22, 2008
- 10.2 Letter agreement between Nabi Biopharmaceuticals, Inc. and Jordan Siegel dated February 27, 2008
- 31.1 Rule 13a-14(a)/15d-14(a) Certification
- 32.1 Section 1350 Certification

Nabi Biopharmaceuticals

SIGNATURES

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

Date: May 8, 2008

Nabi Biopharmaceuticals

By: /s/ Raafat E.F. Fahim
Raafat E.F. Fahim, Ph.D.
President, Chief Executive Officer and acting Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement between Nabi Biopharmaceuticals, Inc. and Raafat Fahim dated January 22, 2008
10.2	Letter agreement between Nabi Biopharmaceuticals, Inc. and Jordan Siegel dated February 27, 2008
31.1	Rule 13a-14(a)/15d-14(a) Certification
32.1	Section 1350 Certification

NABI BIOPHARMACEUTICALS
12276 Wilkins Avenue
Rockville, Maryland 20852

Dated January 22, 2008

Raafat Fahim, Ph.D.
1180 S. Ocean Blvd #8F
Boca Raton, FL 33432

Dear Raafat:

You have agreed to serve as the President and Chief Executive Officer of Nabi Biopharmaceuticals ("Nabi") commencing on January 22, 2008 (the "Effective Date"), in accordance with the following terms of your employment by Nabi. This Employment Agreement (the "Agreement") supersedes and replaces your Employment Agreement dated effective as of May 18, 2007 between you and Nabi and your Change of Control Severance Agreement dated as of April 1, 2004 between you and Nabi.

1. **TERM:** The term of this Agreement (the "Employment Period") shall commence on the Effective Date and end on January 21, 2011, or the date on which your employment is sooner terminated as provided below. The Employment Period shall be automatically extended for successive periods of three years unless either party gives to the other written notice not less than thirty (30) days prior to the then-current expiration date that it or he does not wish to extend the term of this Agreement.

2. **SALARY:** Your base salary will be \$455,000 per year, payable in accordance with the usual payroll practices of Nabi during the Employment Period, retroactive to November 29, 2007. Your salary will be subject to discretionary annual increases, but not decreases, as determined by Nabi's Board of Directors or the Compensation Committee thereof.

3. **BONUS:**

(A) You will be entitled to participate in Nabi's VIP Management Incentive Program or any comparable bonus plan maintained by Nabi ("Bonus Plan") and have a target bonus approximately equal to eighty percent (80%) of your base salary. Your participation in the Bonus Plan shall be subject to the terms and conditions of the Bonus Plan.

(B) Unless the Employment Period is terminated for "cause" pursuant to Section 7(B)(b), if the Employment Period ends during a calendar year, your bonus compensation opportunity for such calendar year shall be pro rated based upon the number of full calendar months you were employed during the calendar year and the amount of bonus compensation which would have been payable with respect to such year pursuant to the Bonus Plan. If the Employment Period is terminated pursuant to Section 7(B)(b), no bonus compensation shall be payable with respect to the calendar year during which the Employment Period is terminated.

(C) Bonus payments under the Bonus Plan, if applicable, shall be payable by the fifteenth (15th) day of the third month after the end of the relevant calendar year.

(D) In addition, Nabi will pay you a one time cash bonus of \$250,000 upon the first to occur of any of the following during the Employment Period: (i) the sale or other disposition of all or substantially all of Nabi's assets; (ii) the completion of a reorganization, merger or consolidation, in each case, provided that persons who were shareholders of Nabi immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated entity's then outstanding voting securities; (iii) the execution of an exclusive licensing and partnering arrangement with a partner in the smoking cessation field involving all or substantially all of Nabi's NicVAX® rights and assets (a "NicVAX License") on or before June 30, 2009; or (iv) if Nabi commences prior to June 30, 2009 a Phase III clinical trial on NicVAX without a partner, the execution of a NicVAX License on or before the date that is six (6) months after the publication of the final results of such a clinical trial; provided, however, that any such sale, disposition, reorganization, merger or consolidation in clause (i) and (ii) above occurs pursuant to the terms of a definitive agreement executed by December 31, 2008 and results from the strategic alternatives process announced in January 2008 and managed by Banc of America Securities LLC or a successor investment bank. Any bonus payable pursuant to this Section 3(D) shall be paid notwithstanding, and in addition to, the payment of any Change of Control (as defined below) compensation pursuant to Section 8(D) and shall not be subject to the restriction on the performance of services set forth in Section 8(E).

4. **STOCK GRANT:** On the Effective Date, Nabi shall grant to you 50,000 shares of fully vested shares bonus stock and 7,000 shares of restricted stock vesting one year after the date of grant pursuant to the terms of Nabi's 2007 Omnibus Equity and Incentive Plan and, in the case of the latter award, Nabi's standard restricted stock agreement.

5. **BENEFITS:**

During the Employment Period, in addition to any other benefits generally available to Nabi's senior executives, you will be entitled to receive:

(A) Annually during the Employment Period, Nabi shall pay you \$15,000, so that you can make a contribution to your Supplemental Executive Retirement Plan. Such payment shall be made annually before July 1 on a Fully Grossed-Up Basis.

(B) Any Maryland state income taxes payable by you with respect to any compensation, benefits or other payments that you receive from Nabi under this Agreement while you maintain a Florida residence shall be reimbursed by Nabi, on a Fully Grossed-Up Basis, within thirty (30) days after Nabi receives evidence and reasonable supporting documentation from you of your payment of such Maryland state income taxes, provided that you provide such evidence and supporting documentation within ninety (90) days of the payment due date of any such taxes.

(C) Nabi will provide you at Nabi's cost with term life insurance providing a death benefit equal to \$500,000 in excess of the death benefit amount payable under the term life insurance coverage Nabi provides to its employees generally.

(D) Nabi shall reimburse you for the cost of financial planning services up to \$5,000 per year.

(E) Nabi will pay you monthly in arrears a per diem fee of \$180 to cover food, laundry, gas and other miscellaneous expenses while you are working at Nabi's facilities in Rockville, Maryland during the Employment Period.

(F) Nabi will (i) provide to you with an appropriate corporate apartment and rental car for your use and (ii) reimburse you monthly in arrears, on a Fully Grossed-Up Basis, upon written request, for appropriate hotel (or other lodging), airfares and car rental expenses (other than gas expenses covered by the per diem in Section 5(E)) reasonably incurred by you while you are working at the Nabi's facilities in Rockville, Maryland during the Employment Period.

(G) The amount of expenses reimbursed under Section 5(F) of this Agreement shall be subject to periodic review by Nabi's Audit Committee. You agree to use reasonable efforts to maintain adequate records of all reimbursable expenses necessary to satisfy any reporting requirements of the Code (as defined below), and applicable Treasury regulations.

(H) Nabi will reimburse you on a Fully Grossed-Up Basis for the cost of one coach-class round trip airplane ticket each month for your wife to visit you while you are located at Nabi's Rockville, Maryland facility.

(I) While an employee under the terms of this Agreement, you shall receive an auto allowance of not less than \$1200.00 per month, such allowance to be paid not later than thirty (30) days after the month to which such allowance relates.

(J) Nabi will pay up to \$20,000.00 of legal fees and disbursements reasonably incurred by you in connection with the negotiation of all employment-related agreements, including this Agreement, and any other related agreements. Nabi will pay such legal fees and disbursements directly to your counsel within thirty (30) days after Nabi's receipt of an invoice that you have approved from such counsel.

(K) Except as otherwise provided in this Section 5, all amounts to which you are entitled under this Section 5 shall be paid in accordance with Nabi's expense reimbursement policies in effect, but in any event not later than the forty-fifth (45th) day after the end of the year to which such amounts relate.

(L) Any payment made under this Section 5 on "Fully Grossed-Up Basis" shall be increased for any applicable Federal, state and local taxes, (including, without limitation, income and employment taxes) such that the net proceeds to you, after taking into account all such taxes, shall be equal to the amount of the payment.

6. DUTIES AND EXTENT OF SERVICES:

(A) During the Employment Period, you agree to devote substantially all of your working time, and such energy, knowledge, and efforts as is necessary to the discharge and performance of your duties provided for in this Agreement. Notwithstanding the foregoing, you may pursue personal interests (including, without limitation, industry, civil and charitable activities), and attend to your personal investments, so long as such activities do not interfere with the performance of your duties hereunder. You shall perform services primarily at Nabi's Rockville, Maryland facility and shall be expected to spend at least 60% of your working time there, but shall travel to other locations from time to time as shall be reasonably required in the course of performance of your duties.

(B) During the Employment Period, you shall, subject to the direction and supervision of Nabi's Board of Directors and any committee thereof, have full discretionary authority to control Nabi's day-to-day operations and to incur such obligations on behalf of Nabi as may be required in the ordinary course of business. You shall also have such other duties as the Nabi Board of Directors or any committee thereof may reasonably and lawfully delegate to you, provided that such duties shall be reasonably consistent with those duties assigned to chief executive officers in organizations comparable to Nabi.

(C) On the Effective Date, you shall be appointed a member of Nabi's Board of Directors and shall serve as a member of the Board without additional compensation. During the Employment Period, at each annual meeting of Nabi's stockholders at which your membership on the Board has expired, Nabi will nominate you to serve as a member of the Board. Upon termination of your employment with Nabi for any reason, unless Nabi's Board of Directors affirmatively requests that you remain on the Board, you will be deemed to have resigned from the Board voluntarily as of the last day of employment with Nabi; and at the Board's request, you will execute any documents necessary to reflect such resignation.

(D) You represent and agree that your employment by Nabi and your performance of all the terms of this Agreement will not conflict with or violate any agreement that you may have with any other party; and that you will not disclose to Nabi or induce Nabi to use any confidential or proprietary information or material belonging to any previous employer or other party.

7. TERMINATION:

(A) The Employment Period shall terminate (a) thirty (30) days after you provide written notice of termination to Nabi or (b) upon your death.

(B) Nabi may terminate the Employment Period (a) in the event Nabi reasonably determines in good faith, upon written notice to you, that you are unable to perform the essential functions of your position, with or without reasonable accommodation, for any three (3) full consecutive calendar months as the result of mental or physical incapacity or (b) for "Cause," which is defined as (i) acts of fraud or embezzlement or other felonious acts by you (which shall not include any crime or offense related to traffic infractions or any vicarious liability), (ii) your refusal to comply with reasonable and lawful directions in connection with the performance of

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

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

(D) If on a date not less than twenty-four (24) months following the Effective Date, you and the Board of Directors mutually agree that (i) your continued service as Nabi's President and Chief Executive Officer is not meeting the Board of Directors' and your expectations and (ii) your employment by Nabi should terminate, the Employment Period shall terminate as of a date mutually agreeable to the Board of Directors and you.

(E) You may terminate your employment with Nabi for "Good Reason", which is defined as any material breach of this Agreement by Nabi, or the occurrence of any one or more of the following without your prior express written consent: (i) a material diminution in your authority, duties or responsibilities; (ii) the failure to appoint you, or your removal or failure to be reappointed, a member of Nabi's Board of Directors at any time during the Employment Period; (iii) a requirement that you report to any person or entity other than Nabi's Board of Directors; or (vi) a change of more than twenty-five (25) miles in your primary office location from Nabi's Rockville, Maryland facility or Boca Raton, Florida; provided, however, that a termination for Good Reason by you can occur only if (a) you have given Nabi a notice of the existence of a condition giving rise to Good Reason within ninety (90) days after you learn of such condition, (b) Nabi not fully cured the condition giving rise to Good Reason within thirty (30) days after receipt of such notice, and (c) you provide notice to Nabi of your termination for Good Reason within ninety (90) days after the end of such 30-day period.

(F) Notwithstanding any provision of this Agreement to the contrary, in the event of your termination of employment for any reason, any amounts owing or payable pursuant to Sections 3, 4 or 5 as of the date of such termination, shall be paid to you no later than fifteen (15) days after the date of termination.

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

8. SEVERANCE:

(A) Except as otherwise provided in Section 8(C), in the event that your employment terminates (a) pursuant to Sections 7(C), 7(D) or 7(E) or (b) upon or following the expiration of the Employment Period because Nabi has given notice of non-extension pursuant to Section 1,

you shall receive the benefits set forth in Sections 8(B), 8(F) and 8(G). In the event your employment terminates pursuant to Section 7(B)(a), or as a result of your death, you shall receive the benefits set forth in Section 8(G). Notwithstanding the provisions of Sections 8(A), 8(B) and 8(C), in the event your employment terminates under circumstances that entitle you to receive Change of Control compensation pursuant to Section 8(D), you shall not receive the benefits set forth in Sections 8(B) and 8(C).

(B) Nabi will pay you your base salary, at the amount in effect as of last day of the Employment Period ("Severance Pay") and maintain in effect your benefits under Section 5 and other benefits provided to you by Nabi on the Termination Date (as defined below) (to the extent allowed under, and subject to the limitations of, the applicable plans) for twenty-four (24) months. Such Severance Pay and benefits shall commence as of your Termination Date and shall be paid to you (or, in the event of your death, your estate) in accordance with the usual payroll practices of Nabi.

(C) In the event that prior to the completion or termination of the strategic alternatives process announced in January 2008 and managed by Banc of America Securities LLC or a successor investment bank your employment terminates pursuant to Sections 7(C) or 7(E), Nabi will pay you Severance Pay and maintain in effect your benefits under Section 5 and other benefits provided to you by Nabi on the Termination Date (to the extent allowed under, and subject to the limitations of, the applicable plans) for thirty (30) months. Such Severance Pay and benefits shall (i) commence as of your Termination Date and shall be paid to you (or, in the event of your death, your estate) in accordance with the usual payroll practices of Nabi and (ii) be paid and provided in lieu of any Severance Pay and benefits pursuant to Section 8(B).

(D) In the event that (i) during a Potential Change of Control Period (as defined below) or within six (6) months after a Change of Control of Nabi you terminate your employment with Nabi for Good Reason or you die or you become disabled; (ii) during a Potential Change of Control Period or within twelve (12) months after a Change of Control of Nabi your employment with Nabi is terminated by Nabi for any reason other than Cause; or (iii) within the period beginning on the sixth (6th) monthly anniversary of a Change of Control of Nabi and ending on the twelfth (12th) monthly anniversary thereof, you terminate your employment with Nabi for any reason (including, without limitation, death or disability) you shall be entitled to receive a lump sum payment (the "Lump Sum Amount") equal to two and one-half (2.5) times the sum of (a) the higher of (x) your current annual base salary or (y) your base salary immediately prior to the Change of Control plus (b) the target bonus you could have earned under the Bonus Plan for the fiscal year in which Termination Date occurs. The Lump Sum Amount shall be paid to you within five (5) days after the Termination Date (as defined below). In the event that you are entitled to receive the Lump Sum Amount, you also shall receive, and Nabi shall continue to maintain in effect, your benefits under Section 5 and other benefits provided to you by Nabi on the Termination Date (to the extent allowed under, and subject to the limitations of, the applicable plans) for twenty-four (24) months and you shall receive the benefits provided under Sections 8(F) and 8(G).

(E) A "Change of Control" shall be deemed to have taken place if (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) is or becomes the beneficial owner (within the meaning of Rule

13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Nabi representing 50% or more of the combined voting power of Nabi's then outstanding securities; (ii) (x) a reorganization, merger or consolidation, in each case, with respect to which persons who were shareholders of Nabi immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities or (y) a liquidation or dissolution of Nabi approved by the stockholders of Nabi; or (iii) as the result of a tender offer, exchange offer, merger, consolidation, sale of assets or contested solicitation of proxies or stockholder consents or any combination of the foregoing transactions (a "Transaction"), the persons who were directors of Nabi immediately before the Transaction shall cease to constitute a majority of the Board of Directors of Nabi or of any parent of or successor to Nabi immediately after the Transaction occurs. Anything in this Agreement notwithstanding, you and Nabi agree that you will not terminate your employment with Nabi for Good Reason within six months following a Change of Control of Nabi, or for any reason within the period beginning on the sixth monthly anniversary of a Change of Control of Nabi and ending on the twelfth monthly anniversary thereof, and seek, obtain or retain any compensation pursuant to Section 8(D) of this Agreement if you become employed by or otherwise provide services to the entity that was involved in the Change of Control of Nabi by acquiring assets or securities of Nabi or merging or consolidating with Nabi or any company that controls, is controlled by or under common control with such entity during the twelve (12) months following the Change of Control of Nabi. A "Potential Change of Control Period" shall be deemed to exist (i) commencing upon the date on which Nabi shall have entered into a definitive merger, acquisition or similar agreement, the consummation of which would result in the occurrence of a Change of Control of Nabi, and ending on the earlier of (x) the date on which the transaction governed by such agreement has been consummated or (y) the date on which Nabi shall have terminated such agreement, or (ii) commencing on the date on which any individual or entity shall publicly announce an intention to take actions which if consummated would constitute a Change of Control of Nabi and ending on the earlier of (x) the date on which such actions have caused the consummation of a Change of Control of Nabi or (y) the date on which such individual or entity shall publicly announce the termination of its intentions to take such actions.

(F) Nabi shall pay for executive outplacement services up to \$20,000 by an organization selected by you and reasonably acceptable to Nabi.

(G) All of your non-vested stock options, restricted stock or similar incentive equity instruments (collectively, "Equity Awards") shall immediately vest. All vested Equity Awards (including those with accelerated vesting pursuant to the preceding sentence) shall be exercisable for twelve (12) months past your Termination Date, except that no Equity Award shall be exercisable beyond the original Equity Award's expiration date. To the extent the terms of any Equity Award are inconsistent with this Agreement, the terms of this Agreement shall control.

(H) All payments or benefits to you under this Section 8 (other than payments or benefits already accrued and otherwise due under Nabi's employee benefit plans or programs, or as a result of your death) will not be given unless you execute (and do not rescind) a severance and release agreement in a form reasonably satisfactory to Nabi, which shall contain a release of claims by you substantially in the form of Exhibit A hereto and include a representation by Nabi as to whether Nabi has knowledge of any claims against you.

(I) For all purposes of this Agreement, your “Termination Date” shall mean the date of your “separation from service” with Nabi, as determined under Treasury Reg. § 1.409A-1(h).

(J) Notwithstanding the foregoing, to the extent that the payments to be provided under this Section 8 constitute deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payable on account of your separation from service within the meaning of Code Section 409A(a)(2)(A)(i), and you are a “specified employee” within the meaning of Code Section 409A(a)(2)(B)(i) determined in accordance with Treasury Reg. § 1.409-1(i) (or its successor provisions), such payments otherwise due during the six-month period commencing on your separation shall be accumulated and paid on the first regular payroll date for employees following such six-month period; provided, however, that subject to the dollar limit set forth in Treasury Reg. § 1.409A-1(b)(9)(iii), no amount payable upon an “involuntary separation from service” within the meaning of Treasury Reg. § 1.409A-1(n) shall be subject to such six-month deferral.

(K) (1) If you shall incur any liability for additional tax or interest under Code Section 409A or under any comparable state or local law, rule or regulation and the requirements of Section 8(K)(2) are satisfied, Nabi shall pay you an amount (the “409A Gross-Up Amount”) such that the net proceeds of the 409A Gross-Up Amount to you, after deduction of any and all Federal, state and local taxes (including, without limitation, employment taxes, interest and penalties) upon the 409A Gross-Up Amount, shall be equal to the amount of the additional tax (and any interest and penalties) payable under Code Section 409A or under any comparable state or local law, rule or regulation. The 409A Gross-Up Amount shall be payable to you no later than 21 days after you have paid such tax liability to the Internal Revenue Service (or comparable state or local tax authority).

(2) You shall notify Nabi in writing of any claim by the Internal Revenue Service (or comparable state or local tax authority) that, if successful, would require the payment of the 409A Gross-Up Amount or the 280G Gross-Up Amount (as defined below). Such notification shall be given as soon as practicable but no later than ten (10) business days after you are informed in writing of such claim and shall apprise Nabi of the nature of such claim and the date on which such claim is requested to be paid. You shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which you give such notice to Nabi (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If Nabi notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

- (a) give Nabi any information reasonably requested by Nabi relating to such claim;
- (b) take such action in connection with contesting such claim as Nabi shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by Nabi;

- (c) cooperate with Nabi in good faith in order effectively to contest such claim; and
- (d) permit Nabi to participate in any proceeding relating to such claim.

Without limiting the foregoing, Nabi shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct you to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and you agree to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as Nabi shall determine; provided, however, that if Nabi directs you to pay such claim and sue for a refund, such payment shall be advanced to you on a Fully Grossed-Up Basis as defined in Section 5(L). Nabi shall bear all expenses associated with any such proceedings to contest a claim or sue for a refund and conduct such proceedings in a commercially reasonable manner. In the event that Nabi fails to conduct such proceedings in a commercially reasonable manner fifteen (15) days after receiving written notice of its failure to so conduct such proceedings, you, and not Nabi, shall control such proceedings; provided, that Nabi shall nevertheless continue to bear all expenses associated with such proceedings. If, after the receipt by you of an amount paid or advanced pursuant to Section 8(K)(1) with respect to a claim arising under or relating to Code Section 409A (or a comparable state or local law, rule or regulation) or under Section 11(A) with respect to a claim arising under or relating to Code Section 4999 (or a comparable state or local law, rule or regulation), you become entitled to receive any refund with respect to such claim, you shall promptly pay to Nabi the amount of such refund (together with any interest paid).

9. CONFIDENTIALITY:

(A) You acknowledge that your duties with Nabi will give you access to trade secrets and other confidential information of Nabi (which for purposes of this Section 9 shall be deemed to include its subsidiaries), including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a “trade secret” under applicable law, is collectively called “Confidential Information”). You recognize that Confidential Information is proprietary to Nabi and gives Nabi significant competitive advantage.

(B) Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company; provided, however, that, notwithstanding the foregoing, you may disclose Confidential Information if (i) such disclosure, in the reasonable opinion of your counsel, is required by law, or (ii) if the Confidential Information has ceased to be confidential other than as a result of your breach of this Section 9(B). Upon any termination of the Employment Period, you will return to Nabi’s offices all documents, computer electronic information and files, e.g., diskettes, floppies etc. and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, Nabi may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

10. **NON-COMPETITION:**

(A) You acknowledge that your services to be rendered are of a special and unusual character and have a unique value to Nabi the loss of which cannot adequately be compensated by damages in an action at law. In view of the unique value of the services, and because of the Confidential Information to be obtained by or disclosed to you, and as a material inducement to Nabi to enter into this Agreement and to pay to you the compensation referred to above and other consideration provided, you covenant and agree that, while you are employed by Nabi and for a period of one (1) year after termination of such employment for any reason whatsoever, you will not, directly or indirectly, (a) engage or become interested, as owner, employee, consultant, partner, through stock ownership (except ownership of less than five percent of any class of equity securities which are publicly traded), investment of capital, lending of money or property, rendering of services, or otherwise, either alone or in association with others, in the operations, management or supervision of any type of business or enterprise engaged in any business which is competitive with any business of Nabi (a "Competitive Business"), (b) solicit or accept orders from any current or past customer of Nabi for products or services offered or sold by, or competitive with products or services offered or sold by, Nabi, (c) induce or attempt to induce any such customer to reduce such customer's purchase of products or services from Nabi, (d) disclose or use for the benefit of any Competitive Business the name and/or requirements of any such customer or (e) solicit any of Nabi's employees to leave the employ of Nabi; provided, that this clause (e) shall not apply to general solicitations through job fairs or advertisements. By way of clarification, a "Competitive Business" is not any business or enterprise in the health care industry; it is only a business or enterprise in the health care industry that is competitive with any business conducted by Nabi during the Employment Period (other than a business that has been discontinued (but not sold or transferred to a third party) by Nabi). Notwithstanding the foregoing, nothing contained in this Section 10(A) shall be deemed to prohibit you from being employed by or providing services to a Competitive Business following a "Change of Control" (as defined in the Change of Control Agreement) and termination of your employment if (i) the nature of such employment or services do not involve or compete with any business engaged in by Nabi immediately prior to the Change of Control or (ii) such employment or services are rendered to the company that was involved in the Change of Control by acquiring stock or assets of Nabi or merging or consolidating with Nabi or any Affiliate (as defined below) of that company. As used in this Agreement, an "Affiliate" of a company means an entity controlled by, controlling or under common control with that company.

(B) You have carefully read and considered the provisions of this Section 10 and Section 9 and having done so, agree that the restrictions set forth (including but not limited to the time period of restriction and the world wide areas of restriction) are fair and reasonable (even if termination is at our request and without cause) and are reasonably required for the protection of the interests of Nabi, its officers, directors, and other employees. You acknowledge that upon termination of this Agreement for any reason, it may be necessary for you to relocate to another area, and you agree that this restriction is fair and reasonable and is reasonably required for the protection of the interests of Nabi, their officers, directors, and other employees.

(C) In the event that, notwithstanding the foregoing, any of the provisions of this Section 10 or Section 9 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though invalid or unenforceable parts had not been included therein. In the event that any provision of this Section 10 relating to time period and/or areas of restriction shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become, and thereafter be, the maximum time period and/or area which such court deems reasonable and enforceable.

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

11. GROSS-UP FOR EXCESS PARACHUTE PAYMENTS:

(A) In the event of a change in the ownership or effective control of Nabi or ownership of a substantial portion of the assets of Nabi described in Code Section 280G(b)(2)(A)(i) during the Employment Term, Nabi, at its sole expense, shall cause its independent auditors or tax advisors to promptly to review all payments, accelerations, distributions and benefits that have been made to or provided to, and are to be made, or may be made, to or provided to, you under this Agreement, and any other agreement or plan benefiting you (collectively the "Original Payments"), to determine the applicability of Code Section 4999 to you in connection with such event (other than under this Section 11). If Nabi's independent auditors or tax advisors determine that the Original Payments are subject to excise taxes under Code Section 4999, or under a comparable state or local law, rule or regulation (the "Excise Tax"), then an additional amount shall be paid to you Executive (the "280G Gross-Up Amount") such that the net proceeds of the 280G Gross-Up Amount to you, after deduction of all Federal, state and local taxes (including, without limitation, all income, employment and excise taxes and interest and penalties) upon the 280G Gross-Up Amount, shall be equal to the Excise Tax on the Original Payments. Nabi's independent auditors or tax advisors will perform the calculations in conformity with the foregoing provisions and will provide you with a copy of their calculations. The intent of the parties is that Nabi shall be solely responsible for, and shall pay, any Excise Tax on the Original Payment(s) and 280G Gross-Up Amount and any income and employment taxes (including, without limitation, other penalties and interest on such income and employment taxes) imposed on any 280G Gross-Up Amount payable hereunder.

(B) If any tax authority determines that a greater Excise Tax should be imposed upon the Original Payments or the 280G Gross-Up Amount than is determined by Nabi's independent auditors or tax advisors, and the requirements of Section 8(K)(2) are satisfied, you shall be entitled to receive an additional 280G Gross-Up Amount calculated on the basis of the additional amount of Excise Tax determined to be payable by such tax authority (including related penalties and interest) from Nabi within twenty-one (21) days after you have paid such liability.

12. **LITIGATION AND REGULATORY COOPERATION:** During and after your employment with Nabi, you shall reasonably cooperate with Nabi in the defense or prosecution of any claims now in existence or which may be brought in the future against or on behalf of Nabi which relate to events or occurrences that transpired while you were employed by Nabi; provided, however, that such cooperation shall not materially and adversely affect you or expose you to an increased probability of civil or criminal litigation. Your cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of Nabi at mutually convenient times. During and after your employment with Nabi, you also shall cooperate fully with Nabi in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by Nabi. Nabi shall reimburse you for all out-of-pocket costs and expenses incurred in connection with your performance under this Section 12, including, but not limited to, reasonable attorneys' fees and costs.

14. **LEGAL FEES:** In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. Notwithstanding the foregoing sentence, if you assert any claim in any contest (whether initiated by you or by Nabi) as to the validity, enforceability or interpretation of Sections 8(D) or 8(E), or any provisions of this Agreement that would be applicable to any payments or rights provided under Sections 8(D) or 8(E), Nabi shall pay your legal expenses (or cause such expenses to be paid), including, without limitation, your reasonable attorneys' fees, on a quarterly basis, upon presentation of proof of such expenses in a form reasonably acceptable to Nabi, provided that you shall reimburse Nabi for such amounts, plus simple interest thereon at the ninety (90)-day United States Treasury Bill rate as in effect from time to time, compounded annually, if a court of competent jurisdiction shall find that you did not have a good faith and reasonable basis to believe that you would prevail as to at least one material issue presented to such court.

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

16. **SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. Nabi will require any purchaser of or successor to (whether direct or indirect, by purchase or otherwise) all or substantially all of the business and/or assets of Nabi (other than a purchaser or successor which assumes the obligations of Nabi by operation of law) to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Nabi would be required to perform it if no such succession had taken place. As used in this Agreement, "Nabi" shall mean Nabi as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

16. **MISCELLANEOUS:** This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Maryland, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. This Agreement, the Indemnification Agreement dated May 16, 2003 and your Employee Invention Agreement are a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

It is the intent of you and Nabi that the provisions of this Agreement and all amounts payable to you hereunder meet the requirements of Section 409A of the Code, to the extent applicable to this Agreement and such payments, and the Agreement shall be interpreted and construed in a manner consistent with such intent.

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

[Remainder of page intentionally left blank]

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

NABI BIOPHARMACEUTICALS

By: /s/ Geoffrey F. Cox
Geoffrey F. Cox, Ph.D.
Chairman of the Board

Accepted and agreed to:

/s/ Raafat Fahim

Raafat Fahim
1180 S. Ocean Blvd #8F
Boca Raton, FL 33432

Date: January 22, 2008

Nabi Biopharmaceuticals
12276 Wilkins Avenue
Rockville MD 20852

February 27, 2008

Jordan Siegel
38 Fort Royal Isle
Ft. Lauderdale, FL 33308

Re: Dual Employment and Certain Compensation Matters

Dear Jordan:

Reference is made to the following agreements between you (the "Executive") and Nabi Biopharmaceuticals ("Nabi") (collectively, the "Nabi Agreements"): (a) that certain Employment Agreement, dated as of April 29, 2006 (the "Nabi Employment Agreement"); (b) that certain Change of Control Severance Agreement, dated as of April 29, 2006; (c) that certain Relocation, Sign-On Bonus Repayment Agreement, dated as of April 29, 2006 (the "Sign-On Agreement"); (d) that certain Indemnification Agreement, dated as of April 29, 2006; and (e) those certain stock option and restricted stock agreements between the Executive and Nabi under the 2007 Omnibus Equity and Incentive Plan and the Executive's inducement stock option and restricted stock agreements dated June 12, 2006 (the "Equity Agreements").

1. Dual Employee. Pursuant to Section 4 of that certain side letter agreement (the "Side Letter Agreement"), dated as of December 4, 2007, by and among Nabi, Biotest Pharmaceuticals Corporation ("Biotest") and Biotest AG (the "Parent," and together with Nabi and Biotest, collectively, the "Parties"), the Parties have agreed, among other things, that the Executive could be employed or engaged by both the Parent and Nabi for a period of time. Nabi acknowledges and agrees that the Executive is intended to be a third party beneficiary of Section 4 of the Side Letter Agreement, eligible to enforce his rights thereunder against the Parties as if he had been an original signatory thereto. Notwithstanding Section 7(A) of the Nabi Employment Agreement, the Executive may terminate the Executive's employment with Nabi on or before March 28, 2008 by giving less than thirty (30) days' prior written notice to Nabi.

2. Affected Employee. Nabi agrees that if the Executive has not otherwise become an "affected employee" because he becomes an employee of Biotest prior to the date (the "10-K Filing Date") that Nabi files its Annual Report on Form 10-K for the fiscal year ended December 29, 2007 (the "10-K"), he shall be deemed to be an "affected employee" if he remains Chief Financial Officer and Chief Accounting Officer of Nabi through the 10-K Filing Date and signs the 10-K as such. Upon becoming an "affected employee" he shall be entitled to all rights and benefits as such, including, without limitation, acceleration of the vesting of all of his unvested restricted stock that would have vested through 2009 and all of his unvested stock options issued under the Equity Agreements.

3. Pro Rata Bonus and Acceleration of Equity Awards. Without limiting the generality of, and in addition to, the foregoing, if the Executive remains Chief Financial Officer and Chief Accounting Officer of Nabi through the 10-K Filing Date and signs the 10-K as such, (i) the Executive shall receive a one-time cash bonus of \$42,900 (the "Bonus") in lieu of all other bonuses for 2008 to which the Executive may be entitled under the VIP Management Incentive Plan or any bonus plan or agreement between Nabi and the Executive (the Executive's bonus for 2007 under the VIP Management Incentive Plan is not affected by this letter agreement), and (ii) all of the Executive's stock options and restricted stock issued under the Equity Agreements (the "Equity Awards") which are unvested as of the date of the termination of the Executive's employment shall immediately vest upon the date of termination and all stock option Equity Agreements shall be automatically amended to provide that all stock options under outstanding Equity Awards shall be exercisable for twelve (12) months from the date of termination, except that no such stock options shall be exercisable beyond the original Equity Award's expiration date. The Bonus shall be paid within thirty (30) days of the date of termination of the Executive's employment with Nabi. The Executive's right to receive the Bonus and other benefits under this Section 3 is conditioned upon the Executive's execution and delivery (and non-recession for seven (7) days thereafter) of the Release attached hereto as Exhibit A.

4. Biotest Agreements. Nabi acknowledges and agrees that, in addition to the Nabi Agreements, the Executive may become a party to an employment agreement and/or a consulting agreement, in each case, with Biotest (the "Biotest Agreements"). Nabi acknowledges and agrees that through March 28, 2008 neither the Executive's employment and/or engagement by Biotest or his services or activities in connection therewith nor the existence of the Biotest Agreements is or will be a breach of any provision of any of the Nabi Agreements, including, without limitation, the provisions regarding the Executive's duties and services owed to Nabi, the representations and warranties made by the Executive to Nabi and the restrictive covenants to which the Executive is subject. Nabi further acknowledges and agrees that through March 28, 2008 none of the foregoing gives or will give rise to the right of termination of the Executive for "cause" (as defined in the Nabi Employment Agreement) by Nabi under the Nabi Employment Agreement and that Nabi cannot and will not terminate the Executive for "cause" under the Nabi Employment Agreement with respect to or in connection with any of the foregoing.

5. Plans and Benefits. Nabi acknowledges and agrees that its obligations to the Executive under the Nabi Agreements shall continue and be unaffected by the Biotest Agreements or the matters contemplated thereby through March 28, 2008. Further, for so long as the Executive is employed by Nabi, the Executive and his immediate family members to continue to be eligible to participate in all of the life insurance, disability insurance, medical, dental and health insurance, vacation, savings, pension and retirement plans and other benefit plans and programs maintained by Nabi for the benefit of its employees (collectively, the "Plans") to the same extent and in the same manner in which the Executive and his immediate family members had been eligible to participate immediately prior to the Effective Date (as defined below). To the extent that the Executive or any member of his immediate family does not receive the benefits contemplated by the foregoing, unless the Executive is receiving comparable benefits from Biotest, Nabi shall, upon demand by the Executive, either fully reimburse the Executive and/or his beneficiaries on an after-tax basis for any and all amounts paid by him and/or them in connection with any of the foregoing or pay the Executive and/or his

beneficiaries the benefit differential, at the election of the Executive and/or his beneficiaries. Nabi further acknowledges and agrees that, for purposes of all plans and programs regarding expense reimbursement or allowances, equity incentive compensation, bonuses (retention, annual or otherwise), short- or long-term incentives or other similar matters contemplated by the Nabi Employment Agreement, the Executive's full-time employment by Nabi through March 28, 2008 shall be deemed to be uninterrupted and participation therein shall continue and be unaffected by the Biotest Agreements or the matters contemplated thereby. Nabi acknowledges and agrees that it has independent obligations under this letter agreement to cause benefits to be paid or provided to the Executive and his immediate family members under its Plans or, to the extent that the Plans do not pay or provide these benefits, to pay an amount directly to the Executive and/or his beneficiaries.

6. Controlling Document. In the event of any inconsistency between this letter agreement and the Nabi Employment Agreement, this letter agreement shall govern.

The offer represented by this letter agreement will remain in existence and may not be revoked (including by amending or modifying this letter agreement) by Nabi until on or after March 28, 2008, provided that no revocation by Nabi may occur after the Effective Date. Please signify your acceptance and agreement to this letter agreement by executing it in the space provided below. This letter agreement may be executed in one or more counterparts. This letter agreement shall become effective on the date that it is executed by both the Executive and Nabi (the "Effective Date").

Sincerely,

NABI BIOPHARMACEUTICALS

By: /s/ Raafat Fahim
Raafat Fahim, Ph.D., President and Chief Executive
Officer

ACCEPTED AND AGREED TO:

/s/ Jordan Siegel

Jordan Siegel

Dated: February 27, 2008

Nabi Biopharmaceuticals

CERTIFICATIONS

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

I, Raafat E.F. Fahim, Ph.D., certify that:

1. I have reviewed this 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. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which could adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2008

By: /s/ Raafat E.F. Fahim, Ph.D.

Raafat E.F. Fahim, Ph.D.

President, Chief Executive Officer and acting Chief Financial Officer

Nabi Biopharmaceuticals**SECTION 1350 CERTIFICATION**

The undersigned officer of Nabi Biopharmaceuticals (the "Company") hereby certifies that, as of the date of this statement, the Company's report on Form 10-Q for the quarter ended March 29, 2008 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that, to the best of his knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of March 29, 2008 and the results of operations of the Company for the three and nine months ended March 29, 2008.

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: May 8, 2008

By: /s/ Raafat E.F. Fahim, Ph.D.

Name: Raafat E.F. Fahim, Ph.D.

Title: President, Chief Executive Officer and acting Chief Financial Officer