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

(MARK ONE)

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

For the fiscal year ended December 31, 1998

OR

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

From the transition period from _____ to _____

Commission file number 0-4829-03

NABI

(Name of Registrant)

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

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

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

COMMON STOCK, PAR VALUE $.10 PER SHARE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

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

As of March 25, 1999, 34,913,623 shares of common stock were outstanding, of which 33,438,972 shares were held of record by non-affiliates. The aggregate market value of shares held by non-affiliates was approximately $125,396,145 based on the closing price per share of such common stock on such date as reported by the Nasdaq National Market.

Documents Incorporated by Reference

Portions of Nabi's definitive Proxy Statement for its annual meeting of shareholders which Nabi intends to file within 120 days after the end of Nabi's fiscal year ended December 31, 1998 are incorporated by reference into Part III hereof as provided therein.

PART I

ITEM 1. BUSINESS

OVERVIEW

Nabi(R) (the "Company") is a fully integrated biopharmaceutical company that develops and commercializes pharmaceutical products used for the prevention and treatment of infectious diseases and immunological disorders. On March 25, 1999, the Company announced that its Biologics License Application ("BLA") for Nabi-HB(TM), was approved by the Food and Drug Administration ("FDA"). Nabi's current pharmaceutical product portfolio includes WinRho SDF(TM) and Autoplex(R)T, which have also been approved by the FDA. In addition, the Company has an extensive pipeline of products under development. Currently five of Nabi's pharmaceutical products are in clinical trials. The Company is also one of the largest collectors and suppliers of non-specific and specialty antibody products (source and specialty plasma) in the world. Nabi collects these products from an extensive donor base in the United States. Some of these antibodies are used in the manufacture of Nabi's pharmaceutical products. Most are supplied to other pharmaceutical companies for the manufacture of numerous products used throughout the world. The mission of the Company is simple - to focus its competitive advantages in technology, facilities, people and markets to deliver products to prevent and treat life-threatening conditions.

During 1998, Nabi's management determined that certain restructuring initiatives were necessary to sharpen the Company's focus and to improve overall profitability and cash flow. As part of this process, management and the Board of Directors re-examined each of the Company's business segments with a view towards strategic optimization. While sales of non-specific antibody products were essentially even year over year, there was considerable margin pressure in this segment of the Company's business. To address this problem, the Company decided to pursue a shift in its revenue mix towards higher margin specialty antibody products and to streamline its production of non-specific antibodies. During 1999, certain antibody collection centers in the United States and the Company's four centers in Germany will be sold or closed. United States donors are expected to transfer to nearby Nabi centers or Nabi will seek to increase production at other lower-cost antibody collection facilities.

Nabi also determined its own product development spending needs to be focused on clinical trials and marketing programs for currently marketed and late development stage pharmaceutical products. The Company will actively pursue strategic alliances to support additional product development activities. As a result of these decisions, the Company will decrease its rate of internal spending on preclinical research activities in 1999 and reduced staff accordingly at its Rockville, Maryland facility in February 1999.

PRODUCTS

CURRENTLY MARKETED PHARMACEUTICAL PRODUCTS

Revenue generated by Nabi's pharmaceutical products has grown almost six-fold since 1994. Sales of these products totaled $55 million in 1998 representing a 60% increase over 1997 levels ($34.5 million). In 1998, pharmaceutical products accounted for more than 20% of the Company's total revenues and approximately 70% of the Company's gross margin. Nabi marketed three pharmaceutical products during 1998 and 1997. Nabi sold the last of its H-BIG(R) product inventory in the third quarter of 1998. This product has been replaced by the Company's

internally developed Nabi-HB(TM), which was approved by the FDA in March, 1999. Nabi's currently marketed pharmaceutical products are described below:

Nabi-HB(TM)

According to the U.S. Center for Disease Control and Prevention ("CDC"), viral hepatitis ranks third as a reportable disease, surpassed only by venereal diseases and chickenpox. Approximately one third of all viral hepatitis cases are reported as hepatitis B. The hepatitis B virus ("HBV") is a major health concern globally as it now affects approximately 300 million people worldwide. Hepatitis B is 100 times more infectious than the human immunodeficiency virus ("HIV"). The CDC estimates that in the United States alone there are one to two million chronic hepatitis B carriers, 300,000 new hepatitis B infections per year, 22,000 babies born to hepatitis B positive mothers and 5,000 individuals who die from hepatitis B or its complications annually.

Nabi-HB(TM) is a human polyclonal antibody product to be used to prevent hepatitis B following exposure to the disease by sexual or household exposure, blood transfusion or accidental ingestion, or by transmission from a hepatitis B antigen-positive mother to a newborn. Nabi launched the product immediately upon receipt of FDA approval in March, 1999. Cangene Corporation ("Cangene") currently manufactures Nabi-HB(TM) for the Company.

Additionally, in November 1998, Nabi filed an expanded access Investigational New Drug application ("IND") for the use of Nabi-HB(TM) to prevent the infection of transplanted livers in patients with HBV. Nabi is manufacturing a hepatitis B immune globulin in its Boca Raton manufacturing facility. This product is currently in clinical studies.

WinRho SDF(TM)

Immune Thrombocytopenia Purpura ("ITP") is an autoimmune disease which manifests itself in abnormally low platelet levels (Thrombocytopenia) resulting in bleeding tendencies. The term purpura refers to the appearance of large purple patches on the body caused by bleeding into the skin and mucous membranes. In ITP, the body's immune system produces antibodies that attach to platelets causing them to be removed from circulation, primarily by the spleen. Because platelets are required for blood clotting, as platelet counts decrease, the incidence of bleeding episodes increase. In certain cases, such as severe trauma or spontaneous intracranial hemorrhage, the bleeding can be life threatening. In the United States, experts estimate that there are 50 per 1,000,000 childhood cases of ITP and 60 per 1,000,000 adult cases of ITP annually. In children, the disease is usually acute in onset and is often resolved in six months. In adult ITP, the onset is insidious and rarely resolves itself spontaneously. Additionally, ITP is more common in females than males. ITP can occur as either a primary disease, with an associated condition or secondary to another underlying disease such as HIV or Lupus.

WinRho SDF(TM) is a human polyclonal antibody product approved for the treatment of ITP and for the suppression of Rh isoimmunization. WinRho SDF(TM) has been designated as an Orphan Drug for the treatment of ITP. Nabi began exclusive marketing of WinRho SDF(TM) in the United States in mid-1995 under a license and distribution agreement with Cangene Corporation. Nabi is currently conducting several Phase IV clinical studies involving WinRho SDF(TM), including(a) a comparison of WinRho SDF(TM) versus IVIG for the treatment of ITP, (b) an evaluation of WinRho SDF(TM) in the treatment of ITP during pregnancy, and (c) a comparison of WinRho SDF(TM) versus routine care with Prednisone followed by splenectomy in the management of ITP. See also "Strategic Alliances" and "Government and Industry Regulation-Orphan Drug Act."

AutoPlex(R)T

Hemophilia is a blood disorder characterized by a lack of a particular functional coagulation factor. In the case of hemophilia A, the deficient factor is Factor VIII. Physicians typically treat hemophilia by replacing the deficient factor with factor from outside sources. In most cases, replacement therapy is effective in stopping bleeding episodes. However, the treatment of hemophilia A is complicated when an inhibitor or

antibody is produced in response to outside sources of Factor VIII. These inhibitors combine with the infused Factor VIII and neutralize its activity.

AutoPlex(R)T is a complex blood coagulation factor used to treat hemophilia A patients who have developed inhibitors to Factor VIII. AutoPlex(R)T "bypasses" the Factor VIII requirement for clotting by stimulating other components of the coagulation process. Nabi acquired exclusive rights for AutoPlex(R)T in the United States, Canada and Mexico from Baxter Healthcare Corporation ("Baxter") in May 1997.

MARKETED ANTIBODY PRODUCTS

Non-specific Antibodies

Nabi is one of the world's largest suppliers of human non-specific antibody products (source plasma) to the pharmaceutical and diagnostic industries. In 1998, Nabi derived revenues of $133.1 million from sales of non-specific antibodies. This was virtually even with 1997 levels of $135.3 million. Sales of non-specific antibodies in 1998 accounted for 55% of total Company revenues, a 4% decrease from 1997 levels, reflecting the increasing revenue contribution from pharmaceutical products discussed earlier.

Among other uses, non-specific antibodies are used to manufacture intravenous immune globulin ("IVIG") that helps the body to fight infections and assists in the treatment of bone marrow transplantation, B cell chronic lymphocytic leukemia, hypogammaglobulinemia, Kawasaki syndrome and other chronic immune deficiencies.

Specialty Antibodies

During 1998, sales of specialty antibodies (specialty plasma) were $55.0 million, a 7% decrease from 1997 sales of $59.0 million. Certain high-margin specialty antibody product sales increased during 1998, such as anti-D and hepatitis B, but were more than offset by a reduction in sales of other lower-margin specialty antibodies for tetanus, cytomegalovirus ("CMV") and respiratory syncytial virus ("RSV"). Specialty antibody sales in 1998 accounted for 23% of the Company's total revenue, a 3% decrease from 1997 levels.

These products are derived from plasma that contains high concentrations of specific antibodies. They are used primarily to manufacture hyperimmune globulins that can bolster the immunity of patients to help fight a particular infection or to treat certain immune system disorders. This includes products to prevent or treat exposure to hepatitis A and B, CMV, and rabies and products to treat ITP and Rh incompatibility. Specialty antibodies are also used to develop diagnostic products.

Nabi identifies potential specialty antibody donors through screening and testing procedures. Nabi also has developed FDA-licensed programs to vaccinate potential donors to stimulate their production of specific antibodies. Through Nabi's nationwide operations and access to its large and diverse donor base of approximately 275,000 individuals, Nabi believes it has a strategic advantage in its ability to collect specialty antibodies.

Nabi's principal specialty antibody products include:

* ANTI-D. Anti-D antibodies have long been used to prevent Rh-D immunization in Rh negative women and subsequent hemolytic disease ("blue baby disease") in Rh positive infants. Antibodies collected from donors who have high anti-D levels are used to make products to protect the infant (Rh isoimmunization) and treat ITP in children and adults. Nabi has proprietary donor stimulation and management programs that enhance its ability to increase collection of anti-D antibodies.

* HEPATITIS B ANTIBODIES. Antibodies to HBV are used to manufacture hepatitis B immune globulin therapeutic products that provide passive immunity against HBV. The specialty antibodies collected by Nabi are also used to produce Nabi-HB(TM), the Company's hepatitis B pharmaceutical product. Nabi believes that its proprietary donor stimulation and donor management programs generally allow Nabi to produce anti-hepatitis B antibodies having a higher concentration and broader specificity than competing products.

* CMV ANTIBODIES. By screening its large donor population, Nabi can identify individuals with high concentrations of CMV antibodies, and can supply these antibodies to manufacturers to enhance intravenous immune globulin products and to produce CMV-specific immune globulin therapeutic products.

* RABIES ANTIBODIEs. Rabies antibodies are used by manufacturers to make therapeutic products that provide a short-term protective antibody immunity to patients exposed to the rabies virus.

RESEARCH AND DEVELOPMENT PRODUCT PIPELINE

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

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

Nabi-StaphVAX(TM) and Nabi-Altastaph(TM)

The World Health Organization ("WHO") estimates that more than 17 million people die of infectious disease each year. According to the CDC, the mortality rate for infectious disease increased approximately 60% between 1980 and 1992. In the early 1980's, the majority of hospital-acquired bloodstream infections were due to Gram-negative bacteria such as E. COLI and P. AERUGINOSA. However, by 1989, the combined incidence of Gram-positive infections in the bloodstream such as, STAPHYLOCOCCUS AUREUS and S. EPIDERMIDIS had increased over 5-fold to a level twice that of Gram-negative infections. The trend is expected to continue.

Over the past two decades, infectious disease experts have become increasingly concerned about the emerging Gram-positive bacterial resistance to contemporary antibiotics, coupled with the increasing prevalence of organisms having greater virulence. It is currently estimated that up to 40% of S. AUREUS and more than 80% of S. EPIDERMIDIS are methicillin-resistant. Of greater concern is the fact that a number

of infections caused by another Gram-positive pathogen, ENTEROCOCCUS, are resistant to all antibiotics including vancomycin.

Further, for the first time in history, isolates of S. AUREUS with reduced sensitivity to vancomycin have been identified in the United States and in Japan. Resistance of a clinical S. EPIDERMIDIS isolate to vancomycin has also been reported. If vancomycin resistance is broadly transferred to S. AUREUS and S. EPIDERMIDIS, many clinicians fear a return to the pre-methicillin/vancomycin era of the 1950's and 1960's when staphylococcal infections were generally fatal. Adding to the gravity of the situation, drug resistant isolates have moved from the hospital into the community, threatening those most at risk - the young and the elderly.

Nabi is developing two products for the prevention and treatment of S. AUREUS infections. Nabi-StaphVAX(TM) is a capsular polysaccharide-based glycoconjugate vaccine which targets the two S. AUREUS serotypes (Type 5 and Type 8) responsible for over 85% of S. AUREUS infections. This bivalent vaccine is based on patented vaccine technology in-licensed by Nabi from the National Institute of Health ("NIH"). See also "Strategic Alliances". Nabi-StaphVAX(TM) seeks to induce specific antibodies in vaccinated individuals that bind to and help kill invading S. AUREUS bacteria. The second product, Nabi Altastaph(TM) is a specific human antibody-based product that contains high levels of antibodies against S. AUREUS Type 5 and Type 8. It is manufactured from specialty antibodies produced by immunizing healthy donors with Nabi-StaphVAX(TM).

Nabi StaphVAX(TM) and Nabi-Altastaph(TM) rely on completely different mechanisms of action than those of systemic antibiotics and it is believed, based on preclinical data, that these products will be effective against even antibiotic resistant strains of S. AUREUS. In addition, since vaccines and antibodies present a different mechanism of action from that of antibiotics, Nabi is attempting to demonstrate that concurrent use of Nabi-StaphVAX(TM) or Nabi-Altastaph(TM) and antibiotics will act synergistically, or additively, to combat infection and may reduce the appearance of additional antibiotic resistant strains of bacteria in the future.

Nabi-StaphVAX(TM) is being developed for patients who are at long term, high risk of infection and who are immunocompetent and thus able to respond to a vaccine. The initial clinical target is hemodialysis patients with end stage renal disease ("ESRD") who are at high risk of S. AUREUS infections due to their vascular access grafts. Other potential clinical targets for Nabi-StaphVAX(TM) include: (a) at risk patients such as the elderly who are expected to have long stays in medical or extended care facilities; (b) patients undergoing planned surgery who can be vaccinated in advance and in whom staphylococcal infections can have serious consequences; and (c) prosthetic surgery and vascular graft patients whose implants are at long-term risk of staphylococcal infections. Nabi-StaphVAX(TM) is currently in a Phase III pivotal trial in ESRD patients on hemodialysis. Nabi intends to establish a correlate of protection based on population antibody titers to expand the clinical indications for this vaccine beyond the Phase III trial's patient population.

In contrast to Nabi-StaphVAX(TM), which is intended to provide long-term immunological protection, Nabi-Altastaph(TM) is designed to provide immediate, on demand protection for patients who are at high, short-term risk of infection or who are immunocompromised and cannot respond effectively to a vaccine. This type of prophylactic treatment is likely to be cost effective because a single dose of intravenously administered human polyclonal antibodies persists in the bloodstream for several weeks, and may be sufficient to provide protection for the entire risk period. High-risk populations include low birth weight newborns, trauma patients and emergency surgical patients. Nabi-Altastaph(TM) is currently in a Phase I/II trial in neonates to determine its safety and pharmacokinetics. In addition, Nabi plans to evaluate Nabi-Altastaph(TM) as a therapeutic drug for the treatment of diagnosed S. AUREUS infections. Clinical studies of Nabi-Altastaph(TM) in shock-trauma patients in hospital-intensive care units are in the planning stages.

Previous studies using either rats or mice in several different bacterial challenge modes have demonstrated the efficacy of active immunization with Nabi-StaphVAX(TM) and passive immunization with

Nabi-Altastaph(TM). In the prophylactic settings studied, antibodies to Nabi-StaphVAX(TM), whether actively acquired (through vaccination) or passively acquired (through the use of Nabi-Altastaph(TM)), conferred statistically significant protection against the relevant S. AUREUS challenge strains. In human clinical trials to date, Nabi-StaphVAX(TM) has been shown to be safe and immunogenic.

Recently, Nabi identified a serotype of S. AUREUS, named type 336, that accounts for over 90% of non-type 5 and non-type 8 S. AUREUS clinical infections (about 10-12% of all clinically significant S. AUREUS infections). The Company has identified, purified and characterized a polysaccharide from type 336 S. AUREUS and has prepared a glycoconjugate vaccine that is capable of protecting animals from challenge with clinical isolates of this serotype. During 1998, Nabi was issued a patent on a S. AUREUS 336 antigen, vaccines made from that antigen, and antibodies reactive to the antigen. Subsequent generations of Nabi-StaphVAX(TM) are expected to contain type 336 antigen in addition to type 5 and type 8 antigens. A prototype of this trivalent vaccine against S. AUREUS is currently in studies in dairy cattle under a Cooperative Research and Development Agreement ("CRADA") with the U.S. Department of Agriculture. The veterinary applications of Nabi-StaphVAX(TM) are of interest since S. AUREUS is a major cause of mastitis in dairy cattle worldwide.

STAPHYLOCOCCUS EPIDERMIDIS and ENTEROCOCCUS SPP. are the next most clinically common Gram-positive nosocomial bacterial infections after S. AUREUS. Nabi intends to extend coverage to these two Gram-positive bacteria in subsequent generations of Nabi-StaphVAX(TM) and Nabi-Altastaph(TM). The Company has filed patent applications on selected enterococcal antigens and in 1998 was issued a patent for a protective S. EPIDERMIDIS antigen that it intends to include in a combination vaccine. From 1996 to 1998 these bacterial antigens have been undergoing preclinical testing and process development. These activities have shown that antibodies to these antigens are protective in animal models and facilitate killing of bacteria by white blood cells (a process called opsonophagocytosis).

Nabi is currently in discussions with potential corporate partners to assist in the development of Nabi-StaphVAX(TM), Nabi-Altastaph(TM) and the related combination vaccines and antibody products described above.

Nabi-Civacir(TM)

Nabi-Civacir(TM) is a human antibody product derived from screened donors. It contains antibodies that are neutralizing to hepatitis C virus ("HCV"). Nabi intends to develop Nabi-Civacir for post-exposure prophylaxis of HCV, the prevention of HCV reinfection of transplanted livers in patients and ultimately for the treatment of certain stages of chronic HCV infections. Management believes that approximately 40% to 50% of liver transplants are due to complications resulting from chronic HCV infections. HCV has significant economic impact because it causes chronic infections in a large percentage of those infected and results in significant morbidity and mortality in later stages of the disease. HCV infection also contributes to frequent hospitalizations when it occurs in liver transplant patients. There are four million individuals in the United States and more than 170 million individuals worldwide infected with HCV.

In 1998, Nabi initiated a series of chimpanzee studies of Nabi-Civacir(TM) in collaboration with the CDC under a CRADA. The results from these animal studies suggest that the elevated level of anti-HCV in serum maintained by multiple infusions of Nabi-Civacir(TM) may be associated with the elimination of virus from the blood, prevention of acute hepatitis and the possible elimination of HCV antigen from liver cells after experimental HCV infection. Nabi is currently in discussions with potential corporate partners to assist in the development of Nabi-Civacir(TM).

Nabi-NicVAX(TM)

The use of tobacco products has been associated with increased risk of heart and lung disease and cancer worldwide. Addiction to nicotine as a result of tobacco use has been identified as one of the major factors that prevent cigarette smokers and other tobacco users from giving up this life-threatening activity. Nabi has begun development of Nabi-NicVAX(TM), a vaccine against nicotine that is intended to be used to prevent and treat nicotine addiction. Prototypic versions of the vaccine have been shown to induce high titers of nicotine-specific antibodies in vaccinated animals. Studies evaluating the ability of the vaccine to prevent entrance of nicotine into the brain and to modify animal behavior in response to nicotine were conducted during 1998 and have generated positive preliminary results. Nabi believes that a nicotine vaccine that raises high titered, highly specific antibodies that bind to nicotine with high affinity can also prevent nicotine addiction in humans by blocking nicotine from reaching drug receptors in the brain. The Company also believes that Nabi-NicVAX(TM) can be an effective product for those attempting to give up tobacco by helping to prevent relapse into continued nicotine use. The Company has filed a patent application on Nabi-NicVAX(TM) and its uses to prevent and treat nicotine addiction. Nabi is currently in discussions with potential corporate partners to assist in the development of Nabi-NicVAX(TM).

RENs

Nabi has exclusively licensed from the University of Maryland a novel, proprietary, platform technology which permits the synthesis of so-called Ring Expanded Nucleoside ("RENs") and Nucleotide ("RENt") analogs with the potential for antiviral and anti-tumor cell activity. Using this technology, a number of active compounds have been prepared by Nabi through its collaboration with the University under a series of Maryland Industrial Partnership ("MIPS") grants. A lead compound, Nabi 3700.001, has been selected for further development. This drug has been initially shown to have an acceptable toxicity profile and to have good anti-viral activity and specificity against hepatitis B virus IN VITRO. In 1998, the University of Maryland was issued a U.S. patent with claims encompassing the composition and synthesis of RENs and RENt compounds; these patent rights have been assigned to Nabi. See also "Strategic Alliances". Nabi is currently in discussions with potential corporate partners to assist in the development of the RENs technology.

The following is a summary of Nabi's currently marketed products and products under development:

PRODUCTS	INDICATIONS OR POTENTIAL APPLICATIONS	STATUS
NABI-HB(TM)	Post exposure prevention of hepatitis B infection	CURRENTLY MARKETED and planned Phase IV clinical trials
	Prevention of hepatitis B virus reinfection in liver transplant patients	Phase II clinical trials & expanded access to transplant patients under IND.
WINRHO SDF(TM)	Treatment of ITP	CURRENTLY MARKETED and in Phase IV clinical trials
AUTOPLEX(R)T	Treatment of hemophilia patients with inhibitors to Factor VIII	CURRENTLY MARKETED

NON-SPECIFIC ANTIBODIES	Intermediate for production of non-specific antibodies (i.e., standard IVIG)	CURRENTLY MARKETED as bulk intermediate products
SPECIALTY ANTIBODIES	Intermediate for production of specific antibodies (e.g., tetanus, rabies, HBV and anti-D antibodies)	CURRENTLY MARKETED as bulk intermediate products
NABI-STAPHVAX(TM)	Prevention and treatment OF S. AUREUS infections;	In Phase III clinical trials in ESRD patients on hemodialysis
	Next generation products also address S. EPIDERMIDIS and Enterococcal infections	In preclinical development
NABI-ALTASTAPH(TM)	Prevention OF S. AUREUS infections;	In Phase I/II clinical trials in premature infants
	Next generation products to also address S. EPIDERMIDIS and Enterococcal infections	In preclinical development
NABI-CIVACIR(TM)	Prevention of hepatitis C virus-reinfection in liver transplant patients, post- exposure prophylaxis & treatment of chronic hepatitis C virus infection	In preclinical development
NABI-NICVAX(TM)	Prevention and treatment of nicotine addiction associated with tobacco use	In research
RENS	Treatment of viral infections	In research
	Treatment of cancer	In research

STRATEGIC ALLIANCES

Nabi is actively pursuing strategic alliances to assist in the development of its product pipeline. The Company's current key strategic alliances are discussed below.

CANGENE CORPORATION

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

During 1997, Nabi entered into an agreement with Cangene with respect to the manufacture of Nabi-HB(TM). See also "Supply and Manufacturing - Pharmaceuticals". In addition, Cangene has exclusive marketing rights for Nabi-HB(TM) in Canada provided it meets specified sales goals. Nabi shares in the profits from sales of Nabi-HB(TM) in Canada. The term of the Canadian marketing agreement with Cangene for Nabi-HB(TM) is co-extensive with the terms of the manufacturing agreement for Nabi-HB(TM).

OTHER LICENSES

Under a license agreement with the NIH, Nabi has exclusive rights to the NIH's patent relating to a carbohydrate/protein conjugate vaccine against Staphylococcus, and is obligated to pay the NIH a royalty based on net sales. The licensed patent rights cover Nabi-StaphVAX(TM) and Nabi-Altastaph(TM) products. The license terminates with respect to each country on the date that the NIH's patent rights expire in such country.

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

CUSTOMER RELATIONSHIPS
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Nabi sells its pharmaceutical products to wholesalers, distributors, and home healthcare companies and sells its antibody products to pharmaceutical and diagnostic manufacturers, most of which have been customers of Nabi for many years.

Customers to which sales exceeded 10% of Nabi's annual consolidated sales in the last three fiscal years ending December 31, 1998 were: Baxter and Bayer Corporation ("Bayer") in 1998; Bayer and Baxter in 1997; Baxter, Bayer and Biotest Pharma GmbH ("Biotest") in 1996. Aggregate sales of antibody products to these customers were approximately $89 million, $93 million and $107 million, or 37%, 41% and 45% of total sales for the years ended December 31, 1998, 1997 and 1996, respectively.

Nabi generally sells its antibody products under contracts ranging from one to five years that allow for annual pricing renegotiations. Pricing for product deliveries is generally mutually agreed to prior to the beginning of the contract year and fixed for that year, but generally does provide for price increases/decreases to reflect changes in customer specifications and new governmental regulations. Consequently, Nabi's profit margins may be adversely or beneficially affected if changes in the cost of collecting antibody products rise or fall during the year.

SUPPLY AND MANUFACTURING
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PHARMACEUTICAL PRODUCTS

Nabi has completed construction of a biopharmaceutical manufacturing facility that is designed to allow the Company to manufacture, formulate, process and package pharmaceutical products. Nabi anticipates completion of all requisite validation studies and clinical trials by the end of 1999 and submission of a BLA for the facility to produce pharmaceutical products subsequently thereafter.

In 1997, Nabi entered into an agreement with Cangene under which Cangene manufactures Nabi-HB(TM) for the Company. This agreement with Cangene has a three year term that commenced on the date Nabi received FDA approval to market Nabi-HB(TM), although either party may terminate the agreement upon 12 months notice. Nabi collects and supplies the specialty antibodies necessary for the manufacture of Nabi-HB(TM).

Nabi is required to purchase its requirements of WinRho SDF(TM) from Cangene which has granted Nabi exclusive marketing rights to the product in the United States, under an agreement which terminates in 2005.

In 1997, Nabi acquired from Baxter the exclusive rights to AutoPlex(R)T in the United States, Canada and Mexico. In connection with the acquisition, Baxter agreed to manufacture Autoplex(R)T until May 2000 or at such later time as may be determined under the terms of a consent order entered into between Baxter and the Federal Trade Commission ("FTC"), but in any event four months after Nabi receives approval from the FDA to manufacture AutoPlex(R)T. The FTC could require Nabi to return to Baxter Nabi's rights to AutoPlex(R)T if Nabi does not obtain FDA approval to manufacture the product by May 2000 or to a later date agreed to by the FTC. If Baxter thereafter sells these rights, Nabi and Baxter will share equally the proceeds of any such sale and under certain circumstances Baxter will be required to make a specified payment to Nabi.

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

ANTIBODY COLLECTION PROCESS

Nabi currently collects and processes antibody products from 69 collection centers located across the United States and Germany. Each Nabi-owned United States center is licensed and regulated by the FDA. Most of Nabi's centers are located in urban areas and many are near universities and military bases. Prospective donors are required to complete an extensive medical questionnaire and are subject to laboratory testing and a physical examination under the direction or supervision of a physician. Following this screening, antibodies are collected from suitable donors by means of a process known as plasmapheresis. As described earlier, during the fourth quarter of 1998, Nabi decided to sell or close a number of its antibody collection centers in the U.S. and the Company's four centers in Germany.

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

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

PHARMACEUTICAL PRODUCTS

Human polyclonal antibody products currently are classified as "biological products" under FDA regulations. The steps required before a biological product may be marketed in the United States generally include preclinical studies and the filing of an Investigational New Drug ("IND") application with the FDA, which must be accepted by the FDA before human clinical studies may commence. After human clinical studies, the FDA must approve a BLA. In addition to obtaining FDA approval for each product, the FDA must approve the manufacturing facilities for the product. Biological products, once

approved, have no provision allowing competitors to market generic versions. Each biological product must undergo the entire development process in order to be approved.

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

For BLA approval, the FDA requires, among other things, that the prospective manufacturer's methods conform to the agency's Good Manufacturing Practice ("cGMP") regulations, which must be followed at all times. In complying with standards set forth in these regulations, manufacturers must continue to expend time, money and effort in the area of production and quality control to ensure full technical compliance.

ANTIBODY PRODUCTS

The collection, storage and testing of antibody based products is regulated by the FDA. Any person operating a plasma collection facility in the United States must have an Establishment License Application ("ELA") and individual Product License Application ("PLA") issued by the FDA and each center must be inspected and approved by the FDA. In the future, the ELA and PLA will be replaced by a single application, the BLA. Nabi holds Establishment Licenses and Product Licenses issued by the FDA covering all Nabi-owned collection centers located in the United States. In addition, collection centers require FDA approval to collect each specialty antibody. Nabi is also subject to and is required to be in compliance with applicable regulatory requirements in foreign countries where it exports products.

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

ORPHAN DRUG ACT

Under the Orphan Drug Act, the FDA may designate a product as having Orphan Drug status to treat a "rare disease or condition," which currently is defined as a disease or condition that affects populations of less than 200,000 individuals in the United States, or, if victims of a disease number more than 200,000, for which the sponsor establishes that it does not realistically anticipate its product sales in the United States will be sufficient to recover its costs. If a product is designated an Orphan Drug, then the sponsor is entitled to receive certain incentives to undertake the development and marketing of the product. In addition, the sponsor that obtains the first marketing approval for a designated Orphan Drug for a given

indication effectively has marketing exclusivity for a period of seven years. There may be multiple designations of Orphan Drug status for a given drug and for different indications. However, only the sponsor of the first BLA approved for a given drug for its use in treating a given rare disease may receive marketing exclusivity. WinRho SDF(TM) has received Orphan Drug protection for the treatment of ITP. See also "Factors to Be Considered - Uncertainty of Orphan Drug Designation".

OTHER

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

COMPETITION
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Nabi believes that Nabi-HB(TM) will be able to achieve a significant share of the domestic market and that Nabi's access to the vaccines and specialty antibodies necessary for the manufacture of Nabi-HB(TM) will allow it to maintain its market share. See also "Supply and Manufacturing - Pharmaceutical Products".

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

Autoplex(R)T competes in the anti-inhibitor segment of the hemophilia A marketplace. Autoplex(R)T and other competitive agents are used to treat patients that have developed inhibitors (an immunity) to Factor VIII, the standard therapy for people suffering from hemophilia A. There are two pharmaceutical products currently on the market that compete with AutoPlex(R)T.

Nabi and other independent suppliers of antibody products, sell these products principally to pharmaceutical companies that process this raw material into finished products. Although these pharmaceutical companies generally own plasmapheresis centers, in the aggregate they purchase a substantial portion of their antibody requirements from independent suppliers. There is competition among these independent suppliers. Nabi attempts to compete for sales by maintaining competitive pricing and by providing customers with high-quality products and superior customer service. Management believes Nabi has the ability to continue to compete successfully in these areas.

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

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

EMPLOYEES
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Nabi employed approximately 2,100 persons at December 31, 1998. Nabi believes that the relations between Nabi's management and its employees are generally good.

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

COSTS OF RESEARCH AND DEVELOPMENT

Nabi has incurred and expects to continue incurring significant expenses associated with its pharmaceutical product development activities, including the cost of clinical trials relating to product development and marketing expenses relating to product introduction. Any revenues generated from products under development will not be realized for several years. Nabi currently does not have the financial resources to fund all of its pharmaceutical product development activities and has elected to focus its spending on those products which Nabi is already marketing or which are in the late stage of development. Nabi is actively pursuing strategic alliances to assist in the development and commercialization of its pharmaceutical products. There can be no assurance that Nabi's efforts will be successful, and if they are not, Nabi will not be able to continue to aggressively develop its early stage products. Nabi's ability to continue to fund its ongoing research and development activities is dependent on its ability to generate revenues from its pharmaceutical products or obtain financing. There can be no assurance, therefore, that Nabi will be able to continue to funds its research and development activities even at its reduced target level and if Nabi is required to further reduce the funding for its research and development activities,this could have a material adverse effect on the ability of Nabi to realize its objective of becoming a fully integrated developer, manufacturer and marketer of pharmaceutical products.

UNCERTAINTY OF NEW PRODUCT DEVELOPMENT

Nabi's future success will depend on its ability to achieve scientific and technological advances and to translate such advances into commercially competitive products on a timely basis. Nabi's pharmaceutical products under development are at various stages of research and development, and substantial further development, preclinical testing and clinical trials will be required to determine their technical feasibility and commercial viability. The proposed development schedules for these products may be affected by a variety of factors, including technological difficulties, proprietary technology of others, reliance on third

parties and changes in government regulation, many of which factors are not within the control of Nabi. Positive results for a product in a clinical trial do not necessarily assure that positive results will be obtained in future clinical trials or that government approval to commercialize the product will be obtained. In addition, any delay in the development, introduction or marketing of Nabi's products under development could result either in such products being marketed at a time when their cost and performance characteristics would not be competitive in the marketplace or in a shortening of their commercial lives. There can be no assurance that Nabi's pharmaceutical products under development will prove to be technologically feasible, commercially viable and able to obtain necessary regulatory approvals and licenses on a timely basis, if at all. The failure of Nabi to successfully and timely develop and commercialize several of its pharmaceutical products and obtain necessary regulatory approvals could have a material adverse effect on Nabi's business, financial condition and results of operations.

COMPETITIVE MARKET FOR PHARMACEUTICAL PRODUCTS

Nabi could lose its exclusive marketing rights to WinRho SDF(TM) if it fails to achieve specified performance criteria including sales goals and compensatory payments. Nabi may lose its rights to Autoplex(R)T if it abandons its efforts to obtain FDA approval to manufacture the product or does not timely obtain such approval. If Nabi successfully develops additional pharmaceutical products, additional expenditures, management resources and time may be required to develop a larger sales force, unless Nabi elects to have a third party market any or all of such products. If Nabi so elects, there can be no assurance that Nabi will be able to find a partner on acceptable terms or at all, or that any such partner will be successful in its efforts. If Nabi succeeds in bringing one or more products to market, it will compete with many other companies that may have extensive and well-funded marketing and sales operations. The failure of Nabi to successfully market new pharmaceutical products or the loss of exclusive rights to market WinRho SDF(TM) or Autoplex(R)T could have a material adverse effect on Nabi's business, financial condition and results of operations.

UNCERTAINTY OF MARKET ACCEPTANCE

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

FACTORS AFFECTING ANTIBODY PRODUCTS SUPPLY AND DEMAND

In response to continuing concerns over the safety of blood-derived products, the FDA began to step up inspections and citations of manufacturers of blood and plasma products in 1996 and 1997. The FDA maintained that this industry had not paid sufficient attention to Good Manufacturing Practices and should address deficiencies. Several of these manufacturers received serious citations and some entered into consent decrees with the FDA that involved temporary closures of facilities or cutbacks in production. These FDA actions caused several manufacturers of blood-derived products, most of whom are customers of Nabi, to reduce their need for non-specific and specific antibodies provided by Nabi. This reduced demand for non-specific and specific antibodies on the part of these manufacturers has resulted in a temporary reduction of Nabi's sales of these products.

In 1997, the establishment of Team Biologics by the FDA ushered in a new era of more stringent controls and regulation affecting the collectors of human antibody products. Increased regulatory and quality

assurance personnel were required to ensure compliance with the new regulations. Implementation of more sophisticated information technology systems, as well as more thorough and sensitive testing of both donors and of plasma also became necessary. These changes resulted in increased cost to Nabi in providing non-specific and specialty antibodies to its customers.

Concern over the safety of antibody products has resulted in the adoption of more rigorous screening procedures by regulatory authorities and manufacturers of antibody products. These procedures, which include a more extensive investigation into a donor's background and new tests, have disqualified numerous potential donors and discouraged other donors who may be reluctant to undergo the screening procedures. In addition, Nabi's efforts to increase production to meet demand has resulted in higher costs to attract and retain donors during a period of low unemployment in the United States.

The worldwide supply of plasma has fluctuated historically. Future changes in government regulation relating to the collection and use of antibodies, its fractionation or any negative public perception about the antibody collection process or the safety of products derived from blood or plasma could further adversely affect the overall supply of or demand for antibodies. Fluctuations in the demand for or supply of antibody products could have a material adverse effect on Nabi's business, financial condition and results of operations.

GOVERNMENT REGULATION; UNCERTAINTY OF REGULATORY APPROVALS

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

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

Nabi's United States antibody collection, storage, labeling and distribution activities also are subject to strict regulation and licensing by the FDA. Nabi's collection centers in the United States are subject to periodic inspection by the FDA, and from time to time Nabi receives notices of deficiencies from the FDA

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

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

DEPENDENCE UPON THIRD PARTIES TO MANUFACTURE PRODUCTS

Nabi does not currently manufacture any of the pharmaceutical products which it markets and is dependent upon third parties to manufacture these products for Nabi. The failure by Nabi's manufacturers to meet Nabi's needs for these products or delays in the receipt of deliveries could have a material adverse effect on Nabi's business, financial condition and results of operations. Nabi has constructed a biopharmaceutical manufacturing facility that is designed to allow Nabi to manufacture, formulate and package pharmaceutical products. Nabi has validated this facility and is completing the required clinical trials for licensure by the FDA. Nabi anticipates that the facility will be able to produce Nabi-HB(TM) for commercial sale til 2001 and Autoplex(R)T thereafter. Moreover, manufacturing products at a single site may present risks if a disaster (such as a fire or hurricane) causes interruption of manufacturing capability. In such an event, Nabi will have to resort to alternative sources of manufacturing that could increase its costs as well as result in significant delays while required regulatory approvals are obtained. Any such delays or increased costs could have a material adverse effect on Nabi's business, financial condition and results of operations.

LIMITED MANUFACTURING CAPABILITY AND EXPERIENCE

Nabi has completed construction of a new biopharmaceutical manufacturing facility and related processes in Boca Raton, Florida. Nabi anticipates completion of all requisite clinical studies and documentation by the end of 1999 and filing for approval of FDA licensure for this facility subsequently thereafter. No assurance can be given that Nabi will be able to obtain such licensure and failure to obtain such licensure on a timely basis or at all would have a material adverse effect on business, financial condition and results of operations. The new facility is designed to process specialty antibodies into pharmaceutical products. However, Nabi has not previously owned or operated such a facility and has no direct experience in commercial, large-scale manufacturing of pharmaceutical products. There can be no assurance that when FDA licensure is received, Nabi will have product to manufacture so that the facility can be operated efficiently and profitably. The failure of Nabi to successfully operate its new manufacturing facility would have a material adverse effect on Nabi's business, financial condition and results of operations.

POTENTIAL ADVERSE EFFECT OF LITIGATION

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

RISK OF PRODUCT LIABILITY; LIMITED INSURANCE

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

DEPENDENCE ON STRATEGIC ALLIANCES

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

UNCERTAINTY OF LEGAL PROTECTION AFFORDED BY PATENTS AND PROPRIETARY RIGHTS

The patent positions of biotechnology firms generally are highly uncertain and involve complex legal and factual questions. There can be no assurance that existing patent applications will mature into issued patents, that Nabi will be able to obtain additional licenses to patents of others or that Nabi will be able

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

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

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

UNCERTAINTY OF ORPHAN DRUG DESIGNATION

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

INTENSE COMPETITION; UNCERTAINTY OF TECHNOLOGICAL CHANGE

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

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

DEPENDENCE ON SMALL NUMBER OF CUSTOMERS FOR SIGNIFICANT ANTIBODY PRODUCT SALES

During the 1998, 1997 and 1996 fiscal years, antibody product sales to customers purchasing more than 10% of Nabi's consolidated sales (which did not exceed three customers in any such period), accounted for approximately 37%, 41% and 45%, respectively, of Nabi's consolidated sales for each period. The loss of any major customer or a material reduction in a major customer's purchases of antibodies could have a material adverse effect upon Nabi's business, financial condition and results of operations.

UNCERTAINTY OF PRODUCT PRICING AND REIMBURSEMENT

Nabi's ability to commercialize its pharmaceutical products and related treatments will be dependent in part upon the availability of, and Nabi's ability to obtain, adequate levels of reimbursement from government health administration authorities, private healthcare insurers and other organizations. Significant uncertainty exists as to the reimbursement status of newly approved healthcare products, and there can be no assurance that adequate third-party coverage will be available, if at all. Inadequate levels of reimbursement may prohibit Nabi from maintaining price levels sufficient for realization of an adequate return on its investment in developing new pharmaceutical products and could result in the termination of production of otherwise commercially viable products. Government and other third-party payers are increasingly attempting to contain healthcare costs by limiting both the coverage and level of reimbursement for new products approved for marketing by the FDA and by refusing, in some cases, to

provide any coverage for disease indications for which the FDA has not granted marketing approval. Also, the trend towards managed healthcare in the United States and the concurrent growth of organizations such as HMOs, which could control or significantly influence the purchase of healthcare services and products, as well as legislative proposals to reform healthcare or reduce government insurance programs, may all result in lower prices for Nabi's products. The cost containment measures that healthcare providers are instituting and the impact of any healthcare reform could have an adverse effect on Nabi's ability to sell its products and may have a material adverse effect on Nabi's business, financial condition and results of operations.

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

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

YEAR 2000

Nabi continues to assess the potential impact of the Year 2000 computer processing issue on its management and information systems. Key financial and operational systems have been evaluated for Year 2000 compliance. During 1998, a cross-functional team was established to identify and address Year 2000 issues for other information systems, equipment, other business systems and external supplier and customer relationships.

Nabi has completed its initial assessment phase of addressing Year 2000 issues. The Company is currently testing systems and equipment, and is concurrently renovating or replacing any systems or equipment as needed. In addition, Nabi has initiated communications with key external suppliers and customers. Nabi's goal is to complete all significant required validation of changes to systems, equipment or processes and contingency planning by the end of the third quarter of 1999.

At this time, based on the work completed to date, Nabi believes that its software, equipment and other systems are Year 2000 compliant or that it will be able to renovate or replace, in a timely manner, any element, which if not Year 2000 compliant could be expected to have a significant, adverse effect on our ability to deliver products and services. However, no assurance can be given that the Company's efforts will be successful. If they are not, the Company's operations or financial condition may be materially and adversely affected.

ITEM 2. PROPERTIES

A majority of the space occupied by Nabi is primarily used to collect antibody products, and is leased from non-affiliates under leases expiring through 2010. A majority of these leases contain renewal options that permit Nabi to renew the leases for varying periods up to five years at the then fair rental value. Nabi believes that in the normal course of its business it will be able to renew or replace its existing leases. Nabi also owns four collection facilities located in Arizona, Indiana, Minnesota and Washington. Nabi's collection centers range in size from approximately 2,000 to 20,000 square feet.

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

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

ITEM 3. LEGAL PROCEEDINGS

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

In addition, Nabi is a co-defendant with various other parties in several suits filed in the U.S. by, or on behalf of, individuals who claim to have been infected with HIV as a result of either using HIV-contaminated products made by the defendants other than Nabi or having familial relations with those so infected. The claims against Nabi are based on negligence and strict liability. Several similar suits previously pending against Nabi, including a purported class action, have been dismissed.

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

ITEM 3A. EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of Nabi are as follows:

NAME	AGE	POSITION
DAVID J. GURY	60	Chairman of the Board, President and Chief Executive Officer
BRUCE K. FARLEY	48	Senior Vice President, Manufacturing Operations
THOMAS H. MCLAIN	41	Senior Vice President, Corporate Services and Chief Financial Officer
DAVID D. MUTH	45	Senior Vice President, Business Operations
ROBERT B. NASO, PH.D.	54	Senior Vice President, Quality Regulatory and Product Development
LORRAINE M. BREECE	46	Senior Director of Finance and Chief Accounting Officer

DAVID J. GURY has served as Nabi's Chairman of the Board, President and Chief Executive Officer since April 3, 1992. Previously, since May 21, 1984, he was Nabi's President and Chief Operating Officer. He has been a director of Nabi since 1984.

BRUCE K. FARLEY has served as Senior Vice President, Manufacturing Operations since February 1999, when he joined Nabi. Previously, Mr. Farley was Executive Vice President and Chief Operating Officer of Meris Laboratories, where he led the Company through a strategic reorganization and sale. From 1983 to 1996, he was employed by Laboratory Corporation of America (formerly National Health Laboratories) in numerous positions of increasing general management and operational responsibility as Vice President, Divisional Manager Northwest (Seattle), Vice President, Chief Operating Officer, Esoteric and Drugs of Abuse Testing (Nashville), Divisional Manager, California (San Diego), and Regional Manager (Houston).

THOMAS H. MCLAIN has served as Senior Vice President, Corporate Services and Chief Financial Officer of Nabi since June 1998. Previously, from 1988 to 1998, Mr. McLain was employed by Bausch & Lomb, Inc. where, as Staff Vice President, Business Process Reengineering, he led a cross functional team to restructure the global finance and purchasing organizations.He also held various positions of increasing responsibility in finance at Bausch & Lomb, including Staff Vice President, Accounting and Reporting and Assistant Corporate Controller.

DAVID D. MUTH has served as Senior Vice President of Business Operations since March 1998. Since November 1996, he was Senior Vice President of Sales, Marketing and Business Development and responsible for growing Nabi's pharmaceutical business. Mr. Muth joined Nabi in August 1996 as the Senior Vice President of Business Development. Previously, he was Senior Vice President of Business Development at Duramed Pharmaceuticals, Inc. from February 1995 to May 1996. From 1978 to 1995, Mr. Muth was employed at Johnson and Johnson where he held numerous positions of increasing responsibility in Business Development, Sales, Marketing, New Product Development and Finance at the Corporate Headquarters in New Brunswick, New Jersey, at Ethicon Inc. in Sommerville, New Jersey and at Ortho McNeal Pharmaceuticals in Raritan, New Jersey.

ROBERT B. NASO, PH.D.has served as Senior Vice President Quality, Regulatory and Product Development, since August 1998. He joined Nabi in November 1995 as Senior Vice President, Research and Development and General Manager, Rockville Operations. Previously, he was Vice President of Research at Univax Biologics, Inc. beginning in May 1992, and became Vice President of Research and Development in October 1994. From 1983 to 1992, Dr. Naso was employed at Johnson and Johnson where he held various positions of increasing responsibility in research and development.

LORRAINE M. BREECE has served as Senior Director of Finance and Chief Accounting Officer since April 1991.

PART II

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

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

	HIGH	LOW
1998		
First Quarter	4 7/8	2 5/8
Second Quarter	4 1/2	2 21/32
Third Quarter	3 3/4	1 7/8
Fourth Quarter	3 7/16	1
1997		
First Quarter	12 3/8	6 13/16
Second Quarter	7 1/2	5 15/16
Third Quarter	8 3/16	5 7/16
Fourth Quarter	7 5/8	3 5/16

The number of record holders of Nabi's common stock at December 31, 1998 was 1,501.

No cash dividends have been previously paid on Nabi's common stock and none are anticipated in 1999. Nabi's credit agreement also restricts dividend payments.

ITEM 6. SELECTED FINANCIAL DATA - FIVE YEARS ENDED DECEMBER 31, 1998

The following table sets forth selected consolidated financial data for Nabi for the five years ended December 31, 1998 that were derived from Nabi's consolidated financial statements, which have been audited by PricewaterhouseCoopers LLP, independent accountants. On November 29, 1995, Univax, a publicly traded biopharmaceutical Company, was merged with and into Nabi in a tax-free, stock-for-stock transaction. The Merger was accounted for as a pooling of interests and accordingly, all prior period financial information has been combined.

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

	Year Ended December 31,				
	1998	1997	1996	1995	1994
STATEMENT OF OPERATIONS DATA:					
Sales	$ 243,087	$ 228,744	$ 239,909	$ 195,928	$ 164,426
Cost of products sold	178,366	180,533	181,914	152,148	131,192
Gross profit	64,721	48,211	57,995	43,780	33,234
Selling, general and administrative expense	31,151	25,012	21,095	26,816	16,467
Research and development expense	21,822	19,126	16,721	20,132	17,599
Royalty expense	10,946	6,617	5,253	3,490	1,426
Other operating expense	2,169	3,087	3,757	3,015	2,234
Non-recurring charges	14,605	5,680	--	--	--
Operating income (loss)	(15,972)	(11,311)	11,169	(9,673)	(4,492)
Interest income	48	272	1,275	1,064	354
Interest expense	(5,681)	(4,712)	(3,987)	(1,931)	(3,254)
Other, net	(105)	(70)	(511)	(334)	(28)
Income (loss) before benefit (provision) for income taxes and extraordinary charge	(21,710)	(15,821)	7,946	(10,874)	(7,420)
Benefit (provision) for income taxes	(47)	4,668	6,214	(6,687)	(5,774)
Income (loss) before extraordinary charge	(21,757)	(11,153)	14,160	(17,561)	(13,194)
Extraordinary charge	--	--	(932)	--	(717)
Net income (loss)	$ (21,757)	$ (11,153)	$ 13,228	$ (17,561)	$ (13,911)
Basic earnings (loss) per share:					
Income (loss) before extraordinary charge	$ (0.62)	$ (0.32)	$ 0.41	$ (0.52)	$ (0.47)
Extraordinary charge	--	--	(0.03)	--	(0.03)
Net income (loss)	$ (0.62)	$ (0.32)	$ 0.38	$ (0.52)	$ (0.50)
Diluted earnings (loss) per share:					
Income (loss) before extraordinary charge	$ (0.62)	$ (0.32)	$ 0.40	$ (0.52)	$ (0.47)
Extraordinary charge	--	--	(0.03)	--	(0.03)
Net income (loss)	$ (0.62)	$ (0.32)	$ 0.37	$ (0.52)	$ (0.50)
BALANCE SHEET DATA:					
Working capital	$ 39,720	$ 63,933	$ 63,630	$ 14,690	$ 52,208
Total assets	218,300	225,906	202,142	137,975	132,089
Notes payable, including current maturities	118,044	121,081	83,465	42,894	27,557
Total stockholders' equity	54,189	75,663	86,061	69,442	85,319

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

The following discussion and analysis of Nabi's financial condition and results of operations for the three years ended December 31, 1998 should be read in conjunction with the Consolidated Financial Statements and Notes thereto and with the information contained under "Factors to be Considered" in Item 1.

RESULTS OF OPERATIONS

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

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Sales	100.0%	100.0%	100.0%
Cost of products sold	73.4	78.9	75.8
Gross profit margin	26.6	21.1	24.2
Selling, general and administrative expense	12.8	10.9	8.8
Research and development expense	9.0	8.4	7.0
Royalty expense	4.5	2.9	2.2
Other operating expense	0.9	1.3	1.6
Non-recurring charges	6.0	2.5	--
Operating income (loss)	(6.6)	(4.9)	4.6
Interest income	--	--	0.5
Interest expense	(2.3)	(2.0)	(1.6)
Other, net	--	--	(0.2)
Income (loss) before benefit (provision) for income taxes and extraordinary charge	(8.9)	(6.9)	3.3
Benefit (provision) for income taxes	--	2.0	2.6
Extraordinary charge	--	--	(0.4)
Net income (loss)	(8.9)%	(4.9)%	5.5%

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

	YEAR ENDED DECEMBER 31,					
SEGMENT	1998		1997		1996	
Antibody Products:						
- Non-specific antibodies	$133,141	54.8%	$135,331	59.2%	$ 121,025	50.5%
- Specialty antibodies	54,963	22.6	58,943	25.8	92,479	38.5
	188,104	77.4	194,274	85.0	213,504	89.0
Pharmaceutical Products	54,983	22.6	34,470	15.0	26,405	11.0
TOTAL	$243,087	100.0%	$228,744	100.0%	$ 239,909	100.0%

1998 AS COMPARED TO 1997

SALES. Sales for 1998 increased by $14.3 million, or 6%, to $243.1 million compared to $228.7 million for 1997. The increase was primarily attributable to a substantial increase in pharmaceutical sales based on strong demand for WinRho SDF(TM) and Autoplex(R)T. Pharmaceutical sales in 1998 also included sales of H-BIG(R) during the first three fiscal quarters until Nabi essentially exhausted its inventory of this product. Nabi's successor product, Nabi-HB(TM), was launched immediately after the announcement of FDA approval, on March 25, 1999. This significant improvement in pharmaceutical sales was offset by an overall 3% decline in antibody product (plasma) sales. Certain high-margin specialty antibody sales increased during 1998, such as anti-D and hepatitis B, but these revenue gains were more than offset by decreased market demand for other lower margin specialty antibody products. While non-specific antibody (source plasma) shipments increased in 1998, sales declined due to lower pricing under contracts which were negotiated in late 1997 when there was a general disruption in the plasma industry. Antibody product revenues also benefited from a short-term opportunity to provide laboratory testing services for a plasma fractionator during 1998.

GROSS PROFIT MARGIN. Gross profit and related margin for 1998 was $64.7 million or 26.6%, compared to $48.2 million or 21.1% in 1997. The significant improvement in the gross profit margin resulted from increased contribution from sales of high-margin pharmaceutical products and certain high-margin specialty antibodies, offset by the effects of reduced margins earned on non-specific antibody sales. Gross profits and related margins on antibody product sales were adversely impacted by several factors in 1998: lower contract prices for non-specific antibodies, higher fees paid to donors to increase production to meet demand, higher costs to meet new regulatory and quality requirements and underabsorption of fixed overhead as a result of reduced production levels. The impact of these factors was partially offset by a reduction in certain expenses associated with process improvement initiatives within antibody operations.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE. Selling, general and administrative expense was $31.2 million or 12.8% of sales in 1998, compared to $25.0 million or 10.9% of sales in 1997. The increase was primarily attributable to the expansion of the Company's sales force and promotional activity expenses associated with increasing pharmaceutical product sales. In addition, incremental expenditures were incurred in 1998 associated with ongoing support of new information systems that were implemented enterprise wide in mid 1997.

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expense was $21.8 million or 9% of sales in 1998, compared to $19.1 million or 8.4% of sales in 1997. The increase in expenses relates primarily to the higher costs associated with the advancement of clinical trials for Nabi-HB(TM), Nabi-StaphVAX(TM) and Nabi-Altastaph(TM)

ROYALTY EXPENSE. Royalty expense was $10.9 million, or 4.5% of sales in 1998, compared to $6.6 million, or 2.9% of sales in 1997. This increase in expense is attributable to higher sales of pharmaceutical products.

NON-RECURRING CHARGES. Results for 1998 include approximately $14.6 million of non-recurring charges. The 1998 charges were comprised of certain restructuring costs ($13.0 million) and costs relating to litigation ($1.6 million). During the fourth quarter of 1998, Nabi's management determined that certain restructuring initiatives were necessary to sharpen the Company's focus and to improve overall profitability and cash flow. As part of this process, management and the Board of Directors re-examined each of the Company's business segments with a view towards strategic optimization. While sales of antibody products were essentially flat year over year, there was considerable margin pressure in this segment of the Company's overall business. To address this problem, the Company decided to pursue a shift in its revenue mix towards higher margin specialty antibody products and streamline its production of non-specific antibodies. During 1999, certain antibody collection centers in the United States and the

Company's four centers in Germany will be sold or closed. Unites States donors are expected to transfer to nearby Nabi centers or Nabi will seek to increase production at other lower-cost antibody collection facilities.

Nabi also determined its own product development spending needs to be focused on clinical trials and marketing programs for currently marketed and late development stage pharmaceutical products. The Company will actively pursue strategic alliances to support additional product development activities. As a result of these decisions, the Company will decrease its rate of internal spending on preclinical research activities in 1999 and reduced staff accordingly at its Rockville, Maryland facility in February 1999. Also included in the restructuring charge is the write-off of the Company's vaccine pilot plant in Maryland.

The additional non-recurring charge of $1.6 million relates to management's estimate of the Company's costs incurred in connection with its ongoing litigation with the general contractor for the Boca Raton, Florida manufacturing facility. This litigation was initiated by Nabi.

INTEREST AND OTHER EXPENSE, NET. Interest and other expense, net for 1998 was $5.7 million, compared to $4.5 million in 1997. The increase was primarily attributable to higher average outstanding borrowings as compared to 1997. Capitalized interest relating primarily to construction of Nabi's biopharmaceutical manufacturing facility in Boca Raton, Florida during 1998 was approximately $3.8 million as compared to $2.4 million during 1997.

OTHER FACTORS. The provision for income taxes was $47,000 for 1998, compared to a benefit of $4.7 million in 1997. The benefit for 1997 relates to the refund of income taxes previously paid on taxable income in prior years. The effective tax rate differs from the statutory rate of 35% due primarily to the establishment of a valuation allowance for net operating loss carryforwards generated in 1998.

1997 AS COMPARED TO 1996

SALES. Sales for 1997 were $228.7 million compared to $239.9 million for 1996. Overall, revenues for the year were adversely affected by a 9.0% decline in antibody sales attributable to several factors, notably the general disruption in the industry caused by regulatory problems experienced by the major plasma processors and a shift in demand from certain specialty antibodies to non-specific antibodies. While the industry disruption had not impacted the continued strong demand for products produced from non-specific antibodies, it had led to decreased fractionation capacity, a decreased ability to process raw plasma and an increase of plasma inventories in 1997. The decline in antibody revenue was partially offset by a 31% increase in pharmaceutical product revenues over the prior year largely due to an increased demand for WinRho SDF(TM) and sales of Autoplex(R)T, a product which was acquired from Baxter in May 1997.

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

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

RESEARCH AND DEVELOPMENT EXPENSE. Research and development expense was $19.1 million or 8.4% of sales in 1997, compared to $16.7 million or 7.0% of sales in 1996. The increase in expenses relates primarily to the cost of clinical studies associated with the development of Nabi-HB(TM), Nabi-StaphVAX(TM) and Nabi-Altastaph(TM).

ROYALTY EXPENSE. Royalty expense was $6.6 million, or 2.9% of sales in 1997, compared to $5.3 million, or 2.2% of sales in 1996. This increase in expense is attributable to higher sales of pharmaceutical products.

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

INTEREST AND OTHER EXPENSE, NET. Interest and other expense, net for 1997 was $4.5 million, compared to $3.2 million in 1996. The increase was primarily attributable to higher average outstanding borrowings and lower average outstanding investments as compared to 1996. Capitalized interest relating primarily to construction of Nabi's biopharmaceutical manufacturing plant in Boca Raton, Florida during 1997 was approximately $2.4 million as compared to $1.8 million during 1996.

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

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

LIQUIDITY AND CAPITAL RESOURCES

On March 1, 1999, Nabi amended its credit agreement to allow for retroactive application as of December 31, 1998. The amendment provided for the waiver of existing defaults of the financial covenants at the end of the year, the amendment of certain financial covenants and the extension of the Company's $5 million term loan for twelve months to March 31, 2000. Borrowings under the revolving credit and term loan agreement were $37.5 million and additional availability was approximately $7.6 million at December 31, 1998. The credit agreement is secured by substantially all of Nabi's assets, requires the maintenance of certain financial covenants and prohibits the payment of dividends.

As of December 31, 1998, Nabi's current assets exceeded current liabilities by $39.7 million as compared to a net working capital position of $63.9 million at December 31, 1997. Cash and cash equivalents at December 31, 1998 were $1 million compared to $3.4 million at December 31, 1997. The primary source of cash during 1998 was from operations, including reductions in inventories and the collection of significant refunds of income taxes. Net cash provided by operating activities was $18.2 million representing an improvement of $43.8 million from the prior year. The primary uses of cash were capital expenditures primarily associated with the Company's manufacturing facility in Boca Raton, Florida.

Projected capital expenditures for 1999 consist of costs associated with the Boca Raton manufacturing facility including capitalized interest, development of information systems (with Year 2000 expenditures prioritized over other systems development expenditures) and antibody collection center renovations. Nabi believes that cash flow from operations and its available bank credit facilities will be sufficient to meet its anticipated cash requirements for the remainder of 1999. It is Nabi's objective to generate positive cash flow in the future and reduce debt through the repayment of borrowings under its revolving credit agreement or through possible repurchases under its 6.5% Convertible Subordinated Notes. The Company is also in the process of seeking additional cash to fund the development of its pharmaceutical product pipeline from strategic alliances and additional funding from new or existing credit facilities.

YEAR 2000

During 1997, the Company implemented a current version of SAP software. This system is used for most computer processing related to purchasing, accounts payable, invoicing, accounts receivable, inventory, fixed assets and financial reporting. The vendor of this software has advised Nabi that it has provided Nabi with the appropriate updates for the system to be Year 2000 compliant. In addition, Nabi is in the process of updating donor management systems in approximately one-fifth of the Company's antibody collection centers which are not currently Year 2000 compliant.

During the third quarter of 1998, Nabi established a cross-functional team to coordinate the Company's efforts in addressing Year 2000 issues beyond SAP and the donor management systems. These efforts are focused in four major areas: other information systems, equipment, other business systems and external supplier and customer relationships.

The Company's program to address Year 2000 preparedness has four overlapping phases: (1) the identification and assessment of business critical systems, equipment and business relationships, (2) the testing of Year 2000 readiness for internal systems and equipment and the inquiry/audit of Year 2000 readiness for external suppliers and customers, (3) the renovation or replacement of systems, equipment or business relationships that will not be Year 2000 compliant, including re-testing as required, and finally, (4) contingency planning to mitigate the potential effect of issues which may be so deeply embedded in systems, equipment and processes that they are beyond the Company's ability to identify and control.

Nabi has completed its initial assessment phase of addressing the Year 2000 issue. The Company is currently testing systems and equipment, and is concurrently renovating or replacing any systems or equipment as needed. In addition, Nabi has initiated communications with its key customers and critical suppliers and is currently in the process of assessing the responses being received. Nabi's goal is to complete all significant required validation of changes to systems, equipment or processes and contingency planning by the end of the third quarter of 1999.

The Company will utilize both internal and external resources in its Year 2000 efforts. The additional cost to achieve Year 2000 compliance is currently estimated at $3 to $5 million dollars, including expense and capital expenditures, not all of which are incremental to the Company's operations. These expenditures will primarily be incurred during 1999 and will be funded by a combination of operating cash flows, bank credit facilities, and operating lease agreements. Approximately 25% of Nabi's 1999 information technology planned expenditures will be directly attributable to Year 2000 remediation efforts.

The Company's efforts in these areas are ongoing. As of March 1999, based on the work completed to date, Nabi believes that its software, equipment and other systems are Year 2000 compliant or that it will be able to renovate or replace, in a timely manner, any element, which if not Year 2000 compliant could be expected to have a significant, adverse effect on our ability to deliver products or services. However, there can be no assurance that the Company's efforts will be successful. If they are not, the Company's operations or financial condition may be materially and adversely affected.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information called for by this Item and not provided in Item 3A will be contained in Nabi's Proxy statement, which Nabi intends to file within 120 days following the end of Nabi's fiscal year ended December 31, 1998 and such information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information called for by this Item will be contained in Nabi's Proxy Statement which Nabi intends to file within 120 days following the end of Nabi's fiscal year ended December 31, 1998 and such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information called for by this Item will be contained in Nabi's Proxy Statement which Nabi intends to file within 120 days following the end of Nabi's fiscal year ended December 31, 1998 and such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information called for by this Item will be contained in Nabi's Proxy Statement which Nabi intends to file within 120 days following the end of Nabi's fiscal year ended December 31, 1998 and such information is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 30th day of March, 1999.

NABI

By: /s/ David J. Gury

DAVID J. GURY
Chairman of the Board, President and Chief Executive Officer

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

SIGNATURES	TITLE	DATE
/S/ DAVID J. GURY David J. Gury	Chairman of the Board, President, Chief Executive Officer	March 30, 1999
/S/ THOMAS H. MCLAIN Thomas H. McLain	Senior Vice President, Corporate Services and Chief Financial Officer	March 30, 1999
/S/ LORRAINE M. BREECE Lorraine M. Breece	Chief Accounting Officer, Senior Director of Finance	March 30, 1999
/S/ DAVID L. CASTALDI David L. Castaldi	Director	March 30, 1999
/S/ JOSEPH C. COOK, JR. Joseph C. Cook, Jr.	Director	March 30, 1999
/S/ BRIAN H. DOVEY Brian H. Dovey	Director	March 30, 1999
/S/ GEORGE W. EBRIGHT George W. Ebright	Director	March 30, 1999
/S/ RICHARD A. HARVEY, JR. Richard A. Harvey, Jr.	Director	March 30, 1999
/S/ LINDA JENCKES Linda Jenckes	Director	March 30, 1999
/S/ DAVID A. THOMPSON David A. Thompson	Director	March 30, 1999

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PART IV

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

(A) (1) FINANCIAL STATEMENTS

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

(A) (2) FINANCIAL STATEMENT SCHEDULES

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

(B) REPORTS ON FORM 8-K

None.

REPORT OF MANAGEMENT

The following consolidated financial statements of Nabi were prepared by the Company's management, which is responsible for their reliability and objectivity. The statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Financial information elsewhere in this annual report is consistent with that in the consolidated financial statements.

Management is further responsible for maintaining a system of internal controls to provide reasonable assurance that Nabi's books and records reflect the transactions of the Company; that assets are safeguarded; and that management's established policies and procedures are followed. Management systematically reviews and modifies the system of internal controls to improve its effectiveness. The internal control system is augmented by the communication of accounting and business policies throughout the Company; the careful selection, training and development of qualified personnel; the delegation of authority and establishment of responsibilities.

Independent accountants are engaged to audit the consolidated financial statements of the Company and issue a report thereon. They have informed management and the audit committee of the Board of Directors that their audits were conducted in accordance with generally accepted auditing standards which require a review and evaluation of internal controls to determine the nature, timing and extent of audit testing. The Report Of Independent Certified Public Accountants is included in this report.

The recommendations of the independent accountants are reviewed by management. Control procedures have been implemented or revised as appropriate to respond to these recommendations. In management's opinion, as of December 31, 1998, the internal control system was functioning effectively and accomplished the objectives discussed herein.

/s/ David J. Gury David J. Gury	Chairman of the Board, President, Chief Executive Officer
/s/ Thomas H. McLain Thomas H. McLain	Senior Vice President, Corporate Services and Chief Financial Officer
/s/ Lorraine M. Breece Lorraine M. Breece	Chief Accounting Officer, Senior Director of Finance

NABI

REPORT OF THE AUDIT COMMITTEE

The audit committee of the Board of Directors, which held two meetings during 1998, is composed of three outside directors. The chair of the committee is David L. Castaldi. The other members are Joseph C. Cook and Linda Jenckes.

The audit committee meets with the Company's independent accountants and management to provide reasonable assurance that management fulfills its responsibilities in the preparation of the financial statements and in the maintenance of an effective system of internal controls. The audit committee reviews the performance and fees of the independent accountants, recommends their appointment and meets with them, without management present, to discuss the scope and results of their audit work. The independent accountants have full access to the audit committee.

/s/ David L. Castaldi
David L. Castaldi
Chair, Audit Committee

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
and Stockholders of
Nabi

In our opinion, the consolidated financial statements listed in the index appearing under Item 14 (a) (1) and (2) present fairly, in all material respects, the financial position of Nabi and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of Nabi's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP
PRICEWATERHOUSECOOPERS LLP
Miami, Florida
March 26, 1999

NABI
PART 1 FINANCIAL INFORMATION
ITEM 1 FINANCIAL STATEMENTS

Consolidated Balance Sheets

(Amounts in Thousands)	December 31, 1998	December 31, 1997
Assets		
Current assets:		
Cash and cash equivalents	$ 1,016	$ 3,397
Trade accounts receivable, net	40,029	36,060
Inventories, net	38,203	43,387
Prepaid expenses and other assets	6,227	16,128
Total current assets	85,475	98,972
Property and equipment, net	99,018	89,187
Other assets:		
Excess of acquisition cost over net assets acquired, net	16,165	17,123
Intangible assets, net	7,032	8,104
Other, net	10,610	12,520
Total assets	$ 218,300	$ 225,906
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 14,964	$ 15,989
Accrued expenses	30,710	17,396
Notes payable	81	1,654
Total current liabilities	45,755	35,039
Notes payable	117,963	114,828
Other	393	376
Total liabilities	164,111	150,243
Stockholders' equity:		
Convertible preferred stock, par value $.10 per share: 5,000 shares authorized; no shares outstanding	--	--
Common stock, par value $.10 per share: 75,000 shares authorized; 34,903 and 34,801 shares issued and outstanding, respectively	3,490	3,480
Capital in excess of par value	137,911	137,780
Accumulated deficit	(86,734)	(64,977)
Accumulated other comprehensive loss	(478)	(620)
Total stockholders' equity	54,189	75,663
Total liabilities and stockholders' equity	$ 218,300	$ 225,906

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

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Consolidated Statements of Operations

(Amounts In Thousands, Except Per Share Data)	For the Years Ended December 31, 1998	1997	1996
Sales	$ 243,087	$ 228,744	$ 239,909
Costs and expenses:			
Costs of products sold	178,366	180,533	181,914
Selling, general and administrative expense	31,151	25,012	21,095
Research and development expense	21,822	19,126	16,721
Royalty expense	10,946	6,617	5,253
Other operating expense, principally freight & amortization	2,169	3,087	3,757
Non-recurring charges	14,605	5,680	--
Operating income (loss)	(15,972)	(11,311)	11,169
Interest income	48	272	1,275
Interest expense	(5,681)	(4,712)	(3,987)
Other, net	(105)	(70)	(511)
Income (loss) before benefit (provision) for income taxes and extraordinary charge	(21,710)	(15,821)	7,946
Benefit (provision) for income taxes	(47)	4,668	6,214
Income (loss) before extraordinary charge	(21,757)	(11,153)	14,160
Extraordinary charge	--	--	(932)
Net income (loss)	$ (21,757)	$ (11,153)	$ 13,228
Basic earnings (loss) per share:			
Earnings (loss) before extraordinary charge	$ (0.62)	$ (0.32)	$ 0.41
Extraordinary charge	--	--	(0.03)
Net earnings (loss)	$ (0.62)	$ (0.32)	$ 0.38
Diluted earnings (loss) per share:			
Earnings (loss) before extraordinary charge	$ (0.62)	$ (0.32)	$ 0.40
Extraordinary charge	--	--	(0.03)
Net earnings (loss)	$ (0.62)	$ (0.32)	$ 0.37
Weighted average number of shares outstanding	34,885	34,737	34,387

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

NABI

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

(IN THOUSANDS)	COMMON STOCK SHARES	COMMON STOCK AMOUNT	COMMON STOCK WARRANTS SHARES	COMMON STOCK WARRANTS AMOUNT	CAPITAL IN EXCESS OF PAR VALUE	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	STOCKHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 1995	33,942	$ 3,394	109	$ --	$133,116	($67,052)	($ 16)	$69,442
Compensation related to restricted stock issued under employee stock plan	14	1	--	--	164	--	--	165
Stock options exercised	704	71	--	--	2,526	--	--	2,597
Tax benefit from stock options exercised	--	--	--	--	1,211	--	--	1,211
Acquisition and retirement of treasury stock	(50)	(5)	--	--	(495)	--	--	(500)
Warrants exercised	4	--	(9)	--	--	--	--	--
Net income for the year	--	--	--	--	--	13,228	--	13,228
Foreign currency translation adjustments	--	--	--	--	--	--	(86)	(86)
Other	--	--	--	--	3	--	--	3
BALANCE AT DECEMBER 31, 1996	34,614	3,461	100	--	136,525	(53,824)	(102)	86,060
Stock options exercised	185	19	--	--	427	--	--	446
Tax benefit from stock options exercised	--	--	--	--	477	--	--	477
Net loss for the year	--	--	--	--	--	(11,153)	--	(11,153)
Foreign currency translation adjustments	--	--	--	--	--	--	(518)	(518)
Other	2	--	--	--	351	--	--	351
BALANCE AT DECEMBER 31, 1997	34,801	3,480	100	--	137,780	(64,977)	(620)	75,663
Stock options exercised	97	10	--	--	105	--	--	115
Tax benefit from stock options exercised	--	--	--	--	5	--	--	5
Net loss for the year	--	--	--	--	--	(21,757)	--	(21,757)
Foreign currency translation adjustments	--	--	--	--	--	--	142	142
Other	5	--	--	--	21	--	--	21
BALANCE AT DECEMBER 31, 1998	34,903	$ 3,490	100	$ --	$137,911	($86,734)	($478)	$54,189

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

Consolidated Statements of Cash Flows

(Dollars in Thousands)	For The Years Ended December 31, 1998	1997	1996
Cash flow from operating activities:			
Net income (loss)	$(21,757)	$(11,153)	$ 13,228
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	11,502	9,856	7,883
Non-recurring charges	13,039	5,680	--
Deferred income taxes	--	2,503	(6,369)
Tax benefit from stock options exercised	5	477	1,211
Extraordinary charge	--	--	932
Compensation under employee stock plan	--	--	165
Other	459	1,179	916
Change in assets and liabilities:			
Decrease (increase) in trade accounts receivable	(3,949)	1,066	(10,589)
Decrease (increase) in inventories	5,184	(15,096)	(5,749)
Decrease (increase) in prepaid expenses and other assets	9,912	(12,259)	(1,396)
Decrease (increase) in other assets	1,298	(2,633)	(1,106)
Increase (decrease) in accounts payable and accrued liabilities	2,515	(5,246)	7,121
Total adjustments	39,965	(14,473)	(6,981)
Net cash provided (used) by operating activities	18,208	(25,626)	6,247
Cash flow from investing activities:			
Purchases of short-term investments	--	--	(18,190)
Proceeds from maturity of short-term investments	--	8,850	9,724
Capital expenditures	(18,931)	(36,367)	(23,085)
Net cash used by investing activities	(18,931)	(27,517)	(31,551)
Cash flow from financing activities:			
Net proceeds from issuance of convertible subordinated notes	--	--	77,884
Borrowing (repayments) under line of credit, net	(1,783)	34,246	(6,760)
Repayments of term debt	(261)	(614)	(28,933)
Borrowings under term debt	5,000	--	--
Other debt	(4,729)	3,949	(4,237)
Proceeds from the exercise of options	115	446	1,872
Net cash provided (used) by financing activities	(1,658)	38,027	39,826
Net increase (decrease) in cash and cash equivalents	(2,381)	(15,116)	14,522
Cash and cash equivalents at beginning of period	3,397	18,513	3,991
Cash and cash equivalents at end of period	$ 1,016	$ 3,397	$ 18,513
Supplemental cash flow information:			
Interest paid	$ 8,336	$ 6,295	$ 3,605
Income taxes paid (refunded), net	$ (7,645)	$ 350	$ (264)

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

NABI

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BUSINESS AND ORGANIZATION

Nabi is a fully integrated biopharmaceutical company that develops and commercializes pharmaceutical products for the prevention and treatment of infectious diseases and immunological disorders, and supplies antibody products (source and specialty plasma) to major healthcare companies.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

BASIS OF PRESENTATION: Certain items in the 1997 and 1996 consolidated financial statements have been reclassified for comparative purposes. All dollar amounts are expressed in thousands of dollars except amounts related to per share data.

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

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

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

EARNINGS PER SHARE: Basic earnings per share is determined based on the weighted average number of common shares outstanding during the year. Diluted earnings per share is determined based on the weighted average number of common shares and potentially dilutive securities outstanding during the year.

FINANCIAL INSTRUMENTS: The carrying amounts of financial instruments including cash and cash equivalents, short-term investments, accounts receivable, accounts payable and short-term debt approximated fair value as of December 31, 1998 and 1997, because of the relatively short maturity of these instruments.

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

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

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

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

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

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

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

STOCK-BASED COMPENSATION: In 1996, the Company adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", which establishes a fair value based method of accounting. Upon adoption, Nabi retained its intrinsic value method of accounting for stock-based compensation.

COMPREHENSIVE INCOME: Effective January 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income". As a result, certain balance sheet reclassifications were made to previously reported amounts to achieve the required presentation of comprehensive income. The Company's difference between net income and comprehensive income relates to the changes in foreign currency translation adjustments.

NOTE 3 RECENT ACCOUNTING PRONOUNCEMENTS

In April 1998, Statement of Position ("SOP") No. 98-5, "Reporting on the Costs of Start-Up Activities" was issued. This SOP requires that all start-up or pre-operating costs be expensed as incurred and is effective for fiscal years beginning after December 15, 1998. Adoption of this SOP did not have a material impact on the financial statements for Nabi for the year ending December 31, 1998.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", which is effective for fiscal years beginning after December 15, 1997. This statement requires disclosure of certain information about operating segments and geographic areas of operation. The Company adopted SFAS 131, in the fourth quarter of 1998. Disclosures required by this new statement are included in Note 20.

NOTE 4 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are comprised of the following:

	DECEMBER 31,	
	1998	1997
Trade accounts receivable	$40,250	$36,463
Allowance for doubtful accounts	(221)	(403)
TOTAL	$40,029	$36,060

NOTE 5 INVENTORIES

The components of inventories are as follows:

	DECEMBER 31,	
	1998	1997
Finished goods	$36,975	$40,029
Work in process	1,964	212
Raw materials	3,772	3,787
	42,711	44,028
Less reserves	(4,508)	(641)
TOTAL	$38,203	$43,387

Inventory reserves at December 31, 1998 increased substantially from the prior year. The principal increase was due to reserves for certain antibody product damaged in transit which was fully recovered under Nabi's insurance policy. The remaining increase related to conformance lots for Nabi-HB(TM) subject to potential outdating, and obsolescence of various antibody products.

NOTE 6 PREPAID EXPENSES AND OTHER ASSETS

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

	DECEMBER 31,	
	1998	1997
Federal and state income tax receivable	$182	$7,767
Other prepaid items	6,045	8,361
TOTAL	$6,227	$16,128

NOTE 7 PROPERTY AND EQUIPMENT

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

	DECEMBER 31,	
DOLLARS IN THOUSANDS	1998	1997
Information systems	$21,968	$19,066
Leasehold improvements	20,747	17,523
Machinery and equipment	18,075	16,882
Land and buildings	8,852	8,634
Furniture and fixtures	5,052	5,122
Construction in progress	56,297	46,776
Total property and equipment	130,991	114,003
Less accumulated depreciation and amortization	(31,973)	(24,816)
TOTAL	$99,018	$89,187

Construction in progress consists primarily of costs incurred in connection with construction of Nabi's biopharmaceutical manufacturing facility in Boca Raton, Florida and includes deferred validation costs of $16,268 and $9,370 at December 31, 1998 and 1997, respectively. Capitalized interest associated with the pharmaceutical facility and system development projects was approximately $8,902 and $5,149 at December 31, 1998 and 1997, respectively.

The pharmaceutical facility requires FDA licensure to produce pharmaceutical products for sale in the U.S. The anticipated costs of completion to prepare the facility for its intended use are estimated to be approximately $14,000 and $15,000 in 1999 and 2000, respectively.

Machinery and equipment includes certain assets which have been accounted for as capital leases with a net book value of $169 and $421 at December 31, 1998 and 1997, respectively.

Depreciation and amortization expense during 1998, 1997 and 1996 includes amortization of assets under capital leases of approximately $191, $447 and $743, respectively.

NOTE 8 OTHER ASSETS

Other assets consist of the following:

DOLLARS IN THOUSANDS	DECEMBER 31, 1998	1997
Excess of acquisition cost over net assets acquired	$21,442	$21,396
Less accumulated amortization	(5,277)	(4,273)
	$16,165	$17,123
Intangible assets	$12,601	$12,576
Less accumulated amortization	(5,569)	(4,472)
	$7,032	$8,104
Other	$12,631	$13,894
Less accumulated amortization	(2,021)	(1,374)
TOTAL	$10,610	$12,520

NOTE 9 ACCRUED EXPENSES

Accrued expenses consist of the following:

DOLLARS IN THOUSANDS	DECEMBER 31, 1998	1997
Employee compensation and benefits	$5,682	$ 5,127
Accrued royalties and product costs	3,422	3,741
Accrued interest	2,424	2,389
Accrued restructuring costs	13,214	1,365
Other	5,968	4,774
TOTAL	$30,710	$17,396

NOTE 10 NOTES PAYABLE

Notes payable consist of the following:

DOLLARS IN THOUSANDS	DECEMBER 31, 1998	1997
Bank indebtedness:		
Revolving credit facility	$32,463	$34,246
Term debt	5,000	--
	37,463	34,246
6.5% Convertible Subordinated Notes	80,500	80,500
Equipment term notes	81	343
Other	--	1,393
Total notes payable	118,044	116,482
Current maturities	(81)	(1,654)
Notes payable, long-term	$117,963	$114,828

At December 31, 1998, the annual aggregate maturities of debt through the year 2003 and thereafter were $81; $5,000; $0; $32,463; $80,500; and $0.

At December 31, 1998, Nabi's credit agreement provided for a $45,000 revolving credit facility subject to certain borrowing base restrictions as defined in the agreement which matures in September 2002. Availability under the new facility was approximately $7,600 at December 31, 1998. As of the same date, Nabi was not in compliance with certain financial covenants. On March 1, 1999, Nabi amended its credit agreement to allow for retroactive application as of December 31, 1998. The amendment provided for the waiver of existing defaults of the financial covenants at the end of the year, the amendment of certain financial covenants and the extension of the $5,000 term loan to March 2000. Nabi currently believes that it can comply with the amended covenants during 1999 and the remaining term of the credit agreement. This credit agreement is secured by substantially all assets, including a mortgage on the manufacturing facility, and contains covenants prohibiting dividend payments and requiring the maintenance of certain financial covenants.

Equipment term notes outstanding at December 31,1998 have a weighted-average interest rate of 5.39%, are payable in installments through 1999 and are secured by equipment having a net book value of approximately $169 at December 31, 1998.

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

At December 31, 1998, the fair value of Nabi's 6.5% Convertible Subordinated Notes was approximately $50,011. The fair value was estimated using an independently quoted market price. The carrying value of all other long-term notes payable approximated fair value based upon quoted market prices for the same or similar debt issues.

NOTE 11 STOCKHOLDERS' EQUITY

WARRANTS

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

STOCK OPTIONS

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

During May 1995, the stockholders of Nabi adopted the Stock Plan for Non-Employee Directors (the "Directors Plan"). Nabi has granted options under the Director's Plan to certain directors entitling them to purchase shares of Nabi common stock within five years, vesting at six months after the date of grant and at an option price equal to the fair market value of the underlying common stock at the date of grant.

At December 31, 1998, there were options outstanding under all Nabi's stock plans to acquire 5.0 million shares of its common stock of which 2.3 million were then exercisable. As of the same date, 3.4 million shares of common stock are reserved for future issuance under the plans. Stock options granted and outstanding under these plans as of December 31, 1998 is presented below:

STOCK OPTION ACTIVITY

	OPTIONS (In Thousands)	EXERCISE PRICE
BALANCE AT DECEMBER 31, 1995	3,054	$.19 - $12.97
Granted	975	$8.63 - $13.75
Exercised or canceled	(912)	$.19 - $3.75
BALANCE AT DECEMBER 31, 1996	3,117	$.19 - $13.75
Granted	1,001	$4.25 - $11.13
Exercised or canceled	(345)	$1.03 - $13.75
BALANCE AT DECEMBER 31, 1997	3,773	$.19 - $13.75
Granted	1,959	$2.63 - $4.06
Exercised or canceled	(741)	$.19 - $13.75
BALANCE AT DECEMBER 31, 1998	4,991	$.19 - $13.75

STOCK OPTIONS OUTSTANDING

	OUTSTANDING			EXERCISABLE	
EXERCISE PRICE RANGE	Options (In Thousands)	Average Years Remaining	Average Exercise Price	Options (In Thousands)	Average Exercise Price
$0.19 - $4.25	2,190	8.0	$3.29	541	$3.05
$5.06 - $7.59	1,095	5.5	6.76	988	6.76
$8.39 - $11.125	946	7.5	10.74	386	10.37
$12.97 - $13.75	760	6.9	13.73	424	13.71
TOTAL	4,991	7.0	$8.63	2,339	$8.47

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

	1998	1997	1996
Net income (loss)	$(25,779)	$(12,658)	$12,230
Basic earnings (loss) per share	$(0.74)	$(0.36)	$0.36
Diluted earnings (loss) per share	$(0.74)	$(0.36)	$0.35

The estimated fair value of each option grant is estimated using the Black-Scholes option-pricing model with the following ranges of assumptions: expected term of two to five years; expected volatility of 57% - 93%; and risk-free interest rates of 4% - 8%. The weighted-average estimated fair value of options granted during 1998, 1997 and 1996 was $2.32, $6.48 and $5.93, respectively.

NOTE 12 COMPREHENSIVE INCOME

Effective January 1, 1998, Nabi adopted SFAS 130 which establishes new rules for the reporting of comprehensive income.

The components of comprehensive income for the years ended December 31, 1998, 1997 and 1996 are as follows:

	FOR THE YEARS ENDED DECEMBER 31,		
AMOUNTS IN THOUSANDS	1998	1997	1996
Net income (loss)	$(21,757)	$(11,153)	$13,228
Foreign currency translation adjustments	142	(518)	(86)
Comprehensive Income	$(21,615)	$(11,671)	$13,142

NOTE 13 NON-RECURRING CHARGES

In December 1998, the Board of Directors approved a plan to sell or close certain antibody collection centers, including the Company's German operations. In addition, the Board approved actions to reduce product development activities at the Company's Rockville, Maryland facility. Nabi will primarily focus its ongoing research and development efforts on support for products which are currently marketed or in later stages of development. Nabi is actively seeking corporate and government partners to fund further development of the remaining products in its research and development pipeline.

In connection with the plan, Nabi recorded a net restructuring charge of $13,164 in the fourth quarter of 1998. The restructuring charge is comprised of $2,529 in termination benefits resulting from the elimination of 103 positions within the antibody operations and 36 positions in Rockville; $3,682 for non-cancelable lease obligations; $5,058 for write-downs of leasehold improvements, equipment and furniture and fixtures, of which $4,797 is non-cash; and $967 in non-cash write-downs of intangible assets. The write-downs are based upon management's assessment of fair value. Nabi anticipates completion of the plan during 1999.

A summary of the Company's restructuring activity for 1997 and 1998 is presented below:

AMOUNTS IN THOUSANDS	
BALANCE AT DECEMBER 31, 1996	$ --
ACTIVITY DURING 1997:	
Restructuring accrual associated with the disposition of antibody centers	1,800
Termination benefit payments	(9)
Non-cancelable lease obligation payments and other cash outflows	(52)
Non-cash write downs of fixed and intangible assets	(283)
Change in estimated restructuring charge	(91)
BALANCE AT DECEMBER 31, 1997	$1,365
ACTIVITY DURING 1998:	
Restructuring accrual associated with disposition of antibody centers and the reduction of product development activities	13,164
Termination benefit payments	(354)
Non-cancelable lease obligation payments and other cash outflows	(742)
Non-cash write downs of fixed and intangible assets	(98)
Change in estimated restructuring charge	(121)
BALANCE AT DECEMBER 31, 1998	$13,214

In addition, Nabi recorded a $1,563 non-recurring charge which represents management's estimate of the costs incurred in connection with the Company's ongoing litigation with the general contractor for its biopharmaceutical manufacturing facility in Boca Raton, Florida. This litigation was initiated by Nabi.

During 1997, Nabi recognized approximately $5,680 of non-recurring charges. These charges included $3,880 of asset impairment losses, principally associated with Nabi's investment in Michigan Biologic Products Institute ("MBPI"), an alternative contract fractionation facility for the production of Nabi-HB(TM). The project was abandoned during the third quarter as Nabi entered into an Nabi-HB(TM) manufacturing agreement with Cangene Corporation. Streamlining initiatives within antibody operations principally involving center closings contributed to the remaining $1,800 in non-recurring charges.

NOTE 14 INCOME TAXES

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

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Domestic	$(16,595)	$(15,348)	$6,172
Foreign	(5,115)	(473)	1,774
TOTAL	$(21,710)	$(15,821)	$7,946

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

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Current			
Federal	$ --	$6,929	$(529)
State	(47)	(60)	(231)
	(47)	6,869	(760)
Deferred			
Federal	7	(1,631)	7,719
State	4	(75)	484
	11	(1,706)	8,203
Benefit charged directly to equity from exercise of stock options and warrants	(5)	(477)	(1,211)
Acquired tax benefit used to reduce intangible assets	(6)	(18)	(18)
TOTAL	$(47)	$4,668	$6,214

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

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Deferred tax assets:			
NOL carryforward	$22,543	$17,987	$17,429
Capitalized research and development	7,619	9,003	10,387
Non-recurring charge	3,162	--	--
Research tax credit	3,368	2,882	3,078
Inventory reserve and capitalization	1,695	482	2,044
Amortization	2,167	2,349	2,185
Bad debt reserve	80	145	233
Depreciation	653	678	719
Alternative minimum tax credit	900	703	--
Other	1,089	928	525
	43,276	35,157	36,600
Valuation allowance	(36,508)	(28,324)	(27,251)
Deferred tax assets	6,768	6,833	9,349
Deferred tax liabilities:			
Amortization	(945)	(906)	(906)
Other	(13)	(4)	(17)
Deferred tax liabilities	(958)	(910)	(923)
Net deferred tax assets	$5,810	$5,923	$8,426

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

carryforwards. Nabi's NOLs and research tax credit carryforwards expire in varying amounts through the year 2018.

Pursuant to SFAS 109, Nabi recognized approximately $7,400 of certain deferred tax assets during 1996 primarily as a result of releasing a portion of the valuation allowance previously established against these assets acquired in the Nabi/Univax merger. The ultimate realization of the remaining deferred tax assets is largely dependent on Nabi's ability to generate sufficient future taxable income. Nabi believes that the valuation allowance at December 31, 1998 is appropriate, given its historical loss experience and other factors including, but not limited to, the uncertainty of future taxable income expectations beyond Nabi's strategic planning horizon.

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

	FOR THE YEARS ENDED DECEMBER 31,		
	1998	1997	1996
Federal statutory rate	(35.0)%	(35.0)%	35.0%
State income taxes, net of federal benefit	0.1	0.1	(2.9)
Goodwill and other amortization	0.8	1.1	(0.2)
Foreign trade income	--	1.0	(12.8)
Merger transaction cost	--	(0.9)	(0.6)
Increase (reduction) in valuation allowance	37.7	5.5	(92.9)
Tax credits	(3.1)	0.2	(3.3)
Other	(0.3)	(1.5)	(0.5)
TOTAL	0.2%	(29.5)%	(78.2)%

NOTE 15 EARNINGS PER SHARE

The following is a reconciliation between basic and diluted earnings per share before extraordinary item for the years ended December 31, 1998, 1997 and 1996:

	BASIC EPS	EFFECT OF DILUTIVE SECURITIES: STOCK OPTIONS	DILUTED EPS
1998			
Income (Loss) Before Extraordinary Charge	($21,757)	--	($21,757)
Shares	34,885	--	34,885
Per Share	($0.62)		($0.62)
1997			
Income (Loss) Before Extraordinary Charge	($11,153)	--	($11,153)
Shares	34,737	--	34,737
Per Share	($0.32)		($0.32)
1996			
Income (Loss) Before Extraordinary Charge	$14,160	--	$14,160
Shares	34,387	995	35,382
Per Share	$0.41	--	$0.40

NOTE 16 LEASES

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

Rent expense was approximately $6,868, $6,785 and $6,293 for the years ended December 31, 1998, 1997 and 1996, respectively.

As of December 31, 1998, the aggregate future minimum lease payments under all non-cancelable operating leases with initial or remaining lease terms in excess of one year are as follows:

YEAR ENDING DECEMBER 31,	
1999	$6,116
2000	5,072
2001	4,356
2002	3,528
2003	2,296
Thereafter	3,283
Total minimum lease commitments	$24,651

NOTE 17 RELATED PARTY TRANSACTIONS

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

Related party transactions with Abbott for the years ended December 31, 1998, 1997 and 1996 are summarized below:

	1998	1997	1996
Sales of antibody products and testing services	$2,949	$2,720	$3,027
Purchases of diagnostic, pharmaceutical and testing products	12,606	14,028	10,390
Product royalty obligations	2,311	2,489	2,617
Rental payments and other	1,030	1,030	919

At December 31, 1998 and 1997, trade accounts receivable from Abbott totaled $301 and $499 respectively, and accounts payable to Abbott aggregated $2,167 and $894, respectively.

At December 31, 1998, notes receivable from corporate officers aggregated $431, bear interest at the prime rate and mature on December 31, 1999.

NOTE 18 STRATEGIC ALLIANCES, LICENSES AND ROYALTY AGREEMENTS

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

As discussed in Note 17, Nabi is obligated to pay Abbott royalties based upon its H-BIG(R) product sales.

In connection with an exclusive licensing and distribution agreement with Cangene Corporation ("Cangene") to market and distribute WinRho SDF(TM) in the U.S. through March 2005, Nabi was obligated to expend a minimum of $3,000 for sales and marketing expenses in each of the fiscal years ended May 1996 and 1997. In addition, Nabi has agreed to loan Cangene fifty percent (50%) of the cost of capital improvements to its manufacturing facility up to $3,000, of which $2,380 was advanced at December 31, 1998. Under the agreement which terminates in 2005, provided that Nabi achieves specified sales or makes specified payments, Nabi has exclusive marketing rights for and shares in the profits from sales of WinRho SDF(TM) in the United States.

During 1997, Nabi entered into an agreement with Cangene with respect to the manufacture of Nabi-HB(TM). In addition, Cangene has exclusive marketing rights for Nabi-HB(TM) in Canada provided it meets specified sales goals. Nabi will share in the profits from sales of Nabi-HB(TM) in Canada. The term of the Canadian marketing agreement with Cangene for Nabi-HB(TM) is co-extensive with the terms of the manufacturing agreement for Nabi-HB(TM). Nabi is obligated to purchase approximately $6,800 of Nabi-HB(TM) over the three years following receipt of regulatory approval.

In 1997, Nabi acquired from Baxter the exclusive rights to AutoPlex(R)T in the United States, Canada and Mexico. In connection with the acquisition, Baxter agreed to manufacture Autoplex(R)T until May 2000 or at such later time as may be determined under the terms of a consent order entered into between Baxter and the Federal Trade Commission ("FTC"), but in any event four months after Nabi receives approval from the FDA to manufacture AutoPlex(R)T. The FTC could require Nabi to return to Baxter Nabi's rights to AutoPlex(R)T, if Nabi does not obtain FDA approval to manufacture the product by May 2000 or to a later date agreed to by the FTC. If Baxter thereafter sells these rights, Nabi and Baxter will share equally the proceeds of any such sale and under certain circumstances Baxter will be required to make a specified payment to Nabi. Upon FDA licensure to manufacture the product, Nabi is obligated to pay $1,000 to Baxter, subject to recovery of fifty percent (50%) of expenditures incurred to license the product in excess of $6,000. Baxter is also a significant antibody products customer and a principal supplier of antibody collection supplies to Nabi.

NOTE 19 COMMI(TM)ENTS AND CONTINGENCIES

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

At December 31, 1998, Nabi and its subsidiaries were also parties to certain routine claims and litigation occurring in the normal course of business, including the ongoing litigation with the general contractor for its manufacturing facility as more fully discussed in Note 13. Management believes that the ultimate

resolution of these matters will not have a material adverse effect on Nabi's financial position or results of operations.

At December 31, 1998, Nabi had outstanding purchase commitments in the normal course of business with various suppliers. Under an agreement with a principal supplier, Nabi is obligated to purchase goods aggregating approximately $16,457 in fiscal 1999. Nabi is also committed to purchase the entire antibody production of certain contract centers through varying dates ending March 31, 2000.

NOTE 20 INDUSTRY SEGMENT INFORMATION

Nabi adopted SFAS 131 in the fourth quarter of 1998. Prior year segment information has been restated to a comparative basis.

During 1998, Nabi strategically examined each of its business segments with a view toward optimization; as a result, Nabi's organizational structure was consolidated into two reportable segments. They are the antibody products and pharmaceutical products segments. The antibody products segment consists of the collection and sale of non-specific and specialty antibody products, the production and sale of antibody-based control and diagnostic products and laboratory testing services. The pharmaceutical products segment consists of the production and sale of proprietary therapeutic products and research and development efforts for the pharmaceutical product line.

The accounting policies for each of the segments are the same as those described in the summary of significant accounting policies. There are no intersegment revenues or allocations of corporate overhead costs. Nabi evaluates the performance of each segment based on operating profit or loss; interest expense and income taxes are not allocated.

Information regarding Nabi's operations and assets for the two industry segments is as follows:

(IN THOUSANDS)	1998	1997	1996
SALES:			
Antibody products	$188,104	$194,274	$213,504
Pharmaceutical products	54,983	34,470	26,405
	$243,087	$228,744	$239,909
OPERATING INCOME (LOSS):			
Antibody products	($4,473)	$1,990	$20,460
Pharmaceutical products	(11,499)	(13,301)	(9,193)
	($15,972)	($11,311)	$11,267
DEPRECIATION AND AMORTIZATION EXPENSE:			
Antibody products	$8,340	$6,687	$5,075
Pharmaceutical products	2,427	2,520	2,293
	$10,767	$9,207	$7,368
NON-RECURRING CHARGE:			
Antibody products	$5,855	$1,839	$--
Pharmaceutical products	8,750	3,841	--
	$14,605	$5,680	$--
ASSETS:			
Antibody products	$129,572	$141,588	
Pharmaceutical products	78,725	65,280	
	$208,297	$206,868	
EXPENDITURES FOR ADDITIONS TO LONG-LIVED ASSETS:			
Antibody products	$4,377	$20,226	
Pharmaceutical products	14,147	16,071	
	$18,524	$36,297	

A reconciliation of reportable segment selected financial information to the total combined amounts of the selected financial information is as follows:

(IN THOUSANDS)	1998	1997	1996
INCOME (LOSS) BEFORE BENEFIT (PROVISION) FOR INCOME TAXES AND EXTRAORDINARY CHARGE:			
Reportable segment operating income	($15,972)	($11,311)	$11,267
Unallocated interest expense	(5,681)	(4,712)	(3,987)
Unallocated other income and expense, net	(57)	202	666
Consolidated income (loss) before benefit (provision) for income taxes and extraordinary charge	($21,710)	($15,821)	$7,946
DEPRECIATION AND AMORTIZATION EXPENSE:			
Reportable segment depreciation & amortization expense	$10,767	$9,207	$7,368
Unallocated (corporate) depreciation & amortization expense	735	649	515
Consolidated depreciation & amortization expense	$11,502	$9,856	$7,883
ASSETS:			
Reportable segment assets	$208,297	$206,868	
Unallocated (corporate) assets	10,003	19,038	
Consolidated assets	$218,300	$225,906	

Information regarding sales and long-lived assets by geographic area for the years ended December 31, 1998 is as follows:

(IN THOUSANDS)	1998	1997	1996
SALES:			
Domestic	$177,870	$163,502	$135,832
Foreign	65,217	65,242	104,077
Total	$243,087	$228,744	$239,909
LONG-LIVED ASSETS:			
Domestic	$131,317	$125,201	$101,799
Foreign	1,508	1,733	2,242
TOTAL	$132,825	$126,934	$104,041

Foreign revenue is based upon customer location.

Sales in 1998 from two customers of Nabi's antibody products segment exceeded 10% of total sales, representing $44,920 and $44,215, respectively. Sales in 1997 from two customers of Nabi's antibody product segment exceeded 10% of total sales, representing $59,244 and $34,128, respectively. Sales in 1996 from three customers of Nabi's antibody products segment exceeded 10% of total sales, representing $38,959, $38,537 and $29,446, respectively.

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NOTE 21 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	SALES	GROSS MARGIN	NET INCOME (LOSS)	BASIC EARNINGS (LOSS) PER SHARE	DILUTED EARNINGS (LOSS) PER SHARE
1998					
1st Quarter	$58,614	$14,025	($1,918)	($0.06)	($0.06)
2nd Quarter	61,178	17,636	(517)	(0.01)	(0.01)
3rd Quarter	58,713	16,193	(3,757)	(0.11)	(0.11)
4th Quarter(1)	64,582	16,867	(15,565)	(0.44)	(0.44)
	$243,087	$64,721	($21,757)	($0.62)	($0.62)
1997					
1st Quarter	$56,377	$13,192	$1,350	$0.04	$0.04
2nd Quarter	57,915	14,969	2,013	0.06	0.06
3rd Quarter(2)	52,849	9,479	(7,889)	(0.23)	(0.23)
4th Quarter(3)	61,603	10,571	(6,627)	(0.19)	(0.19)
	$228,744	$48,211	($11,153)	($0.32)	($0.32)

(1) During the fourth quarter of 1998, Nabi recognized approximately $14.6 million of non-recurring charges. The charges were comprised of certain restructuring costs ($13.0 million) and costs relating to litigation ($1.6 million). See Note 13.

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

(3) During the fourth quarter of 1997, Nabi incurred a charge of approximately $1.8 million related to physical inventory adjustments, and approximately $0.7 million related to the write-off of accounts receivable from a foreign plasma fractionator which is in bankruptcy proceedings.

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SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS	DEDUCTIONS WRITE-OFFS CHARGED AGAINST RESERVE	BALANCE AT END OF PERIOD
(IN THOUSANDS)					
YEAR ENDED DECEMBER 31, 1998:					
Allowance for doubtful accounts	$ 403	$ (20)	$ --	$ 162	$ 221
Deferred tax asset valuation allowance	$28,324	$ --	$ 8,184	$ --	$36,508
Inventory reserve	$ 641	$ 3,286	$ 1,342	$ 761	$ 4,508
YEAR ENDED DECEMBER 31, 1997:					
Allowance for doubtful accounts	$ 647	$ 1,013	$ --	$1,257	$ 403
Deferred tax asset valuation allowance	$27,251	$ --	$ 1,073	$ --	$28,324
Inventory reserve	$ 5,555	$ 1,648	$ --	$6,562	$ 641
YEAR ENDED DECEMBER 31, 1996:					
Allowance for doubtful accounts	$ 245	$ 675	$ --	$ 273	$ 647
Deferred tax asset valuation allowance	$34,635	$ --	$(7,309)	$ 75	$27,251
Inventory reserve	$ 4,068	$ 3,419	$ --	$1,932	$ 5,555

EXHIBIT INDEX

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

EXHIBIT 10.18

- ---

EMPLOYMENT AGREEMENT
DATED AUGUST 19, 1996
BETWEEN
DAVID D. MUTH AND NABI

NABI

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

EFFECTIVE AS OF AUGUST 19, 1996

Mr. David D. Muth
1483 Greystone Lane
Milord, Ohio 45150

Dear David:

You have agreed to serve as a Senior Vice President Business Development for Nabi. The following are the terms of such employment:

1. TERM: You will serve as a Senior Vice President Business Development, of Nabi, a period beginning as of the date hereof and ending on July 31, 1999, unless your employment is sooner terminated as provided below (the "Employment Period").

2. SALARY: Your salary will be $180,000.00 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.

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

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

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

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

5. BENEFITS: You will be eligible to participate in Nabi's 401(k), medical/dental insurance, life insurance, executive long term disability program, Supplemental Executive Retirement Plan,(SERP), and other benefit programs upon the effective date of this Agreement. You will accrue Paid Leave Bank (PLB) time at the rate of 15.33 hours per month, beginning September 15, 1996.

6. DUTIES AND EXTENT OF SERVICES:

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

(B) During the Employment Period, you shall serve as a Nabi Senior Vice President Business Development. You shall have such duties as are delegated to you by the person to whom you report

provided that such duties shall be reasonably consistent with those duties assigned to executive officers having similar titles in organizations comparable to Nabi.

7. TERMINATION:

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon thirty (30) days' prior written notice to Nabi. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that any bonus compensation payable pursuant to Section 3 of this Agreement shall be pro rated as provided for in Section 3.

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

(C) Nabi may otherwise terminate the Employment Period upon thirty (30) days' prior notice to you. In the event of such termination based on the effective date of such termination, Nabi will pay you severance pay of six (6) months of your annual base salary as in effect at the time of such termination ("Severance Pay") and maintain in effect for a six (6) month period all then existing benefits, (subject to the limitations of the applicable plans), including but not limited to, the auto allowance, life insurance, short and long term disability programs, health care coverages, and SERP benefits. Severance Pay provided for in this paragraph shall be made in six (6) equal monthly installments. If you terminate your employment with Nabi within thirty (30) days of the expiration of the Employment Period, you shall be entitled to receive Severance Pay under Section 7C unless during the thirty (30) day period prior to the expiration of the Employment Period, Nabi offered to renew this Agreement on terms no less favorable to you than the terms then in effect.

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

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

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

Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer tapes, and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be

adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

9. NON-COMPETITION:

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

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

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

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

10. MISCELLANEOUS: This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal. This Agreement is a complete expression of all agreements of the parties relating to the subject matter

hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

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

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

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

By: /s/ David J. Gury

David J. Gury
Chief Executive Officer

Accepted and agreed:

By: /s/ David D. Muth

David D. Muth
1483 Greystone Lane
Milford, Ohio 45150

EXHIBIT 10.19

- ---

CHANGE IN CONTROL
EXECUTIVE COMPENSATION PACKAGE
DATED SEPTEMBER 18, 1998
BETWEEN
DAVID J. GURY AND NABI

NABI

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

EFFECTIVE AS OF SEPTEMBER 18, 1998

David J. Gury
2360 N. W. 43rd Street
Boca Raton, FL 33431

Dear David:

The Compensation Committee (the "Committee") of the Board of Directors of Nabi (the "Board") has determined that it is in the best interests of the Corporation and its shareholders for the Corporation to agree, as provided herein, to pay you termination compensation in the event you should leave the employ of the Corporation under the circumstances described below.

The Committee recognizes that the continuing possibility of a sale or change of control of the Corporation is unsettling to you. Therefore, these arrangements are being made to help assure a continuing dedication by you to your duties to the Corporation by diminishing the inevitable distraction to you from the personal uncertainties and risks created by a pending sale or change of control of the Corporation. In particular, the Committee believes it important, should the Corporation receive proposals from third parties with respect to its future, to enable you, without being influenced by the uncertainties of your own situation, to assess and advise the Board whether such proposals would be in the best interests of the Corporation and its shareholders and to take such other action regarding such proposals as the Board might determine to be appropriate. The Committee also wishes to demonstrate to executives of the Corporation that the Corporation is concerned with the welfare of its executives and intends to see that loyal executives are treated fairly.

1. In view of the foregoing and in further consideration of your continued employment with the Corporation, the Corporation will pay to you as termination compensation a lump sum amount, determined as provided below, in the event that (a) within six months after a Change of Control of the Corporation you die, become disabled or terminate your employment with the Corporation for Good Reason, (b) within twelve months after a Change of Control of the Corporation your employment with the Corporation is terminated by the Corporation for any reason other than Cause, or (c) within the period beginning on the sixth monthly anniversary of a Change of Control of the Corporation and ending on the twelfth monthly anniversary thereof, you terminate your employment with the Corporation for any reason (including, without limitation, death or disability). The lump sum compensation so payable (hereinafter referred to as the "Lump Sum Amount") shall be an amount equal to three (3) times the sum of (a) the higher of (i) your current annual base salary and (ii) your annual base salary immediately prior to the Change or Control plus (b) the average amount of any and all bonuses payable to or received by you with respect to the three full calendar years prior to the Change of Control. The Lump Sum Amount shall be paid to you within five days after the date of termination of your employment (hereinafter referred to as the "Termination Date").

2. In addition, in the event your employment with the Corporation terminates under circumstances entitling you to receive the Lump Sum Amount:

(a) Any compensation and other amounts previously deferred by you, together with accrued interest thereon, if any, to which you are entitled, and any accrued vacation pay not yet paid by the Corporation, shall be paid to you within five days of the Termination Date.

(b) All other amounts accrued or earned by you through the date of such termination and amounts otherwise owing under the Corporation's plans and policies shall be paid to you within five days of the Termination Date.

(c) The Corporation shall maintain in full force and effect, for the continued benefit of you and/or your family for three years after the Termination Date, all employee welfare benefit plans and any other employee benefit programs or arrangements (including, without limitation, medical and dental insurance plans, disability and life insurance plans and car allowance programs) in which you were entitled to participate immediately prior to the Change of Control, provided that your continued participation is possible under the general terms and provisions of such plans and programs. In the event that your participation in any such plan or program is barred, the Corporation shall arrange to provide you with benefits substantially similar to those which you are entitled to receive under such plans and programs. At the end of the period of coverage, you shall have the option to have assigned to you at no cost and with no apportionment of prepaid premiums, any assignable insurance policy owned by the Corporation and relating specifically to you.

(d) Seventy-five percent (75%) of all outstanding stock options which you hold and which are not then vested and exercisable shall vest and become exercisable immediately upon a Change of Control and, together with all other vested stock options which you hold, will remain exercisable for the full term of such options. Notwithstanding the foregoing, in the event of a Change of Control caused by a business combination involving the Corporation which is intended to be accounted for as a "pooling of interests", and with respect to which the independent auditors for the Corporation issue an opinion to the Corporation and to you that, but or the acceleration of vesting of the foregoing options or other benefits in anticipation of the business combination transaction, the transaction will qualify for pooling of interests accounting treatment (the acceleration provision contained in this Agreement being the sole impediment to pooling of interest accounting treatment), then the Corporation and the acquiring or surviving entity may convert the unvested stock options which are the subject of the opinion into an option to purchase shares of stock in the acquiring or surviving entity (as the case may be) on a fair and equitable basis and, in such case, the vesting of such unvested options which are the subject of the opinion will not accelerate as provided hereunder (but shall continue to vest over the original vesting period, without the requirement of continued employment).

(e) The Corporation at its expense shall provide you with professional outplacement services of your choosing and shall reimburse you for incidental outplacement expenses (such as resume mailing and clerical support but not interview traveling), all such outplacement benefits not to exceed an out-of-pocket cost to the Corporation of $50,000, and shall further provide you at the Corporation's expense for a period of twelve months following termination of employment or the date you secure other employment, whichever first occurs, with suitable office accommodations and full-time secretarial and clerical support and assistance.

(f) You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer after the Termination Date, or otherwise. The Corporation's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which it may have against you or others.

3. For purposes of this Agreement:

(a) "Change of Control" shall mean (i) the acquisition by any person or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) (the "Exchange Act"), except for an employee benefit plan sponsored by the Corporation, of beneficial ownership (within the meaning of Section Rule 13d-3 promulgated under the Exchange Act) of 15% or more of (A) the outstanding shares of common stock of the Corporation or (B) the combined voting power of the then outstanding voting securities of the Corporation which are entitled to vote generally in the election of directors, (ii) individuals who, as of January 1, 1998,

are members of the Corporation's Board (or directors whose subsequent nomination or election was approved by a vote of at least a majority of such incumbents, but excluding any individual whose initial assumption of office occurs as a result of an actual or threatened solicitation to which Rule 14a-11 or Regulation 14A promulgated under the Exchange Act applies, or other actual or threatened solicitation of proxies or consents) cease for any reason to constitute a majority of the Board or (iii) approval by the Corporation's shareholders of a reorganization, merger, consolidation, or share exchange, unless the holders of the Corporation's common stock immediately prior to the transaction own a majority of the votes entitled to be cast for the election of Directors immediately following such transaction or (iv) approval by the Corporation's shareholders of a liquidation or dissolution, or a sale, lease, exchange or other disposition (in one transaction or a series of transactions) of all, or substantially all, of the assets of the Corporation, provided, however, that a sale, in a single transaction or series of related transactions, of all or substantially all of the assets of the Corporation's plasma collection operations shall not constitute a Change of Control.

(b) "Good Reason" shall be deemed to exist under any of the following circumstances:

(i) failure by the Corporation to fully perform the terms of this Agreement or your then existing employment agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and remedied by the Corporation promptly (but not later than five days) after receiving notice thereof from you;

(ii) the Corporation's requiring you to be based or to perform services at a site or location more than 25 miles from the site or location where you are based at the time of the Change of Control (but in all events such site or location shall be the headquarters of the Corporation), except for travel reasonably required in the performance of your responsibilities (which does not materially exceed the level of travel required of you in the six-month period immediately preceding the Change of Control);

(iii) any failure by the Corporation to obtain an assumption and agreement to perform this Agreement by a successor;

(iv) the assignment to you of any duties inconsistent in any respect with your position as Chairman, President (if you are President of the Corporation at the time of the Change of Control) and Chief Executive Officer of the Corporation or your authority, duties or responsibilities as contemplated by your then existing employment agreement (including status, offices, title and reporting relationships), or any other action by the Corporation which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Corporation promptly (but not more than five days) after receipt of notice thereof given by you; or

(v) failure by the Corporation to continue in effect any benefit, retirement or compensation plan (including all plans of any nature described in this Agreement) in which you are participating at the time of a Change of Control (or plans providing substantially similar or greater benefits), or the Corporation has taken action which would adversely affect your participation in or reduce your benefits under any of such plans or deprive you of any fringe benefit or perquisite enjoyed by you at the time of the Change of Control.

(c) "Cause" means cause as defined in your Employment Agreement effective as of January 1, 1993 (the "Employment Agreement")

For purposes of this Agreement, any good faith determination of "Good Reason" made by you shall be conclusive.

4. (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Corporation to you or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"),

would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then you shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by you of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-Up Payment, you retain an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 4(c), all determinations required to be made under this Section 4, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by Arthur Andersen LLP (the "Accounting Firm") which shall provide detailed supporting calculations both to the Corporation and you within 15 business days of the date your employment with the Corporation terminates, or such earlier time as is requested by the Corporation. If the Accounting Firm determines that no Excise Tax is payable by you, it shall furnish you with an opinion that you have substantial authority not to report any excise tax on your federal income tax return. Any determination by the Accounting Firm shall be binding upon the Corporation and you except as provided elsewhere in this Section 4. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Corporation should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Corporation exhausts its remedies pursuant to Section 4(c) and you thereafter are required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Corporation to you or for your benefit.

(c) You shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten business days after you know of such claim and shall apprise the Corporation 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-day period following the date on which you give such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall:

(i) give the Corporation any information reasonably requested by the Corporation relating to such claim,

(ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with regard to such claim by an attorney reasonably selected by the Corporation.

(iii) cooperate with the Corporation in good faith in order effectively to contest such claim, and

(iv) permit the Corporation to participate in any proceedings relating such claim;

provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payments of costs and expenses. Without limitation on the foregoing provisions of this Section 4(c), the Corporation 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 the Corporation shall determine; provided, however, that (i) if the Corporation directs you to pay such claim and sue for a refund, the Corporation shall advance the amount of such payment to you, on an interest-free basis and shall indemnify and hold you harmless, on an after-tax basis, from

any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and (ii) any request by the Corporation that you extend the statute of limitations relating to payment of taxes for your taxable year with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and you shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 4(c), you become entitled to receive any refund with respect to such claim, you shall (subject to the Corporation's complying with the requirements of Section 4(c) promptly pay to the Corporation the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by you of an amount advanced by the Corporation pursuant to Section 4(c), a determination is made that you shall not be entitled to any refund with respect to such claim and the Corporation does not notify you in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

5. Anything in this Agreement to the contrary notwithstanding, if your employment with the Corporation is terminated prior to the date on which a Change of Control occurs, and it is reasonably demonstrated by you that such termination (a) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (b) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement, a Change of Control shall be deemed to have occurred the date immediately prior to the date of such termination.

6. This Agreement shall be binding upon and inure to the benefit of you, your estate and the Corporation and any successor or assign of the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by you. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there be no such designee, to your estate.

7. 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 to the respective addresses set forth on the first page of this Agreement (all notices to the Corporation to be directed to the attention of the President of the Corporation with a copy to the Secretary of the Corporation) 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. The failure by you to set forth in any notice of termination of employment any fact or circumstances which contributes to a showing of Good Reason shall not waive any of your rights hereunder or preclude you from asserting such fact or circumstance in enforcing your rights hereunder.

8. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the time or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida without regard to principles of conflicts of laws.

9. The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation (other than any successor solely to all or substantially all of the assets of the Corporation's plasma collection operations) to expressly assume and agree to perform this Agreement in the same manner and

to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation 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.

10. Nothing in this Agreement shall prevent or limit your continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Corporation and for which you may qualify. Amounts which are vested benefits or which you are otherwise entitled to receive under any plan or program of the Corporation at or subsequent to any Change of Control shall be payable in accordance with such plan or program unless required to be paid earlier in accordance with this Agreement.

11. If you assert any claim in any contest (whether initiated by you or by the Corporation) as to the validity, enforceability or interpretation of any provision of this Agreement, the Corporation shall pay your legal expenses (or cause such expenses to be paid) including, without limitation, your reasonable attorney's fees, on a quarterly basis, upon presentation of proof of such expenses in a form acceptable to the Corporation, provided that you shall reimburse the Corporation for such amounts, plus simple interest thereon at the 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.

12. This Agreement shall supersede the provisions of the Employment Agreement to the extent this Agreement and the Employment Agreement are inconsistent, and in the event of any inconsistency between this Agreement and the Employment Agreement, this Agreement shall control. In all other respects, the Employment Agreement shall continue in full force and effect in accordance with its terms.

13. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

If you are in agreement with the foregoing, please so indicate by signing and returning to the Corporation the enclosed copy of this letter, whereupon this letter shall constitute a binding agreement under seal between you and the Corporation.

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

By: /s/ John C. Carlisle

John C. Carlisle
Chief Operating Officer and
Executive Vice President

Accepted and agreed:

By: /s/ David J. Gury

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

EXHIBIT 10.20

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EMPLOYMENT AGREEMENT
DATED FEBRUARY 9, 1999
BETWEEN
BRUCE K. FARLEY AND NABI

NABI

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

EFFECTIVE AS OF FEBRUARY 9, 1999

Mr. Bruce K. Farley
21109 SE 27th Street
Issaquah, Washington 98029

Dear Bruce:

You have agreed to serve as Senior Vice President, Manufacturing Operations for Nabi. The following are the terms of such employment:

1. TERM: You will serve as Senior Vice President, Manufacturing Operations of Nabi for a period beginning as of the date hereof and ending on February 9, 2002, unless your employment is sooner terminated as provided below (the "Employment Period").

2. SALARY: Your salary will be $190,000.00 per year, payable bi-weekly during the Employment Period. Your salary will be subject to discretionary annual increases as determined by Nabi's Board of Directors.

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

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

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

5. BENEFITS: You will be eligible to participate in Nabi's 401(k), medical/dental insurance, life insurance, executive long term disability program, Supplemental Executive Retirement Plan (SERP), and other benefit programs upon the effective date of this Agreement. You will accrue Paid Leave Bank (PLB) time at the rate of 15.33 hours per month.

6. DUTIES AND EXTENT OF SERVICES:

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

(B) During the Employment Period, you shall serve as Nabi's Senior Vice President, Manufacturing Operations Officer. You shall have such duties as are delegated to you by the person to whom you report

provided that such duties shall be reasonably consistent with those duties assigned to executive officers having similar titles in organizations comparable to NABI.

7. TERMINATION:

(A) The Employment Period shall terminate upon your death. You may also terminate the Employment Period upon 30 (thirty) days' prior written notice to Nabi. Any termination pursuant to this Section 7(A) shall not affect any bonus compensation applicable to the year of such termination, provided that any bonus compensation payable pursuant to Section 3 of this Agreement shall be pro rated as provided for in Section 3.

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

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

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

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

8. CONFIDENTIALITY: You acknowledge that your duties as described in Section 6 of this Agreement will give you access to trade secrets and other confidential information of NABI and/or its affiliates, including but not limited to information concerning production and marketing of their respective products, customer lists, and other information relating to their present or future operations (all of the foregoing, whether or not it qualifies as a "trade secret" under applicable law, is collectively called "Confidential Information"). You recognize that Confidential Information is proprietary to each such entity and gives each of them significant competitive advantage. Accordingly, you shall not use or disclose any of the Confidential Information during or after the Employment Period, except for the sole and exclusive benefit of the relevant company. Upon any termination of the Employment Period, you will return to the relevant company's office all documents, computer tapes, and other tangible embodiments of any Confidential Information. You agree that Nabi would be irreparably injured by any breach of your confidentiality agreement, that such injury would not be adequately compensable by monetary damages, and that, accordingly, the offended company may specifically enforce the provisions of this Section by

injunction or similar remedy by any court of competent jurisdiction without affecting any claim for damages.

9. NON-COMPETITION:

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

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

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

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

10. MISCELLANEOUS: This Agreement and the rights and obligations of the parties pursuant to it and any other instruments or documents issued pursuant to it shall be construed, interpreted and enforced in accordance with the laws of the State of Florida, exclusive of its choice-of-law principles. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and assigns. The provisions of this Agreement shall be severable and the illegality, unenforceability or invalidity of any provision of this Agreement shall not affect or impair the remaining provisions hereof, and each provision of this Agreement shall be construed to be valid and enforceable to the full extent permitted by law. In any suit, action or proceeding arising out of or in connection with this Agreement, the prevailing party shall be entitled to receive an award of the reasonable related amount of attorneys' fees and disbursements incurred by such party, including fees and disbursements on appeal.

This Agreement is a complete expression of all agreements of the parties relating to the subject matter hereof, and all prior or contemporaneous oral or written understandings or agreements shall be null and void except to the extent set forth in this Agreement.

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

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

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

By: /s/ David J. Gury

David J. Gury
Chief Executive Officer

Accepted and agreed:

By: /s/ Bruce K. Farley

Bruce K. Farley
21109 SE 27th Street
Issaquah, Washington 98029

EXHIBIT 10.21

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AMENDMENT NO. 3 AND WAIVER
DATED MARCH 1, 1999
TO
LOAN AND SECURITY AGREEMENT
DATED AS OF SEPTEMBER 12, 1997

EXECUTION COPY

AMENDMENT NO. 3 AND WAIVER
DATED AS OF MARCH 1, 1999

TO

LOAN AND SECURITY AGREEMENT
DATED AS OF SEPTEMBER 12, 1997

THIS AMENDMENT NO. 3 AND WAIVER dated as of March 1, 1999 (this "Amendment") is made between NABI, a Delaware corporation (the "Borrower"), the financial institutions party from time to time to the Loan Agreement referred to below (the "Lenders"), and NATIONSBANK, N.A., a national banking association, as agent for the Lenders (in that capacity, together with any successors in that capacity, the "Agent").

PRELIMINARY STATEMENTS

The Borrower, the Lenders, and the Agent are parties to a Loan and Security Agreement dated as of September 12, 1997, as amended by Amendment No. 1 and Waiver dated November 14, 1997 and Amendment No. 2 and Waiver dated March 30, 1998 (the "Loan Agreement"; terms defined in the Loan Agreement and not otherwise defined herein being used herein as therein defined).

Defaults have occurred and are continuing under the Loan Agreement by reason of the Borrower's failure to maintain (i) a minimum consolidated Fixed Charge Coverage Ratio of at least .89 to 1 for the four Fiscal Quarters ending on December 31, 1998, as required under Section 10.1(a) of the Loan Agreement and (ii) a minimum consolidated Net Worth of at least $62,000,000 as at December 31, 1998 as required by Section 10.1(d) of the Loan Agreement (the "Existing Default"), as a result of which the Lenders are entitled to exercise the rights and remedies provided for in the Loan Agreement.

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

STATEMENT OF AGREEMENT

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

Section 1. AMENDMENT TO LOAN AGREEMENT. The Loan Agreement is hereby amended, subject to the provisions of Section 4 of this Amendment

(a) by amending Section 1.1 DEFINITIONS thereof

(i) by amending the definition of "APPLICABLE MARGIN" to read in its entirety as follows:

"APPLICABLE MARGIN" means 1.00%.

(ii) by amending the definition of "MAINTENANCE CAPEX" by substituting the phrase "$1,250,000 per Fiscal Quarter and $5,000,000 per Fiscal Year" for the sum "10,000,000" appearing therein.

(iii) by amending the definition of "EURODOLLAR AVAILABILITY DATE" by substituting "Termination Date" for the date "April 1, 1999" appearing therein.

(b) by amending Section 2B.3 by substituting the date "March 31, 2000" for the date "March 31, 1999" appearing therein.

(c) by adding a new Section 3.19 to read as follows:

Section 3.19. PREPAYMENT FEE. If the Borrower prepays the Loans in whole or in part prior to the Termination Date for any reason, the Borrower shall pay to the Agent for the Ratable benefit of the Lenders on such date, as liquidated damages and compensation for the costs of making funds available to the Borrower under this Agreement, and not as a penalty, an amount equal to 1.00% of, in the case of a prepayment in part, the principal amount of such prepayment or, in the case of a prepayment in full, the sum of (i) the aggregate outstanding principal amount of the Term Loan plus (ii) the Revolving Credit Facility then in effect:

For the purposes of this Section 3.19,

(a) the Revolving Credit Loans shall be deemed to have been prepaid in part only

(i) on any day that the Borrower voluntarily reduces the Revolving Credit Facility, and

(ii) on the last day of each twelve-month period (the "CURRENT PERIOD") that commences on the last day of a month during which the Borrower receives cash in the form of equity or as proceeds of Debt; and

(b) the amount of such deemed prepayment shall be

(i) in the case of a deemed prepayment under clause (a)(i) above, the amount by which the Borrower voluntarily reduces the Revolving Credit Facility, and

(ii) in the case of a deemed prepayment under clause (a)(ii) above, the lesser of (A) the amount of such cash received and (B) the amount (not less than zero) obtained by subtracting from (x) the average month-end amount of Revolving Credit Loans outstanding as of each month end during the twelve-month period ending on the last day of the month in which the Borrower receives such cash infusion, (y) the average month-end amount of Revolving Credit Loans outstanding as of each month end during the Current Period.

(d) by amending Section 10.15 MINIMUM COLLATERAL AVAILABILITY by substituting the sum "$6,000,000" for the sum "$5,000,000" appearing therein.

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

SECTION 10.1 FINANCIAL RATIOS. Permit

(a) [Reserved]

(b) MINIMUM FIXED CHARGE COVERAGE. The consolidated Fixed Charge Coverage Ratio of the Borrower and its Consolidated Subsidiaries as of the end of any Fiscal Quarter ending during any period described below to be less than the ratio set forth below opposite such period:

Period	Ratio
the four consecutive Fiscal Quarters ending December 31, 1998	.89 to 1
the two consecutive Fiscal Quarters ending June 30, 1999	.54 to 1;
the three consecutive Fiscal Quarters ending September 30, 1999	1.05 to 1;

the four consecutive Fiscal Quarters ending December 31, 1999	1.40 to 1; or
each four consecutive Fiscal Quarter period ending thereafter	1.40 to 1.

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

Fiscal Period	Amount
the Fiscal Quarter ending March 31, 1999	$1.00
the Fiscal Year ending December 31, 2000	$32,000,000
the Fiscal Year ending December 31, 2001	$36,000,000

(d) MINIMUM CONSOLIDATED NET WORTH. Permit consolidated Net Worth of the Borrower and its Consolidated Subsidiaries calculated at the end of any Fiscal Quarter ending on or after December 31, 1998 to be less than an amount equal to the sum of $50,000,000 PLUS 50% of the consolidated Net Income (without deduction for losses) of the Borrower and its Consolidated Subsidiaries, on a cumulative basis, for the period beginning on January 1, 1999 and ending on the last day of such Fiscal Quarter.

(f) by amending Section 10.5 CAPITAL EXPENDITURES by replacing the schedule set forth therein with the following schedule:

Fiscal Year	Amount
1998	$33,500,000
1999	$24,000,000
2000	$17,000,000
2001	$37,700,000
2002	$21,000,000
Each Fiscal Year thereafter	such amount as may be agreed by the Borrower and the Required Lenders

Section 2. AMENDMENT TO TERM NOTES. The Term Notes are hereby amended, subject to the provisions of Section 4 of this Amendment, by substituting the date March 31, 2000 for the date March 31, 1999 appearing in the first paragraph thereof.

Section 3. WAIVER OF EXISTING DEFAULTS; CONSENT. On the Amendment Effective Date (as hereinafter defined) the Lenders hereby waive the Existing Defaults and consent to the sale or closing by the Borrower and its Subsidiaries of the plasma centers located in Germany and the sale, closing or reduction of operation of up to eight plasma centers operated in the United States and the sublease of buildings at the Rockville, Maryland facility vacated as a result of the reduction of operations there.

Section 4. EFFECTIVENESS OF AMENDMENT. This Amendment shall become effective retroactively to December 31, 1998 as of the first date (the "Amendment Effective Date") on which the Lenders shall have received four copies each of the following documents:

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

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

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

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

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

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

(e) the payment of an amendment fee to the Agent for the Ratable benefit of the Lenders in the amount of $125,000; and

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

Section 5. REPRESENTATIONS AND WARRANTIES. The Borrower hereby makes the following representations and warranties to the Agent and the Lenders, which representations and warranties shall survive the delivery of this Amendment and the making of additional Loans under the Loan Agreement as amended hereby:

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

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

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

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

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

Section 6. EXPENSES. The Borrower agrees to pay or reimburse on demand all costs and expenses, including, without limitation, reasonable fees and disbursements of counsel, incurred by the Agent in connection with the negotiation, preparation, execution and delivery of this Amendment.

Section 7. EFFECT OF AMENDMENT. From and after the Amendment Effective Date, all references in the Loan Agreement and in any other Loan Document to "this Agreement," "the Loan Agreement," "hereunder," "hereof" and words of like import referring to the Loan Agreement, shall mean and be references to the Loan Agreement as amended by this Amendment. Except as expressly amended hereby, the Loan Agreement and all terms, conditions and provisions thereof remain in full force and effect and are hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of the Lenders under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

Section 8. COUNTERPART EXECUTION; GOVERNING LAW.

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

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

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

[CORPORATE SEAL]

Attest:

By: _____
Name: _____
Title: _____

BORROWER:

NABI

By: /s/ Thomas H. McLain
Name: Thomas H. McLain
Title: Sr. V.P., Corporate Services and CFO

AGENT:

NATIONSBANK, N.A.

By: /s/ Andrew A. Doherty
Name: Andrew A. Doherty
Title: Vice President, Business Credit

LENDERS:

NATIONSBANK, N.A.

By: /s/ Andrew A. Doherty
Name: Andrew A. Doherty
Title: Vice President, Business Credit

BANKBOSTON, N.A.

By: /s/ John C. Todd, Jr.
Name: John C. Todd, Jr.
Title: Director

ANNEX A

CONSENT AND CONFIRMATION OF GUARANTORS

The undersigned, each in their capacity as a Guarantor under the Subsidiary Guaranty dated as of September 12, 1997 (as modified or amended to date, the "Subsidiary Guaranty"), in favor of the Lenders, hereby confirms, for the benefit of the Borrower and the Lenders, that (1) such Guarantor is a Subsidiary of Borrower, (2) such Guarantor has received a copy of Amendment No. 3 and Waiver dated as of March 1, 1999 and consents thereto and (3) the Subsidiary Guaranty of which such Guarantor is the maker constitutes a continuing unconditional, guaranty of the Secured Obligations under and as defined in the Subsidiary Guaranty. Each of the undersigned is and continues to be liable under the Subsidiary Guaranty in accordance with the terms thereof, notwithstanding the execution and delivery of the aforesaid Amendment.

Dated: March 1, 1999

BIOMUNE CORPORATION

[Corporate Seal]

By: /s/ Thomas H. McLain

Name: Thomas H. McLain

Title: Sr. V.P., Corporate Services and CFO

NABI FINANCE, INC.

[Corporate Seal]

By: /s/ Thomas H. McLain

Name: Thomas H. McLain

Title: Sr. V.P., Corporate Services and CFO

EXHIBIT 10.22

1998
NON-QUALIFIED EMPLOYEE STOCK OPTION PLAN

NABI

- ---

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

1998
NON-QUALIFIED EMPLOYEE STOCK OPTION PLAN

1. PURPOSE

The purpose of this 1998 Non-Qualified Employee Stock Option Plan (the "Plan") is to advance the interests of Nabi (the "Company") by enhancing the ability of the Company and its subsidiaries to attract and retain employees, consultants or advisers who are in a position to make significant contributions to the success of the Company, to reward them for their contributions and to encourage them to take into account the long-term interests of the Company.

The Plan provides for the award of options to purchase shares of the Company's common stock ("Stock"). Options granted pursuant to the Plan shall be non-qualified options and not incentive stock options as defined in Section 422 of the Internal Revenue Code of 1986.

2. ELIGIBILITY FOR AWARDS

Persons eligible to receive awards under the Plan shall be all employees, consultants and advisers of the Company and its subsidiaries who, in the opinion of the Board, are in a position to make a significant contribution to the success of the Company and its subsidiaries. Directors and officers of the Company shall not be eligible to receive awards under the Plan. A subsidiary for purposes of the Plan shall be a corporation in which the Company owns, directly or indirectly, stock possessing 50% or more of the total combined voting power of all classes of stock. Persons selected for awards under the Plan are referred to herein as "participants".

3. ADMINISTRATION

The Plan shall be administered by the Board of Directors (the "Board") of the Company. The Board shall have authority, not inconsistent with the express provisions of the Plan, (a) to grant awards consisting of options to such participants as the Board may select; (b) to determine the time or times when awards shall be granted and the number of shares of Stock subject to each award; (c) to determine the terms and conditions of each award; (d) to prescribe the form or forms of any instruments evidencing awards and any other instruments required under the Plan and to change such forms from time to time; (e) to adopt, amend and rescind rules and regulations for the administration of the Plan; and (f) to interpret the Plan and to decide any questions and settle all controversies and disputes that may arise in connection with the Plan. Such determination of the Board shall be conclusive and shall bind all parties. Subject to Section 8, the Board shall also have the authority, both generally and in particular instances, to waive compliance by a participant with any obligation to be performed by the participant under an award, to waive any condition or provision of an award, and to amend or cancel any award (and if an award is canceled, to grant a new award on such terms as the Board shall specify), except that the Board may not take any action with respect to an outstanding award that would adversely affect the rights of the participant under such award without such participant's consent. Nothing in the preceding sentence shall be construed as limiting the power of the Board to make adjustments required by Section 5(c) and Section 6(i).

The Board may, in its discretion, delegate some or all of its powers with respect to the Plan to a committee (the "Committee"), in which event all references in this Plan (as appropriate) to the Board shall be deemed to refer to the Committee. The Committee, if one is appointed, shall consist of at least two directors. A majority of the members of the Committee shall constitute a quorum, and all determinations

of the Committee shall be made by a majority of its members. Any determination of the Committee under the Plan may be made without notice or meeting of the Committee by a writing signed by a majority of the Committee members.

4. EFFECTIVE DATE AND TERM OF PLAN

The Plan shall become effective on the date on which it is approved by the Board.

No awards shall be granted under the Plan after the completion of ten years from the date on which the Plan was adopted by the Board, but awards previously granted may extend beyond that date.

5. SHARES SUBJECT TO THE PLAN

(a) Number of Shares. Subject to adjustment as provided in Section 5(c), the aggregate number of shares of Stock that may be delivered upon the exercise of awards granted under the Plan shall be 2,400,000. If any award granted under the Plan terminates without having been exercised in full, or upon exercise is satisfied other than by delivery of Stock, the number of shares of Stock as to which such award was not exercised shall be available for future grants within the limits set forth in this Section 5(a).

(b) Shares to be Delivered. Shares delivered under the Plan shall be authorized but unissued Stock or, if the Board so decides in its sole discretion, previously issued Stock acquired by the Company and held in its treasury. No fractional shares of Stock shall be delivered under the Plan.

(c) Changes in Stock. In the event of a stock dividend, stock split or combination of shares, recapitalization or other change in the Company's capital stock, the number and kind of shares of Stock subject to awards then outstanding or subsequently granted under the Plan, the exercise price of such awards, the maximum number of shares of Stock that may be delivered under the Plan, and other relevant provisions shall be appropriately adjusted by the Board, whose determination shall be binding on all persons.

The Board may also adjust the number of shares subject to outstanding awards and the exercise price and the terms of outstanding awards to take into consideration material changes in accounting practices or principles, extraordinary dividends, consolidations or mergers (except those described in Section 6(i)), acquisitions or dispositions of stock or property or any other event if it is determined by the Board that such adjustment is appropriate to avoid distortion in the operation of the Plan.

6. TERMS AND CONDITIONS OF OPTIONS

(a) Exercise Price of Options. The exercise price of each option shall be determined by the Board but shall not be less, in the case of an original issue of authorized stock, than par value.

(b) Duration of Options. Options shall be exercisable during such period or periods as the Board may specify. The latest date on which an option may be exercised (the "Final Exercise Date") shall be the date that is ten years from the date the option was granted or such earlier date as the Board may specify at the time the option is granted.

(c) Exercise of Options.

(i) Options shall become exercisable at such time or times and upon such conditions as the Board shall specify. In the case of an option not immediately exercisable in full, the Board may at any time accelerate the time at which all or any part of the option may be exercised.

(ii) Options may be exercised only in writing. Written notice of exercise must be signed by the proper person and furnished to the Company, together with (A) such documents as the Board requires and (B) payment in full as specified below in Section 6(d) for the number of shares for which the option is exercised.

(iii) The delivery of Stock upon the exercise of an option shall be subject to compliance with (A) applicable federal and state laws and regulations, (B) if the outstanding Stock is at the time listed on any stock exchange, the listing requirements of such exchange, and (C) Company counsel's approval of all other legal matters in connection with the issuance and delivery of such Stock. If the sale of Stock has not been registered under the Securities Act of 1933, as amended, the Company may require, as a condition to exercise of the option, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of such Act and may require that the certificates evidencing such Stock bear an appropriate legend restricting transfer.

(iv) The Board shall have the right to require that the participant exercising the option remit to the Company an amount sufficient to satisfy any federal, state, or local withholding tax requirements (or make other arrangements satisfactory to the Company with regard to such taxes) prior to the delivery of any Stock pursuant to the exercise of the option. If permitted by the Board, either at the time of the grant of the option or the time of exercise, the participant may elect, at such time and in such manner as the Board may prescribe, to satisfy such withholding obligation by (A) delivering to the Company Stock (which in the case of Stock acquired from the Company shall have been owned by the participant for at least six months prior to the delivery date) having a fair market value equal to such withholding obligation, or (B) requesting that the Company withhold from the shares of Stock to be delivered upon the exercise a number of shares of Stock having a fair market value equal to such withholding obligation.

(v) If an option is exercised by the executor or administrator of a deceased participant, or by the person or persons to whom the option has been transferred by the participant's will or the applicable laws of descent and distribution, the Company shall be under no obligation to deliver Stock pursuant to such exercise until the Company is satisfied as to the authority of the person or persons exercising the option.

(d) Payment for and Delivery of Stock. Stock purchased upon exercise of an option under the Plan shall be paid for as follows:

(i) in cash or by personal check, certified check, bank draft or money order payable to the order of the Company; or

(ii) if so permitted by the Board, (A) through the delivery of shares of Stock (which, in the case of Stock acquired from the Company, shall have been held for at least six months prior to delivery) having a fair market value on the last business day preceding the date of exercise equal to the purchase price or (B) by delivery of a promissory note of the participant to the Company, such note to be payable on such terms as are specified by the Board or (C) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price or (D) by any combination of the permissible forms of payment; provided, that if the Stock delivered upon exercise of the option is an original issue of authorized Stock, at least so much of the exercise price as represents the par value of such Stock shall be paid by a personal check or promissory note of the person exercising the option.

(e) Rights as Shareholder. A participant shall not have the rights of a shareholder with regard to awards under the Plan except as to Stock actually received by the participant under the Plan.

(f) Nontransferability of Awards; Restrictions on Stock. Except as the Board may otherwise determine, no award may be transferred other than by will or by the laws of descent and distribution, and during a participant's lifetime an award may be exercised only by the participant.

The Board, in its discretion, may at the time an award is granted make Stock delivered under the award subject to such restrictions and conditions, including restrictions on resale and buy-back rights, as it deems appropriate.

(g) Death. Except as otherwise provided in the award by the Board at the time of grant, if a participant dies, each option held by the participant immediately prior to death may be exercised, to the extent it was exercisable immediately prior to death, by the participant's executor or administrator or by the person or persons to whom the option is transferred by will or the applicable laws of descent and distribution, at any time within the one-year period (or such longer or shorter period as the Board may determine) beginning with the date of the participant's death but in no event beyond the Final Exercise Date.

(h) Termination of Service other than by Death. Except as otherwise provided in the award by the Board at the time of grant, if an employee's employment with the Company and its subsidiaries terminates for any reason other than by death, all options held by the employee that are not then exercisable shall terminate. Options that are exercisable on the date employment terminates shall continue to be exercisable for a period of 90 days (or such longer period as the Board may determine, but in no event beyond the Final Exercise Date) unless the employee (i) was discharged for cause or (ii) resigned and within 30 days thereafter the Board determines that the participant's conduct prior to his or her resignation warranted a discharge for cause. After completion of the post-termination exercise period, such options shall terminate to the extent not previously exercised, expired or terminated. For purposes of this Section 6(h), (i) employment shall not be considered terminated (A) in the case of sick leave or other bona fide leave of absence approved for purposes of the Plan by the Board, so long as the employee's right to reemployment is guaranteed either by statute or by contract, or (B) in the case of a transfer of employment between the Company and a subsidiary or between subsidiaries and (ii) "cause" shall mean willful misconduct by the participant or willful failure to perform his or her responsibilities in the best interests of the Company (including, without limitation, breach by the participant of any provision of any employment, advisory, consulting, nondisclosure, non-competition or other agreement between the participant and the Company or any subsidiary of the Company).

In the case of a participant who is not an employee, provisions relating to the exercisability of options following termination of service shall be specified in the award. If not so specified, all options held by such participant that are not then exercisable shall terminate upon termination of service. Options that are exercisable on the date the participant's service as a consultant or adviser terminates shall continue to be exercisable for a period of 90 days (or such longer period as the Board may determine, but in no event beyond the Final Exercise Date) unless the consultant or adviser (i) was terminated for cause or (ii) resigned and within 30 days thereafter the Board determines that the participant's conduct prior to his or her resignation warranted a discharge for cause. After completion of the post-termination exercise period, such options shall terminate to the extent not previously exercised, expired or terminated.

(i) Merger, Consolidation, Asset Sale, Liquidation, etc. In the event of a consolidation or merger or sale of all or substantially all of the assets of the Company in which outstanding shares of Stock are exchanged for securities, cash or other property of any other corporation or business entity or in the event of a liquidation of the Company, the Board, or the board of directors of any corporation assuming the obligations of the Company, may, in its discretion, take any one or more of the following actions, as to outstanding options: (i) provide that such options shall be assumed, or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to the optionees, provide that all unexercised options will terminate immediately prior to the consummation of such transaction unless exercised by the optionee within a specified period following the date of such notice, (iii) in the event of a merger under the terms of which holders of the Stock will receive upon consummation thereof a cash payment for each share surrendered in the merger (the "Merger Price"), make or provide for a cash payment to the optionees equal to the difference between (A) the Merger Price times the number of shares of Stock subject to such outstanding options (to the extent then exercisable at prices not in excess of the Merger Price) and (B) the aggregate exercise price of all such outstanding options in exchange for the termination of such options, and (iv) provide that all or any outstanding options shall become exercisable in full and all restrictions on outstanding awards shall terminate immediately prior to such event.

The Company may grant options under the Plan in substitution for options held by employees of another corporation who become employees of the Company, or a subsidiary of the Company, as the result of a merger or consolidation of the employing corporation with the Company or a subsidiary of the Company, or as a result of the acquisition by the Company, or one of its subsidiaries, of property or stock of the employing corporation. The Company may direct that substitute options be granted on such terms and conditions as the Board considers appropriate in the circumstances.

7. EMPLOYMENT RIGHTS

Neither the adoption of the Plan nor the grant of awards shall confer upon any participant any right to continue as an employee of, or consultant or adviser to, the Company or any subsidiary of the Company or affect in any way the right of the Company or any such subsidiary to terminate his or her employment by the Company or any subsidiary of the Company at any time. Except as specifically provided by the Board in any particular case, the loss of existing or potential profit in awards granted under this Plan shall not constitute an element of damages in the event of termination of the relationship of a participant even if the termination is in violation of an obligation of the Company or any subsidiary of the Company to the participant by contract or otherwise.

8. EFFECT, DISCONTINUANCE, CANCELLATION, AMENDMENT AND TERMINATION

Neither adoption of the Plan nor the grant of awards to a participant shall affect the Company's right to make awards to such participant that are not subject to the Plan, to issue to such participant Stock as a bonus or otherwise, or to adopt other plans or arrangements under which Stock may be issued.

The Board may at any time discontinue granting awards under the Plan. With the consent of the participant (except as otherwise provided in the Plan), the Board may at any time cancel an existing award in whole or in part and grant another award for such number of shares as the Board specifies. The Board may at any time or times amend the Plan or any outstanding award for the purpose of satisfying changes in applicable laws or regulations or for any other purpose that may at the time be permitted by law, or may at any time terminate the Plan as to further grants of awards, but no such amendment shall adversely affect the rights of any participant (without the participant's consent) under any award previously granted.

EXHIBIT 21
- --

SUBSIDIARIES OF THE REGISTRANT

SUBSIDIARIES OF THE REGISTRANT

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

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

EXHIBIT 23

CONSENT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

NABI

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of the Registration Statements on Form S-3 (No. 33-10148, No. 33-24117, No. 33-47239, No. 33-75868 and No. 333-2253) and the Registration Statements on Form S-8 (No. 33-42223, No. 33-42224, No. 33-05219, No. 33-60795, No. 33-64092, No. 33-65069, No. 333-56037 and No. 333-56071) of Nabi and its subsidiaries of our report dated March 26, 1999, appearing in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Miami, Florida
March 26, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1998 AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR	
DEC-31-1998	
JAN-01-1998	
DEC-31-1998	
	1,016
	0
	40,029
	0
	38,203
	85,475
	99,018
	0
	218,300
	45,755
	118,044
	0
	0
	3,490
	50,699
	218,300
	243,087
	243,087
	178,366
	178,366
	80,693
	0
	5,681
	(21,710)
	47
	(21,757)
	0
	0
	0
	(21,757)
	($0.62)
	($0.62)

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