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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

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

For the quarterly period ended September 27, 2003

OR

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

For the transition period from _____ to _____.

Commission File Number: 000-04829

Nabi Biopharmaceuticals

(Exact name of registrant as specified in its charter)

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

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

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

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

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

The number of shares outstanding of the registrant's common stock, par value $0.10 per share, at October 22, 2003 was 46,659,503 shares.

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Explanatory Note

This Form 10-Q/A is Nabi Biopharmaceuticals' original filing for the three months and nine months ended September 27, 2003. Under accession number 0000950144-03-011806, Nabi Biopharmaceuticals' printer, Bowne, filed a draft version of the Company's Form 10-Q on October 27, 2003 in error. That filing was made without the authorization, knowledge, or consent of the Company or its officers. The draft Form 10-Q filed in error by Bowne on October 27, 2003 (and the exhibits thereto) should be disregarded.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Nabi Biopharmaceuticals

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)	(UNAUDITED) September 27, 2003	December 28, 2002
Assets		
Current assets:		
Cash and cash equivalents	$ 26,248	$ 51,737
Trade accounts receivable, net	35,954	36,326
Inventories, net	25,819	19,388
Prepaid expenses and other current assets	5,224	5,595
Total current assets	93,245	113,046
Property, plant and equipment, net	100,444	104,066
Other assets:		
Intangible assets, net	109,390	12,690
Other, net	3,948	3,014
Total assets	$307,027	$232,816
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 7,826	$ 21,654
Accrued expenses	23,944	16,897
Notes payable, PhosLo acquisition	4,014	—
Notes payable, other	2,000	—
Total current liabilities	37,784	38,551
Notes payable, PhosLo acquisition	23,047	—
Notes payable, other	8,000	—
Other liabilities	7,129	5,236
Total liabilities	75,960	43,787
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; 47,239 and 38,947 shares outstanding, respectively	4,724	3,895
Capital in excess of par value	204,134	159,568
Treasury stock, 800 and 386 shares at cost	(5,240)	(2,140)
Retained earnings	27,449	27,706
Total stockholders' equity	231,067	189,029
Total liabilities and stockholders' equity	$307,027	$232,816

See accompanying notes to consolidated financial statements

Nabi Biopharmaceuticals

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in Thousands, Except Per Share Data)	(UNAUDITED) For the Three Months Ended		For the Nine Months Ended	
	September 27, 2003	September 28, 2002	September 27, 2003	September 28, 2002
Sales	$42,435	$46,100	$128,595	$137,871
Costs and expenses:				
Costs of products sold	16,101	26,352	62,781	81,649
Royalty expense	5,423	4,249	13,722	10,105
Gross margin	20,911	15,499	52,092	46,117
Selling, general and administrative expense	9,351	8,732	32,189	28,155
Research and development expense	6,454	5,597	18,183	14,939
Other operating expense, principally amortization and freight	1,588	153	1,953	551
Operating income (loss)	3,518	1,017	(233)	2,472
Interest income	131	192	502	1,085
Interest expense	(506)	(95)	(570)	(2,039)
Other income (expense), net	12	13	30	(169)
Income (loss) before (provision) benefit for income taxes	3,155	1,127	(271)	1,349
(Provision) benefit for income taxes	(962)	(302)	14	(364)
Net income (loss)	$ 2,193	$ 825	$ (257)	$ 985
Basic earnings (loss) per share	$ 0.05	$ 0.02	$ (0.01)	$ 0.03
Diluted earnings (loss) per share	$ 0.05	$ 0.02	$ (0.01)	$ 0.02
Basic weighted average shares outstanding	45,355	38,704	41,152	38,625
Diluted weighted average shares outstanding	46,285	39,299	41,152	39,611

See accompanying notes to consolidated financial statements

Nabi Biopharmaceuticals

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)	(UNAUDITED) For the Nine Months Ended September 27, 2003	September 28, 2002
Cash flow from operating activities:		
Net (loss) income	$ (257)	$ 985
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	9,422	7,465
(Recovery) provision for doubtful accounts	(3)	391
Provision for slow moving or obsolete inventory	1,641	23
Write-off of loan origination fees	—	400
Non-cash compensation	689	334
Imputed interest on notes payable	201	—
Write-off obsolete fixed assets	23	269
Changes in assets and liabilities:		
Decrease in trade accounts receivable	375	706
Increase in inventories	(7,918)	(3,564)
Decrease in prepaid expenses and other assets	372	2,382
Increase in other assets	(1,027)	(20)
Decrease in accounts payable and accrued liabilities	(5,314)	(10,704)
Total adjustments	(1,539)	(2,318)
Net cash used in operating activities	(1,796)	(1,333)
Cash flow from investing activities:		
Capital expenditures	(4,082)	(4,841)
Expenditures for other assets	(2,019)	(2,760)
Acquisition of PhosLo	(61,255)	—
Net cash used in investing activities	(67,356)	(7,601)
Cash flow from financing activities:		
Borrowings under debt agreement	10,000	—
Proceeds from the issuance of common stock	31,270	
Retirement of convertible subordinated notes	—	(78,500)
Purchase of treasury stock	—	(917)
Proceeds from exercise of employee stock options	2,393	699
Net cash provided by (used in) financing activities	43,663	(78,718)
Net decrease in cash and cash equivalents	(25,489)	(87,652)
Cash and cash equivalents at beginning of period	51,737	131,192
Cash and cash equivalents at end of period	$ 26,248	$ 43,540

See accompanying notes to consolidated financial statements

Nabi Biopharmaceuticals

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 OVERVIEW

Nabi Biopharmaceuticals discovers, develops, manufactures and markets products that power the immune system to help people with serious, unmet medical needs. We have a broad product portfolio and significant research capabilities focused on developing and commercializing novel vaccines and antibody-based therapies that prevent and treat infectious, autoimmune and addictive diseases, such as Staphylococcus aureus and hepatitis infections, immune thrombocytopenia purpura ("ITP") and nicotine addiction. We have five marketed products, Nabi-HB® [Hepatitis B Immune Globulin (Human)] for the prevention of hepatitis B infections, WinRho SDF® [Rh_0 (D) Immune Globulin Intravenous (Human)] for the treatment of acute, chronic and HIV-related ITP, PhosLo® (calcium acetate) for the control of elevated phosphate levels (hyperphosphatemia) in patients with end-stage kidney (renal) failure, Autoplex® T [Anti-Inhibitor Coagulant Complex, Heat Treated] and Aloprim™ [(Allopurinol sodium) for injection]. We have a significant clinical trials program including clinical trials of our lead investigational products StaphVAX® (*Staphylococcus aureus* Polysaccharide Conjugate Vaccine), Altastaph™ [*Staphylococcus aureus* Immune Globulin (Human)], Civacir™ [Hepatitis C Immune Globulin (Human)], and NicVAX™ (Nicotine Conjugate Vaccine). We have a state-of-the-art fractionation facility for the manufacture of Nabi-HB and our investigational antibody products and for contract manufacturing. We also collect specialty and non-specific antibodies for use in our products as well as to supply pharmaceutical and diagnostic customers for the subsequent manufacture of their products.

The consolidated financial statements include the accounts of Nabi Biopharmaceuticals and its subsidiaries. All significant intercompany accounts and transactions were eliminated during consolidation. These statements should be read in conjunction with the Consolidated Financial Statements and Notes included in our Annual Report on Form 10-K for the year ended December 28, 2002.

In the opinion of management, the unaudited consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which are necessary to present fairly our consolidated financial position as of September 27, 2003 and September 28, 2002, the consolidated results of our operations for the three months and nine months ended September 27, 2003 and September 28, 2002 and our cash flows for the nine months then ended. The interim results of operations are not necessarily indicative of the results that may occur for the fiscal year.

NOTE 2 ACCOUNTING POLICIES

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 sales and expenses during the reporting period. Actual results could differ from those estimates.

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

Basis of presentation: Certain items in the 2002 consolidated financial statements have been reclassified to conform to the current year's presentation.

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

The following table summarizes our results as if we had recorded stock-based compensation expense for the three months ended September 27, 2003 and September 28, 2002 and for the nine months then ended, based on the provisions of SFAS 123, as amended by SFAS 148:

	For the Three Months Ended	
(Dollars in Thousands, except per share amounts)	**September 27, 2003**	**September 28, 2002**
Net income (loss):		
As reported	$ 2,193	$ 825
Compensation expense, net of tax	(1,308)	(1,297)
Pro forma	$ 885	$ (472)
Basic earnings (loss) per share:		
As reported	$ 0.05	$ 0.02
Compensation expense, net of tax	(0.03)	(0.03)
Pro forma	$ 0.02	$ (0.01)
Diluted earnings (loss) per share:		
As reported	$ 0.05	$ 0.02
Compensation expense, net of tax	(0.03)	(0.03)
Pro forma	$ 0.02	$ (0.01)

(Dollars in Thousands, except per share amounts)	For the Nine Months Ended September 27, 2003	For the Nine Months Ended September 28, 2002
Net (loss) income:		
As reported	$ (257)	$ 985
Compensation expense, net of tax	(5,303)	(3,395)
Pro forma	$(5,560)	$(2,410)
Basic (loss) earnings per share:		
As reported	$ (0.01)	$ 0.03
Compensation expense, net of tax	(0.13)	(0.09)
Pro forma	$ (0.14)	$ (0.06)
Diluted (loss) earnings per share:		
As reported	$ (0.01)	$ 0.02
Compensation expense, net of tax	(0.12)	(0.08)
Pro forma	$ (0.13)	$ (0.06)

NOTE 3 INVENTORIES

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

(Dollars in Thousands)	September 27, 2003	December 28, 2002
Finished goods	$16,764	$12,142
Work in process	8,280	6,235
Raw materials	775	1,011
Total	$25,819	$19,388

The increase in inventory as of September 27, 2003 is primarily the result of higher levels of Nabi-HB inventory as compared to December 28, 2002.

NOTE 4 EARNINGS PER SHARE

Basic earnings (loss) per share is computed by dividing our net income (loss) by the weighted average number of shares outstanding during the period.

When the effects are not anti-dilutive, diluted earnings per share is computed by dividing our net income by the weighted average number of shares outstanding and the impact of all dilutive potential common shares, primarily stock options. The dilutive impact of stock options is determined by applying the “treasury stock” method. The following table reconciles net income (loss) and shares for the basic and diluted earnings (loss) per share computations:

(Amounts in Thousands, Except Per Share Amounts)	For the Three Months Ended					
	September 27, 2003			September 28, 2002		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic earnings per share	$2,193	45,355	$0.05	$825	38,704	$0.02
Effect of dilutive securities:						
Stock options and other dilutive Securities	—	930	—	—	595	—
Diluted earnings per share	$2,193	46,285	$0.05	$825	39,299	$0.02

(Amounts in Thousands, Except Per Share Amounts)	For the Nine Months Ended					
	September 27, 2003			September 28, 2002		
	Net (Loss)	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic (loss) earnings per share	$(257)	41,152	$(0.01)	$985	38,625	$0.03
Effect of dilutive securities:						
Stock options and other dilutive Securities	—	—	—	—	986	—
Diluted (loss) earnings per share	$(257)	41,152	$(0.01)	$985	39,611	$0.02

NOTE 5 OPERATING SEGMENT INFORMATION

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

(Dollars in Thousands)	For the Three Months Ended		For the Nine Months Ended	
	September 27, 2003	September 28, 2002	September 27, 2003	September 28, 2002
Sales:				
Biopharmaceutical products	$30,710	$21,682	$ 75,363	$ 61,818
Antibody products	11,725	24,418	53,232	76,053
Total	$42,435	$46,100	$128,595	$137,871
Gross Margin:				
Biopharmaceutical products	$20,251	$13,362	$ 48,602	$ 39,212
Antibody products	660	2,137	3,490	6,905
Total	$20,911	$15,499	$ 52,092	$ 46,117
Operating income (loss):				
Biopharmaceutical products	$ 4,193	$ 1,651	$ 4,518	$ 4,426
Antibody products	(675)	(634)	(4,751)	(1,954)
Total	$ 3,518	$ 1,017	$ (233)	$ 2,472

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

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

(Dollars in Thousands)	For the Three Months Ended		For the Nine Months Ended	
	September 27, 2003	September 28, 2002	September 27, 2003	September 28, 2002
Reportable segment operating income (loss)	$3,518	$1,017	$(233)	$ 2,472
Unallocated interest income	131	192	502	1,085
Unallocated interest expense	(506)	(95)	(570)	(2,039)
Unallocated other income (expenses), net	12	13	30	(169)
Income (loss) before (provision) benefit for income taxes	$3,155	$1,127	$(271)	$ 1,349

The following table reconciles reportable segment assets to total reported assets:

(Dollars in Thousands)	September 27, 2003	December 28, 2002
Assets:		
Biopharmaceutical products	$261,213	$159,890
Antibody products	38,093	68,206
Unallocated corporate assets	7,721	4,720
Total	$307,027	$232,816

Assets are generally allocated based on the operating segment to which they are directly related.

NOTE 6 TREASURY STOCK

In various transactions in each of the third, second, and first quarters of 2003 and the first quarter of 2002, a member of our Board of Directors exercised stock options for 215,949 shares, 355,735 shares, 67,627 shares and 60,000 shares, respectively, of our common stock. Additionally, in the second quarter of 2003 a different member of our Board of Directors exercised stock options for 4,500 shares of our common stock. These purchases were paid for by delivery of 182,915 shares of common stock, 190,683 shares of common stock, 38,358 shares of common stock, 40,107 shares of common stock, and 2,371 shares of common stock, respectively, which were valued at $1.5 million, $1.4 million, $0.2 million, $0.2 million and $16 thousand for the respective transactions. In each of the transactions, the shares delivered had been acquired more than six months earlier by the members of our Board of Directors. These shares have been accounted for as treasury stock.

On September 19, 2001, our Board of Directors approved the buy back of up to $5.0 million of our common stock in the open market or in privately negotiated transactions. Repurchases will allow us to have treasury stock available to support our stock option and stock purchase programs. During the first nine months of 2003 we did not purchase any shares of our common stock. During the first nine months of 2002, we purchased 171,483 shares of our common stock for $0.9 million under this buy back program. To date we have acquired 345,883 shares of our common stock for a total of $1.9 million since the inception of this buy back program. Repurchased shares have been accounted for as treasury stock.

NOTE 7 INTANGIBLE ASSETS

The components of our intangible assets are as follows:

(Dollars in Thousands)	September 27, 2003	December 28, 2002
PhosLo Related:		
Trademark/tradename	$ 1,423	—
Tablet patent	11,381	—
Gelcap patent	80,680	—
Customer relationships	2,337	—
Covenant not to compete	508	—
Manufacturing right — Dow	12,520	$10,551
Manufacturing right — Cambrex	50	—
Other intangible assets	4,603	4,603
Total intangible assets	113,502	15,154
Less accumulated amortization	(4,112)	(2,464)
Total	$109,390	$12,690

On August 4, 2003, we acquired PhosLo from Braintree Laboratories Inc. (“Braintree”). PhosLo is currently approved for the control of elevated phosphate levels (hyperphosphatemia) in patients with end-stage kidney (renal) failure. Under the terms of the acquisition, we purchased patent rights, trade secrets, the PhosLo trademarks, regulatory approvals and licenses, certain customer and regulatory data and finished product inventory and did not assume any liabilities. All assets purchased, except for inventory, have been recorded at their estimated fair value, adjusted by a pro rata portion of the excess of purchase price, and are included in intangible assets.

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

(Dollars in Thousands)	September 27, 2003	Estimated Remaining Useful Life
PhosLo Intangibles:		
Trademark/tradename	$ 1,423	17.7 years
Tablet patent	11,381	3.7 years
Gelcap patent	80,680	17.7 years
Customer relationships	2,337	5 years
Covenant not to compete	508	15 years
Total PhosLo Related Intangible Assets	$96,329	

In 2000, we entered into contract manufacturing agreements with Dow Biopharmaceuticals Contract Manufacturing Services (“Dow”) acquire the right to commercial manufacturing capacity for StaphVAX. On October 9, 2003, we announced we had entered into a contract manufacturing agreement with Cambrex Bio Science Baltimore, Inc. (“Cambrex”) for the commercial manufacture of StaphVAX, including our anticipated filing for licensure of StaphVAX in the European Union by December 2004. As a result of entering into this agreement with Cambrex, we ended our contract manufacturing agreement with Dow October 9, 2003. We will record a charge of approximately $13 million for the write-off of the Dow manufacturing right during the fourth quarter of 2003, the period in which we determined that we would not manufacture commercial StaphVAX vaccine at Dow. Refer to Note 14.

NOTE 8 RELATED PARTY TRANSACTIONS

On June 20, 2003, we entered into a retirement agreement with David J. Gury, our former Chief Executive Officer. As a result we incurred a charge of $3.3 million comprising approximately $3.0 million in future cash payments and $0.3 million of costs related to modification of certain of his outstanding stock options. The liability for future cash payments is included in accrued expenses for the current portion, and in other liabilities for the long-term portion, as of September 27, 2003. Future cash payments will be paid over three years commencing January 2004. In addition, we entered into a consulting agreement with Mr. Gury for provision of transition services through December 31, 2003. Mr. Gury continues to serve as non-executive Chairman of our Board of Directors.

In October 2001, we engaged Stonebridge Associates, LLC ("Stonebridge"), an investment bank, the president of which is a member of our Board of Directors, to provide financial advisory services in connection with our review and implementation of a corporate expansion strategy. The agreement, as amended in October 2002, provided for a monthly retainer of $30 thousand plus hourly charges. If the engagement resulted in transactions by us involving aggregate consideration paid in excess of a specified level, Stonebridge was to receive additional fees based upon the consideration paid. Stonebridge acted as our financial adviser in connection with our acquisition of the world-wide rights to PhosLo from Braintree in August 2003 and received a fee of approximately $0.3 million for its services upon consummation of this transaction. Refer to Note 10. We believe that the terms of the engagement with Stonebridge are no less favorable to us than would have been obtained from an unrelated party. Upon successful completion of the PhosLo transaction, we concluded our agreement with Stonebridge although we continue to be obligated to pay Stonebridge a fee under certain circumstances. During the quarters ended September 27, 2003 and September 28, 2002, we paid $0.3 million and $0.2 million, respectively, to Stonebridge. In the nine month periods ended September 27, 2003 and September 28, 2002, we paid $0.5 million and $0.5 million, respectively, to Stonebridge.

NOTE 9 NOTES PAYABLE, OTHER

Notes payable consist of the following:

Dollars in Thousands	September 27, 2003	December 28, 2002
Notes Payable, other:		
Term loan	$10,000	$ —
Less: Current maturities	(2,000)	—
Notes payable, other, long-term	$ 8,000	$ —

On June 20, 2003, we entered into a three year credit facility agreement with Wells Fargo Foothill, Inc., part of Wells Fargo & Company, which allows for borrowings of up to $35 million. The credit facility is comprised of a term loan of $10 million, which was drawn on June 20, 2003, and a revolving line of credit facility of up to $25 million. The term loan is repayable on an amortization schedule over the term of the credit agreement with a balloon payment due at the end of the term. Borrowings under the revolving line of credit are limited by borrowing base restrictions, and are comprised of eligible accounts receivable and inventory balances, as defined. Under the terms of the credit facility, the term loan bears interest at LIBOR plus 4.5% and the revolving line of credit bears interest at either the base rate plus 0.5% or LIBOR plus a percentage based upon our financial performance. Our obligations under the credit agreement are secured by all of the assets of the Company. Under the terms of the credit agreement we must comply with certain covenants, including a restriction on payment of dividends. As of September 27, 2003 we were in compliance with these covenants. Under the revolving line of credit facility we had no borrowings and borrowing capacity of approximately $18.8 million as of September 27, 2003.

NOTE 10 PRODUCT ACQUISITION

On August 4, 2003 we acquired the worldwide rights to PhosLo from Braintree. PhosLo is currently approved for the control of elevated phosphate levels (hyperphosphatemia) in patients with kidney failure. Under the terms of the agreement, we acquired the worldwide rights to PhosLo for payment of $60.3 million in cash and issuance of 1.5 million shares of our common stock at the closing date and the payment of $30.0 million cash over the period ending March 1, 2007. In addition, we paid total professional fees and closing costs of $0.9 million in connection with the acquisition. The discounted value of the notes payable on September 27, 2003 was $27.1 million and has been reported as Notes Payable, PhosLo acquisition. The notes were discounted at 4.5%, our estimated rate of interest under our credit facility on August 4, 2003, the date of the closing of the agreement. Braintree will continue to manufacture the product for us under a long-term manufacturing agreement. Stonebridge, an investment banking firm, the president of which is a member of our Board of Directors, acted as our financial adviser in connection with the acquisition of PhosLo and received a fee of approximately $0.3 million for its services upon consummation of this transaction. Refer to Note 8.

Dollars in Thousands	September 27, 2003	December 28, 2002
Notes Payable, PhosLo acquisition:		
Notes payable, PhosLo acquisition	$27,061	$ —
Less: Current maturities	(4,014)	—
Notes payable, PhosLo acquisition long-term	$23,047	$ —

The following table is a reconciliation of the consideration paid for PhosLo:

Dollars in Thousands	August 4, 2003
Cash paid at closing	$60,325
Closing costs, including professional fees	930
Total Cash paid	61,255
Common shares issued	8,400
Notes payable, PhosLo acquisition, net	26,860
Inventory received	(186)
Total purchase price of PhosLo	$96,329

NOTE 11 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

On October 9, 2003 we announced that we had signed a manufacturing agreement for up to ten years to manufacture StaphVAX at a contract manufacturer’s site. Under the terms of the agreement we have a commitment of $7.6 million related to acquiring the right to future commercial manufacturing capacity for StaphVAX.

At September 27, 2003, we had total capital commitments of $2.7 million related to construction of our laboratory and cold storage facilities on our property in Boca Raton, Florida.

We have employment agreements with certain members of our senior management that include certain cash payments in the event of termination of employment, and cash payments and stock option modifications in the event of a change in control of the Company.

NOTE 12 SUPPLEMENTAL CASH FLOW INFORMATION

(Dollars in Thousands)	For the Nine Months Ended September 27, 2003	For the Nine Months Ended September 28, 2002
Interest paid	$ 135	$3,569
Income taxes (refunded) paid	$ (573)	$1,698
Supplemental non-cash financing activities:		
Inventory received, PhosLo acquisition	$ 186	$ —
Notes payable, PhosLo acquisition	$26,860	$ —
Issuance of common stock, PhosLo acquisition	$ 8,400	$ —
Stock options exercised for common stock	$ 3,100	$ 247

NOTE 13 EQUITY OFFERING

On July 17, 2003, we completed a private placement of 5,577,000 shares of common stock to a group of institutional investors and realized approximately $31.3 million, net of issuance costs. Proceeds from the private placement were used for our acquisition of PhosLo. Refer to Note 10.

NOTE 14 SUBSEQUENT EVENT

On October 9, 2003, we announced that we had signed a manufacturing agreement for a term of up to ten years with Cambrex. Cambrex, a contract manufacturer, has a facility licensed by the European Union, United States and Canadian regulators with immediately available capacity to manufacture StaphVAX to support the launch of StaphVAX in Europe and the United States. In conjunction with establishing our new manufacturing relationship with Cambrex, we ended our contract manufacturing agreement with Dow on October 9, 2003. As a result of this action, we will write off costs we have capitalized in prior periods relating to the right to manufacture StaphVAX in Dow’s facility in future periods. We will record a charge of approximately $13 million for the write-off of the Dow manufacturing right during the fourth quarter of 2003, the period in which we determined that we would not manufacture commercial StaphVAX vaccine at Dow.

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

The following is a discussion and analysis of the major factors contributing to our financial condition and results of operations for the three months and nine months ended September 27, 2003 and September 28, 2002. The discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

RESULTS OF OPERATIONS

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

	For the Three Months Ended			
(Dollars in Thousands)	September 27, 2003		September 28, 2002	
Biopharmaceutical products:				
-Nabi-HB	$ 8,933	21.1%	$ 7,816	17.0%
-WinRho SDF	13,521	31.9	12,203	26.4
-PhosLo	5,027	11.8	—	—
-Other biopharmaceuticals	3,229	7.6	1,663	3.6
Biopharmaceutical subtotal	30,710	72.4	21,682	47.0
Antibody products:				
-Specialty antibodies	3,679	8.7	9,011	19.6
-Non-specific antibodies	8,046	18.9	15,407	33.4
Antibody subtotal	11,725	27.6	24,418	53.0
Total	$42,435	100.0%	$46,100	100.0%

	For the Nine Months Ended			
(Dollars in Thousands)	September 27, 2003		September 28, 2002	
Biopharmaceutical products:				
-Nabi-HB	$ 26,336	20.5%	$ 25,479	18.5%
-WinRho SDF	37,633	29.3	26,818	19.4
-PhosLo	5,027	3.9	—	—
-Other biopharmaceuticals	6,367	4.9	9,521	6.9
Biopharmaceutical subtotal	75,363	58.6	61,818	44.8
Antibody products:				
-Specialty antibodies	16,157	12.6	24,347	17.7
-Non-specific antibodies	37,075	28.8	51,706	37.5
Antibody subtotal	53,232	41.4	76,053	55.2
Total	$128,595	100.0%	$137,871	100.0%

FOR THE THREE MONTHS ENDED SEPTEMBER 27, 2003 AND SEPTEMBER 28, 2002

Sales. Total sales for the third quarter of 2003 were $42.4 million compared to sales of $46.1 million for the third quarter of 2002.

Biopharmaceutical sales were at a record level of $30.7 million for the third quarter of 2003 compared to $21.7 million for the third quarter of 2002, an increase of 42%. In the third quarter of 2003, biopharmaceutical sales benefited from initial sales of PhosLo® (calcium acetate) as well as increased sales of WinRho SDF® [Rh_0 (D) Immune Globulin Intravenous (Human)], Nabi-HB® [Hepatitis B Immune Globulin (Human)], and Aloprim™ [(Allopurinol sodium) for injection]. We acquired PhosLo from Braintree Laboratories, Inc. on August 4, 2003 and launched the product utilizing our sales force and distribution channels within the third quarter 2003. Sales of WinRho SDF increased 11% as compared to the third quarter of 2002. This increase is consistent with increased patient utilization (end-user demand) of this product, based on our review of internally and externally generated end-user data, as well as increased unit pricing. Sales of Nabi-HB increased 14% from third quarter 2002 levels. The most significant use of Nabi-HB is for the treatment of hepatitis B positive liver transplant recipients in the period of and following liver transplant. As reported by the United Network for Organ Sharing (“UNOS”), liver transplants for hepatitis B patients in the year to date period ended July 2003 have decreased approximately 40% from prior year levels. The effects of this decrease on sales of Nabi-HB were offset by the beneficial impact of our programs to increase market share for Nabi-HB. In addition, wholesaler and distributor customers have increased their inventory levels of Nabi-HB in 2003. Other biopharmaceuticals sales are primarily comprised of sales of Aloprim and Autoplex® T [Anti-Inhibitor Coagulant Complex, Heat Treated]. The increase in other biopharmaceuticals sales is due to higher sales of Aloprim which benefited from the resumption in product supply from the manufacturer starting in the second quarter of 2003. Sales of Autoplex T decreased as the result of product supply shortfalls from the manufacturer that are expected to continue through 2003. In 1997, we acquired exclusive rights to Autoplex T in the U.S., Canada and Mexico from Baxter Health Corporation (“Baxter”). In connection with the acquisition, Baxter agreed to manufacture Autoplex T until May 2000 or 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 we receive approval from the FDA to manufacture Autoplex T. At the discretion of the FTC, the period Baxter manufactures Autoplex T can be extended for up to four twelve-month intervals. The FTC approved the fourth twelve-month extension beginning in May 2003. The FTC could require us to return our rights to Autoplex T to Baxter if we do not obtain FDA approval to manufacture the product by May 2004 or by a later date agreed to by the FTC. We are uncertain whether our rights to this product will extend beyond May 2004.

We expect biopharmaceutical product sales of our five marketed products to increase approximately 18% for the full year 2003 compared to the full year 2002. Based on revenue trends and current market conditions, we currently project an increase of approximately 20% in biopharmaceutical product sales in 2004 from projected 2003 levels. Based on current customer demand for PhosLo, we anticipate reporting net sales of PhosLo of approximately $10.0 million to $11.0 million for the period August 5, 2003 through December 27, 2003. Further, we anticipate reporting net sales of PhosLo of approximately $27 million to $30 million for the full year 2004. Based on increasing patient use trends, we project growth in sales of WinRho SDF for the full year of 2003. Because patient maintenance use of Nabi-HB is sometimes reduced one-year post transplant, we expect sales of Nabi-HB to be at lower levels in future periods until the number of new hepatitis B liver transplants increases.

Total antibody sales for the third quarter of 2003 were $11.7 million compared to $24.4 million for the third quarter of 2002. Non-specific antibody sales decreased due to the impact of completing our obligations in April 2003, under a single contract retained by us following the sale of the majority of the antibody collection business and testing laboratory in September 2001. We reported sales under this arrangement because we retained the risk of credit loss associated with this customer but did not record any margin. There were no such non-specific antibody sales in the third quarter of 2003 and $12.1 million in the third quarter of 2002. Non-specific antibody sales from our antibody collection centers were $8.0 million in the third quarter of 2003 compared to $3.3 million in the third quarter of 2002 reflecting increased production levels and unit sales in the third quarter of 2003. Specialty antibody sales were $3.7 million in the third quarter of 2003 compared to $9.0 million in the third quarter of 2002, a decrease of approximately

$5.3 million, primarily reflecting reduced sales of tetanus, rabies and Rh_0D antibodies. Tetanus antibodies have decreased due to recent local import restrictions established by an international market limiting sales of this product. We anticipate sales of tetanus antibodies to this international market to increase in the fourth quarter of 2003. Sales of rabies antibodies have decreased due to termination of a contract to provide this product to a single pharmaceutical customer. We have a contractual commitment to supply substantial quantities of Rh_0D antibodies to the purchaser of the majority of our antibody collection and laboratory testing business at a low margin through 2004. This commitment limited our ability to sell these antibodies to other customers at higher margins during the third quarter of 2003 and we will be limited in our ability to sell these antibodies to other customers throughout 2003 and 2004.

Gross margin. Gross margin for the third quarter of 2003 was $20.9 million, or a record level of 49% of sales, compared to $15.5 million, or 34% of sales, for the third quarter of 2002. The increase in gross margin for the third quarter of 2003 is primarily as a result of the margin generated from record sales of our biopharmaceutical products including initial sales of PhosLo and increased sales of WinRho SDF, Aloprim and Nabi-HB. In the third quarter of 2003 we also benefited from increased utilization of our Boca Raton manufacturing facility resulting in excess plant capacity expense of $0.4 million compared to excess capacity expense of $1.4 million for the third quarter of 2002. Gross margin for each of the third quarters of 2003 and 2002 further benefited from non-performance penalty amounts from the manufacturer of Autoplex T of $1.9 million and $1.7 million, respectively. Offsetting these gross margin gains for biopharmaceutical products were the effects of decreased sales of specialty antibodies and inventory write downs, primarily related to intermediate products, of $0.8 million. In the absence of an increase in hepatitis B liver transplant activity, projected lower sales levels of Nabi-HB will result in reduced manufacturing activity at our Boca Raton manufacturing facility and increased excess capacity expense in future periods.

Royalty expense for the third quarter of 2003 was $5.4 million, or 18% of biopharmaceutical sales compared to $4.2 million, or 19% of biopharmaceutical sales, for the third quarter of 2002, primarily reflecting increased sales of Aloprim and WinRho SDF.

Selling, general and administrative expense. Selling, general and administrative expense was $9.4 million for the third quarter of 2003 compared to $8.7 million for the third quarter of 2002. Increased selling, general and administrative expenses was primarily related to marketing and sales activities for the launch of PhosLo.

Research and development expense. Research and development expense was $6.5 million for the third quarter of 2003 compared to $5.6 million for the third quarter of 2002. Consistent with the strategic focus of our research and development activities, 56% of research and development expense in the third quarter of 2003 was incurred to support activity under our Gram-positive infections program. We initiated the confirmatory Phase III clinical trial of StaphVAX® (*Staphylococcus aureus* Polysaccharide Conjugate Vaccine) following completion of the StaphVAX immunogenicity study in the third quarter. The immunogenicity study was conducted using vaccine that was manufactured at a contract manufacturer's site. Vaccine manufactured at the contract manufacturing site is being used in the confirmatory Phase III trial of StaphVAX that initiated this quarter. In the third quarter of 2003, we also began a Phase II clinical trial of Altastaph™ [*Staphylococcus aureus* Immune Globulin (Human)] in very low birth weight newborns under an agreement with Duke University. We expect to report results from this trial in the second half of 2004. Other significant clinical activities this quarter included initiation of a Phase II clinical trial of NicVAX™ (Nicotine Conjugate Vaccine) in smokers in the U.S. that will be substantially funded by our National Institute of Drug Abuse ("NIDA") grant and continuation of a Phase I/II clinical trial of NicVAX in smokers and ex-smokers in The Netherlands. Our Phase II NicVAX study in the U.S. is now fully enrolled and we expect to report results from this trial in the second half of 2004. We expect to announce results from the Phase I/II trial of NicVAX in The Netherlands in the first quarter of 2004. Research and development activities in the third quarter of 2003 further included costs for ongoing support for our Civacir™ [Hepatitis C Immune Globulin (Human)] Phase I/II clinical trial, that has been completed and for which we expect to report results later this year, and to support our Nabi-HB Intravenous Biologics License Application filed with the U.S. Food and Drug Administration. The confirmatory Phase III trial of StaphVAX will be conducted over approximately the 22 month period commencing at the end of the third quarter of 2003. As a result, we expect clinical trial costs to increase above historical levels in the fourth quarter of 2003 and through the completion of this trial. As well, commencing in 2004 we expect to conduct a clinical trial in support of our recently acquired product, PhosLo.

Other operating expense principally amortization and freight. Other operating expense was $1.6 million for the third quarter of 2003 compared to $0.2 million for the third quarter of 2002. The increase in 2003 is due primarily to amortization of the intangible assets recorded as part of the acquisition of PhosLo.

Interest income. Interest income for the third quarter of 2003 was $0.1 million compared to $0.2 million for the comparable period of 2002. Interest income is earned from investing cash and cash equivalents on hand in money market funds and auction rate securities with maturities of three months or less.

Interest expense. Interest expense for the third quarter of 2003 was $0.5 million compared to $0.1 million for the third quarter of 2002. Interest expense in the third quarter of 2003 represents interest incurred on borrowings under our credit facility entered into in June 2003 as well as imputed interest on the notes payable entered into in connection with the acquisition of PhosLo.

Other factors. The provision for income taxes reflected a provision of $1.0 million for the third quarter of 2003, compared to $0.3 million for the third quarter of 2002. The 30% effective tax rate in the third quarter of 2003 differs from the statutory rate of 35% due to the impact of research and development tax credits.

FOR THE NINE MONTHS ENDED SEPTEMBER 27, 2003 AND SEPTEMBER 28, 2002

Sales. Total sales for the first nine months of 2003 were $128.6 million compared to sales of $137.9 million for the first nine months of 2002.

Biopharmaceutical sales were at record levels of $75.4 million for the first nine months of 2003 compared to $61.8 million for the first nine months of 2002, an increase of 22%. Sales for the first nine months of 2003 benefited from the initial sales of PhosLo as well as a significant increase in sales of WinRho SDF. On August 4, 2003, we acquired PhosLo from Braintree and launched the product utilizing our sales force and distribution channels in the third quarter of 2003. Sales of WinRho SDF increased 40% in the first nine months of 2003 compared to the first nine months of 2002. Patient utilization of WinRho SDF has attained record levels in 2003. This increased patient utilization of the product during the first nine months of 2003 combined with increases in wholesaler and distributor inventory levels in response to increased patient demand as well as increased product pricing have driven higher sales of WinRho SDF. In addition, sales of WinRho SDF in the first nine months of 2002 were negatively impacted by an inventory build-up by our wholesaler and distributor customers in 2001 in response to product supply shortages from the manufacturer of this product in 2000. Sales of Nabi-HB for the first nine months of 2003 increased 3% from the sales levels reported for the first nine months of 2002. The most significant use of Nabi-HB is for the treatment of hepatitis B positive liver transplant recipients in the period of and following liver transplant. As reported by UNOS, liver transplants for hepatitis B patients in the year to date period through July 2003 have decreased approximately 40% from prior year levels. The effects of this decrease on sales of Nabi-HB were offset by the beneficial impact of our programs to increase our market share for Nabi-HB. In addition, wholesaler and distributor customers have increased inventory levels of Nabi-HB in 2003. Sales of Nabi-HB in the first nine months of 2002 benefited from completion of the transition to Nabi-HB product manufactured in our Boca Raton facility in that period. Other biopharmaceuticals sales primarily comprise sales of Autoplex T and Aloprim. Decreased sales of Autoplex T are the result of product supply shortfalls from the manufacturer that may continue through 2003. In 1997, we acquired exclusive rights to Autoplex T in the U.S., Canada and Mexico from Baxter. In connection with the acquisition, Baxter agreed to manufacture Autoplex T until May 2000 or such later time as may be determined under the terms of a consent order entered into between Baxter and the FTC, but in any event four months after we receive approval from the FDA to manufacture Autoplex T. At the discretion of the FTC, the period Baxter manufactures Autoplex T can be extended for up to four twelve-month intervals. The FTC approved the fourth twelve-month extension beginning in May 2003. The FTC could require us to return our rights to Autoplex T to Baxter if we do not obtain FDA approval to manufacture the product by May 2004 or by a later date agreed to by the FTC. We are uncertain if a new agreement can be signed to continue sales of this product beyond May 2004. Aloprim sales were lower for the nine months ended September 27, 2003 compared to the comparable period of 2002. Aloprim sales in the nine month period of 2003 were impacted by product supply shortfalls from the manufacturer of the product in the first quarter of 2003 which resulted in patient treatment being supported by alternate products. Aloprim supply from the manufacturer resumed in April 2003 and benefited sales of this product in the third quarter of 2003. Aloprim sales in the first nine months of 2002 benefited from receipt of two back ordered lots that were substantially sold in that period.

We expect biopharmaceutical product sales of our five marketed products to increase approximately 18% for the full year 2003 compared to the full year 2002. Based on revenue trends and current market conditions, we currently project an increase of approximately 20% in biopharmaceutical product sales in 2004 from projected 2003 levels. Based on current customer demand for PhosLo, we anticipate reporting net sales of PhosLo of approximately $10.0 million to $11.0 million for the period August 5, 2003 through December 27, 2003. Further, we anticipate reporting net sales of PhosLo of approximately $27 million to $30 million for the full year 2004. Based on increasing patient use trends, we project growth in sales of WinRho SDF for the full year of 2003. Because patient maintenance use of Nabi-HB is sometimes reduced one-year post transplant, we expect sales of Nabi-HB to be at lower levels in future periods until the number of new hepatitis B liver transplants increases.

Total antibody sales for the first nine months of 2003 were $53.2 million compared to $76.1 million for the comparable period of 2002. Non-specific antibody sales include shipments to a single customer under a supply contract that we fulfilled in April 2003, which was retained by us following the sale of the majority of

the antibody collection business and testing laboratory in September 2001. We reported sales under this arrangement because we retained the risk of credit loss with this customer, but we did not record any margin. Such non-specific antibody sales totaled $19.1 million for the first nine months of 2003 and $39.8 million for the first nine months of 2002. Non-specific antibody sales from our own antibody collection centers were $18.0 million in the first nine months of 2003 compared to $11.9 million for the comparable period of 2002 reflecting increased production levels and increased unit sales for the first nine months of 2003. Specialty antibody sales were $16.2 million for the nine months ended September 27, 2003 compared to $24.4 million for the comparable period of 2002, a decrease of approximately $8.1 million. This decrease primarily reflects decreased sales of rabies, tetanus, hepatitis B and Rh_oD antibodies. Sales of rabies antibodies have decreased due to termination of a contract to provide this product to a single pharmaceutical customer. Sales of tetanus antibodies have decreased due to recent import restrictions established in an international market. We anticipate sales of tetanus antibodies to this international market to increase in the fourth quarter of 2003. Hepatitis B antibodies produced at our antibody collection centers were primarily retained by us to support the manufacture of Nabi-HB in 2003, limiting the amount of these antibodies available for sale. Hepatitis B antibodies are the primary raw material in the manufacture of Nabi-HB. We have a contractual commitment to supply substantial quantities of Rh_oD antibodies to the purchaser of the majority of our antibody collection and laboratory testing business at a low margin through 2004. This commitment limited our ability to sell these antibodies to other customers at higher margins during the first nine months of 2003 and we will be limited in our ability to sell these antibodies to other customers throughout 2003 and 2004.

Gross margin. Gross margin for the first nine months of 2003 was $52.1 million, or 41% of sales, compared to $46.1 million, or 33% of sales, for the first nine months of 2002. The increase in gross profit for the first nine months of 2003 compared to the first nine months of 2002 primarily reflects the increased proportion of higher margin biopharmaceutical sales compared to total sales reported this period including initial sales of PhosLo. During the first nine months of 2003, we benefited from increased utilization of our Boca Raton manufacturing facility resulting in excess plant capacity expense of $2.2 million compared to an excess plant capacity expense of $3.4 million for the nine months ended September 28, 2002. Gross margin for the first nine months of 2003 and 2002 also benefited from gross non-performance penalty amounts from the manufacturer of Autoplex T of $5.9 million and $3.4 million, respectively. Offsetting these gross margin gains were reduced margin from sales of specialty antibody products, increased costs of manufacture for Nabi-HB and the impact of inventory write offs, primarily related to intermediate products. In the absence of an increase in hepatitis B liver transplant activity, projected lower sales levels of Nabi-HB will result in reduced manufacturing activity at our Boca Raton manufacturing facility and increased excess capacity expense in future periods.

Royalty expense for the first nine months of 2003 was $13.7 million, or 18% of biopharmaceutical sales, compared to $10.1 million, or 16% of biopharmaceutical sales, for the comparable period of 2002, primarily reflecting increased sales of WinRho SDF.

Selling, general and administrative expense. Selling, general and administrative expense was $32.2 million for the first nine months of 2003 compared to $28.2 million for the comparable period of 2002. Increased selling, general and administrative expense for the first nine months of 2003 included a charge of $3.3 million related to the retirement of our former Chief Executive Officer as well as increased use of tax consultants compared to the comparable period of 2002 and costs to launch PhosLo.

Research and development expense. Research and development expense was $18.2 million for the first nine months of 2003 compared to $14.9 million for the comparable period of 2002. Consistent with the strategic focus of our research and development activities, 58% of research and development expense in 2003 was incurred to support activity under our Gram-positive infections program. We initiated the confirmatory Phase III clinical trial of StaphVAX following completion of the StaphVAX immunogenicity study in September 2003. The immunogenicity study was conducted using vaccine that was manufactured at a contract manufacturer's site. Vaccine manufactured at the contract manufacturer's site is being used in our confirmatory Phase III clinical trial of StaphVAX that initiated in September 2003. In addition, we initiated a Phase II clinical trial of Altastaph in very low birth weight newborns in August of this year under a contract with Duke University. We expect to report results from this trial in the second half of 2004. In other significant clinical activities, in August 2003 we initiated a Phase II clinical trial of NicVAX in smokers in the U.S. and in February of 2003 we initiated a second Phase I/II clinical trial of or NicVAX in smokers and ex-smokers in The Netherlands. The U.S. based Phase II trial, which will be substantially

funded by our NIDA grant, is now fully enrolled and we expect to report results from this trial in the second half of 2004. We expect to announce the results from the Phase I/II trial of NicVAX in The Netherlands in the first quarter of 2004. Research and development activities in the first nine months of 2003 also included costs related to ongoing support for our Civacir Phase I/II clinical trial, which has been completed and for which we expect to report results later this year, and to support our Nabi-HB Intravenous Biologics License Application filed with the U.S. Food and Drug Administration. The confirmatory Phase III trial of StaphVAX will be conducted over approximately the 22 month period commencing at the end of the third quarter of 2003. As a result, we expect clinical trial costs to increase above historical levels in the fourth quarter of 2003 and through the completion of this trial. As well, commencing in 2004, we expect to conduct a clinical trial in support of our recently acquired product, PhosLo.

Other operating expense principally amortization and freight. Other operating expense was $2.0 million for the first nine months of 2003 compared to $0.6 million for the first nine months of 2002. The increase in 2003 is due primarily to amortization related to the intangible assets acquired as part of the acquisition of PhosLo.

Interest income. Interest income for the first nine months of 2003 was $0.5 million compared to $1.1 million for the comparable period of 2002. Interest income is earned from investing cash and cash equivalents on hand in money market funds and auction rate securities with maturities of three months or less. The decrease in interest income is due to lower average outstanding cash balances and reduced interest rates. In September 2001, we received proceeds of $135 million, net of repayment of then outstanding bank debt and closing costs, from the sale of the majority of our antibody collection business and testing laboratory. These funds were invested in the financial instruments discussed above. In April 2002, a portion of these funds was utilized to redeem our $78.5 million 6.5% Convertible Subordinated Notes.

Interest expense. Interest expense for the first nine months of 2003 was $0.6 million compared to $2.0 million for the first nine months of 2002. The 2003 amount represents interest accrued on the credit facility entered into on June 20, 2003 as well as imputed interest on our notes payable to entered into in connection with the acquisition of PhosLo on August 4, 2003. The 2002 expense relates to interest on the 6.5% Convertible Subordinated Notes which were redeemed in April 2002.

Other factors. The provision for income taxes reflected a benefit of $14 thousand for the nine months ended September 27, 2003, compared to a provision of $0.4 million for the comparable period in 2002. The 5% effective tax rate for the nine months of 2003 differs from the statutory rate of 35% due to the impact of the recognition of certain research and development expense, and tax credits.

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents at September 27, 2003 were $26.2 million.

Cash used by operations for the nine months ended September 27, 2003 was $1.8 million. Cash generated from sales and gross margin were used to fund decreased trade accounts payable and accrued expenses of $5.3 million, including settlement of our prepaid property insurance premiums and amounts accrued for incentive compensation earned in 2002, and increased inventory balances of $7.9 million primarily resulting from increased levels of production of Nabi-HB during the first nine months of 2003 to ensure adequate inventory on hand to support our market needs for this product.

As of September 27, 2003 we had borrowings of $10.0 million under a term loan we entered into a credit facility agreement with Wells Fargo Foothill, Inc., part of Wells Fargo & Company, which allows for borrowings of up to $35.0 million. The credit facility is comprised of a term loan of $10.0 million, which was funded on June 20, 2003, and a revolving line of credit up to $25.0 million. The credit facility has a term of three years. As of September 27, 2003, we had no borrowings and a borrowing capacity of approximately $18.8 million under the revolving line of credit agreement.

On August 4, 2003, we acquired from Braintree Laboratories, Inc. (“Braintree”) the worldwide rights to PhosLo. In conjunction with the acquisition we entered into an obligation to pay Braintree $30.0 million over the period ending March 1, 2007. This obligation, net of imputed discount, is included in Notes Payable, PhosLo acquisition at September 27, 2003.

Under terms of a contract manufacturing agreement entered into on October 9, 2003, we have a commitment of $7.6 million related to acquiring the right to commercial manufacturing capacity for StaphVAX.

Capital expenditures were $4.1 million for the first nine months of 2003. At September 27, 2003, we had total capital commitments of $2.7 million related to construction of our laboratory and cold storage facilities on our property in Boca Raton, Florida.

In connection with an agreement related to the retirement of our former Chief Executive Officer announced on June 20, 2003, we have an obligation of $3.0 million in future cash payments over the three years commencing January 2004.

On September 19, 2001, our Board of Directors approved the expenditure of up to $5.0 million to repurchase shares of our common stock in the open market or in privately negotiated transactions. Repurchases will allow us to have treasury stock available to support our stock option and stock purchase programs. We have acquired no shares under this program in 2003. We will evaluate market conditions in the future and make decisions to repurchase additional shares of our common stock on a case-by-case basis in accordance with our Board of Directors’ approval. To date, we have acquired 345,883 shares of our common stock for a total of $1.9 million since the inception of this buy back program.

We believe that cash flow from operations and cash and cash equivalents on hand, together with our ability to borrow funds should the need arise, will be sufficient to meet our anticipated cash requirements for operations for at least the next twelve months.

CRITICAL ACCOUNTING POLICIES

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 sales and expenses during the reporting period. Actual results could differ from those estimates.

Intangible Assets

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

(Dollars in Thousands)	September 27, 2003	Estimated Remaining Useful Life
PhosLo Intangibles		
Trademark/tradename	$ 1,423	17.7 years
Tablet patent	11,381	3.7 years
Gelcap patent	80,680	17.7 years
Customer relationships	2,337	5 years
Covenant not to compete	508	15 years
Total PhosLo Related Intangible Assets	$96,329	

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

Manufacturing Right

In 2000, we entered into contract manufacturing agreements with Dow to establish commercial manufacturing capability for StaphVAX. The manufacturing process for StaphVAX was being transferred to Dow from our pilot manufacturing plant in Rockville, Maryland. The contract manufacturing agreements required us to make certain payments to Dow to secure future access to commercial vaccine manufacturing capacity and to enable Dow to ready its facility for its intended use, the commercial manufacture of StaphVAX vaccine. These payments were recorded as a Manufacturing Right and included in Intangible Assets. Amortization of the Manufacturing Right was expected to commence when commercial manufacture of StaphVAX commenced at Dow. On October 9, 2003, in conjunction with establishing a new manufacturing relationship with Cambrex Bio Science Baltimore ("Cambrex"), we ended the contract manufacturing agreement with Dow. Based on our stated accounting policy, in the period we determined that the commercial manufacture of StaphVAX would not take place at Dow's facility, we must write off the manufacturing right for the Dow location. As a result of ending our agreement with Dow on October 9, 2003, we will write off costs we have capitalized in prior periods relating to the right to manufacture StaphVAX in Dow's facility. We expect to record a charge of approximately $13 million in the fourth quarter of 2003 to write-off the manufacturing right intangible asset. Under our agreement with Cambrex, we are committed to make future payments of at least $7.6 million to acquire the right to commercial manufacturing capacity for StaphVAX vaccine. As these payments are made, we intend to record a manufacturing right on our balance sheet which we will amortize over the future period of commercial manufacture of StaphVAX at Cambrex's facility. If we determine that the manufacture of StaphVAX will not occur at Cambrex's facility, we will write off this manufacturing right in the period of that determination.

Property, Plant and Equipment and Depreciation

We incurred $90.3 million to construct our biopharmaceutical manufacturing facility in Boca Raton, Florida. We received approval from the FDA to manufacture our antibody-based biopharmaceutical product, Nabi-HB, at this facility in October 2001. In constructing the facility we incurred approximately $26.8 million in direct costs of acquiring the building, building systems, manufacturing equipment and computer

systems. We also incurred a total of $63.5 million of costs related to validation of the facility to operate in an FDA approved environment and capitalized interest. Costs related to validation and capitalized interest have been allocated to the building, building systems, manufacturing equipment and computer systems. Buildings and building systems are depreciated on a straight-line basis over 39 years and 20 years, respectively, the estimated useful lives of these assets. The specialized manufacturing equipment and computer systems are depreciated using the units-of-production method of depreciation subject to a minimum level of depreciation based on straight-line depreciation. The units-of-production method of depreciation is based on management's estimate of production levels. Management believes the units-of-production method is appropriate for these specialized assets. Use of the units-of-production method of depreciation may result in significantly different financial results of operation than straight-line depreciation in periods of lower than average or higher than average production levels. However, this differential is limited in periods of lower than average production, as we record a minimum of 60% of the depreciation that would have otherwise been recorded had we used the straight-line method. In the first nine months of 2003, we recorded additional depreciation of $1.3 million under this policy, including additional depreciation of $0.4 million in the third quarter of 2003. For the comparable periods of 2002 we recorded additional depreciation of $1.6 million and $0.7 million, respectively.

Accounts Receivable and Revenue Recognition

In the first nine months of 2003 and 2002, we had biopharmaceutical product sales of $75.4 million and $61.8 million, respectively. At September 27, 2003 and December 28, 2002 we had $36.0 million and $36.3 million, respectively, of accounts receivable including $28.9 million and $22.2 million, respectively, from biopharmaceuticals sales. Our primary customers for biopharmaceutical products are pharmaceutical wholesalers. In accordance with our revenue recognition policy, revenue from biopharmaceutical product sales is recognized when title and risk of loss are transferred to the customer. Reported sales are net of estimated customer prompt pay discounts, contractual allowances in accordance with managed care agreements, government payer rebates and other wholesaler fees. At September 27, 2003 and December 28, 2003 we had $7.3 million and $3.9 million, respectively, recorded in accrued expenses related to these contractual obligations.

Inventory and Reserves for Slow Moving or Obsolete Inventory

At September 27, 2003 and December 28, 2002, we had inventory on hand of $25.8 million and $19.4 million respectively. In the nine months ended September 27, 2003, we recorded a provision for inventory valuation allowance of $1.6 million. For the comparable period of 2002 we recorded a provision for inventory valuation allowance of $23 thousand. We review inventory on hand at each reporting period to assess that inventory is stated at the lower of cost or market and that inventory on hand is saleable. Our assessment of inventory includes review of selling price compared to inventory carrying cost, recent sales trends, our expectations for sales trends in future periods and product shelf life expiration. Based on these assessments, we provide for an inventory valuation allowance in the period in which the requirement is identified.

NEW ACCOUNTING PRONOUNCEMENTS

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

FORWARD LOOKING STATEMENTS

The part of this Quarterly Report on Form 10-Q captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contains certain forward-looking statements, which involve risks and uncertainties. These statements are based on current expectations, estimates and projections about the industries in which we operate, management’s beliefs and assumptions made by management. Readers should refer to a discussion under “Risk Factors” contained in our Annual Report on Form 10-K for the year ended December 28, 2002 as well as the Risk Factors contained in our Forms S-3/A filed on October 7 and October 9, 2003 concerning certain factors that could cause our actual results to differ materially from the results anticipated in such forward-looking statements. Said discussion and Risk Factors are hereby incorporated by reference into this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk. At September 27, 2003, we had a term loan under our credit facility of $10.0 million and cash and cash equivalents in the amount of $26.2 million. In addition, we had a note payable for the acquisition of PhosLo of $27.1 million. Cash equivalents consist of money market funds and auction rate securities with maturities of three months or less placed with major financial institutions.

Our exposure to market risk relates to our borrowings and to our cash and investments. Our borrowings under our credit facility are subject to changes in interest rates, specifically LIBOR, and expire in June 2006. The note payable related to the PhosLo acquisition was discounted at our estimated interest rate under our credit facility on August 4, 2003, the date of the closing agreement. We maintain an investment portfolio of money market funds, qualified purchaser funds, and auction rate securities. The securities in our investment portfolio are not leveraged, and are, due to their very short-term nature, subject to minimal interest rate risk. We currently do not hedge interest rate exposure. Because of the short-term maturities of our investments, we do not believe that a change in market rates would have a significant negative impact on the value of our investment portfolio.

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

Dollars in Millions	Fair Value at September 27, 2003
Assets:	
Cash equivalents	$26.2
Average interest rate	1.4%
Liabilities:	
Notes payable	$37.1
Average interest rate	4.9%

Item 4. Controls and Procedures

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as of September 27, 2003. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 27, 2003. There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended September 27, 2003 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

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

During 2002, we were named as one of over 40 pharmaceutical and biopharmaceutical defendants in three lawsuits filed in the Superior Court of the State of California; two filed in the County of San Francisco on August 23, 2002 and September 9, 2002 and one filed in the County of Alameda on July 12, 2002. To date we have been served in only one suit. All three cases were removed to United States District Court for the Northern District of California. The cases each involve claims that insurers and consumers of the defendants' products made overpayments for those products based on an alleged manipulation of Average Wholesale Price, a standard which governs amounts that physicians, hospitals and other providers receive as reimbursement for purchases of the defendants' products. The plaintiffs seek damages, equitable relief and disgorgement of profits. The three lawsuits are in their preliminary stages. As described in our Quarterly Report on Form 10-Q for the quarter ended March 29, 2003, all three cases have been transferred to the United States District Court for the District of Massachusetts for inclusion in the consolidated multi-district litigation ("MDL"). We were not a named defendant in this proceeding's Master Consolidated Complaint, nor were we included as a defendant in the Amended Master Consolidated Complaint, which was filed by the MDL plaintiffs in June 2003. However, we are still a named defendant in the California cases that were transferred to Massachusetts federal court.

Item 2. Changes in Securities and Use of Proceeds

On July 11, 2003, we sold 5,557,000 shares of our common stock to the following purchasers:

Baystar Capital II L.P.
Bonanza Master Fund Ltd.
Common Fund Hedged Equity
Deerfield International Limited
Deerfield Partners, L.P.
JALAA Equities, L.P.
Knott Partners, L.P.
Lehman Brothers, Inc.
Matterhorn Offshore Fund
Merlin BioMed Long Term Appreciation Fund, L.P.
Merlin BioMed Offshore Master Fund, L.P.
Merlin BioMed Private Equity Fund, L.P.
Richard H. Morrison, LLC
SF Capital Partners, Ltd.
Shoshone Partners, LP
Smithfield Fiduciary, LLC
Special Situations Private Equity Fund L.P.
Special Situations Cayman Fund, L.P.
Special Situations Fund III, L.P.
UBS O'Connor LLC F/B/O O'Connor Global Convertible Arbitrage Master Ltd.
UBS O'Connor LLC F/B/O PIPES Corporate Strategies Ltd.

The aggregate offering price was $33.4 million. The shares of stock were issued in transactions exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof and Rule 506 promulgated thereunder. All of the purchasers represented that they were accredited investors and that they were acquiring the securities for themselves and not for other persons; the offering did not involve any general advertising or solicitation.

On August 4, 2003, we issued 1,500,000 shares of our common stock to Braintree Laboratories, Inc. in connection with the acquisition of PhosLo. Under the terms of the acquisition, we purchased patent rights, trade secrets, the PhosLo trademarks, regulatory approvals and licenses, certain customer and regulatory

data and finished product inventory in exchange for the payment of $60.3 million in cash and the issuance of 1,500,000 shares of our common stock on August 4, 2003 and our agreement to pay $30.0 million over the period ending March 1, 2007. The shares of stock were issued in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof and Rule 506 promulgated thereunder. The purchaser represented that it was an accredited investor and that it was acquiring the securities for itself and not for other persons; the offering did not involve any general advertising or solicitation.

Under the terms of our credit agreement with Wells Fargo Foothill, Inc., we may not declare or pay dividends on our common stock.

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

10.1	Letter Agreement between Nabi Biopharmaceuticals and David J. Gury
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32.1	Section 1350 Certification

(b) Reports on Form 8-K:

On July 14, 2003, we filed a current report on Form 8-K, reporting under Item 5 “Other Events and Regulation FD Disclosure” and Item 7 “Financial Statements, Pro Forma Financial Information and Exhibits.”

On July 23, 2003, we filed a current report on Form 8-K, reporting under Item 12, “Results of Operations and Financial Condition.”

On August 15, 2003, we filed a current report on Form 8-K, reporting under Item 2 “Acquisition or Disposition of Assets”, Item 5 “Other Events and Required FD Disclosure”, and Item 7 “Financial Statements, Pro Forma Financial Information and Exhibits.”

On October 7, 2003, we filed a current report on Form 8-K/A reporting under Item 7. “Financial Statements. Pro Forma Financial Information and Exhibits.”

On October 7, 2003, we filed a current report on Form 8-K/A reporting under Item 7. “Financial Statements. Pro Forma Financial Information and Exhibits.”

Nabi Biopharmaceuticals

SIGNATURES

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

Nabi Biopharmaceuticals

Date: October 29, 2003

By: /s/ Mark L. Smith

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

EXHIBIT 10.1

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

Effective as of June 20, 2003

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

Re: Retirement Agreement

Dear Mr. Gury:

This letter agreement (the "Agreement") between Nabi Biopharmaceuticals ("Nabi") and you (the "Executive") is intended to set forth the arrangements with respect to your retirement from Nabi. The Executive and Nabi are referred to together herein as the "Parties."

1. The Executive hereby retires as chief executive officer and an employee of Nabi effective at the close of business June 20, 2003 (such time and date the "Retirement Date") and resigns effective as of the Retirement Date as an officer and director of each subsidiary of Nabi in which he holds office. The Executive shall serve as non-executive Chairman of the Board of Directors of Nabi, and as such shall preside at meetings of Nabi's Board of Directors.

2. For the period beginning June 21, 2003 and ending December 31, 2003 (the "Consulting Period"), the Executive will be available as a consultant to assist Thomas H. McLain in his transition as chief executive officer of Nabi. The Executive shall provide these consulting services at the request of Mr. McLain at times reasonably satisfactory to the Executive and Mr. McLain consistent with the Executive's other commitments and plans. During or with respect to the Consulting Period the Executive will continue to receive the compensation and he and, to the extent applicable, his family will continue to receive or participate in the benefits and perquisites (including, without limitation, participation in the cash incentive portion of Nabi's VIP Management Compensation Program and in Nabi's group life insurance and health insurance programs) he was or they were entitled to receive or participate in immediately preceding the Retirement Date as though he continued to be employed in the same position(s) and with the same compensation as an employee of Nabi, provided that the Executive's right to continue to participate in Nabi's 401(k) and Employee

Stock Purchase Plan shall terminate as of the Retirement Date and provided further that any compensation payable to the Executive pursuant to this Section 2 during the Consulting Period shall be reduced by any compensation he receives during and relating to the Consulting Period as a non-employee Director of Nabi. In addition, Nabi will reimburse all reasonably necessary medical, dental and optical costs incurred by Executive or his spouse during the Consulting Period. All Company payments and reimbursements with respect to life insurance and medical, dental and optical coverages and costs, as well as the SERP payment described below and the SERP payment of $22,000 for 2002 made in June 2003, will be grossed-up for taxes payable by Executive/spouse with respect thereto. At such time or times as Nabi otherwise would make matching contributions for Executive's 2003 contributions to Nabi's 401(k) plan for 2003, Nabi shall pay Executive an amount equal to the matching contributions, grossed-up for taxes payable by Executive with respect thereto, the Company would have then been required to pay to the 401(k) plan for the Executive's benefit. Furthermore, on or about August 1, 2003 Nabi shall pay to the Executive unused accrued paid leave benefit of $117,904.62 subject to such deductions and withholdings as may be required by law and on or about December 1, 2003 Nabi shall make a final payment of $22,000 (plus a tax gross-up) with respect to the Executive's SERP benefit. The Executive acknowledges that he will provide the services contemplated by this Section 2 as a non-employee, independent contractor of Nabi and except with respect to gross-up provisions in this Agreement he shall be responsible in full for all taxes associated with the payments received as a result of the services provided under this Section 2. Nabi acknowledges that (a) Executive shall be entitled to the benefits of this Section 2 whether or not his consulting services are so requested, and that he need not be available to perform, or in fact perform, such services in person but may do so by telephone or other manner of electronic or written communication and (b) in the event of Executive's unavailability to perform consulting services, due to illness, accident or other similar reason (but not including death), compensation and benefits under this Section 2 shall continue to be provided. While serving as a consultant to Nabi, the Executive shall not enter into any verbal or written agreement or make any binding commitments on behalf of Nabi or make on behalf of Nabi any statements concerning Nabi or its business, financial condition, operations or prospects to the media, investment professionals or Nabi stockholders. Nabi agrees that Executive may refer to himself as Founding Chief Executive Officer of Nabi, Retired. During the Consulting Period, Executive's current office shall be maintained, and part-time administrative assistance shall be available. The Executive agrees that no later than 60 days from receipt of his COBRA election forms, he shall elect to continue, at Nabi's expense, health insurance coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985.

3. During the 2004, 2005 and 2006 calendar years, Nabi shall pay to the Executive $1,166,468, $1,056,468 and $1,056,468 respectively. Each such amount shall be paid bi-weekly over the year in approximately equal installments, the first such installment to be made on or about January 15 of the year and the last such installment to be made on or about December 31 of the year. Each such payment shall be subject to such deductions and withholdings as may be required by law.

4. The right of the Executive to exercise his stock options identified on Exhibit A attached hereto shall be accelerated to the extent provided in said Exhibit A and each such stock option as to which there has been acceleration of exercise shall remain exercisable through the earlier of June 19, 2006 and the date such stock option would otherwise expire in accordance with its terms, subject otherwise to the terms of the option plan pursuant to which such stock option was granted. The right of the Executive to exercise his stock options identified on Exhibit B attached hereto, to the extent such options are not exercisable on the Retirement Date, shall be accelerated to the extent provided

in said Exhibit B, and each stock option identified on said Exhibit B shall remain exercisable until the date such stock option would otherwise expire in accordance with its terms, subject otherwise to the terms of the option plan pursuant to which such stock option was granted.

5. Nabi agrees that following the Consulting Period, Nabi shall not take any action to terminate or cancel the life insurance policies listed on Exhibit C attached hereto (the "Life Insurance Policies") or otherwise request a refund of premiums paid to date by Nabi to any issuer of the Life Insurance Policies. The Parties agree that, effective as of the end of the Consulting Period, Nabi shall neither make nor be required to make further premium payments on behalf of the Executive with respect to the Life Insurance Policies and that the Executive will, therefore, be solely responsible for making any premium payments under the Life Insurance Policies in order to maintain the Executive's coverage thereunder. Nabi hereby confirms that it has no rights, or if it has any rights hereby waives them, under the terms of the Life Insurance Policies or any related agreement, arrangement or instrument or otherwise, to receive upon or as a result of the payment of a death benefit, cash surrender or other disposition of the Life Insurance Policies an amount equal to the premium payments made by Nabi with respect to the Life Insurance Policies.

6. Except as provided in Sections 2, 3, 4 and 5 of this Agreement, the Executive acknowledges and agrees that his eligibility to participate in and/or receive benefits under any compensation, benefit or perquisite plan, program, policy, agreement, arrangement or practice in connection with his employment with Nabi or the termination of that employment shall terminate as of the Retirement Date and he shall not be entitled to any other compensation or benefit from Nabi except to the extent provided herein and except to the extent the right to receive a benefit accrued but was not paid prior to the Retirement Date, the Executive shall be entitled to be paid this benefit after the Retirement Date.

7. The Executive agrees that all trade secrets and other confidential and/or proprietary materials or information of Nabi or any of its affiliates (the "Nabi Group") (including, without limitation, source code, object code, memoranda, notes, records, charts, reports, letters and other documents and software relating to Nabi's present and/or future operations) made, compiled, received, held or used by the Executive while employed by Nabi or during his period of consultancy as provided in Section 2 concerning any phase of the business of the Nabi Group or any of its members (the "Nabi Information") are the property of Nabi and/or the Nabi Group and, together with all reproductions or abstracts thereof (i) shall neither be used nor disclosed by the Executive after the Retirement Date (except such use as is contemplated under Section 2 of this Agreement or in connection with the enforcement of Executive's rights under this Agreement) and (ii) together with all other Nabi property used or obtained by the Executive, such as computers, equipment, credit cards and keys, shall be returned to Nabi no later than January 5, 2004. Notwithstanding the foregoing, Executive shall be entitled to retain the laptop computer previously provided to him by Nabi, as his personal property, after removal by Nabi of any Nabi Information, and Nabi shall assist Executive in Internet and e-mail set-up for such computer upon removal of access through Nabi.

8. The Executive hereby acknowledges and agrees that this Agreement is intended to be a complete and final settlement of any and all causes of action or claims that the Executive has had, now has or may now have, whether known or unknown against the Nabi Group or any of the persons or entities specified below, with respect to the matters hereinafter specified. The Executive hereby, on behalf of the Executive, the Executive's executors, heirs, administrators, assigns and anyone else claiming by, through or under the Executive, waives, releases, covenants not to sue and forever discharges the Nabi Group, its predecessors, successors, related corporations, subsidiaries, divisions, employee benefit plans and affiliated organizations, and each and all of their respective present and former officers, directors, shareholders, fiduciaries, representatives, agents, promoters, employees and attorneys (hereinafter "Releasees"), and each and all of them of, from and with respect to any and all debts, demands, actions, causes of action, suits, covenants, contracts, agreements, promises, torts, damages, claims, demands and liabilities whatsoever of any name and nature, both in law and in equity (hereinafter "Claims"), that the Executive now has, ever had, or may in the future have against each or any of the Releasees by reason of any matter, cause or thing whatsoever from the beginning of the world to the Effective Date (as defined in Section 18) arising out of, based upon or connected with the Executive's employment by any member of the Nabi Group, the compensation, benefits and working conditions for that employment and/or the termination of that employment (including without limitation any Claims arising out of or relating to the Employment Agreement or the Change of Control Agreement (each as defined in Section 19)) including any Claims that may exist under federal, state or local laws, including, but not limited to, any Claims based on race, disability, color, national origin, marital status, age or sex, but excluding any Claim or Claims (i) with respect to indemnification, advances or contribution to which the Executive may be entitled, whether by contract, by charter or by-law provision, or otherwise, (ii) with respect to reimbursement of medical, dental and optical expenses and business and travel expenses incurred prior to the Retirement Date for which the Executive is entitled to reimbursement under the terms of his employment as of the Retirement Date, or (iii) under, based upon or arising out of this Agreement or the benefit plans or programs contemplated by this Agreement. The foregoing waiver and release includes, without limitation, a waiver and release of any rights and Claims that the Executive may have under Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Americans with Disabilities Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act of 1974, the Worker Adjustment and Retraining Notification Act, the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. ss. 621 et seq. (the "ADEA") (except that this Agreement does not waive or release any rights or claims under the ADEA that may arise after the execution of this Agreement or otherwise bar the Executive from challenging this Agreement's compliance with the provisions of 29 U.S.C. ss. 627(f)(1)), the Fair Labor Standards Act, or the state and local laws of Florida.

9. Nabi represents and warrants that as of the date hereof, it knows of no claims or causes of action of whatever kind or nature that the Nabi Group has or may have against the Executive that arose on or before the date of execution of this Agreement.

10. Until such time as this Agreement is filed, or its material terms are disclosed in a filing, with the Securities and Exchange Commission, Nabi and the Executive each hereby agrees not to disclose to any person, organization or

agency (except, in the case of the Executive, his spouse, attorney, accountant or financial advisor) the terms of this Agreement except (a) as required by law or legal process and, with respect to legal process, only after notice is given by the disclosing party or his or its attorney to the other party such that, where feasible, the non-disclosing party will have a reasonable prior opportunity to oppose such disclosure or (b) in connection with Nabi's or the Executive's enforcement of its or his rights under this Agreement. The Parties agree with one another not to discuss with any person or entity the circumstances surrounding the Executive's employment with or separation from the Nabi Group, except to the extent required by law or legal process. The Executive agrees not to make any adverse remarks whatsoever concerning any of the officers or directors of the Nabi Group or the business, operations, strategies, policies, prospects, affairs or financial condition of the Nabi Group. Nabi agrees that it will not make any adverse remarks whatsoever concerning the Executive and that it will instruct its directors and officers not to make any adverse remarks whatsoever concerning the Executive.

11. The Executive acknowledges and agrees that the restrictions against disclosure and use of confidential information set forth in Section 12 of the Employment Agreement shall remain in full force and effect.

12. It is expressly understood and agreed that by entering into this Agreement Nabi in no way thereby admits that it unlawfully or wrongfully discriminated against the Executive due to the Executive's age or status or otherwise treated the Executive unlawfully.

13. The Executive agrees and recognizes that should a court of competent jurisdiction determine that he has breached any of his obligations under the fourth from last sentence of Section 2 of this Agreement or Sections 7 or 10 of this Agreement or Section 12 of the Employment Agreement or any material provision of Section 14 of this Agreement or should he attempt to pursue any Claim covered by the release set forth in Section 8 of the Agreement, in addition to its other rights and remedies Nabi will thereafter have no further obligation to provide the Executive with the consideration set forth herein and in the event of such a court determination will be entitled to repayment of all consideration paid after the date of such breach.

14. At the request of Nabi, the Executive shall cooperate fully with Nabi and each member of the Nabi Group in the defense or prosecution of any claims or actions now in existence or which may be brought or threatened in the future against or on behalf of any member of the Nabi Group, including without limitation any claims or actions against any officers, directors or employees of any member of the Nabi Group (but excluding any claim or action brought with respect to this Agreement). The Executive's cooperation in connection with such actions or claims shall include, without limitation, his being available to meet with Nabi or its designees at reasonably convenient times and places in connection with any regulatory matters, to prepare for any proceeding (including, without limitation, depositions, consultation, discovery or trial), to provide affidavits, to assist with any audit, inspection, proceeding or other

inquiry, or to act as a witness in connection with any litigation or other legal proceeding affecting any member of the Nabi Group. Should the Executive be contacted (directly or indirectly) by any person known by him to be adverse to any member of the Nabi Group with respect to any dispute with any member of the Nabi Group, the Executive shall promptly notify Nabi's internal general counsel. Nabi shall directly pay, or advance to the Executive, the reasonable out of pocket expenses incurred by him in complying with his obligations under this Section 14.

15. The Executive agrees that Nabi shall be entitled to injunctive relief and/or specific performance, without the necessity of proving actual damages, as well as to an equitable accounting of all earnings, profits and other benefits, with respect to any violations of this Agreement by the Executive, which rights shall be cumulative and in addition to any other rights or remedies to which Nabi may be entitled.

16. Nabi may assign this Agreement to any successor by merger, reorganization, consolidation or statutory share exchange provided that there has been no breach of this Agreement by Nabi, and such successor (i) is a corporation incorporated in any of the states of the United States and (ii) specifically agrees with the Executive in writing to assume Nabi's obligations hereunder. This Agreement may not be assigned by the Executive except that the Executive may assign monetary benefits to which he may be entitled hereunder to the extent that such assignment is permitted by the terms of any plan governing such benefits. This Agreement shall be binding upon and shall inure to the benefit of Nabi and the Executive and Nabi's and the Executive's respective heirs, personal representatives and permitted successors and assigns. Nabi acknowledges that, except as specified in Section 2, in the event of Executive's death at a time when any amount would be payable to Executive hereunder if he had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to his devisee, legatee, or other designee or, if there be no such designee, to his estate.

17. If any term or provision of this Agreement or the application thereof to any person, property or circumstance shall to any extent be found by a court of competent jurisdiction to be invalid or unenforceable, then at the election of the party primarily benefited by such term or provision, the remainder of this Agreement or the application of such term or provision to persons, property or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

18. The Executive is hereby advised to consult with an attorney before signing this Agreement and, by the Executive's signature below, the Executive acknowledges that he has consulted with an attorney before signing this Agreement, that his execution of this Agreement is knowing and voluntary and that he has been afforded a full and reasonable opportunity to consider its terms. Without limiting the foregoing, the Executive acknowledges that from the date that the Executive receives this Agreement, the Executive has twenty-one (21) days to consider it. Should the Executive decide to sign the Agreement, the Executive has seven (7) days following the signing to revoke the Agreement, and the Agreement will not become effective and enforceable until that seven (7) day revocation period has expired (the "Effective Date"). Should the Executive either decide not to sign this Agreement or should the Executive sign it and elect to revoke it during the seven (7) day revocation period, then this Agreement shall be null and void. No payments or benefits provided for by this Agreement (other than payments or benefits accrued and unpaid as of the Retirement Date) will be made until after this seven (7) day period has expired without the Executive revoking this Agreement. Nabi shall pay up to $35,000 of legal and accounting expenses incurred by Executive in connection with retirement discussions and this Agreement.

19. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without regard to conflicts of law principles. The parties agree that exclusive jurisdiction for any action brought with respect to this Agreement shall lie in the state circuit court in Miami-Dade County, Florida. This Agreement embodies the entire agreement and understanding among the Parties concerning the Executive's employment and the termination thereof and incorporates and supersedes all other agreements with regard to the Executive's employment and the termination thereof. Without limiting the foregoing, (i) reference is made to that certain employment agreement dated January 1, 1993 between the Executive and Nabi, as amended (the "Employment Agreement"), which provides, INTER ALIA, that (a) the Executive will receive certain compensation and benefits under specified circumstances in the event of termination of employment, and (b) the Employment Agreement may be amended by a written agreement signed by the party to be charged with such amendment, (ii) reference is made to that certain letter agreement dated September 18, 1998, between the Executive and Nabi, as amended (the "Change of Control Agreement"), which provides, INTER ALIA, that (a) the Executive will receive certain compensation and benefits under specified circumstances in the event of a change of control (as defined in such Change of Control Agreement), and (b) the Change of Control Agreement may be modified by written agreement signed by the Executive and such officer of Nabi as may be specifically designated by the Board, and (iii) the Employment Agreement and Change of Control Agreement are hereby amended and modified so as to be superseded, as to termination of employment, in their entirety by this Agreement, except to the extent provided in Section 11 of this Agreement.

20. This Agreement may be amended or modified only upon the written mutual consent of the parties.

21. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

If the foregoing is in accordance with your understanding, please sign and return the enclosed copy of this letter, whereupon this letter and such copy will constitute a binding agreement between Nabi and you on the basis set forth above.

Very truly yours,

NABI BIOPHARMACEUTICALS

By: /s/ Mark L. Smith

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

Acknowledged and agreed to:

/s/ David J. Gury
- ---
David J. Gury

EXHIBIT A

GRANT DATE	EXPIRATION DATE	NUMBER OF OPTIONS FOR WHICH VESTING IS ACCELERATED
2/07/2000	2/07/2010	18,133
2/07/2000	2/07/2010	6,250
2/05/2001	2/05/2011	22,875
2/05/2001	2/05/2011	15,000
2/04/2002	2/04/2012	45,354
2/04/2002	2/03/2012	3,750
2/03/2003	2/03/2013	54,685
2/03/2003	2/03/2013	5,000

EXHIBIT B

GRANT DATE	EXPIRATION DATE	NUMBER OF OPTIONS FOR WHICH VESTING IS ACCELERATED	NUMBER OF OPTIONS EXERCISABLE UNTIL OPTIONS OTHERWISE EXPIRE
2/07/2000	2/07/2010	18,133	126,934
2/07/2000	2/07/2010	6,250	43,750
2/05/2001	2/05/2011	22,875	42,800
8/02/2001	8/02/2011	0	33,800
2/04/2002	2/04/2012	45,354	75,591
2/04/2002	2/04/2012	3,750	6,250
2/03/2003	2/03/2013	54,685	54,685
2/03/2003	2/03/2013	5,000	5,000

EXHIBIT C

1. The Guardian policy number 4021183 in the face amount of $1,250,000

2. The Guardian policy number 4040228 in the face amount of $250,000

3. MONY policy number 11562350 in the amount of $10,000

4. MONY policy number 11562352 in the amount of $10,000

Nabi Biopharmaceuticals

CERTIFICATIONS

Exhibit 31.1

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

I, Thomas H. McLain, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Nabi Biopharmaceuticals;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2003

By: /s/ Thomas H. McLain

Thomas H. McLain
Chief Executive Officer and President

Exhibit 31.2

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

I, Mark L. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Nabi Biopharmaceuticals;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2003

By: /s/ Mark L. Smith

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

Nabi Biopharmaceuticals

EXHIBIT 32.1

SECTION 1350 CERTIFICATION

The undersigned officers of Nabi Biopharmaceuticals (the "Company") hereby certify that, as of the date of this statement, the Company's quarterly report on Form 10-Q/A for the quarter ended September 27, 2003 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 and that, to the best of their knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition of the Company as of September 27, 2003 and the results of operations of the Company for the three and nine months ended September 27, 2003.

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

Date: October 29, 2003

By: /s/ Thomas H. McLain

Name: Thomas H. McLain
Title: Chief Executive Officer

Date: October 29, 2003

By: /s/ Mark L. Smith

Name: Mark L. Smith
Title: Chief Financial Officer