

To the Copenhagen Stock Exchange

U.S. Government Notifies Bavarian Nordic of Intent to Acquire 20 Million Doses of IMVAMUNE® Smallpox Vaccine

While the principal terms of the agreement have been reached, the contract is currently being finalized

Following a competitive RFP process, Bavarian Nordic has received notification from the U.S. Department of Health and Human Services (HHS) that it intends to procure 20 million doses of the company's third-generation IMVAMUNE® smallpox vaccine for the strategic national stockpile. Under the framework of the contract Bavarian Nordic must register IMVAMUNE® for healthy people and extend the license to people who are immune-compromised.

While the principal terms of the agreement have been reached, the contract is currently being finalized. It is expected to be the first HHS procurement contract under the BioShield program since enactment of the Pandemic and All-Hazards Preparedness Act in December 2006.

Continuing a productive collaboration

The HHS notification continues the long-standing collaboration between Bavarian Nordic and the US government on the development and production of MVA as a safe smallpox vaccine. The first contract (RFP-1) was awarded to Bavarian Nordic in 2003; four years after the company initiated its MVA-based smallpox vaccine program. As part of the second contract (RFP-2) awarded in 2004, Bavarian Nordic supplied half a million doses of IMVAMUNE® smallpox vaccine to the U.S. Government. Throughout the collaboration, Bavarian Nordic has continually invested its own funds in the expedited program as well as established a commercial manufacturing facility with a minimum capacity of producing 40 million doses of IMVAMUNE® per year.

Peter Wulff, President & CEO of Bavarian Nordic, said,

"We are pleased that HHS has notified us of their intent for Bavarian Nordic to be the manufacturer of third-generation smallpox vaccines. We consider this decision to be conclusive recognition of our substantial achievements in developing the MVA platform technology which has many applications for future vaccines."

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About Bavarian Nordic A/S:

Bavarian Nordic (CSE: BAVA) is a leading international biopharmaceutical company developing and producing innovative vaccines to prevent and treat infectious diseases and cancer. With operations in Denmark, Germany, the USA, and Singapore, Bavarian Nordic employs over 200 people. Bavarian Nordic's patented technology, MVA-BN®, is as been demonstrated in clinical studies, one of the world's safest, multivalent vaccine vectors for the development of vaccines against various infectious diseases such as smallpox, HIV/AIDS, as well as against breast and prostate cancer. Several MVA-BN®-based HIV and smallpox vaccines are in clinical Phase I and Phase II trials. Bavarian Nordic has ongoing development contracts with the US government to develop IMVAMUNE® as a safe third-generation smallpox vaccine. Bavarian Nordic has supplied several other governments with smallpox vaccines.

For more information please visit www.bavarian-nordic.com

"Safe Harbour" Statement Under the Private Securities Litigation Reform Act of 1995:

Except for the historical information contained herein, this release contains "forward-looking statements" within the meaning of the Private Securities Reform Act of 1995. No "forward-looking statement" can be guaranteed, and actual results may differ materially from those projected. Bavarian Nordic undertakes no obligation to publicly update any "forward-looking statement", whether as a result of new information, future events, or otherwise. Additional information regarding risks and uncertainties is set forth in the current Annual Report, which we incorporate by reference.

Stockwise Resumé

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Need for next generation smallpox vaccine

The only means to prevent smallpox infection is through vaccination. The vaccinia virus found in traditional smallpox vaccines used and/or stockpiled today, are live, replicating viruses which can pose serious side-effects and lead to complications for persons with weakened or impaired immune systems. Therefore, traditional smallpox vaccines are contra-indicated for those that are immune-compromised such as pregnant women, young children, the elderly, people with active or a history of atopic dermatitis, HIV-infection, some cancer patients, and organ transplant recipients.

In contrast, Bavarian Nordic's MVA-based virus (patented as MVA-BN[®]), a highly weakened form of the vaccinia virus, does not replicate in human cells. Data from clinical trials in human subjects suggest that this MVA-based smallpox vaccine may be safe and immunogenic.

Bavarian Nordic's IMVAMUNE[®] Program

Results from Bavarian Nordic's clinical trials with IMVAMUNE[®] in more than 1,500 human subjects (healthy subjects, persons with atopic dermatitis and HIV-infection) have shown the vaccine to be safe and well-tolerated. In addition, company studies have demonstrated that IMVAMUNE[®] generates an immune response against smallpox-like viruses in animals which is the only accepted means of proving efficacy for U.S. Food and Drug Administration (FDA) standards.

Bavarian Nordic has continually invested its own funds in the expedited program as well as established a commercial manufacturing facility with a minimum capacity of producing 40 million doses of IMVAMUNE[®] per year.

History of MVA-based smallpox vaccine

An MVA-based smallpox vaccine given to more than 120,000 people in Germany in the 1970s had an excellent safety record. However, when the World Health Organization declared smallpox eradicated in 1980, further research on MVA as a smallpox vaccine ended. In 1994, Bavarian Nordic was founded to develop vaccines using MVA as its platform technology and in 1999 began its MVA-based smallpox vaccine program.