

Bavarian Nordic Receives USD 25 Million Milestone Payment from the U.S. Government for Fulfilling Contract Milestones

Bavarian Nordic has invoiced the U.S. authorities another milestone payment of USD 25 million as allowed under the RFP-3 contract to manufacture and deliver 20 million doses of the company's IMVAMUNE® smallpox vaccine. Thus the company has fulfilled a number of significant milestones in the contract.

The income will be recognised as revenue in the financial statements for 2007.

As announced previously this year, Bavarian Nordic has already received an advance payment of USD 50 million and a milestone payment of USD 25 million. Thus the company has received USD 100 million in total this year for the fulfilment of significant milestones in the RFP-3 contract. In 2008 the company expects to receive yet another milestone payment of USD 25 million. All these payments have been covered by forward rate agreements.

The milestone payment does not affect the previously announced guidance for the company's 2007 result.

Anders Hedegaard, President & CEO of Bavarian Nordic, said: "Receiving another milestone payment from the RFP-3 contract concludes a successful year for Bavarian Nordic. We have fulfilled the ambitious goals set for 2007 in the contract with the U.S. Department of Health and Human Services and we find this very satisfactory and encouraging for our ongoing collaboration. "

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About Bavarian Nordic

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 250 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