

Bavarian Nordic Receives USD 50 Million Advance Payment from the U.S. Government for Fulfilling Contract Milestones

Bavarian Nordic has received permission from the U.S. authorities to invoice an advance payment of USD 50 million as allowed under the RFP-3 contract to manufacture and deliver 20 million doses of the company's, IMVAMUNE® smallpox vaccine. The permission has been granted because the company has fulfilled a number of significant milestones in the contract. The payment is dependent on Bavarian Nordic's continued fulfilment of the conditions of the contract.

The income will be recognised as revenue in the financial statements as the vaccines are delivered. Delivery will start once an Emergency Use Authorization for IMVAMUNE® is granted.

As previously announced, in addition to the advance payment of USD 50 million, the company expects to receive two additional milestone payments each of USD 25 million in 2007 for fulfilling other significant milestones.

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

Anders Hedegaard, President & CEO of Bavarian Nordic, said: "We are very satisfied that we have now already fulfilled several significant milestones as agreed with the U.S. Department of Health and Human Services. With the advance payment and the future milestone payments, we have created a solid financial base for our further development."

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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