



BAVARIAN NORDIC

Company Announcement

11 November 2009

Bavarian Nordic Enters Conditional Agreement for the Acquisition of Shares and Buy Back of Stock Options in its Subsidiary BN ImmunoTherapeutics Inc. in Order to Obtain 100% Ownership of the Subsidiary

Kvistgaard, Denmark, November 11, 2009 - Bavarian Nordic A/S (OMX: BAVA) announced today that the company has entered into a conditional agreement for the purchase of 400,521 shares in the US subsidiary, BN ImmunoTherapeutics Inc., from the CEO and President Reiner Laus and two former employees in the subsidiary with the purpose of obtaining full ownership of the subsidiary. Further, stock options issued to employees in the subsidiary are repurchased. This transaction forms part of Bavarian Nordic's strategy to strengthen the cancer business area and will give the company full control over the group's activities in this field.

Overall, the agreement is value neutral for Bavarian Nordic and it does not affect the company's previously announced expectations for the 2009 full year results.

The agreement will have no consequences for the future strategy, organisation and operation of BN ImmunoTherapeutics Inc.

Anders Hedegaard, President & CEO of Bavarian Nordic said: *"With the current positive developments in our cancer research, it is essential for us to gain the full operational control and thus we want the full ownership of BN ImmunoTherapeutics. Furthermore, it also strengthens our position in the ongoing discussions with potential partners on the out-licensing and continued development of PROSTVAC™."*

Terms for the transaction

The transaction will be carried out in connection with a merger between BN ImmunoTherapeutics Inc. and Bavarian Nordic Holding Inc. As part hereof, 400,521 shares in BN ImmunoTherapeutics Inc. will be acquired whereby the company owns 100% of the share capital in the subsidiary.

The consideration to Reiner Laus and the two former employees will be paid in part with 136,177 new shares of DKK 10 each in Bavarian Nordic A/S and in part with a number of future milestone payments that are triggered upon the successful completion of a number of pre-defined development milestones. The total consideration including milestone payments amount to a maximum of DKK 52 million. The risk-adjusted net present value amounts to DKK 33 million. In addition to this a separate agreement regarding cancellation of certain contractual rights, including anti-dilution rights, regarding BN ImmunoTherapeutics Inc., has been entered into with Reiner Laus. As compensation Reiner Laus has the right to a number of future milestone payments which are triggered upon successful completion of pre-defined development milestones. These milestone payments amount to a maximum of DKK 26 million. The risk-adjusted net present value amounts to DKK 3 million.

Furthermore, as part of the transaction, Bavarian Nordic has offered cash payments to buy back stock options from current and former employees in BN ImmunoTherapeutics Inc. The company expects that the stock option holders will accept this offer.

The acquisition of shares in the subsidiary and the above mentioned terms for the transaction are among others conditioned upon the acceptance by the stock option holders of the above mentioned offer no later than 20 business days from this date.

Background for issue of new shares

As partial consideration, Bavarian Nordic A/S will increase its share capital and issue a total of 136,177 new shares, each with a nominal value of DKK 10. The offering of new shares will be made to the above mentioned holders of shares in BN ImmunoTherapeutics Inc. Existing shareholders will not have pre-emption rights.

The issue of shares will be made through a non-cash contribution of shares in BN ImmunoTherapeutics Inc.

The issue of shares is made in accordance with Article 5a of the company's Articles of Association, whereby the Board of Directors is authorized to increase the company's share capital in one or more issues with a total of nominally DKK 20,000,000 (20,000,000 shares of DKK 1).

The subscription price is determined as the closing price of the company's share on NASDAQ OMX Copenhagen on 10 November 2009 added a 5 % premium.

With regard to the new shares issued in this transaction to CEO & President of BN ImmunoTherapeutics, Reiner Laus, these are covered by a lock-up period for one year, but otherwise carry the same rights as the company's existing shares. The new shares will be admitted to trading and officially listed on NASDAQ OMX Copenhagen, expectedly by the end of December 2009.

The company's share capital will after the issue of new shares be nominally DKK 79,517,450 divided into 7,951,745 shares each with a nominal value of DKK 10.

Asger Aamund
Chairman of the Board

Contact

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Forward-looking statements

This announcement includes "forward-looking statements" that involve risks, uncertainties and other factors, many of which are outside of our control that could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning our plans, objectives, goals, future events, performance and/or other information that is not historical information. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

About Bavarian Nordic

Bavarian Nordic A/S is a leading industrial biotechnology company developing and producing novel vaccines for the treatment and prevention of life-threatening diseases with a large unmet medical need. The company's pipeline is focused in the three areas; biodefence, cancer and infectious diseases, and includes seven development programmes. Two programmes are ready for Phase III: IMVAMUNE®, a third-generation smallpox vaccine is being developed under a contract with the US government, and PROSTVAC™, a therapeutic vaccine for advanced prostate cancer is being developed under a collaboration agreement with the National Cancer Institute.

Bavarian Nordic is listed on NASDAQ OMX Copenhagen under the symbol BAVA.

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