Emergent BioSolutions Acquires Advanced Recombinant Protective Antigen Anthrax Vaccine Candidate and Technology

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Acquisition positions Emergent to offer the U.S. Government a domestic source for an advanced anthrax vaccine candidate to meet planned procurement of 25 million doses of rPA vaccine

ROCKVILLE, Md.--(BUSINESS WIRE)--May 5, 2008--Emergent BioSolutions Inc. (NYSE: EBS) announced today that it has completed the acquisition of all assets and rights related to a recombinant protective antigen (rPA) anthrax vaccine product candidate and related technology from VaxGen, Inc. Recent improvements to the rPA vaccine, specifically related to stability, suggests that it is well positioned to be a leading candidate for an award under a request for proposal (RFP) recently issued by the U.S. Department of Health and Human Services (HHS). The vaccine candidate has completed one Phase 2 clinical study. This RFP is designed to meet the government's stated goal to procure 25 million doses of an rPA anthrax vaccine for the Strategic National Stockpile (SNS). HHS has indicated that any awards under this RFP are scheduled to be granted in late 2008.

The acquisition of this rPA vaccine candidate, and the pending RFP, have no effect on Emergent's $448 million contract with HHS for the delivery of 18.75 million doses of BioThrax(R) (Anthrax Vaccine Adsorbed), the only FDA approved vaccine for the prevention of anthrax disease, into the SNS. Emergent continues to manufacture and deliver doses of BioThrax in accordance with this multi-year agreement.

The company intends to manufacture this new rPA anthrax vaccine, as well as BioThrax, in its recently constructed, large-scale manufacturing facility at its Lansing campus. The acquisition of the rPA vaccine candidate further solidifies Emergent's well established franchise of anthrax countermeasures, which now includes:

- BioThrax(R), the only FDA-approved vaccine to prevent the infection of anthrax. Nearly 2.0 million men and women of the United States military have received the vaccine, and HHS has procured more than 28 million doses of BioThrax for the SNS;
- rPA 102, a recombinant anthrax vaccine candidate, which is composed of a purified protein with an alum adjuvant and is designed to induce antibodies that neutralize anthrax toxins;
- AVP-21D9, a human monoclonal antibody product candidate being developed as an intravenous treatment for patients who present symptoms of anthrax disease; and
- AIG, a polyclonal anthrax immune globulin product candidate, which is derived from human plasma from individuals who have been vaccinated with BioThrax.

"As the manufacturer of the only FDA approved anthrax vaccine, Emergent BioSolutions has a proven track record of delivering critical biodefense countermeasures to the U.S. Government. Given HHS's stated commitment to procure up to an additional 25 million doses of a recombinant anthrax vaccine for the Strategic National Stockpile, we felt this was the right opportunity for our company at the right time," said Fuad El-Hibri, chairman and chief executive officer of Emergent BioSolutions. "Additionally, we are pleased to provide the U.S. Government with the important option to select an advanced rPA anthrax vaccine candidate from a domestic manufacturer. As the premiere domestic biodefense supplier, this was a natural fit for us," he continued.

Data reviewed to date relating to the rPA vaccine candidate suggests that the steps taken to address a prior stability issue affecting the vaccine position the product for continued development toward regulatory approval and to be a leading candidate for the HHS procurement contract of 25 million doses under the recently issued RFP.

Under the terms of the asset acquisition, Emergent BioSolutions paid VaxGen $2 million upon execution of the definitive agreement and may be obligated to pay up to an additional $8 million in milestone payments, plus specified percentages of future net sales.

About rPA 102

The vaccine candidate, rPA 102, is based on a recombinant form of the protective antigen protein. This vaccine contains a purified protein (rPA) formulated with an alum adjuvant and is designed to induce antibodies that neutralize anthrax toxins. The vaccine candidate does not cause anthrax infection and is based on the pioneering work of the U.S. Army Medical Research Institute of Infectious Diseases (USAMRIID). rPA 102 has been the subject of two research and development grants totaling approximately $100 million from the National Institute for Allergy and Infectious Diseases (NIAID). In 2004, HHS awarded VaxGen an $877 million contract for delivery of 75 million doses of rPA 102. The contract was subsequently terminated by HHS, based on its determination that VaxGen failed to successfully cure the condition endangering performance and failed to meet a milestone imposed by HHS that required VaxGen to initiate a clinical trial of the vaccine candidate by December 18, 2006. This failure was primarily related to stability issues with the vaccine.

About USAMRIID

USAMRIID, located at Fort Detrick, Maryland, is the lead medical research laboratory for the DoD Biological Defense Research Program, and plays a key role in national defense and in infectious disease research. The Institute conducts basic and applied research on biological threats resulting in medical solutions (such as vaccines, drugs and diagnostics) to protect the warfighter. While USAMRIID's primary mission is focused on the military, its research often has applications that benefit society as a whole. USAMRIID is a subordinate laboratory of the U.S. Army Medical Research and Materiel Command. For more information, visit www.usamriid.army.mil.

About Emergent BioSolutions Inc.

Emergent BioSolutions Inc. is a profitable, multinational biopharmaceutical company dedicated to one simple mission -- to protect life. We develop, manufacture and commercialize immunobiotics, consisting of vaccines and therapeutics that assist the body's immune system to prevent or treat disease. Our products target infectious diseases and other medical conditions that have resulted in significant unmet or underserved public health needs. Our marketed product, BioThrax(R) (Anthrax Vaccine Adsorbed), is the only vaccine approved by the U.S. Food and Drug Administration for the prevention of anthrax infection. More information on the company is available at www.emergentbiosolutions.com.

Safe Harbor Statement

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements, other than statements of historical fact, including statements regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management, including our expected revenue growth and net earnings for 2008, and any other statements containing the words "believes", "expects", "anticipates", "plans", "estimates" and similar expressions, are forward-looking statements. There are a number of important factors that could cause the company's actual results to differ materially from those indicated by such forward-looking statements, including our ability to obtain new BioThrax(R) sales contracts with the U.S. government; our plans for future sales of BioThrax; our plans to pursue label expansions and improvements for BioThrax; our plans to expand our manufacturing facilities and capabilities; the rate and degree of market acceptance and clinical utility of our products; our ongoing and planned development programs, preclinical studies and clinical trials; our ability to identify and acquire or in license products and product candidates that satisfy our selection criteria; the potential benefits of our existing collaboration agreements and our ability to enter into selective additional collaboration arrangements; the timing of and our ability to obtain and maintain regulatory approvals for our product candidates; our commercialization, marketing and manufacturing capabilities and strategy; our intellectual property portfolio; our estimates regarding expenses, future revenue, capital requirements and needs for additional financing; and other factors identified in the company's Annual Report on Form 10-K for the year ended December 31, 2007 and subsequent reports filed with the SEC. The company disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this press release.

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