Emergent BioSolutions Signs $448 Million Three Year Contract with Department of Health and Human Services

September 26, 2007

ROCKVILLE, Md.--(BUSINESS WIRE)--Sept. 26, 2007--Emergent BioSolutions Inc. (NYSE:EBS), announced today that it has signed a three year contract with the U.S. Department of Health and Human Services (HHS), with a total value of up to $448 million. Components of the contract include:

(i) $400 million firm fixed-price for delivery of 18.75 million doses of BioThrax(R) (Anthrax Vaccine Adsorbed) for inclusion in the strategic national stockpile (SNS);
(ii) $34 million for receipt of regulatory approval of 4-year expiry dating for BioThrax payable through a combination of a lump-sum payment reflecting a price per dose increase for certain doses delivered prior to approval and an increase in the per dose price to be paid for doses delivered following approval;
(iii) up to $11.5 million in milestone payments in connection with advancement towards a post-exposure prophylaxis (PEP) indication for BioThrax; and,
(iv) $2.2 million for logistics services and other related support.

The Company anticipates making deliveries for approximately 6 million doses under this contract by year-end 2007. As a result, the company reaffirms its expectation for full year total revenue growth of 10 to 15 percent, with a bias toward the upper end of the range, and full year positive net earnings.

Fuad El-Hibri, chairman and chief executive officer of Emergent BioSolutions, stated, "We are honored to continue our longstanding relationship with HHS to provide BioThrax as a critical component of our nation's biodefense stockpile. I applaud the dedication and professionalism of the senior leadership within HHS and Biomedical Advanced Research and Development Authority in completing this important step towards enhancing our domestic biodefense infrastructure. Emergent BioSolutions remains dedicated to working with various government agencies in their commitment to procure medical countermeasures as a primary element of establishing the highest possible levels of biopreparedness."

Under terms of the contract, HHS will purchase from the company an aggregate of 18.75 million doses of BioThrax through September 2010, for a firm, fixed-price of $400 million. In the event the company receives U.S. Food and Drug Administration (FDA) approval of the company's pending supplement to its biologics license application (BLA) to extend the shelf life of BioThrax from three years to four years, the company will receive a lump sum payment reflecting a price per dose increase for certain doses delivered prior to approval and an increase in the price per dose to be paid for doses delivered following the date of approval, with a total value of approximately $34 million. If FDA approval of 4-year expiry dating is not received during the term of the contract, the company will not be entitled to receive any of the $34 million. The company submitted its supplement for 4-year expiry dating to the FDA in December 2006 and has been providing additional information to the agency in support of its application.

Under the contract, HHS will also provide up to $11.5 million in connection with advancing the company's program to obtain a PEP indication for BioThrax. The PEP indication, which would expand the use of BioThrax beyond the current pre-exposure prophylaxis indication, is designed to permit the administration of BioThrax in combination with antibiotics following exposure to anthrax. These funds are payable upon the company's achievement of specific program milestones. The company anticipates that it will receive $8.8 million of this amount in the fourth quarter of 2007.

In addition, under the contract the company has agreed to provide all shipping services related to delivery of doses into the SNS over the contract term, and will receive payment of an additional $2.2 million.

The contract has been funded with Federal funding through the Project BioShield Special Reserve Fund, which was created by an act of Congress in May 2004.

Previously, Emergent BioSolutions has provided 10 million doses of BioThrax to HHS for inclusion in the SNS under a May 2005 supply agreement for 5 million doses valued at $123 million and a May 2006 contract modification for an additional 5 million doses valued at $120 million.

Conference Call & Webcast

Company management will host a conference call at 9:00 am Eastern today, September 26, 2007 to discuss this announcement. Interested parties may participate in the live teleconference by dialing 866/383-8008 or 617/597-5341 or via a webcast accessible at www.emergentbiosolutions.com, under "Investors". A replay of the teleconference will be available on the company website or by dialing 888/286-8010 or 617/801-6888 and using the passcode 61817264, approximately one hour after the teleconference concludes. The replay will be available through October 10, 2007.

About BioThrax(R) (Anthrax Vaccine Adsorbed)

BioThrax is the only FDA-approved vaccine for the prevention of anthrax infection. It is approved by the FDA as a pre-exposure prophylaxis for use in

adults who are at high risk of exposure to anthrax spores. BioThrax is manufactured from a culture filtrate, made from a non-virulent strain of Baccillus anthracis and contains no dead or live bacteria. BioThrax is administered by subcutaneous injection in three initial doses followed by three additional doses, with an annual booster dose recommended thereafter. Since 1998, approximately 20 million doses of BioThrax have been procured by the U.S. government. During that time period, over 6.5 million doses have been administered to over 1.6 million military personnel. BioThrax cannot cause anthrax infection.

About Emergent BioSolutions Inc.

Emergent BioSolutions Inc. is a 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 biodefense business focuses on immunobiotics for use against biological agents that are potential weapons of bioterrorism and biowarfare. 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. Our commercial business focuses on immunobiotics for use against infectious diseases and other medical conditions that have resulted in significant unmet or underserved public health needs. 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 performance under our contract with HHS and future payments from HHS to us under the contract, 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 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 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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