



BAVARIAN NORDIC

Company Announcement

18 March 2010

Bavarian Nordic introduces incentive programme for all employees

Kvistgård, Denmark, March 18, 2010 - Bavarian Nordic A/S (OMX: BAVA) announced today that the company, in accordance with a board decision of today, introduces a three year incentive programme in April for all employees in the Bavarian Nordic Group. The programme is a cash bonus programme based on so-called phantom shares (bonus programme based on the company's shares). This means that each employee in the programme will be entitled to exercise a number of phantom shares when the programme expires in 2013 and, thus, receive a cash bonus calculated from the increase in the company's share price. The incentive programme will not have dilutive effect on existing shares.

With effect from 1 April 2010 every month each employee is awarded up to three phantom shares per month of employment until 31 March 2013 and can during the term of the programme receive a maximum of 108 phantom shares. New employees employed after commencement of the programme will participate in the programme after 3 months employment. The exercise price is DKK 248 and has been established as the average share price ("closing price") for the Company's share in a period of 15 business days prior to 18 March 2010 added a 15 % premium. However, the exercise price is as minimum established as the average trading price of the Company's shares today. At the time of exercise each employee in the programme will receive a cash bonus per phantom share equivalent to DKK 1 per share point the company's share price exceeds the exercise price. The cash bonus is subject to taxation.

The exercise period is a two week period starting the day after the company's release of its quarterly report for first quarter in 2013. Exercise of phantom shares is subject to the company's share price exceeding the exercise price by at least 10 per cent at the time of exercise in 2013.

Based on the current number of employees in the company, this 3 year incentive programme will comprise up to 38,880 phantom shares, of which the CEO & President will receive up to 108 phantom shares and members of executive management will receive up to 648 phantom shares. The average value of each phantom share equals DKK 44 calculated on the basis of the Black-Scholes model with a risk-free interest rate of 2.0 per cent and on the historical volatility of the shares. The calculation is based on a market value of the share of DKK 238 per share.

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 under preparation 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*